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

2017 REFERENCE DOCUMENT
INCLUDING THE 2017 ANNUAL FINANCIAL REPORT

This reference document was registered with the Autorité des Marchés Financiers (AMF) on April 26, 2018, pursuant to Article 212-13 of the AMF General Regulations. This document may be used in support of financial transactions when accompanied by a prospectus duly approved by the AMF. This document was drawn up by the issuer under the responsibility of its signatories.

Pursuant to Article 28 of European Commission (EC) regulation 809/2004, the following information is included by reference in this reference document:

- Consolidated financial statements for the fiscal year ended December 31, 2016, as well as the related Independent Auditors' report, found on pages 74 to 100 of the reference document registered with the AMF on 27/04/2017 (number D.17-0439);

- Consolidated financial statements for the fiscal year ended December 31, 2015, as well as the related Independent Auditors' report, found on pages 82 to 107 of the reference document registered with the AMF on 28/04/2016 (number D.16-0421).

CONTENTS

➢ 2017 MANAGEMENT REPORT

Ladies and gentlemen,

We have summoned you to a general meeting, pursuant to legal, regulatory and statutory provisions, in order that you may examine the financial statements for the fiscal year ended December 31, 2017, and to provide you with an account of the activities of the Guillemot Corporation Group and of its parent company for said fiscal year.
The financial statements, reports or other documents and information stipulated by applicable legislation have been communicated to you or made available to you within the legal time limits.

1 ACTIVITY OF THE COMPANY AND OF THE GROUP DURING FISCAL 2017

Listed on the stock market since 1998 and active in this field since 1984, the Guillemot Corporation Group is a key player in the interactive entertainment market with its two brands, Hercules and Thrustmaster. Specializing in the design and marketing of digital devices and accessories for PC and game consoles, the Group bases the development of its activities around its two flagship brands: **Hercules** for the digital hardware and peripherals segment (wireless speakers for smartphones and tablets, mixing consoles for amateur and semi-professional DJs, DJ headphones…), and **Thrustmaster** for PC and console gaming accessories, designed for users ranging from dedicated to casual gamers (racing wheels, joysticks, gaming headsets).

With operations in eleven countries at present (France, Germany, Great Britain, the United States, Canada, Spain, the Netherlands, Italy, Belgium, China [Hong Kong] and Romania), the Group constantly adapts to consumer demand and the potential of new markets thanks to the implementation of a sales organization now split up between Europe, Asia, North America and the rest of the world, in order to maximize the presence of the Hercules and Thrustmaster ranges within distribution networks. Currently distributing its products in more than eighty-five countries worldwide, the Group aims to extend its presence to include more than one hundred countries in 2018. The Group and its teams are motivated by their desire to innovate, along with a shared entrepreneurial drive.

With its four Research and Development entities based in France, Canada, Romania and China, the Group designs products on the cutting edge of technology. Through its lines of DJ controllers and wireless speakers, Hercules is known for its innovations in the music-related entertainment hardware market, with the goal of becoming a true industry leader in this high-potential sector. Thrustmaster, for its part, is strengthening its position as a key player in the racing wheels market. The brand's policy of strong partnerships with game console manufacturers and state-of-the-art Research and Development have allowed it to launch the first racing wheels for the PlayStation®4 and Xbox One® consoles, as well as the first official joystick for PlayStation®4. Thanks to its constantly-expanding lineup of licensing agreements (with Sony®, Microsoft®, Ferrari®, Gran Turismo® and the U.S. Air Force, amongst others), the Group is further improving its worldwide positioning in the gaming accessories sector, and is perfectly positioned to fully benefit from the new market dynamics at work.

In order to accomplish its strategy, the Group has set itself a number of different goals:

- Respond through innovation, creativity and technological expertise to the interaction needs of gamers looking for ever-increasing levels of realism and immersion in games.
- Increase the strength of its Hercules and Thrustmaster brands, with the aim of even greater closeness to its customers.
- Develop products increasingly focused on the uses and needs most important to consumers.
- Continue to expand the Thrustmaster ecosystem.
- Optimize the quality of service and respond to the aspirations of increasingly demanding consumers.
- Position itself in growth markets and strengthen the Group's presence worldwide with momentum for Thrustmaster in Asia, and Hercules in the United States.
- Adapt its commercial and trade marketing policy in order to expand the Group's distribution channels.
- Integrate the design thinking-based approach to build its future product lines.
- Grow its partnerships and acquire prestigious new licenses.
- Better understand and act on emerging trends.

In fiscal 2017, the Group proved its ability to be on the cutting edge of technology and innovation.

1.1 Hercules: A brand focused on the world of music and partying

Created in the United States in 1982 and purchased by Guillemot Corporation in November 1999, Hercules made its mark on the history of graphics cards by having been the worldwide pioneer in this field, and was responsible for creating a number of different standards. Hercules has been designing audio solutions for music fans for nearly thirty years, focusing on innovation and developing increasingly forward-thinking and unique digital audio solutions. From the first quadraphonic sound card for PC to the first portable DJ mixing controller with built-in audio for PC and Mac, Hercules' history has been marked by innovations dedicated to its communities of users.
A recognized player in the musical entertainment hardware market, Hercules offers cutting-edge devices, known for their precision and sound quality.

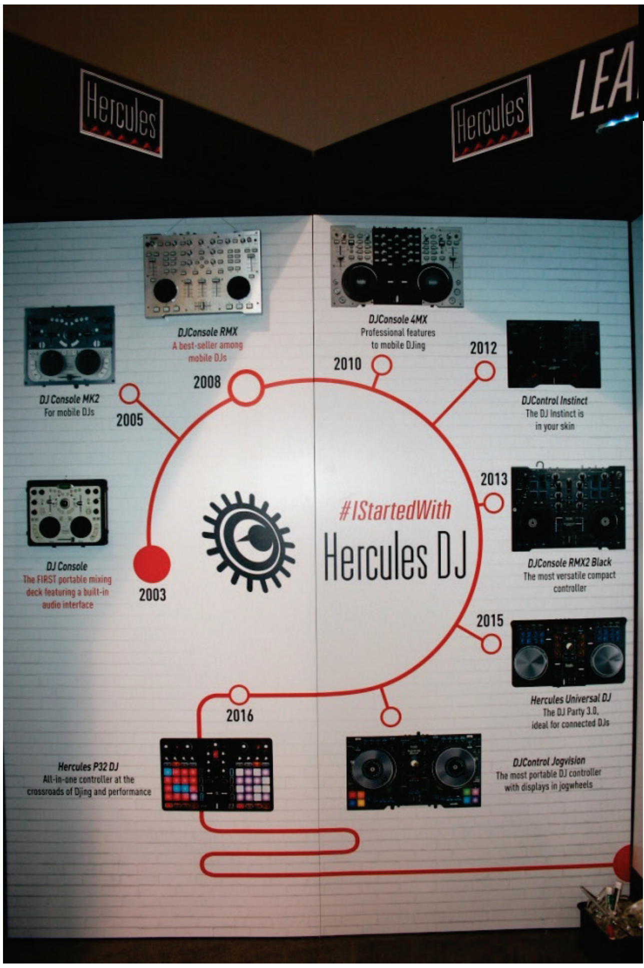
In 2017, Hercules strengthened its innovation process with expanded development axes focused on the theme of partying, employing a design thinking-oriented approach and implementing a big data strategy for an in-depth understanding of the needs and types of uses important to its DJ customers.

Guillemot Corporation owns a professional-grade anechoic chamber, used for developing its lines of multimedia speakers, DJ speakers and speakers incorporating *Bluetooth®* wireless technology. All of the walls in this soundproof room are covered in dihedrals crafted of porous materials, allowing for the measurement of acoustic waves without any disturbances caused by reflections, and therefore the creation of what are known as free field conditions.

The brand's goal is to provide the best tools for music creation and enjoyment.

Hercules' investments in Research and Development allow it to design innovative products appreciated by the public.

1.1.1 DJ controllers range



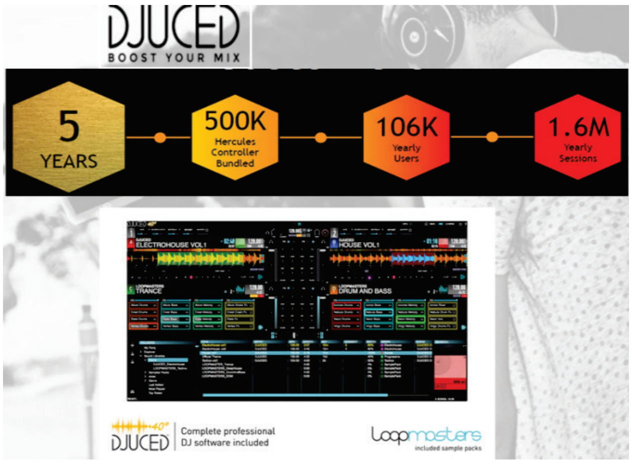
Having become a bestseller among amateur and mobile digital DJs, the Hercules brand is an internationally-known player in the portable mass-market mixing controllers sector, helping users get started in the world of mixing; in addition, the brand is adding to its lineup of products for advanced DJs. Hercules ranks among the leading manufacturers of portable DJ controllers for computers, serving as a focal point for communities of DJs — from beginners right through to expert users — thanks to the brand's extensive DJing expertise.

In 2017, the brand worked on repositioning its mass-market Hercules DJ and WAE wireless speakers range. Hercules regularly adapts its commercial and trade marketing policy in order to expand its distribution channels and create new commercial successes.

For over fifteen years, Hercules has earned a reputation for successfully getting beginners started in the world of DJing.

During the third quarter of fiscal 2017, Hercules announced its partnership with the high-resolution Qobuz online music service, allowing users to access more than seventy thousand high-res albums directly in the DJUCED™ software.

Hercules DJUCED™ DJing software



Pursuing their goal of continual improvement and creativity, the DJUCED™ teams published the new version 3.6 of the DJUCED™ 40° software on September 21, 2017, featuring integration of the Qobuz streaming service and making access to more than forty million high-resolution tracks directly in the software possible. The teams also made improvements to the audio engine, the feel of scratching and the software's overall latency — in particular with DJ controllers — for a highly-appreciated mixing experience. Fully integrated into the DJUCED™ 40° interface, songs start playing just as intuitively as the DJ's other tracks, and can be mixed with music stored locally on the user's computer.

These evolutions were on display at the BPM | PRO trade show in England on October 22-23, 2017, with both Karla Kenya and the DJ duo Twice as Trendy attending and performing at the event, of which Hercules was the official sponsor.
A contract was signed with the Twice as Trendy duo, to represent Hercules during a French club tour.

Hercules' collaboration with Timm United (Tim Hüfren) with regard to his services in the Netherlands continued in 2017: this well-known figure hosts DJ events and promotes the Hercules DJ range.

In line with its philosophy of creativity without any limits, in late 2017 Hercules launched a pack of LED wristbands to light up dance events and nighttime activities to the beat of the music, thereby becoming the must-have partner for parties.

Hercules added this fun, lightweight and easy-to-wear accessory to its lineup of products: it's a perfect fit for any venue and any musical style. Extremely simple to use, the wristband easily goes on the wearer's wrist, and its built-in microphone detects sounds and vibrations, allowing it to flash in sync with the music and the rhythm: it adds a whole new interactive dimension to really get the party moving.

1.1.2 WAE wireless speakers range

Over the years, Hercules has gained know-how and credibility in the world of professional audio.
Thanks to its extensive range of expertise, since 2015 Hercules has offered a complete line of WAE wireless speakers featuring the latest technologies and specially designed to meet today's lifestyle needs.

In 2017, Hercules continued to develop partnerships with promising young champion athletes, including Delphine Cousin, French 2017 Slalom Champion and 2017 Windsurfing Slalom World Champion runner-up. The Group's partnership policy is part of its strategy to make itself known among these communities of users.
In order to promote its WAE 04Plus FM wireless speaker, Hercules signed a partnership agreement with the American athlete Corey Martinez in early 2018. Corey is one of the best-known personalities in the world of Freestyle BMX, and has won numerous prizes — including Street Rider of the year. This Hercules WAE speaker fits in perfectly with his lifestyle: it's shock-resistant, dust-resistant and completely waterproof, allowing users to take it with them anywhere.

1.1.3 DJ headphones range

In 2017, Hercules marketed its existing range of headphones, whose qualities are much appreciated by demanding DJs.

1.2 Thrustmaster: A rich ecosystem of gaming accessories

THRUSTMASTER®

Founded in 1992 and purchased by Guillemot Corporation in 1999, Thrustmaster is proud to bring its know-how and technological prowess to the video game accessories market. For twenty-five years now, Thrustmaster has been developing high-precision accessories for an ultra-realistic gaming experience — including racing wheels and joysticks — on game consoles and PC.

Thrustmaster's experienced Research and Development teams design innovative, high-tech products from the ground up — always aiming to bring to market solutions allowing users to enjoy truly immersive gaming.

Thanks to its partnerships with console manufacturers and advanced Research and Development teams, Thrustmaster launched the first racing wheels for PlayStation®4 and Xbox One®, as well as the first official joysticks for PlayStation®4, Xbox One® and Xbox One® X.

Thrustmaster is a partner of prestigious brands including Ferrari, Sparco, Gran Turismo and the U.S. Air Force.
In 2017, Thrustmaster expanded its licensing agreement with Ferrari to include gaming headsets, and signed a partnership with Sparco — the world-famous motor sports equipment manufacturer — in June, allowing it to design and market officially-licensed Sparco products. With the emergence of increasingly realistic virtual worlds, Thrustmaster and Sparco's joint goal is to support the community of gamers and develop innovative solutions, dedicated to diehard fans of virtual motor sports (on PC and game consoles).

Over the years, the brand has brought new technologies to market allowing for enhanced precision and sensations, such as its patented H.E.A.R.T HallEffect AccuRate Technology™ for extreme precision in some Force Feedback wheels, as well as certain joysticks (T.16000M and HOTAS Warthog). Thrustmaster has highly-experienced Research and Development teams which design innovative, high-tech products. Thrustmaster's goal has always been to bring unique solutions to market: the brand holds numerous pending patent applications for its proprietary technologies.

In 2017, Thrustmaster combined the launches of its new high-end racing wheels with the releases of very highly-anticipated racing games on PC and game consoles, in order to equip the new generation of e-Sports and simulation gamers. Thanks to its ecosystem, Thrustmaster has become the go-to partner for all gamers looking for a more realistic gaming experience.

In December, Thrustmaster was the official sponsor of the eSports WRC Final in Germany.

Thrustmaster remains a key player in the American market for racing wheels on game consoles and PC, with 57% market share in value and 69% market share in volume terms in 2017 (Source: The NPD Group Inc., 2017 — March 2018 excerpt — excluding wheels compatible with Nintendo Switch).

All of the accessories designed by the Group, including racing wheels and joysticks, are must-have elements in order to achieve near-perfect immersion in flight and space-oriented games, as well as racing games.

For many years, the Group has used its in-depth mastery of embedded software and its Research and Development hardware expertise in patent filings — including with regard to H.E.A.R.T HallEffect AccuRate Technology™ — to offer gamers even greater levels of precision, enhanced ergonomic design and increased overall realism. This has resulted in the Group's products winning awards all around the world.

1.2.1 Headsets for online gamers

Thrustmaster remains very active in the gaming headsets market, and regularly employs its audio and gaming expertise to benefit gamers by developing high-quality headsets.
As gamers are becoming increasingly accustomed to long gaming sessions in a variety of different genres, Thrustmaster's successful CPX range adds new models on a regular basis. Thrustmaster continues to make progress in this dynamic market segment.
Thrustmaster's new Ferrari license for gaming headsets represents an excellent opportunity. At the same time, Thrustmaster is continuing on with its licensing policy, with a new headset launched in the first quarter of 2018.

In late November 2017, Thrustmaster launched the Y-350CPX 7.1 Powered gaming headset — the latest addition to its range — with two goals in mind: creating a high-end headset, and incorporating extended compatibility in order to satisfy the needs of all gamers, whatever their favorite next-generation platform. This new gaming headset featuring high-definition sound is the result of advanced Research and Development work, allowing Thrustmaster to achieve a level of audio quality lauded by the specialized press.

1.2.2 Racing wheels

Today, Thrustmaster is recognized as the ne plus ultra in terms of developing racing wheels — and high-end racing wheels, in particular — for gaming fans looking for unique sensations. With 69% market share in volume terms in the United States, Thrustmaster has accentuated its leadership in the racing wheels market for both consoles and PC (Source: The NPD Group Inc., 2017 — March 2018 excerpt — excluding wheels compatible with Nintendo Switch).

At the most recent edition of the E3 Electronic Entertainment Expo in June 2017 in Los Angeles, California, Thrustmaster unveiled two new high-end racing wheels at Sony and Microsoft's respective booths.

THRUSTMASTER®
T-GT

The Gran Turismo-licensed **T-GT** racing wheel was featured in twelve racing pods in Sony's demo zone for the game Gran Turismo, which was launched on October 18, 2017. Released in nearly 40 different countries, this competition-level wheel is the result of years of collaborative development between Thrustmaster's engineers and the creators of the game Gran Turismo Sport, and incorporates exclusive features made use of by the game. This very high-end racing wheel is based on three fundamental aspects: the T-GT Servo Base's customized motorization; cutting-edge T-DFB technology, exclusive to Gran Turismo Sport; and the T-GT's wheel itself, designed with demanding gamers in mind. Available to the public since September 15, 2017, this wheel is Thrustmaster's ultimate racing simulator for the game Gran Turismo Sport.

In autumn 2017, Thrustmaster took part in two launch events for its high-end racing wheel — one in Hong Kong, and the other in Modena, Italy — where the T-GT met with an enthusiastic reception from both the virtual and professional race car drivers in attendance, who praised the wheel's realism and the level of driving subtlety made possible, particularly by way of its innovative T-DFB technology. T-DFB — a world exclusive for the game Gran Turismo® Sport — allows for the reproduction at very high frequency of even the slightest vibrations and juddering produced by road surfaces coded into the game.

TS-XW RACER
sparco P310 Competition Mod

At the October 3, 2017 launch of the game Forza Motorsport 7 on Xbox One, Thrustmaster released the **TS-XW RACER Sparco P310 Competition Mod** racing wheel, highly appreciated for its power and its precision. This wheel marked the beginning of the collaboration between Thrustmaster and Sparco, the world-famous motor sports equipment manufacturer: it is the result of a combination of advanced technologies, in the form of a powerful 40-watt brushless servomotor, the innovative Motor Cooling Embedded system, and Thrustmaster's proprietary Turbo Power power supply. What's more, the wheel is manufactured under official license for both Xbox One and Windows®. By way of this partnership, Thrustmaster is providing e-Sports virtual race drivers with solutions that are closer than ever to the world of real car racing — the first example being the official replica of the Sparco P310 Competition wheel included with the new TS-XW RACER Sparco P310 Competition Mod.

In late 2017, to celebrate Ferrari's 70th anniversary and the holiday season, Thrustmaster released the **T80 Ferrari 488 GTB Edition** racing wheel, a pure-pleasure product for great first racing experiences on the PlayStation®4 console. This 8:10 scale replica of the wheel on the real Ferrari 488 GTB sports car is aimed at new racing wheel users, allowing them to intuitively and effectively dive right into the world of car racing games.

In parallel, Thrustmaster unveiled the **TS-PC RACER Ferrari 488 Challenge Edition** racing wheel. This wheel, a true powerhouse of technologies designed to boost gaming performance and provide a driving experience even closer to reality, is now available; it features a replica of the wheel on the real Ferrari 488 Challenge car, and is officially licensed by Ferrari.

Thrustmaster is strengthening its positions in the racing wheels market for the latest generation of game consoles, in order to win new market share. Racing accessories are Thrustmaster's flagship products, driving growth.

In 2017, the Group's racing wheels range for game consoles generated sales with growth of 33.3% in value in the American market, and 29.2% in volume terms, in relation to 2016 (Source: The NPD Group Inc., 2017 — March 2018 excerpt).

1.2.3 Gamepads

In autumn 2017, Thrustmaster launched the **GP XID PRO** gamepad, providing PC gamers with a highly precise and effective weapon. With this gamepad, PC gamers can enjoy a totally plug and play solution and start playing their games immediately — under optimal conditions, and with absolute precision in all of their actions. This gamepad was developed thanks to the expertise of Thrustmaster's Research and Development teams, for incredible precision and unrivaled comfort.

1.2.4 Flight simulation accessories

The Group specializes in this segment with its flagship products such as the **HOTAS Warthog** and **T.Flight HOTAS X** joysticks.

T.Flight Hotas One

In order to respond to demand from the gaming community, in 2017 Thrustmaster launched the first official flight simulation accessory for the Xbox One console and Windows with the T.Flight Hotas One joystick, providing a unique experience for users. Thanks to its extensive flight simulation expertise, Thrustmaster lets gamers on the console immerse themselves in the world of flight sim to a degree that had never been possible until now: Thrustmaster is proud to be the first to develop and market the device that the Xbox One community had been waiting for. The joystick's ergonomics, combined with the development of next-gen electronics for the Xbox One console and Windows, ensures instant playability, adaptability to all types of flight simulation, and unmatched ergonomic design.

Thrustmaster will be focusing on the releases of flight and space simulation games in order to generate new growth for its joystick sales.

The Group's sales of joysticks for game consoles in 2017 grew by 31.9% in value in the American market, and by 24% in volume terms, in relation to 2016 (Source: The NPD Group Inc., 2017 — March 2018 excerpt).

1.2.5 e-Sports

For several years now, Thrustmaster has been the official partner of Gran Turismo Sport on PlayStation®4, whose stated ambition is to become one of the e-competition world powerhouses, thanks to its FIA partnership. The ascendancy of e-Sports racing is now underway — and to get ready for this development, the Group has combined the launches of its high-end racing wheels to coincide with the releases of very highly-anticipated racing games on PC and the latest game consoles, in order to equip the new generation of e-Sports and simulation gamers. Thanks to its ecosystem, Thrustmaster is fast becoming the preferred partner for all gamers in search of a more realistic gaming experience, focused on performance.

Since last year, racing games have been clearly geared toward e-competitions such as the Forza Racing Championship, Formula 1® Esports Series or eSports WRC — and, this season, with Gran Turismo Sport.
The stage is now set for a yearly competition season, bringing together the best drivers from each game to face off against one another in memorable online competitions, followed by real-life events for the final phases.

Thrustmaster has positioned itself as the official equipment outfitter for the main competitions, thanks to its leadership and its ability to step up with professional products that both meet the requirements of the challenges at hand, and foster the process of professionalizing gamers. This acts as an important driver in terms of the sale of high-end products.

For example, Thrustmaster was the official e-racing equipment outfitter with its very high-end PC racing wheel, the TS-PC RACER, which benefited from significant media coverage with NBA stars at the media preview of the Formula E Vegas eRace competition in Las Vegas.

Moreover, Thrustmaster is further strengthening its e-Sports policy by teaming up with the world's best drivers for the different competitions, including in particular eSports WRC — in which the world champion is a driver sponsored by Thrustmaster — and Forza Racing Championship (with another Thrustmaster-sponsored winner).

2 STANDING OF THE COMPANY AND OF THE GROUP DURING FISCAL 2017

In 2017, the Group's annual turnover amounted to €80.4 million, up 25% from the previous year. Thrustmaster, thanks to the strength of its new products and the good current crop of racing games, grew by more than 40% over the year, becoming a leader in the racing wheels market in the United States (Source: The NPD Group Inc., 2017).

Hercules, following the ending of its multimedia speakers and webcam product lines, was down by 57%, with a smaller drop during the fourth quarter to -42%.

Over the period, the Group:
- Achieved a record level in terms of its turnover and its sales for multiple product lines.
- Saw very strong growth for Thrustmaster during the year, at +42%.

- Experienced a significant decrease with respect to sales of Hercules peripheral devices, following the definitive ending of commercialization of the Hercules multimedia speakers and webcam ranges.
- Very strongly boosted its Thrustmaster sales in North America by way of increasing the Thrustmaster brand's representation at major retail chains (Best Buy, GameStop, Walmart…).
- Rolled out many new releases:
  - Thrustmaster:
    - Racing wheels: Two new high-end racing wheels were released — the Gran Turismo®-licensed T-GT racing wheel was launched in nearly forty countries, while the TS-XW RACER Sparco P310 Competition Mod racing wheel for Xbox One and Xbox One X hit the market at the same time as the game Forza Motorsport® 7.
    - Joysticks: T.Flight Hotas One.
  - Hercules: The brand integrated the latest design thinking and big data techniques into its innovation plan. Hercules launched the latest version (3.6) of its DJUCED™ 40° DJing software, featuring integration of the Qobuz music streaming service.
- Accelerated its sales-out both in stores and on retail sales websites.
- Repositioned its mass-market Hercules DJ and WAE wireless speakers range.
- Adapted its commercial and trade marketing policy.
- Strengthened its presence in Asia (Hong Kong, China, South Korea, Japan) and in Australia, allowing Thrustmaster to position itself as a key player in the racing wheels and joysticks markets in these countries.
- Took part in the largest international trade shows, as well as the launch events surrounding the game Gran Turismo Sport for the release of its T-GT racing wheel.
- Established strong new partnerships: Hercules teamed up with the Qobuz high-resolution online music streaming service, while Thrustmaster expanded its partnership with Sparco®, the world-famous motor sports equipment manufacturer.

2.1 Continuation of the Group's geographic expansion and commercial deployment

Sales outside of France amounted to €71 million in fiscal 2017, representing 88% of total consolidated turnover.

In 2017, the Group accelerated its commercial deployment policy, translating into growth of 66% in the Asia-Pacific region and 30% in the Americas, which now account for more than 10% and 32% of the Group's sales, respectively.

Sales of Thrustmaster gaming accessories have continued to accelerate over multiple fiscal quarters. This strong momentum — linked to the commercial successes of its ranges of racing wheels, gaming headsets, joysticks and gamepads — has been further strengthened by way of the significant expansion of the Group's geographic coverage for more than five years.

- North America

In 2017, the Group achieved a very strong boost in terms of its sales thanks to a balanced and strengthened distribution of its presence on the continent. The Group's active participation in various American trade shows, including the Consumer Electronics Show, allowed it to grow the number of its products being sold by major brick-and-mortar retailers including GameStop and Best Buy, as well as by online retailers such as Amazon and Newegg.

- Europe

Over the period, the Group posted a 21% increase in terms of its sales, from €36.7 million to €44.5 million. Sales in both Poland and the Czech Republic continued to grow strongly in 2017, while the main eurozone countries also achieved growth. In this way, the Group is expanding its distribution network throughout the zone.

- Asia/Oceania (APAC)

In 2017, the Group continued the geographic expansion of its activities, with the first deliveries with respect to its Chinese subsidiary at the end of the year. Over the period, demand considerably accelerated in Asia, and the Group ramped up the rollout of its products across the continent (Hong Kong, China, South Korea, Japan), as well as in Australia. Thrustmaster's goal is to become the key player in terms of its ranges of racing wheels and joysticks in these countries.

The Group has a wide distribution network, including:

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

- In North America: Amazon.com, Target, Best Buy, Buy.com, Costco, Fry's, GameStop, Walmart, Guitar Center, Meijer, Micro Center, Newegg, B&H, Videotron, Sam Ash, Musician's Friend…

- In South America: Carrefour, Walmart, Fnac, Saraiva, Extra, Fast…

2.2 Logistics on a global scale

The Group covers three worldwide regions which account for the majority of high-tech product sales — North and South America, Europe and Asia — and optimizes the flow of its products, organizing direct deliveries from production sites in Asia to each continent.

The Group has its own international logistics base in France with an extensive storage capacity — allowing it to cover all of Europe and Eastern Europe, for both wholesaler and e-commerce deliveries — and uses logistics service providers based in the United States and in Hong Kong for North American and Asian sales. Thanks to the development and evolution of its logistics platform in Hong Kong since early 2013, the Group continues to optimize the flow of products to all of its European, Asian and American customers by way of direct deliveries from Asia, allowing it to optimize its supply chain, and ensure faster delivery services for its customers. In 2017, direct container deliveries from the warehouse in Hong Kong continued to increase, facilitating sales growth and improving delivery times. At the same time, the direct flow of products to customers has allowed the Group to reduce the impact of transportation on the environment.

2.3 Thrustmaster's strategy and positioning

Thanks to the increase in the number of gamers and in the installed base of PlayStation®4 and Xbox One® consoles, for which the Group mainly develops accessories, Thrustmaster is a key player in the racing wheels market for game consoles, and now in the console joysticks sector as well. In parallel, the growing interest in the fields of racing, flight simulation and e-Sports represents growth drivers for Thrustmaster.

In 2017, Thrustmaster signed strong new partnerships:

- Expansion of the partnership with Ferrari® for gaming headsets, in order to refresh the designs for the range and respond to the requirements of increasingly demanding consumers.
- Signature of a new partnership with Sparco, the world-famous motor sports equipment manufacturer.

All of these strategic partnerships (with Sony, Microsoft, Ferrari…) allow the brand to increase its visibility among gamers, while growing its commercial presence.
Thrustmaster has partnered with Sony and Polyphony Digital — creator of the game Gran Turismo Sport — for many years now, allowing the brand to be particularly well-positioned for the launch of the new opus: this very high-end racing wheel, the T-GT, is being used by Sony and Polyphony Digital to showcase the game in their official launch presentations. In mid-October, Thrustmaster took part in two of these launch events (the first in Hong Kong on October 12 and the second in Modena, Italy, on October 15–16) — benefiting from the exceptional presence of Mr. Kazunori Yamauchi, creator of the game. The T-GT met with an enthusiastic reception from both the virtual and professional race car drivers in attendance, who praised the wheel's realism and the level of driving subtlety made possible, particularly by way of its innovative T-DFB technology. T-DFB — a world exclusive for the game Gran Turismo Sport — allows for the reproduction at very high frequency of even the slightest vibrations and juddering produced by road surfaces, tire and suspension conditions, and more… Demo pods equipped with the T-GT racing wheel allowed attendees to discover and explore this new game. In addition, the new TS-XW RACER Sparco P310 Competition Mod racing wheel (officially licensed by Sparco), with its 1:1 scale replica wheel, was released to coincide with the launch of the game Forza Motorsport 7 for Xbox One on October 3, and has been very highly lauded for its

power and precision. The first e-Sports racing competitions are now gaining ground, and Thrustmaster was selected by the event's organizers to help conduct the F1 Esports Series Semi-Finals competition in London, England — which drew a substantial audience, with more than 400,000 spectators already having viewed the video. The drivers on this virtual course used Thrustmaster's new TS-PC RACER wheel.

2.4 The Group faces competition

The Group operates in extremely competitive and diversified markets, with products aimed at gaming fans and music enthusiasts (via its DJing and speaker lines), including headsets for online gamers. Owing to the diverse nature of its ranges and the number of products, competition remains strong and spread out worldwide. The strength of the Group's Research and Development teams represents one of the keys to its competitiveness, which requires innovative and differentiated products. In this highly competitive context, the Group operates in markets undergoing profound shifts. In order to make itself stand out in the eyes of its customers, the Group constantly refreshes or extends its product lines thanks to the strong involvement of its Research and Development and marketing teams, allowing it to remain on the cutting edge of uses in these different markets.
The Group also benefits from the strength of its international positioning, allowing it to capture growth in countries with quickly-developing economies.

Main competitors by product category	
DJing	American Audio / Native Instruments / Gemini / M-Audio / Numark / Pioneer
Wireless speakers	Beats / Braven / Bose / Creative Labs / Jabra / JBL / UE / Philips / Parrot / Sonos / Marshall
PC gaming accessories	Logitech / Trust / Genius / Razer
Console gaming accessories	Big Ben Interactive / Genius / Microsoft / Nyko / Sony / SPEEDLINK / Trust / Hori
Headsets for online gamers	Logitech / Razer / SteelSeries / Turtle Beach / PDP / Sennheiser / ASTRO / HyperX

2.5 Thrustmaster's participation in the largest international trade shows, and signature of new partnerships

In 2017, the Group ramped up its presence at large international trade shows, in order to strengthen its positioning and further boost its reputation.

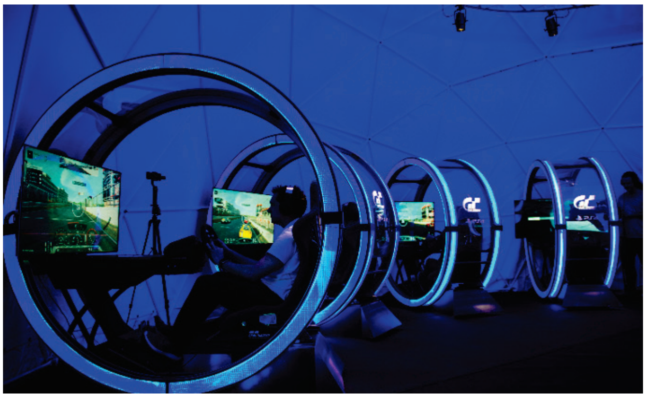
Gamescom trade fair (Cologne, Germany) — August 2017

E3 trade fair (Los Angeles, United States) — June 2017

Gran Turismo Sport launch event (Hong Kong) — October 2017

For the launch of the game Gran Turismo Sport, Mr. Claude Guillemot, Chief Executive Officer of the Guillemot Corporation Group, was invited to Hong Kong by the Sony Group in October 2017 in order to unveil the T-GT — its latest racing wheel — at the pre-launch event.

Gran Turismo Sport launch event (Modena, Italy) – October 2017



2017 IgroMir Expo (Russia)

2017 WRC Final (Germany)

<u>Paris Games Week trade fair</u> (France)

<u>Poznan Games Arena trade fair</u> (Poland) — October 2017

2.6 Awards worldwide

The Group’s product lines are regularly honored with awards worldwide, in addition to extremely positive reviews highlighting their quality, originality and reliability. These awards from the specialist press are important in terms of promoting these products among mass-market users and providing a boost with respect to sales. These awards represent worldwide recognition of the significance and competitiveness of the Group’s product lines across the globe.

2.6.1 WAE range

The WAE range often ranks among the most regularly-awarded Hercules product lines.

The WAE Outdoor 04Plus FM wireless speaker was given four stars by the American magazine Android Guys.

The Spanish magazine Gadget gave this same wireless speaker five stars.

2.6.2 DJ range

In June 2017, the Hercules P32 DJ controller was praised by the French magazine SONO MAG as being a “formidable companion for any DJ, in part thanks to its extremely well-thought-out software.”

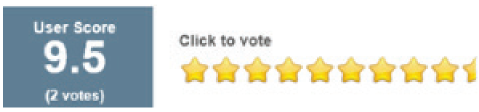
The Hercules DJControl Instinct P8 Party Pack controller received the “Galardon de Oro” prize from the El Chapuzas Informático website.

The Spanish IT magazine Gadget gave the Hercules DJControl Instinct P8 controller five stars.

2.6.3 Gaming accessories for PC and consoles

As is the case every year, Thrustmaster was regularly crowned with awards and glowing reviews.

2.6.3.1 Gaming headsets

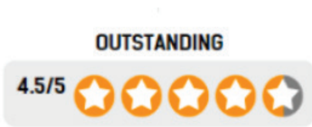


The 3rd-Strike.com website published a very positive article regarding the Y-350 CPX 7.1 Powered headset, giving it a score of 9.5 stars out of 10.

2.6.3.2 Racing wheels

The following marks of distinction validated the brand's positioning internationally.

In November, the www.windowscentral.com website posted a review of the TS-XW Racer racing wheel, praising "the realism of this wheel" and giving it 4.5 stars.



On August 27, 2017, a highly positive review of the TS-XW Racer Sparco P310 Competition Mod racing wheel was published by the Austrian website www.beyondpixels.at.

In December 2017, the magazine PlayMania named the T-GT racing wheel "Accessory of the Month" in Spain, and gave it an "Excellent" ranking.

On December 14, the French website www.jeuxvidéo.com also posted a full review of the T-GT racing wheel, giving it a score of 16 on 20.

2.6.3.3 Gamepads/Joysticks

On October 24, 2017, the http://pixelbandits.org website posted a very positive article on the T.Flight HOTAS One joystick, giving it a score of 9 on 10 and noting that "we're very happy with the controller overall." The review also pointed out that the joystick was "still the only HOTAS available for Xbox."

> **Satisfaction: 9/10:** *We're very happy with the HOTAS One, and not just because it's our only option. With the extra controls given, the great in game compatibility with Elite Dangerous (you may have heard us mention it) and a lovely quality in construction, we're very happy with the controller overall. There aren't many games compatible with it currently (in fact, the Thrustmaster website lists only Elite) but we're hoping that changes soon. If not, it seems Thrustmaster will have their hands full already in keeping up with demand from the Xbox Elite crowd*

3 THE GROUP'S RESULTS

3.1 Key Group figures and information by segment

3.1.1 Key figures

The main aggregates with respect to Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2017 are broken down as follows:

In € millions	31/12/2017	31/12/2016	31/12/2015
Turnover	80.4	64.2	65.8
Current operating income	3.9	0.6	2.4
Operating income	5.9	0.7	2.9
Financial income*	13.8	2.7	4.9
Consolidated net income	17.5	3.1	7.0
Base earnings per share	€1.19	€0.21	€0.48
Shareholders' equity	45.5	28.4	25.2
Net indebtedness (excluding MIS)**	1.2	9.1	6.1
Inventories	8.4	10.4	17.3
Intangible fixed assets	10.6	7.8	7.1
Current financial assets (MIS share)	28.5	15.0	12.2

* Financial income includes the cost of net financial indebtedness, as well as other financial expenses and revenues.
** Marketable Investment Securities are not taken into account in calculating net indebtedness (cf. section 5.7.13 of the consolidated financial statements).

Consolidated annual turnover for fiscal 2017 amounted to €80.4 million, representing an increase of 25% in relation to the previous fiscal year. Current operating income amounted to €3.9 million, compared with a gain of €0.6 million at December 31, 2016.
Operating income amounted to €5.9 million, and includes an Other operating revenue of €3 million linked to a write-down reversal on the Thrustmaster brand, and an Other operating expense of €1 million relating to impairment on the Hercules brand.
Financial income of €13.8 million included a revaluation gain of €13.5 million on current financial assets (MIS), composed of Ubisoft Entertainment securities.
Net income for the fiscal year amounted to €17.5 million, compared with €3.1 million in 2016.
Current financial assets amounted to €28.5 million at December 31, 2017. They are composed of 443,874 Ubisoft Entertainment securities.
Net indebtedness stood at €1.2 million (before Marketable Investment Securities).
Shareholders' equity increased from €28.4 million to €45.5 million.

3.1.2 Information by segment

Detailed information by segment is set out in section 5.6 of the consolidated financial statements.

3.1.3 Turnover breakdown

- By segment of activity

(in € millions)	31.12.2017	31.12.2016	31.12.2015
Hercules	**4.7**	**11.0**	**10.5**
Standard product lines	4.3	9.5	9.3
OEM*	0.4	1.5	1.2
Thrustmaster	**75.7**	**53.2**	**55.3**
Standard product lines	75.7	53.2	55.1
OEM	0.0	0.0	0.2
TOTAL	**80.4**	**64.2**	**65.8**

** Accessories developed to accompany products of third-party companies (Original Equipment Manufacturer).*

- By geographic zone

(in € millions)	31.12.2017	31.12.2016	31.12.2015
European Union	44.5	36.7	42.7
North America	24.6	20.1	16.2
Other	11.3	7.4	6.9
TOTAL	**80.4**	**64.2**	**65.8**

3.2 Operating income breakdown by activity

(in € millions)	31.12.2017	31.12.2016	31.12.2015
Hercules	-3.9	-3.6	-2.4
Thrustmaster	9.8	4.3	5.3
TOTAL	**5.9**	**0.7**	**2.9**

4 Analysis of business evolution, results and financial standing of the company and of the Group

Fiscal 2017 saw an increase of 25% in the Guillemot Corporation Group's annual turnover, to €80.4 million.
Thrustmaster, thanks to the strength of its new products and the good current crop of racing games, grew by more than 40% over 2017, becoming a key player in the racing wheels market in the United States (Source: The NPD Group Inc., 2017).
Hercules, following the ending of its multimedia speakers and webcam product lines, was down by 57%, with a smaller drop during the fourth quarter to -42%.
The Group rolled out many new releases in 2017, launching two new high-end racing wheels: the Gran Turismo-licensed T-GT racing wheel, and the TS-XW Racer Sparco P310 Competition Mod racing wheel for Xbox One and Xbox One X — which hit the market at the same time as the game Forza Motorsport 7.

The installed base of Xbox One and PlayStation®4 eighth-generation game consoles grew to more than 111.3 million units over the year (Source: VGCHARTZ, 03/02/2017).

Operating income for fiscal 2017 stood at €5.9 million, compared with operating income of €0.9 million at December 31, 2016. Consolidated net income amounted to €17.5 million, compared with €3.1 million for the previous fiscal year. This result includes a corporation tax net financial revenue of €11.9 million linked to a revaluation gain on the portfolio of Ubisoft Entertainment securities held by the Group.
Shareholders' equity amounted to €45.5 million at December 31, 2017. The Group's financial structure is solid, with net indebtedness of €1.2 million at December 31, 2017 (excluding its €28.5 million portfolio of marketable investment securities), compared with €9.1 million at December 31, 2016.

5 FORESEEABLE EVOLUTION OF THE COMPANY'S AND THE GROUP'S STANDING

The Group mainly operates in the interactive entertainment, video games and gaming accessories market. Its goals are as follows:

a) Cover one hundred countries by the end of 2018.
b) Strengthen the Group's local commercial presence in Europe in the Nordic countries (Norway, Denmark, Finland and Sweden), as well as in Russia.
c) Consolidate the Group's sales force in the United Kingdom in order to better benefit from the growth in Europe's premier gaming market.
d) Optimize the Group's presence in all product categories.
e) Consolidate the Group's growth in North America by increasing the number of its products carried in stores by leading American and Canadian retailers, with the aim of eventually covering the entire network.
f) Establish significant coverage of the Chinese market by way of the Group's Shanghai subsidiary.
g) Boost the Group's presence in the South Korean and Japanese markets by rolling out more product lines, and by expanding its distribution among e-tail networks in South Korea and retail networks in Japan.
h) Deploy local sales forces in Mexico and Brazil, in order to benefit from the economic recovery in these markets.
i) Strengthen the Group's presence in terms of coverage for the Middle East/India, in order to target new countries with strong growth of the middle class (Iran, Egypt and India).

The constant growth of the installed base of the latest generation of consoles, combined with an ever-expanding catalog of car racing games, are significant drivers with respect to sales of the Group's accessories. 2017 was a particularly rich year in terms of game releases: not only for racing simulation titles such as Gran Turismo Sport and Forza Motorsport 7, but also flight and space-related games — allowing the Group to boost the growth of its joystick sales.

For its part, Hercules benefits from a significant competitive advantage thanks to its software expertise, giving the brand recognized credibility and know-how in the world of professional DJing. The wireless speakers market remains dynamic, with the significant growth of music streaming.

The growth of the Group's sales and the expansion of its product lines go hand in hand with extending its distribution network, with the goal of covering one hundred countries in 2018.

The Group forecasts generation of new growth in terms of both its turnover and its operating income in 2018.

6 SIGNIFICANT EVENTS SINCE THE END OF THE FISCAL YEAR

There have been no significant events since the end of the fiscal year.

7 THE COMPANY AND THE GROUP'S RESEARCH AND DEVELOPMENT ACTIVITIES

From the design of products organized by the Production Director in conjunction with engineers, project managers and marketing teams, Research and Development is a true cornerstone of the Group's strategy — which, thanks to its technological expertise and innovative models, contributes to growth.

In order to best respond to the needs of consumers worldwide, the Group's Research and Development workforce is spread out across the globe and includes entities based in four different countries (France, Canada, Romania and China): they have mastered electronic and mechanical product design, as well as the development of software applications for PC, Mac, tablets and smartphones. The role of the Group's Research and Development division is to create technological solutions that respond to users' needs. The Group's Research and Development strategy relies on significant investments every year.

In 2017, the Group invested €4 million in Research and Development, representing 5% of consolidated turnover.

The Group received numerous awards in 2017, confirming that the quality of its hardware and accessories is highly appreciated by consumers.

8 INVESTMENT POLICY

The Group's investment policy, in place for many years, consists of building added value and solid foundations by way of ongoing Research and Development investments. Research and Development investments accounted for 5% of turnover in fiscal 2017, and Research and Development teams represented 30% of the Group's workforce.
The Group's main investments are set out in sections 5.7.2 Intangible fixed assets and 5.7.3 Tangible fixed assets of the consolidated financial statements.
Moreover, the Group regularly studies potential opportunities for external growth.

9 PRESENTATION OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017 AND NET INCOME APPROPRIATION

9.1 Comments on the Group's consolidated financial statements

No changes have been made to the presentation of financial statements or to valuation methods.

9.1.1 Statement of income

During the fiscal year, the Group posted consolidated turnover of €80,448K, excluding taxes.
The main operating expenses were purchases, for €41,571K.
External expenses totaling €14,899K were mainly composed of transportation, publicity and marketing expenses.
Personnel expenses amounted to €8,254K, and depreciation and amortization provisions to €6,025K.
Taxes and duties amounted to €358K, and other revenues and expenses to €-5,309K.
Current operating income amounted to €3,945K.
Operating income amounted to €5,945K.
The net gearing cost stood at €163K, while other financial revenues and expenses totaled €+13,993K, including revaluation gains of €13,467K on Ubisoft Entertainment shares held.
After taking these elements into account, along with the tax charge of €2,232K, the Group's net income was €17,542K.
Base income per share was €1.19.

9.1.2 Balance sheet

Non-current assets were composed of net intangible fixed assets for €10,649K, net tangible fixed assets for €2,318K, and financial assets for €416K.
Current assets included the following elements:
- Inventories had a net value of €8,367K, taking into account inventory provisions of €2,205K.
- Trade accounts receivable amounted to a net value of €23,913K, taking into account a provision of €142K for doubtful accounts.
- The other receivables entry had a net value of €1,348K and mainly related to receivables on value added tax and advance payments receivables.
- Financial assets amounted to €28,470K, and the cash and cash equivalents entry to €10,294K.

Shareholders' equity amounted to €45,469K.
Non-current liabilities amounted to €9,195K, including €5,703K in loans.
Current liabilities amounted to €31,655K, including €4,861K in loans and foreign currency advances.

Cashflow linked to activities is broken down as follows:

	At 31.12.17
Net income of integrated companies	17,542
+ Depreciation, amortization and provisions allocations	5,552
- Depreciation, amortization and provisions reversals	-3,460
-/+ Unrealized gains and losses linked to changes in fair value	-13,467
-/+ Net gain/loss on disposals	-2
Deferred tax change	1,570
Cashflow after cost of net financial debt	**7,735**
Cost of net financial debt	163
Cashflow before cost of net financial debt	**7,898**
Cashflow Forex adjustment	-42
Working capital requirements change	**1,962**
Net cashflow linked to activities	**9,655**
Cashflow linked to investment activities	
Cash outflow and inflow on tangible and intangible fixed assets	-2,285
Cash outflow and inflow on financial fixed assets	-2
Net cashflow linked to investment activities	**-2,287**
Cashflow linked to financing activities	
Capital increase or cash contribution	568
Debt issuance	9,500
Shareholders' current account reimbursement	0
Debt repayments	-3,157
Other cashflow linked to financing activities	0
Total cashflow linked to financing activities	**6,911**
Forex adjustment impact	**-47**
Cashflow change	**14,232**
Net cashflow at fiscal year start	-3,953
Net cashflow at fiscal year end	10,279

9.2 Comments on Guillemot Corporation S.A.'s financial statements

At the end of fiscal 2017, the company applied ANC regulation number 2015-05 (relating to financial futures instruments and hedging transactions) for the first time. This regulation is applicable to fiscal years as of January 1, 2017. This modification entails a change with regard to accounting methods.

9.2.1 Statement of income

During the fiscal year, the company Guillemot Corporation posted turnover of €73,991K.

Total operating revenues amounted to €78,191K.

The main operating expenses were purchases consumed for €41,285K, and external expenses for €21,211K.

External expenses are mainly composed of subcontracting services, development costs, and transportation, advertising and marketing expenses.

Taxes and duties and personnel expenses amounted to €580K, and other expenses to €6,350K.

Amortization amounted to €2,253K.

Provisions on current assets amounted to €1,880K.

The company posted a provision of €500K linked to product returns.

Total operating revenues less all operating expenses resulted in operating income of €3,399K.

Taking into account financial income of €916K, exceptional income of €406K and income taxes of €575K, net income amounted to €4,146K.

Financial income is broken down as follows:

Financial revenues from holdings:	€0K
Forex differences:	€87K
Financial interest revenues and expenses:	€-142K
Income from MIS disposals:	€139K
Provisions reversals and allowances:	€832K

Interest revenues are mainly composed of €29K in current account interest, and €26K corresponding to the reintegration into balance sheet assets of a current account advance, this advance having been waived by the parent company in 2004 in favor of its subsidiary Guillemot GmbH (Germany) with a return to profits clause.

Financial expenses are mainly composed of loan and banking interest charges for €168K, and current account interest for €16K.

Disposal income on treasury stock securities within the context of the liquidity contract in effect amounted to €139K.

Reversals on the impairment of subsidiaries' securities amounted to €460K, and provisions reversals on current account advances amounted to €40K.

Provisions on securities amounted to €18K.

Exceptional income is broken down as follows:

Revenues and expenses on management transactions:	€0K
Revenues and expenses on capital transactions:	€-1,019K
Provision reversals and allocations:	€1,425K

Impairment testing carried out on the Thrustmaster brand's segment of activity resulted in an impairment reversal of €3,000K.

Impairment testing carried out on the Hercules brand's segment of activity resulted in a provision of €1,000K.

The company posted exceptional amortization of €622K for development costs and materials which no longer met the capitalization criteria.

The main performance results are as follows:

Fiscal year production:	€74,659K
Added value:	€12,163K
Earnings before interest, tax, depreciation and amortization:	€11,583K

9.2.2 Balance sheet

Net fixed assets amounted to €17,538K. This includes €9,175K in intangible fixed assets, €1,768K in tangible fixed assets and €6,595K in financial fixed assets.

Intangible fixed assets included €3,427K in net value with respect to development costs. The company removed development costs which no longer met the capitalization criteria from assets, for a gross amount of €1,620K.

The company disposed of materials for a gross amount of €1,601K.

The company had inventory with a net value of €7,078K.

The trade accounts receivable entry amounted to €18,844K, taking into account provisions for doubtful customers of €142K.

Other receivables for a total net amount of €892K mainly included current account advances to subsidiaries for a net amount of €245K, and VAT receivables for €503K.

Marketable investment securities amounted to a net total of €7,192K.

Treasury stock shares held are broken down between financial fixed assets (132,619 shares) and marketable investment securities (117,842 shares). The net amount of these securities was €902K.

Shareholders’ equity amounted to €25,001K.

Debts and liabilities are broken down as follows:

DEBTS/LIABILITIES STATEMENT (In €K)	**At 31.12.17**
Financial institution loans	10,537
Bonds	0
Medium-term bank liabilities	56
Bank overdrafts and currency advances	13
Trade accounts payable	15,706
Tax and social security liabilities	865
Other liabilities	4,833
Fixed asset liabilities	993
Intercompany	1,998
TOTAL	**35,001**
Loans entered into during the fiscal year	9,500
Repaid during the fiscal year through bond conversion	0
Loans repaid during the fiscal year	3,157
Loans received from individuals	0

Cashflow linked to activities is broken down as follows:

(In €K)	**At 31.12.17**
Net income	4,146
Amortization and provisions allocations and reversals (1)	707
Net gain/loss on disposals	0
Operating income	**4,853**
Operating requirements change	5,374
Non-operating requirements change	-71
Working capital requirements change	**5,303**
Cashflow linked to investment activities	
Intangible fixed asset acquisitions	-1,668
Tangible fixed asset acquisitions	-481
Intangible and tangible fixed asset disposals	0
Financial fixed asset acquisitions	-128
Financial fixed asset disposals	37
Subsidiary acquisitions/disposals	0
Net cashflow linked to investment activities	**-2,240**
Capital increase or contribution	0
Debt issuance	9,500
Debt repayments	-3,157
Net cashflow linked to financing activities	**6,343**
Cashflow change	14,259
Net cashflow at fiscal year start (2)	2,157
Net cashflow at fiscal year end (2)	16,416

(1) Excluding allocations and reversals relating to depreciation of marketable investment securities.
(2) Including marketable investment securities for their net amounts.

9.2.3 Information regarding payment deadlines

Received and issued invoices not settled at the closing date of the past fiscal year (table required pursuant to paragraph I of Article D.441-4)												
(in € K)	Article D. 441 I-1°: Received invoices not settled at the closing date of the past fiscal year						Article D. 441 I.-2°: Issued invoices not settled at the closing date of the past fiscal year					
	0 days (indicative)	1–30 days	31–60 days	61–90 days	91 days or more	Total (1 day or more)	0 days (indicative)	1–30 days	31–60 days	61–90 days	91 days or more	Total (1 day or more)
(A) Late payment categories												
Number of invoices involved	5					164	99					174
Total amount of invoices involved (tax inclusive)	12	1,831	654	457	228	3,170	2,463	1,801	1,057	209	87	3,153
Percentage of total amount of fiscal year purchases (tax inclusive)	0%	58%	21%	14%	7%	100%						
Percentage of fiscal year turnover (tax inclusive)							44%	32%	19%	4%	2%	56%
(B) Invoices excluded from (A) relating to contested or unrecorded liabilities and receivables												
Number of invoices excluded												
Total amount of invoices excluded (tax inclusive)												
(C) Reference payment deadlines employed (contractual or legal deadline)												
Payment deadlines employed for calculating late payments	Contractual deadlines: 0–120 days Legal deadlines:						Contractual deadlines: 0–120 days Legal deadlines:					

Received invoices:
The total amount with a late payment is 86% composed of intra-Group invoices and invoices paid with a late payment of less than or equal to 10 days.

Issued invoices:
The total amount with a late payment is 84% composed of intra-Group invoices and invoices paid with a late payment of less than or equal to 10 days.

<table>
<tr><th colspan="13">Received and issued invoices with a late payment during the fiscal year (table required pursuant to paragraph II of Article D.441-4)</th></tr>
<tr><th rowspan="2">(in € K)</th><th colspan="6">Article Article D. 441 II.:
<u>Received</u> invoices with a late payment during the fiscal year</th><th colspan="6">Article Article D. 441 II.:
<u>Issued</u> invoices with a late payment during the fiscal year</th></tr>
<tr><th>0 days (indicative)</th><th>1–30 days</th><th>31–60 days</th><th>61–90 days</th><th>91 days or more</th><th>Total (1 day or more)</th><th>0 days (indicative)</th><th>1–30 days</th><th>31–60 days</th><th>61–90 days</th><th>91 days or more</th><th>Total (1 day or more)</th></tr>
<tr><td colspan="13">(A) Late payment categories</td></tr>
<tr><td>Cumulative number of invoices involved</td><td>2,520</td><td></td><td></td><td></td><td></td><td>2,747</td><td>7308</td><td></td><td></td><td></td><td></td><td>2102</td></tr>
<tr><td>Cumulative amount of invoices involved (tax inclusive)</td><td>29,560</td><td>25,511</td><td>6,795</td><td>2,503</td><td>1,006</td><td>35,815</td><td>21,269</td><td>34,315</td><td>5,505</td><td>1,124</td><td>3</td><td>40,947</td></tr>
<tr><td>Percentage of total amount of invoices received during the fiscal year (tax inclusive)</td><td>45%</td><td>39%</td><td>10%</td><td>4%</td><td>2%</td><td>55%</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Percentage of total amount of invoices issued during the fiscal year (tax inclusive)</td><td></td><td></td><td></td><td></td><td></td><td></td><td>34%</td><td>55%</td><td>9%</td><td>2%</td><td>0%</td><td>66%</td></tr>
<tr><td colspan="13">(B) Invoices excluded from (A) relating to contested or unrecorded liabilities and receivables</td></tr>
<tr><td>Number of invoices excluded</td><td colspan="6"></td><td colspan="6"></td></tr>
<tr><td>Total amount of invoices excluded (tax inclusive)</td><td colspan="6"></td><td colspan="6"></td></tr>
<tr><td colspan="13">(C) Reference payment deadlines employed (contractual or legal deadline)</td></tr>
<tr><td>Payment deadlines employed for calculating late payments</td><td colspan="6">Contractual deadlines: 0–120 days
Legal deadlines:</td><td colspan="6">Contractual deadlines: 0–120 days
Legal deadlines:</td></tr>
</table>

Received invoices:
The total cumulative amount with late payments over the fiscal year is 87% composed of intra-Group invoices and invoices paid with a late payment of less than or equal to 10 days.

Issued invoices:
The total cumulative amount with late payments over the fiscal year is 84% composed of intra-Group invoices and invoices paid with a late payment of less than or equal to 10 days.

9.2.4 *Net income appropriation*

Having deducted all expenses and all taxes and amortization, the financial statements presented to you show a profit of €4,146,044.29, which we recommend be assigned as follows:

- to the legal reserve: €77,755.48
- to other reserves: €1,477,354.12
- to the retained losses account: €2,590,934.69.

We remind you that, pursuant to the terms of Article 243a of the General Tax Code, no dividends have been distributed over the course of the past three fiscal years.

9.2.5 *Non-fiscally deductible expenses or expenditures*

Pursuant to the terms of Articles 223 quater and 223 quinquies of the General Tax Code, we wish to remind you that the financial statements for the past fiscal year do not take into account expenditures not deductible from fiscal income.

10 SIGNIFICANT CHANGES TO FINANCIAL OR COMMERCIAL STANDING SINCE THE END OF THE FISCAL YEAR

No significant changes with respect to the Group's financial or commercial standing have taken place since the fiscal year-end date.

11 Subsidiaries and holdings

11.1 Guillemot Corporation Group organizational chart at December 31, 2017

The percentages set out below correspond to the percentage of capital held.

GUILLEMOT BROTHERS S.E. (1)	GUILLEMOT FAMILY	GUILLEMOT CORPORATION S.A.	PUBLIC
19.997%	53.511%	1.669%	24.823%

GUILLEMOT CORPORATION S.A.

SUBSIDIARIES (2)		
Guillemot GmbH	Germany	99.75%
Guillemot S.A.	Belgium	99.93%
Guillemot Inc (3)	Canada	74.89%
Guillemot Recherche & Développement Inc	Canada	99.99%
Guillemot Electronic Technology (Shanghai) Co., Ltd	China	100.00%
Guillemot Spain SL	Spain	100.00%
Guillemot Inc	United States	99.99%
Hercules Thrustmaster SAS	France	99.42%
Guillemot Administration et Logistique Sarl	France	99.96%
Guillemot Innovation Labs SAS	France	100.00%
Guillemot Corporation (HK) Ltd	Hong Kong	99.50%
Guillemot Srl	Italy	100.00%
Guillemot Romania Srl	Romania	100.00%
Guillemot Ltd	United Kingdom	99.99%
HOLDINGS		
Ubisoft Entertainment S.A. (4)	France	0.40%

(1) 100% owned by members of the Guillemot family.
(2) The percentage of voting rights available for exercise at general meetings is identical to the percentage of capital.
(3) The Canadian company Guillemot Inc is 74.89% owned by Guillemot Corporation S.A., and 25.11% owned by the American company Guillemot Inc.
(4) The percentage of voting rights available for exercise at general meetings is 0.69%

At December 31, 2017, the company Guillemot Corporation S.A. had no other branches apart from the subsidiaries listed above.

During the fiscal year ended December 31, 2017, the company Guillemot Corporation S.A. decided to increase the share capital of its Chinese subsidiary Guillemot Electronic Technology (Shanghai) Co., Ltd. The share capital of the company Guillemot Electronic Technology (Shanghai) Co., Ltd was increased from RMB 500,000 to RMB 1,500,000.

11.2 The parent company

Guillemot Corporation S.A., the Group's parent company, markets Hercules and Thrustmaster brand hardware and accessories to the Group's customers, apart from North American customers (who are supplied directly by the Canadian subsidiary, Guillemot Inc), and Chinese customers (who are supplied by the Group's Chinese subsidiary Guillemot Electronic Technology (Shanghai) Co., Ltd).
The company owns the Hercules and Thrustmaster brands, and is responsible for the marketing investments that the brands require.
The company takes charge of and centralizes all billing for its products in all countries (except for North America and China). Product sales and marketing are carried out by specialized wholesalers in each country, in order to reduce the number of billing and delivery points.
Product manufacturing is handled by subcontractors chiefly located in Asia. The company provides its subcontractors with models, the main components (which it purchases directly from technology suppliers) and specific tools, in some instances.
The company holds virtually all securities of the Group's consolidated companies (there are no minority interests in the consolidated companies).

Guillemot Corporation's Directors manage the Group's subsidiaries.
The company holds the Group's main financial means (shareholders' equity, debenture and bank debt, banking facilities). It arranges current account advances for subsidiaries with financing requirements.

11.3 Sales and marketing subsidiaries

Sales and marketing subsidiaries are responsible for promotional, marketing and sales activities in the countries in which they are located, as well as their spheres of influence. The Group controls sales and marketing companies in France, Germany, China, Spain, Italy and the United Kingdom, and distributes its products in more than eighty-five countries worldwide.
Moreover, Hercules Thrustmaster SAS is a designer of interactive entertainment accessories for PC and consoles, as well as interactive entertainment hardware for PC. It manages development projects and marketing initiatives, in addition to purchasing and sales functions for product lines.

11.4 Research and Development subsidiaries

Research and Development subsidiaries are responsible for designing and creating the products marketed by the Group.
The Group has four Research and Development entities: Hercules Thrustmaster SAS, based in France; Guillemot Recherche & Développement Inc., in Canada; Guillemot Romania Srl, in Romania; and Guillemot Corporation (HK) Ltd, in China.

11.5 Other subsidiaries

The company Guillemot Administration et Logistique Sarl, based in France, is responsible for the packaging and shipping of products. It is also in charge of maintenance and development of tools and computer systems, as well as the Group's accounting, financial management and legal secretariat.

12 INFORMATION REGARDING THE COMPANY AND ITS SHARE CAPITAL

12.1 Information regarding the company's share capital

12.1.1 Amount of share capital at December 31, 2017

At December 31, 2017, the closing date of the last fiscal year, share capital amounted to €11,553,646.72, representing a total of 15,004,736 common shares with a nominal value of €0.77 each.

Since the closing of the fiscal year, the Board of Directors did the following:

- At its meeting held January 24, 2018:
  - certified a capital increase of €294,525, corresponding to the 382,500 stock options exercised during the fiscal year ended December 31, 2017; and
  - decided to cancel 187,256 shares, for a capital reduction of €144,187.12.

- At its meeting held March 16, 2018:
  - certified a capital increase of €67,375, corresponding to the 87,500 stock options exercised during the period from January 1, 2018 to February 18, 2018.

At March 16, 2018, share capital amounted to €11,771,359.60, divided into 15,287,480 shares with a nominal value of €0.77 each.

The share capital evolution chart from the creation of the company Guillemot Corporation S.A. is presented in section 17 of the Management report.

12.1.2 Share capital and voting rights breakdown

12.1.2.1 Evolution over the past three fiscal years

During the fiscal year ended December 31, 2017, no significant changes took place in terms of the breakdown of the company's share capital.

Significant changes took place with respect to the breakdown of the company's share capital and voting rights during the previous fiscal year, with the Guillemot family group having decided to reorganize the structure of its direct and indirect holdings in March 2016. This reorganization has not had an effect with respect to control of the company, however.

The company Guillemot Corporation S.A. is jointly controlled by the company Guillemot Brothers S.E. and members of the Guillemot family. The company has not taken any particular measures to ensure that this control is not exercised in an abusive manner, apart from the presence of two independent Directors on the Board of Directors: Ms. Lair, and Ms. Le Roch - Nocera.

At December 31, 2017, the Guillemot family group directly and indirectly held 73.51% of share capital and 76.17% of voting rights available for exercise at general meetings.

To the company's knowledge, no other shareholder directly or indirectly, alone or jointly, holds more than 5% of share capital and voting rights apart from those indicated in the following tables. The company does not have access to studies on identifiable bearer securities, allowing it to provide an indication regarding the number of its shareholders or of the breakdown of capital between resident and non-resident shareholders, or between individual shareholders and institutional investors.

At December 31, 2017, no employee share ownership existed in the sense of Article L.225-102 of the Commercial Code.

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

At 31/12/2016						
Shareholders	**Number of shares**	**% of capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of voting rights exercisable at general meetings**	**% of voting rights exercisable at general meetings (1)**
GUILLEMOT BROTHERS S.E. (2)	3,000,497	19.997%	3,000,497	18.856%	3,000,497	19.197%
Michel Guillemot	1,855,411	12.366%	2,304,115	14.480%	2,304,115	14.741%
Claude Guillemot	1,821,074	12.137%	2,235,441	14.048%	2,235,441	14.302%
Christian Guillemot	1,466,979	9.777%	1,477,252	9.283%	1,477,252	9.451%
Gérard Guillemot	1,427,361	9.513%	1,448,015	9.100%	1,448,015	9.264%
Yves Guillemot	1,411,073	9.404%	1,415,440	8.895%	1,415,440	9.056%
Other members of the Guillemot family	12,553	0.084%	13,355	0.084%	13,355	0.085%
Jointly	**10,994,948**	**73.278%**	**11,894,115**	**74.746%**	**11,894,115**	**76.096%**
Treasury stock (3)	282,507	1.883%	282,507	1.775%	0	0.000%
Public	3,727,281	24.839%	3,736,265	23.479%	3,736,265	23.904%
TOTAL	**15,004,736**	**100.000%**	**15,912,887**	**100.000%**	**15,630,380**	**100.000%**

At 31/12/2015						
Shareholders	**Number of shares**	**% of capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of voting rights exercisable at general meetings**	**% of voting rights exercisable at general meetings (1)**
GUILLEMOT BROTHERS S.E. (2)	10,034,030	66.87%	20,003,060	77.10%	20,003,060	77.81%
Michel Guillemot	448,704	2.99%	895,902	3.45%	895,902	3.48%
Claude Guillemot	414,367	2.76%	827,227	3.19%	827,227	3.22%
Christian Guillemot	77,752	0.52%	155,504	0.60%	155,504	0.60%
Gérard Guillemot	20,654	0.14%	39,802	0.15%	39,802	0.15%
Yves Guillemot	4,367	0.03%	7,228	0.03%	7,228	0.03%
Other members of the Guillemot family	12,553	0.08%	13,355	0.05%	13,355	0.05%
Jointly	**11,012,427**	**73.39%**	**21,942,078**	**84.57%**	**21,942,078**	**85.35%**
Treasury stock (3)	235,343	1.57%	235,343	0.91%	0	0.00%
Public	3,756,966	25.04%	3,765,986	14.52%	3,765,986	14.65%
TOTAL	**15,004,736**	**100.00%**	**25,943,407**	**100.00%**	**25,708,064**	**100.00%**

(1) Members of the Guillemot family benefit from double voting rights attached to some of their shares.
(2) 100% controlled by members of the Guillemot family.
(3) Treasury stock shares without voting rights.

12.1.2.2 Share capital and voting rights breakdown at March 11, 2018

Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot were attributed voting rights on some of their shares on March 9, 10 or 11, 2018.

At 11/03/2018						
Shareholders	**Number of shares**	**% of capital**	**Number of theoretical voting rights**	**% of theoretical voting rights**	**Number of voting rights exercisable at general meetings**	**% of voting rights exercisable at general meetings (1)**
GUILLEMOT BROTHERS S.E. (2)	3,000,497	19.627%	3,000,497	12.918%	3,000,497	12.936%
Michel Guillemot	1,870,411	12.235%	3,725,822	16.041%	3,725,822	16.063%
Claude Guillemot	1,836,074	12.010%	3,657,148	15.745%	3,657,148	15.766%
Christian Guillemot	1,529,016	10.002%	2,945,995	12.684%	2,945,995	12.701%
Gérard Guillemot	1,442,361	9.435%	2,869,722	12.355%	2,869,722	12.372%
Yves Guillemot	1,426,073	9.328%	2,837,146	12.215%	2,837,146	12.231%
Other members of the Guillemot family	12,553	0.082%	13,355	0.057%	13,355	0.058%
Jointly	**11,116,985**	**72.719%**	**19,049,685**	**82.016%**	**19,049,685**	**82.126%**
Treasury stock (3)	30,925	0.202%	30,925	0.133%	0	0.000%
Public	4,139,570	27.079%	4,146,054	17.851%	4,146,054	17.874%
TOTAL	**15,287,480**	**100.000%**	**23,226,664**	**100.000%**	**23,195,739**	**100.000%**

(1) Members of the Guillemot family benefit from double voting rights attached to some of their shares.
(2) 100% controlled by members of the Guillemot family.
(3) Treasury stock shares without voting rights.

12.1.3 Transactions stipulated in Article L.621-18-2 of the Monetary and Financial Code

During the fiscal year ended December 31, 2017, the following transactions were carried out:

Declarant	Transaction type	Transaction date	Transaction venue	Number of securities	Unit price (in €)	Transaction amount (in €)
Christian Guillemot (1)	Acquisition	8/25/2017	Euronext Paris	14,144	1.96	27,754.77
	Acquisition	8/29/2017	Euronext Paris	13,056	2.10	27,417.60
	Acquisition	9/1/2017	Euronext Paris	1,337	2.35	3,138.60
	Acquisition	9/4/2017	Euronext Paris	6,000	2.49	14,963.40

(1) Director and Deputy CEO of Guillemot Corporation S.A.

During the period from January 1, 2018 to March 11, 2018, the following transactions were carried out:

Declarant	Transaction type	Transaction date	Transaction venue	Number of securities	Unit price (in €)	Transaction amount (in €)
Claude Guillemot (1)	Stock options exercise	1/31/2018	Euronext Paris	15,000	1.91	28,650.00
Michel Guillemot (2)	Stock options exercise	1/31/2018	Euronext Paris	15,000	1.91	28,650.00
Yves Guillemot (3)	Stock options exercise	1/31/2018	Euronext Paris	15,000	1.91	28,650.00
Gérard Guillemot (2)	Stock options exercise	1/31/2018	Euronext Paris	15,000	1.91	28,650.00
Christian Guillemot (2)	Stock options exercise	1/31/2018	Euronext Paris	15,000	1.91	28,650.00
	Acquisition	2/6/2018	Euronext Paris	12,500	3.80	47,474.00

(1) Director and Chief Executive Officer of Guillemot Corporation S.A.
(2) Director and Deputy CEO of Guillemot Corporation S.A.
(3) Deputy CEO of Guillemot Corporation S.A.

12.1.4 Crossing of threshold levels

During the fiscal year ended December 31, 2017, the following threshold levels set out in Article L.233-7 of the Commercial Code were crossed:

Declarant	Date	Threshold crossed		Type	Holdings after crossing	
		Capital	Voting rights		Capital	Voting rights
Christian Guillemot (1)	04/09/2017	10%	-	Above threshold, following acquisition on the market	10.01%	9.50%

(1) Individual crossing.

During the period from January 1, 2018 to March 11, 2018, the following threshold levels set out in Article L.233-7 of the Commercial Code were crossed:

Declarant	Date	Threshold crossed		Type	Holdings after crossing	
		Capital	Voting rights		Capital	Voting rights
Christian Guillemot (1)	24/01/2018	10%	-	Below threshold (passive crossing resulting from an increased number of shares)	9.88%	9.39%
Christian Guillemot (1)	06/02/2018	10%	-	Above threshold, following acquisition on the market	10.01%	9.51%
Claude Guillemot (1)	09/03/2018	-	15%	Above threshold, following allocation of double voting rights	12.01%	16.76%
Michel Guillemot (1)	09/03/2018	-	15%	Above threshold, following allocation of double voting rights	12.24%	17.08%
Yves Guillemot (1)	09/03/2018	-	10%	Above threshold, following allocation of double voting rights	9.33%	13.00%
Gérard Guillemot (1)	09/03/2018	-	10%	Above threshold, following allocation of double voting rights	9.44%	13.15%
Guillemot Brothers S.E. (1)	09/03/2018	-	15%	Below threshold (passive crossing resulting from an increased number of voting rights)	19.63%	13.75%
Christian Guillemot (1)	10/03/2018	-	10%	Above threshold, following allocation of double voting rights	10.00%	11.13%

(1) Individual crossing.

At March 11, 2018, the total number of voting rights attached to the shares composing the company's share capital — serving as the basis for calculating the crossing of threshold levels (theoretical voting rights) — amounted to 23,226,664.

12.1.5 Treasury stock

12.1.5.1 Share buyback program

The Board of Directors has an authorization from the general meeting of shareholders held on May 24, 2017, allowing it to proceed with share buybacks.

The terms of the share buyback program are as follows:

- Program duration: 18 months from the general meeting date (for an expiration date of November 23, 2018)
- Maximum percentage of capital authorized: 10%
- Maximum unitary purchase price: €5
- Buyback program objectives:

- Allow an investment services provider, working independently, to act on the market or to ensure liquidity of the security as part of a liquidity contract in accordance with the professional ethics charter recognized by the Autorité des marchés financiers,
- The conservation and subsequent remittance of securities, in payment or by exchange, as part of possible external growth operations, with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities composing the company's share capital,
- Coverage for investment securities giving the holder the right to the allocation of company shares through conversion, exercise, reimbursement or exchange,
- Coverage of stock option plans and/or any other form of share allocation for employees and/or Directors of the company and/or of its Group,
- Cancellation of the shares acquired, subject to the adoption of a specific resolution by attendees of an extraordinary general meeting of shareholders.

At the start of the fiscal year begun January 1, 2017, the company held 282,507 treasury stock shares. During the fiscal year ended December 31, 2017, 1,312,835 shares were acquired and 1,344,881 shares were disposed of as part of the liquidity contract granted to Portzamparc Société de Bourse.
The company did not cancel any treasury stock shares during the fiscal year ended December 31, 2017.

At December 31, 2017, the company held 250,461 treasury stock shares.

Number of shares registered in the company's name at December 31, 2016:	282,507
Number of shares acquired during the fiscal year ended December 31, 2017:	1,312,835
Average acquisition price:	€3.16
Number of shares sold during the fiscal year ended December 31, 2017:	1,344,881
Average sale price:	€3.06
Number of shares canceled during the fiscal year ended December 31, 2017:	0
Amount of execution fees during the fiscal year ended December 31, 2017:	0
Number of shares registered in the company's name at December 31, 2017:	250,461
Value of shares registered in the company's name at December 31, 2017 (valued at purchase price):	€903,080.74
Total nominal value of shares registered in the company's name at December 31, 2017:	€192,854.97
- for conservation with a view to subsequent remittance, by exchange or in payment, as part of possible external growth operations (187,256 shares):	*€144,187.12*
- as part of a liquidity contract (63,205 shares):	*€48,667.85*
Number of shares used during the fiscal year ended December 31, 2017: (sold as part of the liquidity contract)	1,344,881
Reallocations taken place during the fiscal year ended December 31, 2017:	Nil
Percentage of capital represented by the shares held at December 31, 2017:	1.67%

At its meeting held January 24, 2018, the Board of Directors decided to reallocate 187,256 treasury stock shares which had been allocated to the "external growth" objective to the "cancellation" objective instead; and then decided, at the same meeting, to cancel these 187,256 shares.

At February 28, 2018, the company held 50,588 treasury stock shares accounting for 0.33% of the company's share capital, the company having:
- purchased 100,182 shares and disposed of 112,799 shares as part of the liquidity contract granted to Portzamparc Société de Bourse since January 1, 2018; and
- canceled 187,256 shares on January 24, 2018.

12.1.5.2 Liquidity contract

Since January 1, 2016, the company has entrusted Portzamparc Société de Bourse with the implementation of a liquidity contract, which is still in effect.

Upon implementation of this liquidity contract, the following resources were provided by the company:
- 105,296 shares; and
- €101,220.87 in cash.

12.1.5.3 Description of the share buyback program to be submitted for approval by the general meeting of shareholders on May 24, 2018

A new share buyback program will be submitted to shareholders during the next annual general meeting of shareholders, with the following terms:

- Date of general meeting of shareholders, convened to authorize the new share buyback program: May 24, 2018
- Number of securities held by the issuer (directly and indirectly) at February 28, 2018: 50,588
- Percentage of capital held by the issuer (directly and indirectly) at February 28, 2018: 0.33%
- Breakdown by objectives of securities held by the issuer at February 28, 2018:

- liquidity contract: 50,588

- Objectives of the new share buyback program:

- Allow an investment services provider, working independently, to act on the market or to ensure liquidity of the security as part of a liquidity contract in accordance with the professional ethics charter recognized by the Autorité des marchés financiers,
- The conservation and subsequent remittance of securities, in payment or by exchange, as part of possible external growth operations, with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities composing the company's share capital,
- Coverage for marketable securities representative of debt securities giving the holder the right to the allocation of company shares through conversion, exercise, reimbursement or exchange,
- Coverage for stock option plans and/or any other form of share allocation for personnel and/or Directors of the company and/or its Group,
- Cancellation of the shares acquired, subject to the adoption of a specific resolution by attendees of an extraordinary general meeting of shareholders,
- Carrying out of any eligible transaction, or any transaction which could be authorized by the regulations subsequent to the date of this meeting, particularly if this should fall within the scope of a market practice recently authorized by the Autorité des Marchés Financiers.

- Maximum percentage of share capital that the issuer proposes to acquire: 10%.
- Maximum amount allocated to share buyback program: €10,000,000.
- Maximum number of securities that the issuer proposes to acquire: 10% of the total number of shares composing the company's share capital at whatever time, this percentage applying to share capital adjusted according to operations which may affect it subsequent to the general meeting date.
- Characteristics of securities that the issuer proposes to acquire: common Guillemot Corporation shares (ISIN FR0000066722) listed on the Euronext Paris exchange (compartment C).
- Maximum unitary purchase price: €10
- Duration of buyback program: 18 months from the general meeting date (expiring on November 23, 2019).

12.1.6 Stock options and bonus shares

12.1.6.1 Stock options

The stock option plans which were in effect during the fiscal year ended December 31, 2017 are set out in section 18 of the Management report. These plans were nullified on February 18, 2018.

The company's executive directors may only exercise their options on the condition that they occupy one of the following positions within the company Guillemot Corporation S.A. on the day on which the options are exercised: Chairman of the Board of Directors, Chief Executive Officer or Deputy CEO.
Moreover, each executive director must maintain nominal ownership of 5% of the shares resulting from the exercise of options until the termination of duties at the company Guillemot Corporation S.A.

12.1.6.2 Bonus shares

As no bonus shares were granted to the company's executive directors or to non-executive director employees during the fiscal year ended December 31, 2017, nor during previous fiscal years, the Board of Directors has not, to date, set any conditions relating to the retention of shares by the company's executive directors in the event of the allocation of bonus shares.

12.1.7 Shareholder commitments

There are no shareholder commitments.

12.1.8 Shareholder agreements

There are no shareholder agreements.

12.1.9 Capital pledges

There are no capital pledges, to the company's knowledge.

12.2 Information regarding Guillemot Corporation shares

12.2.1 Company stock exchange information

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

ISIN code	:	FR0000066722
Market capitalization at December 31, 2017	:	€70,672,306.56
Market capitalization at February 28, 2018	:	€60,232,671.20

12.2.2 Guillemot Corporation share price evolution

Month	Total security transactions	Daily average security volume traded	Opening price on the last day of the month (€)	Monthly high price (€)	Monthly low price (€)
Sep-16	244,929	11,133	1.34	1.53	1.30
Oct-16	67,278	3,204	1.24	1.35	1.23
Nov-16	165,078	7,504	1.29	1.43	1.23
Dec-16	168,100	8,005	1.34	1.40	1.29
Jan-17	184,787	8,399	1.39	1.43	1.26
Feb-17	586,609	29,330	1.57	1.63	1.31
Mar-17	479,202	20,835	1.51	1.62	1.44
Apr-17	291,123	16,174	1.62	1.70	1.43
May-17	709,913	32,269	1.88	1.97	1.63
Jun-17	205,830	9,356	1.79	1.92	1.73
Jul-17	414,532	19,740	1.91	1.96	1.71
Aug-17	573,687	24,943	2.16	2.34	1.81
Sep-17	3,395,200	161,676	4.03	4.25	2.26
Oct-17	4,238,340	192,652	4.52	7.07	3.51
Nov-17	2,319,479	105,431	5.05	5.95	4.22
Dec-17	685,430	36,075	4.68	5.26	4.51
Jan-18	1,412,715	64,214	4.37	5.80	4.22
Feb-18	1,081,024	54,051	3.92	4.28	3.50

(Source: Euronext) (from 01/09/2016 to 28/02/2018)

(from 01/09/2016 to 28/02/2018)

13 RISK FACTORS

The Group has carried out a review of the risks which could have a significantly unfavorable impact on its activities, its financial standing or its results, and is of the opinion that there are no other significant risks than those set out below.

13.1 Risk linked to segment of activity

Guillemot Corporation operates within the mainstream computer and video game consoles markets, sectors which are sensitive to evolutions in terms of electronic technologies, to competition, to seasonal fluctuations and to the life cycles of video game consoles.

13.1.1 Technological risk

Guillemot Corporation uses the latest technologies to manufacture its product ranges, with many products employing different types of technologies.
The Group's engineering teams closely monitor technological developments in order to determine the features of upcoming products.
Research and Development teams based in France, North America and in Romania, aided by the Group's technological watch center in Hong Kong, are in direct contact with the market's major players and the development studios of leading gaming software publishers. Nevertheless, rapid changes in technology may result in the obsolescence of certain products, translating into depreciation risks on inventories of these products.

13.1.2 Procurement risk

13.1.2.1 Dependence upon certain suppliers

The risk of dependence upon suppliers varies according to the technical nature of the product.
The Group has maintained regular business relationships with a good number of its suppliers over many years, and represents an attractive sales opportunity for them.
Nevertheless, the Group is not completely sheltered from changes in the commercial policies of the creators of technologies, who may in some cases reserve the use of these technologies for some of their other customers. Moreover, the extension of procurement times for components may result in significant production delays. The ending of production by certain suppliers of critical components may also require modifications to the electronic design of products, and thereby delay deliveries of the product lines in question by the corresponding amount of time.

13.1.2.2 Company shutdowns, mergers and concentration

The interactive entertainment market has witnessed cessations of activity, alliances and buyouts among its players in recent years.
In the event of a change in control of one of its suppliers, Guillemot Corporation's position in these markets allows it to anticipate alternative procurement sources. In some cases, these evolutions might require changes with respect to manufacturing and could result in longer production and supply lead times, impacting sales.

13.1.3 Industry competition risk

The Group has operated in this market for many years and has developed a strong reputation with both distributors and consumers. The Group is exposed to intense competition, and must constantly be vigilant as to the competitiveness of its product lines.
Its competitors are located around the world. The originality and performance of Guillemot's products provide for favorable comparisons with those of its competitors, as illustrated by the numerous awards and first-place rankings the company has received based on comparative testing in the specialist press both in Europe and the United States. A lack of competitiveness could impact upon the Group's results and its levels of business.

13.1.4 Game console manufacturers competition risk

Game console manufacturers control the accessories able to function with their consoles: they can refuse concepts. The sale and marketing of new concepts and accessories therefore depends upon the approval of game console manufacturers.

13.1.5 Business seasonality risk

The Guillemot Corporation Group carries out approximately 50% of its annual activities between September and December. The Group employs the services of subcontractors in order to operate successfully at increased manufacturing and distribution levels during that period. Working capital requirements caused by these seasonal fluctuations are financed by way of short and medium-term funding. Strong variations in terms of seasonality could result in inventory issues.

13.2 Industrial and environmental risk

The Group has not evaluated these risks, as it does not have its own production site. Product manufacturing is carried out by subcontractors. The Group's main subcontractors are ISO 9001 and ISO 14001-certified. The Group's storage warehouses and main production subcontractors are not located in regions recognized as being sensitive to climate change risk.
The Group has not evaluated the financial risks linked to the effects of climate change. The increase in direct deliveries from the logistics warehouse in Hong Kong to its customers contributes to decreasing its carbon footprint.

13.3 Market risk

13.3.1 Rate risk

At December 31, 2017, the Group had fixed-rate loans in the amount of €9,520K, and variable-rate loans worth €1,005K. The Group regularly puts in place rate swap agreements on variable-rate loans in order to protect against changes with respect to loan interest payments, linked to interest rate variations. At December 31, 2017, a loan in the amount of €375K was covered by acceleration clauses. The terms of the clauses were met as of December 31, 2017.
A 1% increase in interest rates, taken on an annual basis and considering the outstanding amount at December 31, 2017 (the amount of variable-rate financial liabilities not covered by rate swap agreements) would have an impact of a €10K increase in financial expenses.

13.3.2 Forex risk

As all of the major players in the multimedia industry conduct transactions in U.S. dollars, there is no competitive advantage between one manufacturer and another translating into increased market share. As a result of the indexation of sale prices to dollar cost prices by all players in the industry, sale prices are either increased or decreased as a function of overall cost prices, where market dynamics permit.
The main currency for hardware and accessory purchases is the U.S. dollar. In the United States, Canada and all other countries outside of Europe, the transaction currency is also the U.S. dollar. In Europe, the Group sells mainly in euros. The exit of certain countries from the eurozone could have inflationary effects linked to the exchange rates in these countries. This could reduce the level of the Group's sales in these countries.
Rapid currency variations and dips in the value of the U.S. dollar in particular may result in lower sale prices for the Group's products and consequently impact on the value of merchandise inventories. Conversely, a strong and rapid increase in the value of the U.S. dollar over the second half of the year would not allow the Group to offset this increase in full on the sale prices of its products, given the seasonal nature of the company's activities, and could result in a temporary impact on gross margins.
However, in order to limit the Group's risk, Guillemot Corporation covers Forex risks by way of buying on the spot market, forward purchase contracts and foreign currency options. Moreover, increased export sales over the past several years enhance its natural coverage and significantly decrease the Forex risk.

The Group's currency assets and liabilities at December 31, 2017 were as follows (figures are provided for non-covered assets, meaning those susceptible to currency variations):

Currency amounts susceptible to positive or negative fluctuations:

(In €K)	USD	GBP
Assets	17,456	1,511
Liabilities	10,568	8
Net pre-adjustment position	6,888	1,503
Off-balance-sheet position	0	0
Net post-adjustment position	6,888	1,503

A 10% decrease in the U.S. dollar rate considered on an annual basis and at the amount outstanding at December 31, 2017 (amount of currency exposed to Forex variations) would result in an increase in financial expenses of €522K.

A 10% decrease in the pound sterling considered on an annual basis and at the amount outstanding at December 31, 2017 (amount of currency exposed to Forex variations) would result in an increase in financial expenses of €154K.

The impact of Forex variations on other currencies is insignificant.

Forex effect linked to subsidiaries' currency conversion:
All subsidiaries use their local currency for operations. The impact on shareholders' equity was €-424K.

13.3.3 Share risk

The net value of listed securities in the company's portfolio at December 31, 2017 amounted to €28,470K.

Inventory of listed securities held at December 31, 2017

Inventory of portfolio securities	Market	Number of securities at 31/12/2017	Market value (in €K) (1)
Ubisoft Entertainment S.A. (Shares)	Euronext Paris	443,874	28,470
		Total	**28,470**

(1) The rate employed is equal to the rate on the last day of the month of December 2017 (Ubisoft Entertainment: €64.14).

Changes in the stock market value of shares held have an impact on the Group's results. For 2018, a 10% decrease in the value of Ubisoft Entertainment shares (in relation to the price at December 31, 2017) would have an impact of €-2.8 million on financial income.
At March 14, 2018, the Ubisoft Entertainment share's closing price was €70.34, representing an increase of 9.67% in relation to the price at December 31, 2017, and resulting in the posting of a revaluation gain of €2,752K in the Group's consolidated financial statements at this date.

13.3.4 Credit risk

Credit risk represents the risk of financial loss in the event whereby a customer does not meet its contractual obligations. The Group has access to credit insurance to deal with this risk. The number of customers is relatively low, as a result of the Group's dealings with wholesalers. In some cases, the Group is obliged to grant additional credit where coverage is judged to be particularly ill-suited (cf. section 5.7.6 of the consolidated financial statements).

13.4 Liquidity risk

The company has undertaken a specific review of its liquidity risk, and considers that it is able to meet its future payment obligations.

13.4.1 Cashflow risk

The Group's net indebtedness is €1.2 million. In addition, the Group has a portfolio of Ubisoft Entertainment securities with a market value of €28.5 million at December 31, 2017.

The Group's indebtedness at December 31, 2017 is broken down as follows:

Type of security issued or loan	Fixed rate	Variable rate	Overall line amount	Settlement year	Coverage
Lending institution loans	9,520	1,005	10,525	2018-2020	No
Bank overdrafts and currency advances		15	15	2018	No
Other	24		24	2018	No
TOTAL (in €K)	**9,544**	**1,020**	**10,564**		

13.4.2 Acceleration clauses

At December 31, 2017, only one loan in the amount of €375K was covered by acceleration clauses. The terms of the clauses were met as of December 31, 2017.

13.5 Supply and price risk

A shortage of components or a resulting extension of supply timeframes could compel the Group to purchase its primary materials at higher prices if it were obliged to obtain them from suppliers other than those in its normal supply network. This could have an effect of delaying the production of certain products, thereby delaying deliveries as well. Each week, the Group reviews production planning in order to detect any potential delays, and thereby minimize the impact on production. The Group has a forecasting policy with respect to component needs, and stores a portion of its critical components. Supply timeframes for critical components can increase without warning.

13.6 Legal risk

13.6.1 Litigation

There are no governmental, legal or arbitration proceedings, including all proceedings of which the company is aware, whether in abeyance or with which it is threatened, which may have or have had a significant effect on the company and/or the Group's financial standing or profitability over the past twelve months.

13.6.2 Intellectual property

The Group's brands are mainly registered with the European Union Intellectual Property Office (EUIPO) in Europe, the United States Patent and Trademark Office in the United States and the Canadian Intellectual Property Office in Canada, and also in other foreign countries via the World Intellectual Property Organization.
The Group protects the aesthetic features of its products (shapes and/or designs) by registering, for the most part, common designs and models with the European Union Intellectual Property Office (EUIPO), with the United States Patent and Trademark Office in the United States, and with the State Intellectual Property Office in China.
The technical innovations of products designed by the Group are protected mainly by patents registered in France with the Institut National de la Propriété Industrielle (National Industrial Property Institute) and/or in Europe with the European Patent Office, and in the United States with the United States Patent and Trademark Office.
Prior to registering a brand or a common design and model, the Group carries out or commissions research based on its requirements, in order to verify the availability of the brand, design or model in question. For patents, the Group carries out prior art searches, or commissions prior art searches based on its requirements.
Nevertheless, the Group cannot guarantee that legal proceedings will not be brought against it. The costs related to its defense or to the payment of damages and interest in the event of an unfavorable outcome for the Group may have negative consequences on the Group's activities and financial standing.

In the event of infringement (suspected or proven) of intellectual property rights belonging to the Group by third parties, the Group will proceed with an evaluation of the impact of said infringement upon its activities and of the cost of its defense. Prosecutions which may be undertaken by the Group against these third parties (with the stipulation that the decision to undertake such prosecutions remains at the Group's sole discretion, and that this decision would only likely take place after having made contact with the infringer, either to ask said party to cease using the Group's property, or to offer said party a licensing agreement) could, in the event of an unfavorable outcome for the Group, affect its activities, its results and its financial standing.

13.6.3 Changes in regulations risk

The Group has taken steps to conform to the following directives: RoHS (Restriction of Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment), and REACH (Registration, Evaluation, Authorization and restriction of CHemicals). The Group keeps abreast of regulations in the different countries in which it operates, but cannot completely rule out the possibility that some regulations may have escaped its attention.

13.7 Other risks

13.7.1 Risk linked to product sales and marketing methods

The Group's clientele is made up mainly of wholesalers who respond directly to the needs of customers in matters of logistics (centralized orders and deliveries). The top client accounted for 14% of consolidated turnover, with the Group's top five customers accounting for 46% and the top ten accounting for 64% of consolidated turnover.
The amount of unrecovered matured receivables relating to the Group's top ten customers stood at €2,650K at December 31, 2017.
Nevertheless, exacting selection of customers contributes to reducing customer risk.
The Group uses a credit insurance company to insure the risk of unmet payments (cf. consolidated financial statements, section 5.7.6).

13.7.2 Country risk

Export sales are significant. A deterioration of the situation in some countries could result in a drop in turnover.
Partner subcontractors located in Asia undertake the core of the Group's manufacturing.
Regional conflicts could impact upon the Group's supplies.

13.7.3 Operational assets risk

The Guillemot Corporation Group owns all of the assets required for its successful operation.

13.7.4 Risk insurance and coverage

The Group has taken out insurance for the main identified risks.
The Group holds insurance policies covering civil liability, for amounts of €4 million or €8 million, depending on the type of accident. The other insurance policies cover its buildings, installations, vehicles and inventories. Buildings located in France are insured at their replacement cost value of €7.1 million, and merchandise for €7.4 million. The Group also has policies on transported merchandise, in order to provide protection against major incidents which may affect the flow of goods. Transported merchandise is insured for a value of €765,000 per shipment, whatever its mode of transportation or destination.

13.7.5 Important contracts

To the company's knowledge, there are no important contracts giving rise to an important obligation or commitment for the Group as a whole, apart from those entered into within the context of normal business.

13.7.6 Risk linked to licensing agreements

Licensing agreements with brand or technology owners generally include early termination provisions. These agreements also contain clauses allowing the company, in certain cases, to sell off products in inventory during a given period after their end date (selloff clauses). The termination of such a contract may have an impact on sales of the products governed by the licensing agreement in question, as well as on the value of remaining inventories.

13.7.7 Risk linked to protectionism

The Group's products currently circulate worldwide, with moderate customs duties. Protectionist policies could result in the imposition of high customs duties, which could affect the level of the Group's sales in the countries involved.

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

The Group has relied on the recommendations put forth by the AMF in its report published January 22, 2007, as well as the frame of reference for internal controls among listed companies, updated in July 2010.
The Group has also used the implementation guide for small and medium capitalization companies of this frame of reference in order to facilitate reflection and communication on internal controls, and to allow the company to identify the points of control to be improved.

14.1 Internal control procedures objectives

Internal controls are a company system, defined and implemented under its responsibility, aiming to ensure:

- conformity with laws and regulations,
- the application of instructions and directions set by executive management,
- the proper functioning of the company's internal control procedures, particularly those contributing to the safeguarding of its assets,
- the reliability of financial information,
- and, more generally, promotion of the company's mastery of its activities, the efficiency of its operations and efficient use of its resources.

By contributing to preventing and mastering the risks of not meeting these objectives, the internal control system plays a key role in the conducting and steering of different activities. The internal control field is not limited to procedures allowing for rendering accounting and financial information more reliable.

Nonetheless, internal controls cannot provide an absolute guarantee that these objectives will be met.

14.2 General organization of internal controls

14.2.1 Scope of internal controls

The parent company verifies the existence of internal control systems among its subsidiaries, adapting the systems to the subsidiaries' own features, as well as with regard to relations between the parent company and its subsidiaries.

14.2.2 Parties charged with internal controls

The Guillemot Group's internal controls are based on the principles of delegation, authorization and separation of functions, translating into approval and validation procedures and processes.
All of the Group's associates are made aware of the rules of conduct and integrity which are the very foundation of the Group's internal controls. Associates have the required knowledge in order to establish, employ and monitor the internal control system, with respect to the objectives which have been assigned to them.

The organization and roles of the different bodies which contribute toward internal controls are detailed hereafter:

14.2.2.1 The Board of Directors

The Board of Directors determines the directions of the Group's activities, and oversees their implementation.

14.2.2.2 The Chief Executive Officer

The Chief Executive Officer is responsible for developing the procedures and methods implemented in order to ensure the functioning and following of internal controls.

14.2.2.3 Administrative and Financial services

Administrative and Financial services bring together functional services with a dual mission of expertise and control, including:

- The Management Control service

The Group's Management Control service provides the relevant numerical data (turnover, margins, costs, etc.) to Directors.
Its objectives are:
- Implementation of reporting, steering and decision-making tools adapted to different levels of responsibility,
- Analysis of deviations between actual results and objectives, explanation of the causes of these deviations with respect to operating goals and follow-up of the implementation of corresponding corrective measures,
- Verification of the exactitude of base data and control of upkeep of accounting and financial information systems.

- The Accounting and Consolidation service

The Accounting and Consolidation service has the following objectives:
- Drafting of standard and consolidated half-year and annual financial statements, respecting legal obligations and within the timeframes required by financial markets,
- Responsibility for the implementation of accounting procedures,
- Definition and control of the application of financial security procedures, respecting the principle of separation of tasks between organizers and payers,
- Definition of the fiscal strategy, with the aid of financial advice,
- Coordination, with Independent Auditors, of the availability of information useful to their tasks.

- The Treasury service

The service's goal is to follow the Group's cashflow levels and ensure optimal management thereof.
The service organizes management of cashflow and decides on the use of financial resources in relation to each financial establishment.
In order to reduce the risk of error or fraud, powers delegated are allocated to a limited number of individuals given sole responsibility by executive management to process certain financial transactions according to predefined thresholds and authorizations.

- The Legal service

The Group has an internal legal service responsible for providing services to companies within the Group. This service is responsible for:
- Definition and control of the application of the Group's contractual policies,
- Following up disputes, litigation and legal risk, and interfacing with the accounting service, allowing it to be taken into account with respect to finances,
- Following up off-balance-sheet commitments,
- Following up the Group's different insurance contracts.

- The Human Resources service

The Human Resources service is centralized at the head office level. It is responsible for the Group's respecting of labor codes and organizes relations with bodies representing personnel.

- The Financial Communications service

The Financial Communications service distributes the information required for shareholders, financial analysts and investors to be able to accurately assess the Group's strategy.

- The Information Systems service

This service in charge of the Group's information systems manages the development of specific tools and is involved in the selection of computer solutions. It regularly follows the progress of computer projects and ensures their concordance with operational needs.

14.2.3 Implementation of internal controls and risk management

14.2.3.1 Risk management

In carrying out its activities, the Group is exposed to a number of risks, which may impact its performance and the achievement of its strategic and financial objectives.
The nature of the main risk factors, as well as the methods of prevention or action, are set out in section 13 ("Risk factors") of this management report.
The key areas involved are the following:
- Risk linked to activity
- Industrial and environmental risk
- Market risk
- Liquidity risk
- Supply and price risk
- Legal risk

The controls put in place represent an internal operating framework for the Group and constantly evolve in order to eventually become genuine risk management tools, to be used at all levels of the organization.

14.2.3.2 Management control procedures

- Business plan

Organization and planning is centralized and organized at the head office level by financial management and the Management Control service, which establish the principles and calendar, guide the process by unit and verify the strategy's compliance with the Group's strategy. This plan is updated on a half-yearly basis.

- Annual budget

Operational and functional managers, in conjunction with the Management Control service and financial management, draw up an annual budget for the coming fiscal year.
The objectives set out are subject to validation by executive management, and the organization of two annual meetings attended by operational managers allows for progress to be followed.

- Weekly operating report

The Management Control service drafts the weekly operating report addressed to executive management, containing the following information in particular:
- Consolidated turnover,
- Gross margins,
- Costs,
- Inventory levels,
- Achievement indicators in relation to forecasts and budgets,
- Trend indicators.

- Reconciliation with accounting data

Each quarter, the Management Control service reconciles accounting data in order to analyze and rectify deviations between:
- Management commitments and actual accounting expenses,
- Methods for meeting expenses via management control and actual expenses.

This reconciliation provides analysis data by segment.

- Financial forecasts

In order to carry out the forecast approach developed in budgets and reinforce the coherence of management and treasury forecasts, the Accounting service prepares the following elements:
- The simplified statement of income, allowing for the preparation of selected performance result figures,
- The simplified balance sheet, in order to complete the income-based approach and analysis obtained from management forecasts with an asset-based approach, allowing the Group to anticipate the evolution of key entries such as fixed assets/investments or working capital requirements, and ensure the reliability of the treasury approach,
- The statement of changes in financial position, allowing for work on forecast indicators.

14.2.3.3 Commitment control procedures

- Drafting, approval and following-up of contracts

The Group's Legal service is engaged in securing and controlling commitments, in close collaboration with executive management and operational managers.

- Contract control

Before being signed by the Group, contracts are submitted to the Legal service for verification.
After contracts are signed, all original contracts are filed with the Legal service.

- Purchases

The Group regularly works with the same suppliers it has used in the past.
The opening of an account with a new supplier is the responsibility of management.
The procedure in place verifies the separation of functions inside of the purchasing cycle in particular, from orders to payment of invoices to the subsequent control of accounts.

- Sales

General sales conditions are certified and reviewed on a yearly basis by the legal and commercial services according to regulatory changes, in particular.
The solvency of customers is an ongoing concern of the Group. Thus, from management to those responsible for customers, strict procedures are applied.
A rigorous process is established for new customers, who must obtain sufficient credit insurance coverage before any commercial relations are established. The following of regulations (and the following-up of debtors) is permanent and systematic and is the responsibility of both the customer accounting service and commercial management.

14.2.3.4 Asset control procedures

- Fixed assets

Fixed assets are managed by the general accounting service. Regular updates are obtained from a technical manager on the state of these assets.

- Inventories

The Group has developed a computing tool allowing for optimal monitoring of inventory, and has put in place a perpetual inventory procedure for its Carentoir site. External storage warehouses are also subject to daily monitoring.

14.2.3.5 Treasury control procedures

- Securing payments

All of the Group's payment methods are subject to security procedures, established via contracts with banks.
The parent company put in place an electronic signature procedure under the EBICS TS protocol in 2016.
These security procedures are combined with daily banking institution-accounting reconciliation.
The risk of internal fraud is limited, thanks to a procedure of separating tasks between the payment order issuer and the signatory.
In light of the upsurge of attempted fraud schemes with respect to transfer orders, the Group has strengthened its control procedures, and regularly alerts the accounting services and operational teams.

- Liquidity risk management

The Treasury service is responsible for ensuring that the Group has constant sources of financing at its disposal, and that these sources are sufficient to meet its needs.
To accomplish this, a monthly analysis is carried out, combined with day-to-day updating of treasury forecasts and daily reporting to executive management regarding net cashflow.

- Forex and interest rate risk coverage

Purchases of merchandise are carried out mainly in U.S. dollars.
The Group invoices its customers mainly in euros and in dollars.
As a result of the indexation of sale prices to dollar cost prices by all players in the Group's segment of activity, the Group’s sales prices are either increased or decreased as a function of overall cost prices. In order to limit the Group’s Forex risk, Guillemot Corporation covers a portion of Forex variation risks by way of cash purchases, forward purchase contracts and foreign exchange options.
The interest rate risk is studied regularly by the Treasury service and validated by executive management.

14.2.3.6 Financial information production and control procedures

- Validation of turnover

Each quarter, the Management Control service provides the Group’s consolidated turnover figure.
Accounting of turnover is ensured by the tabulations of invoicing data in invoicing software as part of accounting systems.
Reconciliation is carried out between data obtained from management controls and figures from accounting.

- Accounting tools

The Group uses a variety of software tools for the requirements of general accounting, cashflow management, fixed asset management, pay and consolidation. The internal development of specific management tools allows the Group to optimize its requirements.

- Analysis and control procedures

Recurring accounting events are regularly recorded using dedicated accounting software, ensuring optimal productivity and security.
The principle of separating tasks is applied at the accounting service level, in order to avoid the risk of error or fraud.
Great attention is paid to the security of computer data and processing (physical and software protection of access, safeguards, computer back-ups, etc.).
Access rights are managed centrally allowing for secure handling of companies’ information and data, as well as the authorization and issuing of payments.
All balance sheet and statement of income entries are analyzed in comparison to the previous fiscal year, and all deviations are justified in the interest of controlling the risk of fraud or error.

- Closing of accounts procedures

A presentation is given by the Accounting service to members of executive management regarding the closing of accounts, a procedure also subject to joint analysis of inventory postings in conjunction with the Management Control service. The posting of provisions is subject to a precise analysis of the risks to the operational and/or functional services involved, by the Legal service and, if need be, by outside advisors.
The drafting of the consolidated financial statements is carried out internally by the Consolidation service, which is responsible for the updating of consolidation parameters, as well as the preparation and drafting of statutory statements pursuant to IFRS standards. The main controls carried out by the Consolidation service relate to the controls regarding subsidiaries’ returns and statements, the reviewing of adjusted control reports following consolidation processing and control of consolidation analysis reports.

- Relations with Independent Auditors

Relations with Independent Auditors are organized as follows:
- A meeting prior to the closing of accounts, in which executive management takes part, provides for the establishment of a calendar and the organization of proceedings, and also allows for validation of the main accounting options,
- A summarization meeting is organized with the participation of members of executive management following the closing of accounts, allowing company officials to take note of any remarks put forth by the Independent Auditors regarding the company’s financial statements or consolidated financial statements.

Financial statements are then presented to the Chairman of the Board of Directors, before being approved by the Board.

- Financial communications

The Chief Executive Officer and Deputy CEOs are the main players involved in communicating financial information to the markets.
Financial management, along with the Communications and Legal services are also authorized to communicate financial information.
Financial communications are carried out by way of financial and accounting statements, reference documents and press releases.
These documents are validated by the various administrative and financial services involved, and the whole is then validated in turn by executive management.

Finally, the reference document is submitted to the Autorité des Marchés Financiers (AMF).
Financial information is sent out via email and telephone, as well as by post.

Regulated financial information is also transmitted by way of a professional distributor meeting the criteria set out in the Autorité des Marchés Financiers General Regulations. Press releases are made available online on the Guillemot Group website (texts are available in both English and French on the website).

14.2.4 Drafting of accounting and financial information for shareholders

The internal control procedures set out in this report regarding the drafting and processing of accounting and financial information for shareholders, as well as those ensuring conformity with generally accepted accounting principles, are organized by members of executive management, who then delegate tasks to be carried out by the Administration and Financial services and oversee their execution.

14.2.5 Conclusion

The Guillemot Corporation Group's internal control procedures are constantly evaluated, allowing them to be updated and evolve in order to take into account modifications in terms of legislation and regulations applicable to the Group and its activities, amongst other factors.

The projects carried out in 2017 with the goal of improving the reliability and proper control of the Group's activities were the following:

- Continued upgrading of network architecture.
- Reinstallation of the standby server room at the Carentoir site.
- Migration of Windows servers.
- Integration of the Hong Kong subsidiary into the Group's IT network.
- Reorganization of the main server room at Carentoir.
- Upgrading of throughput for Internet links, anti-DDoS protection and firewall protection.

The projects for 2018 are as follows:

- Penetration testing on external IP ranges.
- Upgrading to the Office 365 office automation software.
- Evolution of management software.
- General Data Protection Regulation compliance.
- Integration of the Shanghai subsidiary into the Group's IT network.
- Implementation of an Electronic Document Management system.

The Group pays the greatest attention to the continuity of its activities, and system recoveries are tested on a yearly basis.

It is the opinion of the Chairman of your Board of Directors that the measures in place provide for the maintenance of effective internal controls.

15 CORPORATE, ENVIRONMENTAL AND SOCIAL INFORMATION

15.1 Corporate information

Each subsidiary was issued with a corporate report in 2017 to gather quantitative and qualitative information on all social issues covered by the "Grenelle II" Act, based on a comprehensive consolidated scope.

15.1.1 Employment

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

A breakdown of the current workforce is as follows:

	At Dec 31, 2017					At Dec 31, 2016				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Total	**5**	**39**	**47**	**87**	**178**	**5**	**38**	**46**	**73**	**162**
O/w permanent contracts	5	37	46	78	166	5	37	44	66	152
O/w fixed-term contracts	0	2	1	9	12	0	1	2	7	10
O/w women	0	22	19	23	64	0	22	16	17	55
O/w men	5	17	28	64	114	5	16	30	56	107
Aged under 30		3	7	17	27		3	7	17	27
Aged 30-39		8	17	35	60		6	18	27	51
Aged 40-49		17	14	28	59		20	15	25	60
Aged 50 and over	5	11	9	7	32	5	9	6	4	24

The Group's total workforce in fiscal year 2017 consisted of 162 people, unchanged from 2016.

15.1.1.2 Recruitment and dismissals

During the year ended December 31, 2017, a total of 22 people were recruited onto permanent contracts: ten in France, six in Canada, four in China, one in Spain and one in the United Kingdom.

Twenty-two new fixed-term contracts were also entered into: six in France and 16 in other countries (15 in Romania and one in China).

Two employees left during the year following a unilateral decision by the company that employed them.

In 2016, Group companies recruited 14 people onto permanent contracts: four in France, four in Canada, three in China, two in Romania and one in the United Kingdom. Seventeen fixed-term contracts were entered into in the year (four in France and 13 in other countries).

Four employees were dismissed during fiscal year 2016.

15.1.1.3 Compensation

(€k)	2017		2016	
Company	Compensation in year	Social security contributions in year	Compensation in year	Social security contributions in year
Parent company	309	106	220	86
Hercules Thrustmaster SAS	2,535	1,141	2,584	1,169
Guillemot Administration et Logistique SARL	1,471	648	1,432	624
Consolidated foreign subsidiaries	3,090	461	2,907	413
Total	**7,405**	**2,356**	**7,143**	**2,292**

Pay rises are mainly the result of individual negotiations based on increases in employees' skills and/or responsibilities. These may be supplemented by collective pay increases, as was the case in 2017 and 2016.

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

15.1.2 Organization of work

15.1.2.1 Organization of working time

All employees of Group companies are covered by local regulations governing the number of hours worked per week, as follows:

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

Employees working part-time (excluding part-time parental leave) at consolidated French and foreign subsidiaries accounted for 4% of the workforce at December 31, 2017, compared with 3.2% at December 31, 2016.

A total of 889 overtime hours were worked in 2017: 31 hours in France and 858 hours at foreign companies (compared with 945 hours in 2016: 24 hours in France and 921 at foreign companies).

15.1.2.2 Absenteeism

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

	2017				2016			
	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Sick leave	55	374	121.67	**550.67**	96	393.5	264	**753.5**
Maternity leave	0	31	0	**31**	140	48	0	**188**
Occupational/commuting accidents	19	0	0	**19**	5	0		**5**
Unpaid leave	4.5	23	66.3	**93.8**	47.5	22	16	**85.5**
Paternity leave	0	0	15	**15**	9	0	30	**39**
Other absences	35.5	40	21	96.5	10.5	11	24	45.5
Total	**114**	**468**	**223.97**	**805.97**	**308**	**474.5**	**334**	**1,116.5**

It should be noted that 261 of the 374 days' sick leave recorded for Hercules Thrustmaster consisted of a single case of long-term sick leave.

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

15.1.3 Employee relations

15.1.3.1 Arrangements for employee dialog, including in particular procedures for informing, consulting and negotiating with employees

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

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

15.1.3.2 Review of collective agreements

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

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

15.1.4 Health and safety

15.1.4.1 Health and safety conditions in the workplace

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

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

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

Psychosocial risk factors were also a topic of communication in 2017, with a "stress whistleblowing" process introduced at two French companies to help make employees more aware of signs of workplace stress.

Employees receive regular new and refresher training in safety, both to prepare them to deal with hazards in the workplace (in accordance with applicable regulations) and to equip volunteers to be able to provide first aid (as certified first aiders, in France, at Guillemot Administration et Logistique and Hercules Thrustmaster).
One management employee working in the logistics department in France received training in 2014 in the protection and prevention of occupational risk, and ran two refresher sessions in 2016 on correct posture in the workplace.

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

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

Similarly, since most workstations involve the use of a computer, a number of online documents set out simple rules on how to properly organize a computer-based workstation. Another aspect of occupational health was addressed in 2015, when the company provided its French employees with information on the prevention of health risks when traveling abroad.

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

15.1.4.2 Review of agreements entered into with trade unions or employee representatives on occupational health and safety

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

No agreements relating to occupational health and safety were entered into in 2016.

15.1.4.3 Frequency and severity of occupational accidents, and occupational diseases

There were no occupational accidents in 2017.
There were two occupational accidents in France in 2016, one of which resulted in a total of 24 days' absence from work (five days in 2016 and 19 days in 2017).

15.1.5 Training

15.1.5.1 Training policy

The training policy pursued by the Group's French companies is aimed at adapting employees' skills in line with developments in the Group's businesses, notably by means of a training plan.
Other training activities may be put in place at the request of employees or, by exception, on the basis of commitments made when employment contracts are entered into.

15.1.5.2 Total number of training hours

Company	**2017**	**2016**
Parent company	0	0
Hercules Thrustmaster SAS	142	221
Guillemot Administration et Logistique SARL	176	169
Consolidated foreign subsidiaries	48	38
Total	**366**	**427**

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

15.1.6 Equality

15.1.6.1 Measures adopted in support of gender equality

Group companies seek to promote professional equality between women (of whom there were 64, or 36% of the workforce, at December 31, 2017, compared with 55, or 34% of the workforce, at December 31, 2016) and men in terms of compensation, qualifications, classification, promotion and recruitment – although, given the technical nature of the Group's activities, the vast majority of engineering positions are held by men.
However, one-third of head of department positions within the Group are held by women.

	Au 31/12/2017					**Au 31/12/2016**				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Headcount	**5**	**39**	**47**	**87**	**178**	**5**	**38**	**46**	**73**	**162**
O/w women	*0*	*22*	*19*	*23*	**64**	*0*	*22*	*16*	*17*	**55**
O/w men	*5*	*17*	*28*	*64*	**114**	*5*	*16*	*30*	*56*	**107**
Male/female salary ratio*	n/a	0.9	1.5	1.3		n/a	1.0	1.4	1.5	

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

This indicator continues to be closely monitored.

15.1.6.2 *Measures adopted in support of employment and inclusion for people with disabilities*

During the year, the Group's French subsidiaries used services offered by sheltered employment organizations (*Etablissements et Services d'Aide par le Travail* – ESATs) employing people with disabilities at a level corresponding to 0.23 units* (compared with 0.36 the previous year). They also contributed to social inclusion for people with disabilities via the DOETH return covering the employment of workers with disabilities.

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

15.1.6.3 *Anti-discrimination policy*

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

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

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

15.1.7.1 *Freedom of association and the right to collective bargaining*

All Group companies endeavor to comply with regulations in this area. For example, elected employee representatives perform their duties in accordance with the legal framework (see section 11.1.3.1).

15.1.7.2 *Eliminating discrimination in respect of employment and professions*

The Group primarily takes into consideration the competence of its employees and rejects all forms of discrimination.

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

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

In 2016, employees from the Group's French companies also visited schools to talk about their professional experience.

In 2017, the Group's French companies hosted four interns undertaking accredited assignments (excluding short-term "Discovery" internships) as well as one student on an apprenticeship contract.

15.1.7.3 *Elimination of forced or compulsory labor*

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

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

15.1.7.4 *Abolition of child labor*

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

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

15.2 Environmental information

15.2.1 General environmental policy

15.2.1.1 Organization of the company to take into account environmental issues and, where applicable, environmental assessment and certification

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

Each subsidiary was issued with an environmental report in 2017 to gather quantitative and qualitative information on all environmental issues covered by the "Grenelle II" Act, based on a comprehensive consolidated scope.

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

15.2.1.2 Employee training and information on environmental protection

The Group raises employee awareness of environmental impacts by displaying notices about issues linked to printing, sorting and lighting, as well as by informing subsidiaries about how to save water, electricity and paper.
No environmental protection training was undertaken within the Group in 2017.

15.2.1.3 Resources for preventing environmental risk and pollution

Since the Group has no manufacturing sites of its own, it has little exposure to environmental or pollution risk, and has not put in place any specific resources in this area.

The Carentoir logistics site is sensitive to transportation-related issues.

A carrier protocol is in place setting out site requirements designed to safeguard against environmental risk.

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

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

15.2.2 Pollution

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

Since the Group has no manufacturing sites of its own, it has little exposure to the risk of discharges into the air, water and soil having a serious impact on the environment, and has not put in place any specific resources in this area.

The Group is increasingly making use of environmentally friendly products to maintain and clean its premises.

For the upkeep of green spaces at its Carentoir site, the Group works exclusively with external providers that do not use phytosanitary products.

A transportation protocol has been put in place at the Carentoir logistics site requiring carriers to comply with certain measures to safeguard against the risk of pollution at the site.

15.2.2.2 Noise pollution and other business-specific forms of pollution

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

15.2.3 Circular economy

15.2.3.1 Waste prevention and management

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

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

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

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

This audit has also helped identify environmental, logistical and financial savings that could potentially be made depending on actions implemented by the company. The Group is continuing with its analysis and incorporating these factors into its product design phase.

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

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

Paper, cardboard and plastic waste collected at the Group's two French sites are handed over to a recycling company. The Carentoir site achieved a 100% recovery rate in 2017. Waste electrical and electronic equipment is handed over to a company that dismantles products so as to recycle and recover certain components. A recovery rate of over 97% was achieved in 2017.

Printer cartridges and used batteries are handed over to specialist recycling and recovery companies. Broken wood pallets are stored and collected by a company for repair or recycling, with 85% repaired and 15% recycled in 2017.

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

15.2.3.1.2 Preventing food waste

To date, the Group has not adopted any specific measures to prevent food waste.

There are no staff canteens at Group subsidiaries.

15.2.3.2 Sustainable use of resources

15.2.3.2.1 Water supply and consumption in accordance with local constraints

The sites occupied by Group companies consist solely of office premises and warehouses. As such, the Group's water consumption is limited to normal consumption for those types of premises. The Group ensures that its employees are made aware of water-saving initiatives.

Water consumption:

Water (m^3)	2017	2016	Change
France*	463	312	48%

* Premises located in Carentoir.

The increase in consumption in France was the result of work to clean buildings and facades at the Carentoir site.
For the Group's other subsidiaries, it is physically impossible to provide an individual breakdown of water consumption for leased offices (due either to their being jointly owned or to water consumption being included in service charges).

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

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

The Group's French subsidiaries now make almost exclusive use of recycled paper.

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

This has helped significantly lower paper consumption in recent years. The Group's total annual consumption is estimated at 15 kg of paper per person.

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

The sites occupied by Group companies consist solely of office premises and warehouses. As such, the Group's energy consumption is limited to normal consumption for those types of premises. The Group displays notices to raise its employees' awareness of power-saving initiatives.

Resources consumed by the principal Group companies:

Electricity (kWh)	2017	2016	Change
Carentoir (France)	221,217	226,409	-2%
Rennes (France)	45,349	48,033	-6%
Romania	59,231	54,145	9%
Canada	157,568	60,659	160%
Hong Kong	17,953	19,566	-8%
Shanghai	5,000	6,000	-17%
Italy	2,767	2,590	7%
Germany	3,245	3,519	-8%
Total	**512,330**	**420,921**	**22%**

Fuel oil (liters)	2,017	2,016	Change
Carentoir (France)	60,034	54,027	11%

The increase in consumption in Canada was due to a move to larger premises.

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

Further work has been undertaken in recent years to insulate heating pipes at the Carentoir warehouse.

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

At Group level, computers and other computerized office appliances are switched off at the end of each day.

The Group uses virtual servers; the resulting reduction in the number of physical servers translates into lower power consumption.

An external audit was carried out at the Carentoir site in France a few years ago to assess the energy situation and identify potential actions to save energy and improve energy efficiency. This audit served to define areas of work in order of priority and identify potential actions. The main areas are energy management, lighting and heating. Performance was assessed as relatively good across the various areas audited. Following the audit, the Group installed a heating regulation system.

15.2.3.2.4 Land use

The Group mainly makes use of office space.

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

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

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

15.2.4 Climate change

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

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

Using a logistics platform via a Hong Kong-based provider with effect from 2013 has made it possible to increase direct shipping (shipping to customers without going through the Group's warehouses), thus significantly reducing road transportation. The Group continues to expand its use of this platform, thus reducing the distances covered by its products. In 2017, direct shipping accounted for 63% of the Group's total shipments by volume, compared with 45% in 2016.

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

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

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

Air conditioning in office premises is not widespread.

City-based offices are located close to train and metro stations to encourage employees to use public transport.

The Group does not own any production facilities; in the course of its business, it mainly uses office premises. The goods it produces are items of electronic hardware that consume electricity when in use.

15.2.4.2 Adapting to the consequences of climate change

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

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

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

The consequences for climate change have not been quantified.

15.2.5 Protection of biodiversity

15.2.5.1 Action taken to protect or develop biodiversity

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

15.3 Information on social commitments in support of sustainable development

Each of the Group's subsidiaries was issued with a social report in 2017 to gather quantitative and qualitative information on all social issues covered by the "Grenelle II" Act, based on a comprehensive consolidated scope.

15.3.1 Regional, economic and social impact of the company's business

15.3.1.1 Jobs and regional development

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

In France, the Group favors regional organizations when deciding how to allocate the apprenticeship tax, and works with a number of local companies (including "ESAT" sheltered employment organizations).
In France, the Group provides support in the form of donations to the Fonds d'Initiatives du Club des Trente, whose purpose is to support and finance public interest initiatives aimed at promoting balance, expansion and prosperity in France's western regions, to boost economic activity in western France, to promote the business world among all people groups, and particularly young people, and to promote, spread and defend the values of commitment, initiative and responsibility.

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

- Passeport Armorique pour Entreprendre, which works to promote regional development by encouraging and facilitating access to the business world for young people with a viable business plan. Business owners sponsor young people during their studies; together with funding provided by two partner banks, this acts as a genuine project accelerator. The main goal is to pass on a corporate social and cultural heritage to young people who are socially far removed from the entrepreneurial world by facilitating access to the business world, stimulating ambition and helping fast-track projects and identify talent.

- The ENSMA/ISAE higher national school of mechanics and aeronautics, which has set up a junior enterprise within the institution, aimed at carrying out educational research for businesses.

- FORDE (Fonds de Recherche sur la Doctrine de l'Entreprise – “Fund for corporate policy research”), whose scientific goal is to make accessible all references to books, reports and symposiums on corporate policy.

- AgroCampus Ouest, Institut Supérieur des Sciences Agronomiques, Agroalimentaires et Horticoles (higher institute for agricultural, agri-food and horticultural sciences), which has set up a pre-incubator, Agro Up, to help students right at the start of the new business creation process.

- The Bridge, an event concept intended to strengthen the relationship between two countries through an international event based on a key event in their shared history.

15.3.1.2 Residents and other local populations

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

15.3.2 Relations with people and organizations interested in the company's business, notably non-profits promoting social and professional integration, educational institutions, environmental protection non-profits, consumer associations and resident populations

15.3.2.1 Dialog

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

15.3.2.2 Partnership and sponsorship

For some invitations to tender for subcontracting and services, the Group favors local non-profits working in support of social and professional integration. In 2017, the Group maintained the level of services sourced from organizations working with people with disabilities. Through some local initiatives, Group employees are involved in sports organizations, non-profits aimed at boosting local economic activity, and charities.

15.3.3 Subcontracting and suppliers

15.3.3.1 Social and environmental issues and procurement policy

The Group asks its subcontractors to comply with environmental legislation and regulations in force and encourages them not to use environmentally harmful materials or substances. In 2017, the Group maintained its use of regional service providers for road transportation and procurement.
Contracts with subcontractors in Asia include recommendations linked to social conditions (prohibition of child labor).

The principal Asian subcontractors are ISO 9001 and 14001 certified.

15.3.3.2 Extent of subcontracting and suppliers' and subcontractors' social and environmental responsibility

The Group makes use of subcontracting for the production of its products.

Most production takes place in Asia.

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

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

15.3.4 Fair practices

15.3.4.1 Action to prevent corruption

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

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

15.3.4.2 *Action in support of consumer health and safety*

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

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

15.3.5 *Other actions in favor of human rights*

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

15.4 Statutory audit

The statutory auditors will read out their reports on the fiscal year ended December 31, 2017. Their reports cover the audit of the parent company and consolidated financial statements, the basis for the auditors' conclusions, and specific checks required by law.

They will also read out their special report on agreements covered by Articles L.225-38ff. of the French Commercial Code.

The draft resolutions will then be read out.

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

The Board of Directors

March 16, 2018

16 APPENDIX 1: FINANCIAL TABLE

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

16.1 Financial table for Guillemot Corporation S.A.

Financial year	2017	2,016	2015	2014	2013
I - Financial position at the year-end					
Share capital (€k)	11,554	11,554	11,554	11,554	11,554
Number of shares issued	15,004,736	15,004,736	15,004,736	15,004,736	15,004,736
Number of bonds convertible into shares	0	0	0	0	0
II - Overall earnings from activities in the year (€k)					
Turnover excluding taxes	73,991	55,867	61,438	36,572	41,251
Earnings before taxes, depreciation, amortization and provisions	4,802	-972	2,782	1,382	-538
Corporate income tax	575	0	0	0	0
Earnings after taxes, depreciation, amortization and provisions	4,146	-433	1,695	1,083	-1,542
Amount of earnings distributed	0	0	0	0	0
III - Earnings per share (€)					
Earnings after taxes but before depreciation, amortization and provisions	0.32	-0.06	0.18	0.09	-0.04
Earnings after taxes, depreciation, amortization and provisions	0.28	-0.03	0.11	0.07	-0.10
Dividend paid on each share	0	0	0	0	0
IV – Workforce					
Number of employees*	5	5	5	5	5
Total payroll (€k)	309	220	220	220	220
Amount paid out in employee benefits (€k)	106	86	82	91	87

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

16.2 Financial table for Guillemot Corporation Group

Financial year	2017	2,016	2015	2014	2013
Total earnings from activities in the year (€k)					
Turnover excluding taxes	80448	64,226	65,799	40,284	43,679
Earnings before taxes, depreciation, amortization and provisions	25799	7,437	11,945	2,458	2,164
Corporate income tax	-2232	-376	-817	-137	-137
Earnings after taxes, depreciation, amortization and provisions	17542	3,059	7,043	-931	-822
Amount of earnings distributed	0	0	0	0	0
Earnings per share (€)					
Earnings after taxes but before depreciation, amortization and provisions	1.57	0.47	0.74	0.29	0.15
Earnings after taxes, depreciation, amortization and provisions	1.17	0.20	0.47	-0.06	-0.05
Dividend paid on each share	0	0	0	0	0
Workforce					
Number of employees	178	162	157	143	153
Total payroll (€k)	7405	7,143	6554	6111	6395
Amount paid out in employee benefits (€k)	2356	2,292	2140	2066	2113

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

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

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

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

(2) At the extraordinary general meeting of June 28, 2002, the shareholders voted to increase the share capital by creating 435,278 new shares in consideration of the contribution by Guillemot Participations S.A. consisting of one share in Italian company Guillemot Srl, representing full ownership of the latter.

The number of new shares was determined based on the value of the contribution, equal to €4,923,000, divided by the reference price of Guillemot Corporation shares corresponding to the average closing price over the 60 trading days preceding the date of the shareholders' meeting.

(3) At the extraordinary general meeting of August 30, 2002, the shareholders voted to increase the share capital by creating 3,000,000 new shares in consideration of the contribution by Guillemot Brothers S.A. consisting of one million shares in Ubisoft Entertainment with a total value of €15 million; the contribution agreement entered into with Guillemot Brothers S.A specified an exchange ratio of three new Guillemot Corporation shares for every Ubisoft Entertainment share contributed.

On August 14, 2002, the Commission des opérations de bourse (the then French stock market regulator) stamped the appendix to the report by the Board of Directors presented at the extraordinary general meeting with number E.02-213.

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

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

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

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

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

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

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

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

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

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

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

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

18 APPENDIX 3: SPECIAL REPORT ON STOCK OPTIONS

Dear Shareholders,

In accordance with the provisions of Article L.225-184 of the French Commercial Code, we have set out in this report information on transactions in share subscription and purchase options undertaken during the year ended December 31, 2017.

No new share subscription plans were put in place during the year ended December 31, 2017. As such, no share subscription options were allotted during that year.

A total of 382,500 share subscription options were exercised during the year ended December 31, 2017.

At December 31, 2017, share subscription options outstanding permitted the potential creation of a maximum of 211,140 new shares, equating to 1.37% of securities making up the share capital at January 24, 2018, including those new shares.

The table below summarizes stock option plans put in place by Guillemot Corporation S.A. during prior years that were still in force at December 31, 2017. These plans have now lapsed.

Date of shareholders' meeting	Jun 15, '06	Jun 15, '06
Date of Board of Directors meeting	Feb 18, '08	Feb 18, '08
Total number of shares available for subscription: - O/w by corporate officers - O/w by top ten employee beneficiaries	383,000 75,000 200,000	217,000 0 130,000
Start date for exercise of options	Feb 18, '12	Feb 18, '10
Expiry date of options	Feb 18, '18	Feb 18, '18
Subscription price (€)	1.91	1.91
Terms of exercise	-	⅓ per year
Number of shares subscribed - O/w during year ended December 31, 2017 - O/w by corporate officers - O/w by top ten employee beneficiaries	246,500 246,500 0 165,000	142,360 136,000 0 80,000
Share subscription options cancelled or lapsed during year ended December 31, 2017	0	0
Share subscription options outstanding at December 31, 2017	136,500	74,640

No share subscription options have been allotted in 2018 to date.

Over the period January 1 to February 18, 2018, 87,500 share subscription options were exercised, 75,000 of them by corporate officers.

Furthermore, no new share purchase option plans have been put in place.

Rennes, March 16, 2018

The Board of Directors

19 APPENDIX 4: SPECIAL REPORT ON BONUS SHARES

Dear Shareholders,

In accordance with the provisions of Article L.225-197-4 of the French Commercial Code, we have set out in this report information on bonus shares allotted during the year ended December 31, 2017.

No bonus shares were allotted to corporate officers or employees other than corporate officers either during the year ended December 31, 2017 or during prior years.

Furthermore, no bonus shares have been allotted in 2018 to date.

Rennes, March 16, 2018

The Board of Directors

20 APPENDIX 5: REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Dear Shareholders,

Pursuant to the provisions of Article L.225-37 of the French Commercial Code, we hereby present our report on corporate governance in respect of the year ended December 31, 2017.

20.1 Corporate governance code

The company applies the Middlenext corporate governance code.

This code is available from the Middlenext website (www.middlenext.com).

At its meeting of October 26, 2016, the Board of Directors familiarized itself with the items set out in the “areas for attention” section of the Middlenext code (September 2016 edition).

20.2 Directors and executives of Guillemot Corporation S.A.

20.2.1 Directors – composition of the Board of Directors

Article 9 of the Articles of Incorporation stipulates that the company may be run by a Board of Directors consisting of between three and 18 members.

Directors’ term of office is six years. However, to enable directors to be replaced on a staggered basis, the shareholders may, at the proposal of the Board of Directors, vote at an ordinary general meeting to appoint or re-appoint one or more directors for a period of four or five years.

Each director must own at least one share and no director may be over 80 years of age.

The Board of Directors has seven members, four of them men and three women.

Male and female members make up 57.14% and 42.86% of the Board respectively.

First and last names **Director’s title or role** **Business address**	**Gender**	**Independent director**	**Year first appointed**	**Term of office ends**
Claude Guillemot Director and Chairman and Chief Executive Officer BP 2, 56204 La Gacilly Cedex	M	No	1997	2018
Michel Guillemot Director and Deputy Chief Executive Officer BP 2, 56204 La Gacilly Cedex	M	No	1997	2018
Gérard Guillemot Director and Deputy Chief Executive Officer BP 2, 56204 La Gacilly Cedex	M	No	1997	2018
Christian Guillemot Director and Deputy Chief Executive Officer BP 2, 56204 La Gacilly Cedex	M	No	1997	2018
Marie-Hélène Lair Director BP 2, 56204 La Gacilly Cedex	F	Yes	2011	2023
Maryvonne Le Roch-Nocera Director BP 2, 56204 La Gacilly Cedex	F	Yes	2014	2020
Corinne Le Roy Director BP 2, 56204 La Gacilly Cedex	F	No	2017	2023

The Board’s composition changed during the year ended December 31, 2017, with Corinne Le Roy appointed as a director at the shareholders’ general meeting of May 24, 2017.

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

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

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

Each director who also holds executive office (Claude, Michel, Yves, Gérard and Christian Guillemot) does not hold more than two other directorships in listed companies outside of Guillemot Corporation Group.

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

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

20.2.2 Executives

First and last names Business address	Role	Date appointed	Expiry date
Claude Guillemot BP 2, 56204 La Gacilly Cedex	Chairman and CEO	September 1, 1997	Role expires upon expiry of directorship
Michel Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO with responsibility for strategy	November 7, 1997	Role expires upon expiry of directorship
Yves Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO with responsibility for relations with makers of video game consoles and computers	November 7, 1997	Role expires upon expiry of Claude Guillemot's term of office as CEO (or, if Claude Guillemot steps down as CEO, until such time as a new CEO is appointed)
Gérard Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO with responsibility for marketing research	November 7, 1997	Role expires upon expiry of directorship
Christian Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO with responsibility for administration	September 1, 1997	Role expires upon expiry of directorship

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

20.2.3 Information on directors' and executives' expertise and experience

- **Claude Guillemot**

Claude Guillemot joined the family business after completing a master's degree in economics at Université de Rennes I in 1981, followed by a specialist degree in industrial IT at ICAM in Lille. In 1984, he shifted the company's focus towards the distribution of IT products, and in 1985 he specialized the business in the distribution of video games under the "Guillemot International Software" brand. In 1997, he and his four brothers went on to set up the Guillemot Corporation group, which designs and makes interactive leisure hardware and accessories under the Hercules brand for digital peripherals (DJing, digital music and speakers) and the Thrustmaster brand for gaming accessories for PCs and video game consoles.

In 1986, he and his brothers also founded Ubisoft Entertainment Group, which designs and sells interactive PC and console games, and in 2000 they established Gameloft Group, a leading global vendor of downloadable video games.

Claude Guillemot is Chairman and Chief Executive Officer of Guillemot Corporation S.A. as well as a Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A.

- **Michel Guillemot**

A graduate of EDHEC business school and holder of a DECS accounting degree, Michel Guillemot founded mobile video game vendor Gameloft, where he served as Chairman and Chief Executive Officer for 16 years. Gameloft focuses on developing games for mobile devices, smart TVs and social networks. Under his leadership, Gameloft enjoyed a period of strong and rapid growth from 2001 to 2016, becoming a global leader and one of the biggest developers of mobile games.

Now based in London, Michel Guillemot co-founded Guillemot Corporation Group (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) with his four brothers and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A. His 30 years' experience in the video games industry, his entrepreneurial spirit and his deep knowledge of the mobile industry make him a recognized expert in the field. He also co-founded the Ubisoft Entertainment Group (which designs and sells interactive PC and console games) in 1986, and serves as Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A. with responsibility for strategic and financial development.

- **Yves Guillemot**

On completing his studies at the IPME business school, Yves Guillemot joined with his four brothers to launch out into the video games sector, then at the start of its meteoric expansion. He is currently Deputy Chief Executive Officer of Ubisoft Entertainment Group, which he and his brothers formed in 1986 and is now one of the world's leading designers, vendors and distributors of video games and interactive services.
Together with his brothers, he is also a co-founder of Guillemot Corporation Group and serves as Deputy Chief Executive Officer of Guillemot Corporation S.A. with responsibility for relations with makers of video game consoles and computers. Yves Guillemot is also a member of the Supervisory Board of Lagardère SCA and of the Board of Directors of Rémy Cointreau S.A.

- **Gérard Guillemot**

After graduating from the EDHEC business school in Lille, Gérard Guillemot helped establish the North American studios of Ubisoft Entertainment Group, specializing in the design and sale of interactive PC and console games, which he founded along with his four brothers in 1986. Since mid-April 2016, he has managed the Cinema division of Ubisoft (Motion Pictures). He is also Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A.

He previously launched Gameloft.com, an online gaming portal whose IPO he subsequently oversaw.

Gérard Guillemot is now based in New York and serves as Chairman of US company Longtail Studios Inc., which he formed in 2003 and which designs educational smartphones and tablets apps.

Gérard Guillemot also co-founded Guillemot Corporation Group (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A.

- **Christian Guillemot**

After graduating from the European Business School in London, Christian Guillemot played a driving role in the IPOs of Ubisoft Entertainment (which designs and sells interactive PC and console games), Guillemot Corporation (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and Gameloft (a leading global vendor of downloadable video games), each of which he co-founded with his four brothers. As well as serving as Deputy Chief Executive Officer and director of the Guillemot Corporation and Ubisoft Entertainment groups, he is Chairman and Chief Executive Officer of Guillemot Brothers S.E., the family holding company, and secretary of Longtail Studios Inc. He also runs AMA S.A., which he co-founded with his brothers in 2004 and which specializes in remote medicine and remote assistance with connected glasses, a market that is currently experiencing strong growth. A passionate innovator, Christian Guillemot is also actively involved in developing French tech, having set up three digital accelerators in Brittany, where he has served as a local elected representative since 2014.

- **Marie-Hélène Lair**

After completing advanced accounting studies, Marie-Hélène Lair worked until 1986 for a chartered accounting firm, where she was responsible for a portfolio of clients.

From 1986 to 1999, she headed up a production center for temporary employment agency BIS France. She was tasked with managing the center, with particular responsibility for temporary staff payroll, customer credit, accounting, and financial control. During this period (1992 and 1993), Mrs Lair also served as Accounting Director at BIS Group's head office.

From 2000 to 2004, Mrs Lair served as national production manager with the Vedior France group (also in the temporary employment sector), with particular responsibility for temporary staff payroll, production control, accounting, and financial control. She was also a member of Vedior France's Financial Management Committee.

- **Maryvonne Le Roch-Nocera**

After obtaining a DECS accounting degree from the ICS Paris business school, Maryvonne Le Roch-Nocera joined audit firm Edouard Salustro & Associés. She then managed a portfolio of clients at chartered accountants Grégoire et Associés.

In 1986, she moved to Brittany to work for the family holding company, managing supermarkets and real estate companies.

From 2005 to 2007, she ran the Intermarché group's business aviation organization and established Air ITM's public transport operation.

She set up an Intermarché store in Surzur in 2007 and took over the Arzon store in 2011.

Since 2006, she has also been a member of the board of Fondation Le Roch – Les Mousquetaires.

- **Corinne Le Roy**

Mrs Le Roy established the Ubisoft Entertainment group in China in 1996, since when she has served as Chief Executive Officer of its Shanghai subsidiary. After initially overseeing video game vending, she then took responsibility for video game production in 2000. Since 2000, she has focused on developing Ubisoft's Shanghai studio – China's first and only world-class video games studio with both design and full production capability. It was ranked among the world's top 100 studios in 2009 (in the Develop 100 ranking), when Tom Clancy's EndWar won the E3 Game Critics award for best strategy game.

In 2009, Mrs Le Roy was awarded the White Magnolia by the Shanghai Municipal Government for her outstanding contribution to Shanghai.

Before joining the Ubisoft Entertainment group, Mrs Le Roy, who is a qualified nurse and medical carer, worked in hospitals and public health, developing and managing projects in Africa, the former USSR and the Middle East.

20.2.4 Other offices and roles held by directors and executives

- **Claude Guillemot**

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Chairman, Hercules Thrustmaster SAS (France), Guillemot Innovation Labs SAS (France)
Outside France
Chairman and director, Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States)
Executive Director, Guillemot Electronic Technology (Shanghai) Co. Ltd. (China)
Director, Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot SA (Belgium), Guillemot Romania Srl (Romania), Guillemot Srl (Italy), Guillemot Spain SL (Spain)
Statutory manager, Guillemot GmbH (Germany)

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Director, AMA S.A.
Chief Executive Officer, Guillemot Brothers SAS
Outside France
Director, Ubisoft Nordic A/S (Denmark), Ubisoft Emirates FZ LLC (United Arab Emirates)
Alternate director, Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Ubisoft Fastigheter AB (Sweden)
Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom)
Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP
(PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP
(PAST FIVE FINANCIAL YEARS)
In France
Deputy Chief Executive Officer and director, Guillemot Brothers SE, Gameloft SE
Outside France
Director, Ubisoft Sweden A/B (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain)

- **Michel Guillemot**

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
None

Outside France
Director, Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Director, AMA S.A.
Chief Executive Officer, Guillemot Brothers SAS
Outside France
Director, Ariann Finance Inc. (Canada), Playwing Inc. (Canada), Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada)
Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom), Artificial Intelligence Research Lab Ltd (United Kingdom)
Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
In France
Deputy Chief Executive Officer and director, Guillemot Brothers SE
Chairman and Chief Executive Officer and director, Gameloft SE
Chairman, Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS
Statutory manager, Gameloft Rich Games Production France SARL
Outside France
Chairman, Gameloft Srl (Romania), Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Argentina S.A. (Argentina), Gameloft Software (Shenzhen) Company Ltd (China)
Chairman and director, Gameloft Inc (United States), Gameloft Divertissements Inc (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd. (South Korea), Gameloft Ltd (Hong Kong), Gameloft Philippines Inc. (Philippines), Gameloft Pte Limited (Singapore), PT Gameloft Indonesia (Indonesia), Gameloft New Zealand Ltd (New Zealand), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SL (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Bielorussia), Gameloft Uruguay SA (Uruguay)
Statutory manager, Gameloft GmbH (Germany), Gameloft Srl (Italy), Gameloft EOOD (Bulgaria), Gameloft S. de R.L. de C.V. (Mexico)
Director, Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela)

- ## Yves Guillemot

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
None
Outside France
Director, Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Chairman and Chief Executive Officer, Ubisoft Entertainment S.A.*
Chairman, Ubisoft Annecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS
Statutory manager, Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL
Director, Rémy Cointreau S.A.*, AMA S.A.
Member of the Supervisory Board, Lagardère S.A.
Chief Executive Officer, Guillemot Brothers SAS
Outside France
Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom)
Statutory manager, Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco)
Chairman and director, Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Script Movie Inc. (United States), Ubisoft CRC Ltd (United Kingdom)
Deputy Chairman and director, Ubisoft Inc. (United States)
Chief Executive Officer and director, Ubisoft Emirates FZ LLC (United Arab Emirates)
Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom)
Executive director, Shanghai Ubi Computer Software Co Ltd (China), Chengdu Ubi Computer Software Co Ltd (China)
Director, Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain) Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
Director, Guillemot Corporation S.A.*

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
In France
Deputy Chief Executive Officer and director, Guillemot Brothers SE, Gameloft SE
Chairman, Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ketchapp SAS, Krysalide SAS

Outside France
Chairman and director, Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada)
Chairman, Ubisoft LLC (United States)
Statutory manager, Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany), Ubisoft Entertainment SARL (Luxembourg)
Director, Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)

- ## Gérard Guillemot

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
None
Outside France
Director, Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Director, AMA S.A.
Chief Executive Officer, Guillemot Brothers SAS
Outside France
Chairman, Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada)
Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom)
Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
In France
Deputy Chief Executive Officer and director, Guillemot Brothers SE, Gameloft SE
Outside France
Chairman, Studios Longtail Québec Inc. (Canada)
Director, Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)

- ## Christian Guillemot

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Statutory manager, Guillemot Administration et Logistique SARL
Outside France
Director, Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot SA (Belgium)

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Chairman and Chief Executive Officer and director, AMA S.A.
Chairman, AMA Opérations SAS, AMA Research and Development SAS, SAS du Corps de Garde, Guillemot Brothers SAS
Outside France
Director, Ubisoft Nordic A/S (Denmark)
Chairman and Chief Executive Officer and director, AMA Xperteye Inc. (United States), AMA L'œil de l'expert Inc. (Canada)
Chairman and Chief Executive Officer and director, Guillemot Brothers SE (United Kingdom)
Chairman and director, Playwing Ltd (United Kingdom)
Director, AMA Corporation Ltd (United Kingdom)
Chairman, Playwing Srl (Romania)
Director, Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteye Ltd (United Kingdom), AMA Xperteye Srl (Romania), Playwing Entertainment SL (Spain)
Statutory manager, AMA Xpert Eye GmbH (Germany)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
In France
Director and Chairman and Chief Executive Officer, Guillemot Brothers SE
Deputy Chief Executive Officer and director, Gameloft SE
Chairman, Studio AMA Bretagne SAS

Joint statutory manager, Studio AMA Bretagne SARL
Outside France
Director, Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Inc. (United States)
Chairman and director, Advanced Mobile Advertisement Inc. (United States)
Chairman, AMA Studios SA (Belgium)

- **Marie-Hélène Lair**

None

- **Maryvonne Le Roch-Nocera**

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
None

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
In France
Chief Executive Officer and member of the Executive Board, Vanves Distribution S.A.**
Chairman, Nautimar S.A.S.
Statutory manager, Majimer S.A.R.L., Du Lobreont S.C.I.
Outside France
None

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
In France
None
Outside France
None

- **Corinne Le Roy**

OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
None

OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017
Chief Executive Officer, Shanghai Ubi Computer Software Co. Ltd (China)
Director, Shanghai Uno Network Technology Co. Ltd (China)

EXPIRED OFFICES AND ROLES WITHIN THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

EXPIRED OFFICES AND ROLES OUTSIDE THE GUILLEMOT CORPORATION GROUP (PAST FIVE FINANCIAL YEARS)
None

** Listed on Euronext Paris.*
*** Vanves Distribution S.A. is also statutory manager of Du Chantier S.N.C.*

20.2.5 Other information concerning the corporate officers

There are no restrictions on disposal of the corporate officers' holdings of the company's shares, apart from, for share subscription options allotted since January 1, 2007, the commitment to hold, in registered form, 5% of shares arising from the exercise of options until the holders' terms of office expire.

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

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

Transactions between the corporate officers and the company, other than normal arm's length transactions, are detailed in the statutory auditor's special report.

No loans or guarantees have been granted or given in favor of the corporate officers. No corporate officer has been found guilty of fraud or officially publicly accused and/or sanctioned at any time in the past five years.

None of the corporate officers has at any time in the past five years been associated with any insolvency, compulsory administration or liquidation. Furthermore, none of the corporate officers has at any time in the past five years been prevented by a court from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business.

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

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

There are no service agreements in place between directors or executives and the company or any of its subsidiaries under which benefits are or many become due.

20.3 Directors' and executives' compensation

20.3.1 Compensation paid during the year ended December 31, 2017

The total amount of directors' fees paid by the company to the seven members of the Board of Directors during the year was €88,041.10.

The executive directors (Claude, Michel, Yves, Gérard and Christian Guillemot) are also compensated for their duties as Chairman and Chief Executive Officer or Deputy Chief Executive Officer. They do not have employment contracts with the company.

The total amount of gross fixed compensation paid to the executive directors in the year in respect of their executive duties was €220,440.

No variable or exceptional compensation was paid in the year.

No benefits, including in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the company or of companies referred to in Articles L.228-13 and L.228-93 of the Commercial Code, were paid in the year.

During the year ended December 31, 2017:

- no stock options were allotted to executive directors by Guillemot Corporation S.A. or other companies belonging to Guillemot Corporation Group;
- no stock options were exercised by executive directors;
- no bonus shares were allotted to executive directors.

The company did not enter into any commitment in favor of its corporate officers with regard to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits.

No compensation was paid under a profit-sharing or bonus plan.

No specific pension scheme was put in place for the corporate officers.

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

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

Summary schedule of compensation paid to each executive director (Figures in €)						
Claude Guillemot	**Fiscal year 2017**		**Fiscal year 2016**		**Fiscal year 2015**	
Chairman and CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	147,000	147,000	147,000	147,000	147,000	147,000
Annual variable compensation	58,800	0	0	0	0	0
Directors' fees	15,000	15,000	15,000	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*
TOTAL	220,800	162,000	162,000	162,000	162,000	162,000
Michel Guillemot	**Fiscal year 2017**		**Fiscal year 2016**		**Fiscal year 2015**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	7,344	0	0	0	0	0
Directors' fees	12,000	15,000	15,000	12,000	12,000	12,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*2,000*	*5,000*	*5,000*	*2,000*	*2,000*	*2,000*
TOTAL	37,704	33,360	33,360	30,360	30,360	30,360
Yves Guillemot (1)	**Fiscal year 2017**		**Fiscal year 2016**		**Fiscal year 2015**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	7,344	0	0	0	0	0
Directors' fees	0	0	5,968	5,968	10,000	10,000
O/w fixed component	*0*	*0*	*5,968*	*5,968*	*10,000*	*10,000*
O/w variable component	*0*	*0*	*0*	*0*	*0*	*0*
TOTAL	25,704	18,360	24,328	24,328	28,360	28,360
Gérard Guillemot	**Fiscal year 2017**		**Fiscal year 2016**		**Fiscal year 2015**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	7,344	0	0	0	0	0
Directors' fees	10,000	10,000	10,000	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*0*	*0*	*0*	*5,000*	*5,000*	*5,000*
TOTAL	35,704	28,360	28,360	33,360	33,360	33,360
Christian Guillemot	**Fiscal year 2017**		**Fiscal year 2016**		**Fiscal year 2015**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	7,344	0	0	0	0	0
Directors' fees	15,000	15,000	15,000	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*
TOTAL	40,704	33,360	33,360	33,360	33,360	33,360
GRAND TOTAL	**360,616**	**275,440**	**281,408**	**283,408**	**287,440**	**287,440**

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

Schedule of directors' fees (and other compensation) received by non-executive directors (Figures in €)			
Marie-Hélène Lair	**Fiscal year 2017**	**Fiscal year 2016**	**Fiscal year 2015**
Director	Amounts paid	Amounts paid	Amounts paid
Directors' fees	15,000	15,000	15,000
O/w fixed component	*10000*	*10,000*	*10,000*
O/w variable component	*5000*	*5,000*	*5,000*
TOTAL	15,000	15,000	15,000
Maryvonne Le Roch-Nocera	**Fiscal year 2017**	**Fiscal year 2016**	**Fiscal year 2015**
Director	Amounts paid	Amounts paid	Amounts paid
Directors' fees	12,000	12,000	15,000
O/w fixed component	*10000*	*10,000*	*10,000*
O/w variable component	*2000*	*2,000*	*5,000*
TOTAL	12,000	12,000	15,000
Corinne Le Roy (1)	**Fiscal year 2017**	**Fiscal year 2016**	**Fiscal year 2015**
Director	Amounts paid	Amounts paid	Amounts paid
Directors' fees	6,041.10	0	0
O/w fixed component	*6,041.10*	*0*	*0*
O/w variable component	*0.00*	*0*	*0*
TOTAL	6,041.10	0	0

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

Summary schedule of allowances or benefits paid to executive directors				
Executive director	**Employment contract**		**Supplementary pension plan**	
	YES	NO	YES	NO
Claude Guillemot Chairman and CEO Date appointed: 1997 Term of office expires: 2018		X		X
Michel Guillemot Deputy CEO Date appointed: 1997 Term of office expires: 2018		X		X
Yves Guillemot Deputy CEO Date appointed: 1997 Term of office expires: 2018		X		X
Gérard Guillemot Deputy CEO Date appointed: 1997 Term of office expires: 2018		X		X
Christian Guillemot Deputy CEO Date appointed: 1997 Term of office expires: 2018		X		X

20.3.2 Executive compensation policy subject to approval at the shareholders' general meeting (via an ex ante vote)

(Resolution 9 submitted for approval at the shareholders' general meeting of May 24, 2018)

In accordance with the provisions of Article L.225-37-2 of the French Commercial Code, set out below are the principles and criteria used to determine, allocate and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers of Guillemot Corporation S.A. in respect of their office.

Guillemot Corporation S.A.'s compensation policy, signed off by the Board of Directors at its meeting of January 24, 2018, is as follows:

- Executive compensation is consistent with that paid to employees of the Group.

- Compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers consists of the following:
-
    - Gross annual fixed compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers.
    - Target annual variable compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers equating to 20% of their fixed compensation and, if performance targets are exceeded, up to a maximum of 40% of their fixed compensation. This annual bonus is based on internal quantitative criteria.
    - Directors' fees payable to each executive officer also serving as a director, consisting of a fixed and a variable component, the latter in proportion to directors' attendance at meetings of the Board of Directors.

- There are no plans to pay compensation consisting of the following:

    - multi-year variable compensation
    - stock options
    - bonus shares
    - exceptional compensation
    - compensation, allowances or benefits that are or may become due as a result of taking up office
    - the commitments referred to in the first and sixth subparagraphs of Article L.225-42-1 of the French Commercial Code (components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code)
    - components of compensation and benefits of any kind that are or may become due to one of the executive directors in respect of agreements entered into, whether directly or via an intermediary, as a result of that directors' office, with the company in which that office is held, any company controlled by that company within the meaning of Article L.233-16 of the French Commercial Code, any company that controls that company within the meaning of that same article, or any company under the same control as that company, within the meaning of that same article
    - benefits in kind

- Payment of variable and exceptional compensation is subject to the relevant components of compensation being approved for the individual in question at a shareholders' general meeting, as laid down in Article L.225-100 of the French Commercial Code.

20.3.3 Compensation paid or allotted to the executive directors subject to approval at the shareholders' general meeting (via an ex post vote)

(Resolutions 10, 11, 12, 13 and 14 submitted for approval at the shareholders' general meeting of May 24, 2018)

In accordance with the provisions of Article L.225-100 of the French Commercial Code, set out below are the components making up total compensation and benefits of any kind paid or allotted to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers of Guillemot Corporation S.A. in respect of their office in the year ended December 31, 2017.

<table>
<tr><th colspan="3">Claude Guillemot, Chairman and Chief Executive Officer (Resolution 10)</th></tr>
<tr><th>Components of compensation</th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>147,000</td><td>Compensation set by the Board of Directors on May 24, 2012 and unchanged since</td></tr>
<tr><td>Annual variable compensation</td><td>58,800</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Targ et</th><th>Maximum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Directors' fees*</td><td>15,000</td><td>Allotment agreed by the Board of Directors on August 26, 2011 and unchanged since:
• fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year in question, paid during the first three months of the following year:
- directors attending 50% or fewer Board meetings: no payment
- directors attending between 50% and 75% of Board meetings: €2,000
- directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td>-</td></tr>
<tr><td>Stock options</td><td>None</td><td>-</td></tr>
<tr><td>Bonus share issues</td><td>None</td><td>-</td></tr>
<tr><td>Exceptional compensation</td><td>None</td><td>-</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td><td>-</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities</td><td>None</td><td>-</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td>-</td></tr>
</table>

* Attendance rates are set out in section 20.6.2.

<table>
<tr><th colspan="3">Michel Guillemot, Deputy Chief Executive Officer (Resolution 11)</th></tr>
<tr><th>Components of compensation</th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2012 and unchanged since</td></tr>
<tr><td>Annual variable compensation</td><td>7,344</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maximum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Directors’ fees*</td><td>12,000</td><td>Allotment agreed by the Board of Directors on August 26, 2011 and unchanged since:
• fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• variable component in proportion to directors’ attendance at meetings of the Board of Directors held between December 1 and December 31 of the year in question, paid during the first three months of the following year:
- directors attending 50% or fewer Board meetings: no payment
- directors attending between 50% and 75% of Board meetings: €2,000
- directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td>-</td></tr>
<tr><td>Stock options</td><td>None</td><td>-</td></tr>
<tr><td>Bonus share issues</td><td>None</td><td>-</td></tr>
<tr><td>Exceptional compensation</td><td>None</td><td>-</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td><td>-</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities</td><td>None</td><td>-</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td>-</td></tr>
</table>

* Attendance rates are set out in section 20.6.2.

<table>
<tr><th colspan="3">Yves Guillemot, Deputy Chief Executive Officer (Resolution 12)</th></tr>
<tr><th>Components of compensation</th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2012 and unchanged since</td></tr>
<tr><td>Annual variable compensation</td><td>7,344</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maximum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Directors' fees</td><td>None</td><td>Yves Guillemot is not a member of the Board of Directors.</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td>-</td></tr>
<tr><td>Stock options</td><td>None</td><td>-</td></tr>
<tr><td>Bonus share issues</td><td>None</td><td>-</td></tr>
<tr><td>Exceptional compensation</td><td>None</td><td>-</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td><td>-</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities</td><td>None</td><td>-</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td>-</td></tr>
</table>

<table>
<tr><th colspan="3">Gérard Guillemot, Deputy Chief Executive Officer (Resolution 13)</th></tr>
<tr><th>Components of compensation</th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2012 and unchanged since</td></tr>
<tr><td>Annual variable compensation</td><td>7,344</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maximum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Directors' fees*</td><td>10,000</td><td>Allotment agreed by the Board of Directors on August 26, 2011 and unchanged since:
• fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year in question, paid during the first three months of the following year:
- directors attending 50% or fewer Board meetings: no payment
- directors attending between 50% and 75% of Board meetings: €2,000
- directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td>-</td></tr>
<tr><td>Stock options</td><td>None</td><td>-</td></tr>
<tr><td>Bonus share issues</td><td>None</td><td>-</td></tr>
<tr><td>Exceptional compensation</td><td>None</td><td>-</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td><td>-</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities</td><td>None</td><td>-</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td>-</td></tr>
</table>

* Attendance rates are set out in section 20.6.2.

<table>
<tr><th colspan="3">Christian Guillemot, Deputy Chief Executive Officer Resolution 14)</th></tr>
<tr><th>Components of compensation</th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2012 and unchanged since</td></tr>
<tr><td>Annual variable compensation</td><td>7,344</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maximu m</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Directors' fees*</td><td>15,000</td><td>Allotment agreed by the Board of Directors on August 26, 2011 and unchanged since:
• fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year in question, paid during the first three months of the following year:
- directors attending 50% or fewer Board meetings: no payment
- directors attending between 50% and 75% of Board meetings: €2,000
- directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td>-</td></tr>
<tr><td>Stock options</td><td>None</td><td>-</td></tr>
<tr><td>Bonus share issues</td><td>None</td><td>-</td></tr>
<tr><td>Exceptional compensation</td><td>None</td><td>-</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td><td>-</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td><td>-</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td>-</td></tr>
</table>

* Attendance rates are set out in section 20.6.2.

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

No agreements covered by the second paragraph of Article L.225-37-4 of the French Commercial Code were in force in the year ended December 31, 2017.

20.5 Powers in force in respect of increases in the share capital

The following table summarizes authorities and powers in force in respect of increases in the share capital, granted to the Board of Directors by the shareholders of Guillemot Corporation S.A. pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

Date power granted	Purpose of power	Maximum amount (1)	Duration of power	Use during year ended Dec 31, 2017
May 24, 2017	1 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, with pre-emptive subscription rights	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	2 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, without pre-emptive subscription rights, through one or more public offerings	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	3 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, without pre-emptive subscription rights, through one or more offerings referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	4 - Authorization granted to the Board of Directors to establish, for up to a maximum of 10% of the share capital each year, the issue price of equity securities to be issued through one or more public offerings referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code	Up to 10% of the share capital each year	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	5 - Authorization granted to the Board of Directors to increase the amount of any issues that might be agreed by the Board of Directors (under powers 1, 2 and 3 above) in the event that they are oversubscribed	In compliance with the provisions of Article R.225-118 of the French Commercial Code (i.e. up to 15% of the initial issue)	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	6 - Power granted to the Board of Directors to increase the share capital as consideration for contributions in kind granted to the company and consisting of equity securities or securities giving access to equity	Up to 10% of the company's share capital	26 months, i.e. until Jul 23, 2019	None
May 24, 2017	7 - Power granted to the Board of Directors to carry out capital increases restricted to the members of a company or group savings plan	Up to 2% of the company's share capital	26 months, i.e. until Jul 23, 2019	None

Date power granted	Purpose of power	Maximum amount (1)	Duration of power	Use during year ended Dec 31, 2017
May 26, 2016	8 - Authorization granted to the Board of Directors to issue bonus shares to employees and/or executive directors of the company and/or affiliated companies	Maximum percentage of the share capital that may be allotted: 2%	38 months, i.e. until Jul 25, 2019	None
May 21, 2015	9 - Power granted to the Board of Directors to award stock options to employees and/or executive directors of the company and/or affiliated companies	Up to a total nominal amount of €600,000	38 months, i.e. until Jul 20, 2018	None

(1) At the general meeting of May 24, 2017, the shareholders voted to limit any increases in the share capital that might be carried out under the powers and authorities set out in the above table to a maximum total nominal amount of €8 million.

20.6 Preparation and organization of the Board's work

20.6.1 Role and operation of the Board of Directors

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

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

At its meeting of October 31, 2007, the Board of Directors approved draft Board rules of procedure proposed by the Chairman. These rules were subsequently amended by the Board at its meetings of March 12, 2010, August 26, 2011, October 26, 2016 and January 24, 2018.

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

The Board's rules of procedure are available from the company's website (www.guillemot.com), in the "Other documents and information" section, accessed by clicking on "Financial information" and then "This year".

In October 2017, the directors were asked to give their opinion on the operation of the Board and the preparation of its work in 2017. All the directors gave their opinions through a questionnaire mainly covering the composition and operation of the Board, frequency of Board meetings, subjects covered, quality of debate, provision of information to directors, and balance of powers between supervisory and executive power.

The outcome was a positive assessment of the Board's ability to perform its duties.

20.6.2 Board meetings

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

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

The Board of Directors met 11 times during the year ended December 31, 2017.

Attendance rates at Board meetings were as follows:

	Director						
	Claude Guillemot	Michel Guillemot	Gérard Guillemot	Christian Guillemot	Marie-Hélène Lair	Maryvonne Le Roc-Nocera	Corinne Leroy *
Number of meetings	11/11	7/11	2/11	9/11	11/11	8/11	6/6
Individual attendance rate	100%	64%	18%	82%	100%	73%	100%
Average attendance rate	75%						

** Corinne Le Roy was appointed as a director at the shareholders' general meeting of May 24, 2017.*

The Board's deliberations covered the following:

- Presentation of consolidated turnover for the fiscal year ended December 31, 2016
- Review of impairment tests on brands and goodwill shown in the Group's intangible assets at December 31, 2016
- Requested approval for services to be rendered by PricewaterhouseCoopers Audit SAS, the standing statutory auditor, other than certification of the financial statements: services relating to workforce, environmental and social reporting (as per the duties of the independent third party body laid down in Articles L.225-102-1 and R.225-105-2 of the French Commercial Code)
- Requested approval for services to be rendered by the standing statutory auditors other than certification of the financial statements: services required by legislative or regulatory provisions
- Signing off the consolidated and parent company financial statements for the fiscal year ended December 31, 2016
- Proposed appropriation of parent company earnings for the fiscal year ended December 31, 2016
- Executive compensation policy
- Approval of the Chairman's report on corporate governance and internal control
- Review of regulated agreements entered into and authorized in prior years and which remained in force during the fiscal year ended December 31, 2016
- Preparation and convening of the annual general meeting
- Presentation of consolidated quarterly turnover
- Approval of the projected management accounts referred to in Article L.232-2 of the French Commercial Code and preparation of reports on those accounts
- Guarantee to be given to UK subsidiary Guillemot Limited
- Letter of support in favor of UK subsidiary Guillemot Limited
- Implementation of the share buyback program
- Review of planned increase in the share capital of the Chinese subsidiary
- Review and approval of the summary interim consolidated financial statements for the period from January 1, 2017 to June 30, 2017
- Debate on the company's policy on gender equality and equal pay
- Self-assessment of the operation of the Board of Directors and the preparation of its work
- Review of internet access security procedures within the Group
- Authorization of a guarantee to be issued by Guillemot Corporation S.A. to guarantee commitments entered into by its Chinese subsidiary Guillemot Electronic Technology (Shanghai) Co. Limited in favor of HSBC Bank (China) Company Limited, Shanghai Branch

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

20.6.3 Convening Board meetings

Article 10 of the Articles of Incorporation stipulates that Board meetings may be convened by any means, including orally. During the year ended December 31, 2017, all Board meetings were convened by e-mail.

20.6.4 Provision of information to the directors

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

20.6.5 Specialized committees

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

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

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

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

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

In fiscal year 2017, independent director Marie-Hélène Lair chaired the meetings of the Board of Directors when it met as audit committee. Claude Guillemot, Chairman and Chief Executive Officer, attended these meetings with the aim of promoting and fostering immediate and direct discussion.

During the year ended December 31, 2017, when the financial statements for the fiscal year ended December 31, 2016 were certified, the audit committee received the statutory auditors' annual declaration of independence.

During the year ended December 31, 2017, the Board of Directors meeting as an audit committee approved the provision, by PricewaterhouseCoopers Audit SAS, the standing statutory auditor, of services other than certification of the financial statements: services relating to workforce, environmental and social reporting (as per the duties of the independent third party body laid down in Articles L.225-102-1 and R.225-105-2 of the French Commercial Code). The cost of these services totaled €8,000 excluding taxes.

For the first time in 2018, before the financial statements for the fiscal year ended December 31, 2017 were signed off, the statutory auditors presented their new report to the Board meeting as an audit committee, thus facilitating direct dialog between the statutory auditors and the audit committee.

20.6.6 Meeting minutes

Minutes of Board meetings are drawn up following each meeting.

20.7 Shareholder relations

To date, no major shareholder in the company has expressed a desire to meet with the Chairman and Chief Executive Officer outside of a shareholders' general meeting; as such, the latter held no discussion sessions with major shareholders in 2017. It should be noted that the company's known major shareholders are also its executive directors (namely Claude, Michel, Yves, Gérard and Christian Guillemot) and that, at December 31, 2017, they together directly and indirectly held 73.51% of the share capital and 76.17% of voting rights exercisable at shareholders' general meetings.

20.8 Shareholders' participation in shareholders' general meetings

The terms under which shareholders may participate in shareholders' general meetings are set out in Article 14 of the Articles of Incorporation, excerpts from which are set out below:

"Shareholders' general meetings include all shareholders of Guillemot Corporation other than the company itself. They are convened and held under the conditions laid down in applicable legislation and regulations."
"All shareholders have the right, upon proof of identity, to participate in shareholders' general meetings, whether by attending them in person, submitting a completed postal ballot form or appointing a proxy.

The right to participate in shareholders' general meetings is justified by registering securities in the name of the shareholder or the intermediary registered on the shareholder's behalf pursuant to Article L.228-1 of the French Commercial Code, at midnight Paris time two business days prior to the meeting, either in registered securities accounts maintained by the company or in the register of bearer securities maintained by an authorized intermediary. For bearer securities, registration of securities in the register of bearer securities maintained by the authorized intermediary is evidenced by a shareholding certification issued by the latter."

A shareholder may be represented at a shareholders' general meeting by another shareholder, his/her spouse, his/her civil partner or any other natural or legal person of his/her choice (Article L.225-106 of the French Commercial Code).

20.9 Factors liable to have an impact on any public tender offer price (Article L.225-37-5 of the French Commercial Code)

20.9.1 Capital structure – direct and indirect holdings of the company's capital

This information is set out in section 12.1 of the Management Report.

20.9.2 Voting rights exercised and transfers of shares

The company's Articles of Incorporation place no restrictions on the exercise of voting rights attached to the company's shares and the company is not aware of any agreement entered into between shareholders placing restrictions on the exercise of voting rights attached to such shares.

The company's Articles of Incorporation place no restrictions on transfers of the company's shares and the company is not aware of any agreement entered into between shareholders placing restrictions on transfers of such shares.

Furthermore, the company is not aware of any agreements providing for the disposal or acquisition of shares at preferential terms.

20.9.3 Holders of shares with special control rights

There are no shares with special control rights.

20.9.4 Control mechanisms forming part of any employee share ownership scheme

Since the company has no employee share ownership scheme, no such control mechanisms are currently in place.

20.9.5 Rules on appointing and replacing members of the Board of Directors

The company's Articles of Incorporation include no specific rules on the appointment or replacement of members of the Board of Directors. Consequently, the rules that apply in this area are those laid down in legislation.

20.9.6 Rules on amending the Articles of Incorporation

The company's Articles of Incorporation may only be amended by vote at an extraordinary general meeting. However, the shareholders may, in certain cases, delegate authority or powers to the Board of Directors in accordance with legislation and regulations.

20.9.7 Powers of the Board of Directors, particularly as regards the issuance or buyback of shares

Powers and authorities delegated to the Board of Directors in respect of increases in the share capital are set out in section 20.5 of this report.

The Board of Directors was also authorized at the shareholders' general meeting of May 24, 2017 to undertake share buybacks.

The characteristics of the share buyback program, together with information on share buybacks undertaken during the fiscal year ended December 31, 2017, are set out in section 12.1.5.1 of the Management Report.

20.9.8 *Agreements providing for allowances for members of the Board of Directors or employees*

There are no agreements in place providing for allowances for members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated due to a public offer for the company's shares.

Rennes, March 16, 2018

The Board of Directors

➢ CONSOLIDATED FINANCIAL STATEMENTS TO DECEMBER 31, 2017

All figures are in thousands of euros (€k).

1 CONSOLIDATED BALANCE SHEET

ASSETS (€k)	Notes	Dec 31, 2017	Dec 31, 2016
Goodwill on acquisitions	5.7.1	0	0
Intangible assets	5.7.2	10,649	7,781
Property, plant and equipment	5.7.3	2,318	2,683
Financial assets	5.7.4	416	457
Tax assets	5.7.9	544	380
Deferred tax assets	5.8.7	0	0
Non-current assets		**13,927**	**11,301**
Inventories	5.7.5	8,367	10,369
Trade receivables	5.7.6	23,913	21,703
Other receivables	5.7.7	1,348	1,497
Financial assets	5.7.4	28,470	15,003
Current tax assets	5.7.9	0	50
Cash and cash equivalents	5.7.8	10,294	2,164
Current assets		**72,392**	**50,786**
Total assets		**86,319**	**62,087**

LIABILITIES AND EQUITY (€k)	Notes	Dec 31, 2017	Dec 31, 2016
Capital (1)		11,554	11,554
Premiums (1)		10,472	10,472
Reserves and consolidated income (2)		23,162	5,634
Currency translation adjustments		281	705
Group shareholders' equity	5.7.10	45,469	28,365
Minority interests		0	0
Consolidated shareholders' equity		**45,469**	**28,365**
Employee benefit liabilities	5.7.12	904	847
Borrowings	5.7.13	5,703	1,672
Other liabilities	5.7.14	0	972
Deferred tax liabilities	5.8.7	2,588	1,018
Non-current liabilities		**9,195**	**4,509**
Trade payables		15,376	13,395
Short-term borrowings	5.7.13	4,861	8,643
Taxes payable		960	224
Other liabilities	5.7.14	9,455	6,175
Provisions	5.7.11	1,003	776
Current liabilities		**31,655**	**29,213**
Total liabilities and equity		**86,319**	**62,087**

(1) Of the consolidating parent company.
(2) Of which net income for the year of €17,542k.

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

2 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- Consolidated statement of profit or loss

(€k)	Notes	Dec 31, 2017	Dec 31, 2016
Net turnover	5.6	80,448	64,226
Purchases	5.8.1	-41,571	-27,002
External expenses	5.8.1	-14,899	-14,488
Employee expenses	5.8.1	-8,254	-8,276
Taxes and duties		-358	-264
Additions to amortization and depreciation	5.8.2	-3,155	-2,641
Additions to provisions	5.8.2	-2,870	-1,361
Change in inventories	5.8.3	-87	-6,411
Other income from ordinary activities	5.8.4	398	168
Other expenses from ordinary activities	5.8.4	-5,707	-3,342
Net income from ordinary activities		**3,945**	**609**
Other operating income	5.8.5	3,000	1,000
Other operating expenses	5.8.5	-1,000	-887
Net operating income		**5,945**	**722**
Income from cash and cash equivalents		7	1
Cost of gross financial debt		170	264
Cost of net financial debt	5.8.6	**-163**	**-263**
Other financial income	5.8.6	13,992	3,297
Other financial expenses	5.8.6	0	-321
Income tax expense	5.8.7	-2,232	-376
Net income before minority interests		**17,542**	**3,059**
O/w net income from discontinued operations	5.8.8	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		**17,542**	**3,059**
Basic earnings per share	5.8.9	1.19	0.21
Diluted earnings per share	5.8.9	1.15	0.20

- Statement of other comprehensive income

(€k)	Dec 31, 2017	Dec 31, 2016
Net income attributable to equity holders of the parent	**17,542**	**3,059**
Recyclable items of other comprehensive income		
Currency translation adjustments	-424	286
Revaluation of hedging derivatives	0	0
Revaluation of available-for-sale financial assets	0	0
Non-recyclable items of other comprehensive income		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	15	-192
Share of other comprehensive income of equity-accounted companies	0	0
Total other comprehensive income attributable to controlling interests	**-409**	**94**
Net income and other comprehensive income attributable to controlling interests	17,133	3,153
Net income and other comprehensive income attributable to minority interests	0	0

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
Position at Jan 1, 2016		**11,554**	**10,472**	**-4,240**	**7,043**	**419**	**25,248**
Comprehensive income to Dec 31, 2016	5.8				3,059	286	3,345
Appropriated income at Dec 31, 2015				7,043	-7,043		0
Shares of the consolidating company	5.7.10			-49			-49
Gains and losses on treasury shares	5.7.10			15			15
Other	5.7.12			-194			-194
Position at Dec 31, 2016		**11,554**	**10,472**	**2,575**	**3,059**	**705**	**28,365**
Position at Jan 1, 2017		**11,554**	**10,472**	**2,575**	**3,059**	**705**	**28,365**
Comprehensive income to Dec 31, 2017	5.8				17,542	-424	17,118
Appropriated income at Dec 31, 2016				3,059	-3,059		0
Shares of the consolidating company	5.7.10			-175			-175
Gains and losses on treasury shares	5.7.10			139			139
Other	5.7.12			22			22
Position at Dec 31, 2017		**11,554**	**10,472**	**5,620**	**17,542**	**281**	**45,469**

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

4 CONSOLIDATED STATEMENT OF CASH FLOWS

(€k)	Notes	Dec 31, 2017	Dec 31, 2016
Cash flows from operating activities			
Net income from consolidated companies		17,542	3,059
+ Additions to amortization, depreciation and provisions (except on current assets)	5.8.2	5,552	4,184
- Reversals of amortization, depreciation and provisions		-3,460	-1,000
-/+ Unrealized gains and losses arising from changes in fair value	5.8.6	-13,467	-3,165
+/- Expenses and income arising from stock options	5.7.10	0	0
-/+ Capital gains and losses on disposals	5.7.4	-2	-131
Change in deferred taxes	5.8.7	1,570	303
Operating cash flow after cost of net financial debt		**7,735**	**3,250**
Cost of net financial debt	5.8.6	163	263
Operating cash flow before cost of net financial debt		**7,898**	**3,513**
Currency translation adjustment on gross cash flow from operations		-42	91
Inventories	5.7.5	2,002	6,966
Trade receivables	5.7.6	-2,210	-6,827
Trade payables		1,981	-4,943
Other		189	63
Change in working capital requirement		**1,962**	**-4,741**
Net cash flows from operating activities		**9,655**	**-1,400**
Cash flows from investing activities			
Acquisitions of intangible assets	5.7.2	-1,620	-1,442
Acquisitions of property, plant and equipment	5.7.3	-667	-804
Disposals of property, plant and equipment and intangible assets	5.7.3	2	2
Acquisitions of non-current financial assets	5.7.4	-2	-33
Disposals of non-current financial assets	5.7.4	0	547
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		**-2,287**	**-1,730**
Cash flows from financing activities			
Increases in capital and cash injections	5.7.10	568	0
Dividends paid to minority interests		0	0
Borrowings	5.7.13	9,500	0
Repayment of shareholders' current accounts	5.7.14	0	-424
Repayment of borrowings	5.7.13	-3,157	-3,501
Other cash flows from financing activities		0	0
Total cash flows from financing activities		**6,911**	**-3,925**
Impact of currency translation adjustments		**-47**	**75**
Change in cash		**14,232**	**-6,980**
Net cash at the beginning of the period	5.7.8 & 5.7.13	-3,953	3,027
Net cash at the end of the period	5.7.8 & 5.7.13	10,279	-3,953

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

- **Statement of changes in liabilities arising from financing activities in the cash flow statement**

(€k)	c 31, 2016	Cash flows	Other			Dec 31, 2017
			Acquisitions	Changes in exchange rates	Changes in fair values	
Long-term borrowings	1,672	4,031	0	0	0	5,703
Short-term borrowings	2,510	2,312	0	0	0	4,822
Lease liabilities	0	0	0	0	0	0
Hedging assets	0	0	0	0	0	0
Total financing activities	**4,182**	**6,343**	**0**	**0**	**0**	**10,525**

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 General information

The financial statements were signed off by the Board of Directors on March 20, 2018.

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 is currently present in 11 countries including France, Germany, the United Kingdom, the United States, Canada, Spain, the Netherlands, Italy, Belgium, China, Hong Kong and Romania and distributes its products in over 85 countries. The Group's mission is to offer high-performance, user-friendly products that maximize enjoyment for end users of digital interactive entertainment solutions.

The company is a publicly traded company (*société anonyme*) having its headquarters at Place du Granier, BP 97143, 35 571 Chantepie Cedex, France.

5.2 Significant events in the year

The Group generated full-year turnover of €80.4 million in 2017, up 25%.

Thanks to strong performance new products and racing games, the Thrustmaster business posted growth of over 40% in the year.

After winding up its multimedia speaker and webcam ranges, the Hercules business was down 57%, with the decline slowing to 42% in the fourth quarter.

Thanks to its research and development efforts, the Group was able to design and launch high-end racing wheels popular among the most demanding gamers.

The strength of the group's licensing partnerships, including with the Gran Turismo® game, has boosted the global outlook for its ranges.

The sales growth strategy resulted in growth of 66% in Asia-Pacific and 30% in the Americas, which now account for over 10% and 32% of Group sales respectively.

Thrustmaster

- Thrustmaster posted very strong growth, up 42% in the year.
  - Two new high-end racing wheels were launched: The T-GT racing wheel, under license from Gran Turismo®, and the TS-XW RACER Sparco P310 Competition Mod racing wheel for Xbox® One and Xbox® One X were launched in around 40 countries, to coincide with the release of Forza MotorSport® 7.
  - Joysticks: T.Flight Hotas One, the first Xbox® One joystick for use with benchmark space simulation game Elite Dangerous.

- Significant new partnerships: the Group extended its partnership with Ferrari to include gaming headsets and entered into a partnership with famous mechanical sports equipment maker Sparco.
- The Group stepped up its presence at leading global exhibitions, notably with Sony at all GT Sport® launch events worldwide to promote the new T-GT racing wheel, the game's official racing wheel.
- The Group further embedded its products in Asia (Hong Kong, China, South Korea and Japan) and Australia, positioning Thrustmaster as a major player in the racing wheel and joystick markets in those countries.
- Thrustmaster sales grew very strongly in North America, with the brand gaining traction at major retailers (Best Buy, GameStop, Walmart, etc.).

Hercules

- Hercules continued with its innovation plan to incorporate the latest design thinking and Big Data techniques into future WAE and DJ Hercules products.
- The Group released the new version 3.6 of the DJ DJUCED™ 40° software, including integrated access to high-resolution streaming service Qobuz, which offers over 40 million titles.

Net income from ordinary activities came in at €3.9 million in 2017, compared with €0.6 million in the year ended December 31, 2016.

Net operating income of €5.9 million included €3 million in other operating income linked to a write-back of impairment on the Thrustmaster brand and €1 million in other operating expenses arising from an impairment loss on the Hercules brand.

The Group posted consolidated net income of €17.5 million, compared with €3.1 million the previous year. This included financial income of €11.9 million net of corporate income tax arising from a revaluation gain on the portfolio of Ubisoft Entertainment and Gameloft shares held by the Group. Shareholders' equity totaled €45.5 million at December 31, 2017.

Net debt fell to €1.2 million at December 31, 2017 (excluding the portfolio of available-for-sale securities: €28.3 million), compared with €9.1 million a year earlier.

5.3 Accounting standards

In accordance with Regulation (EC) 1606/2002 of July 19, 2002, the Guillemot Corporation Group presents its 2017 consolidated financial statements in compliance with IFRS as adopted in the European Union.

These international accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations.

5.4 Key accounting policies

5.4.1 New IFRS and interpretations

The following IFRS texts must be applied for fiscal years beginning on or after January 1, 2017:

- Amendments to IAS 7: Additional disclosures about changes in an entity's financing liabilities, including those arising from non-cash items
- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses
- Amendments to IFRS 12: Clarification of the scope of disclosure requirements

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

The following standards are currently under consideration: IFRS 9 on financial instruments, IFRS 15 on revenue from contracts with customers and IRS 16 on leases.

As regards IFRS 15, the Group has no contracts entailing performance obligations. The impact on the financial statements is not estimated to be material.

As regards IFRS 16, the Group owns most of its assets and has few significant leases. The impact on the financial statements is not estimated to be material.

IFRS 9 amends the rules on categorizing and measuring financial assets as well as the asset impairment model. The impact on the financial statements is not estimated to be material.

5.4.2 Consolidation principles

Companies directly or indirectly controlled by Guillemot Corporation Group, within the meaning of IFRS 10, i.e. companies where the Group has the power to direct financial and operational policy so as to derive a benefit from their activities, are fully consolidated. All consolidated companies prepare their individual financial statements as at December 31.

Subsidiaries' accounting policies are aligned with those used by the Group. Companies over which the Group does not exert a significant influence are not consolidated. The Guillemot Corporation Group exercises neither joint control nor significant influence over its other investments. The results of consolidated companies are consolidated with effect from the date on which a controlling interest was acquired or the date on which the company in question was formed. Intra-group transactions are eliminated for all Group companies in accordance with the applicable consolidation rules. All material transactions between consolidated companies, as well as unrealized internal gains and losses included in the non-current assets and inventories of non-consolidated companies, are eliminated. Net income from ordinary activities is calculated in accordance with ANC Recommendation 2013.R.03.

5.4.3 Intangible assets

Brands

Brands acquired by the Group are considered as having an indefinite life; as such, they are not amortized. Their useful life is reassessed annually and they are tested for impairment at the level of the cash-generating unit to which the intangible asset belongs. An impairment test is also carried out whenever there is an indicator of impairment. In the absence of a deep market for the brands in the Group's industry sector, the fair value method is not applied when measuring brands owned by the Group. The going concern value is the present value of future cash flows expected from an asset – i.e. from its continuing use and removal at the end of its useful life. This is the method used to measure the Group's brands.

Goodwill on acquisitions

Whenever the Group acquires a controlling interest in a new company, the assets, liabilities and contingent liabilities of the acquired subsidiary are recognized in the consolidated balance sheet at their fair value at that date. The positive difference between the purchase cost of the interest and the Group's acquired share of the net fair value of identifiable net assets is recognized under "Goodwill on acquisitions". Subsequent to initial recognition, goodwill on acquisitions is measured at cost less accumulated impairment. Goodwill on acquisitions is tested for impairment annually. Impairment losses cannot be reversed. For the purposes of impairment testing, goodwill on acquisitions is allocated to each of the Group's cash-generating units that is likely to benefit from the associated synergies.

Assets acquired by the Group recognized as goodwill, and in particular intangibles (customers, market share, expertise, etc.) that enable the company to conduct its business and pursue its development, but which do not meet the identification criteria required to present them separately in the balance sheet, are also treated as goodwill on acquisitions.

Research and development costs

Research costs are expensed as incurred.

Development costs are capitalized whenever the relevant conditions are met:

- the technical feasibility of completing the intangible asset before it can be used or sold is proven;
- the company intends to complete the intangible asset and use or sell it;
- the company is able to use or sell the intangible asset;
- the asset is likely to generate future economic benefits;
- the technical, financial and other resources required to complete the project are or will be available;
- expenses related to the asset can be reliably measured during the development phase.

Development costs are amortized over the useful life of the asset in question; the amortization period may not in any event exceed five years.

Office software applications

Office software applications are amortized over their real useful life, which is generally between three and five years.

Licenses

Licenses relate to distribution and reproduction rights acquired from third parties.

The signature of license agreements may give rise to the payment of guaranteed amounts. Such amounts are recognized in the "Licenses" item under intangible assets provided they fall within the definition of an asset (identifiable, controlled and promising future economic benefits), and are amortized on a straight-line basis in line with the duration of the corresponding agreement.

5.4.4 Property, plant and equipment

Property, plant and equipment are shown in the balance sheet at their acquisition cost or transfer value.

Depreciation is calculated by applying uniform rates across the Group determined on the basis of each asset's expected useful life with reference to the following methods and utilization periods:

Buildings:	20 years (straight line)
Fixtures and fittings:	10 years (straight line)
Plant:	Between 1 and 10 years (straight line)
Transportation equipment:	4 or 5 years (straight line)
Office and IT equipment:	Between 3 and 5 years (straight line)

Furniture: 5 to 10 years (straight line)

Assets' residual values and useful lives are reviewed at each balance sheet date and adjusted where applicable. Subsequent costs are included in an asset's carrying amount or, if applicable, recognized as a separate asset if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

5.4.5 Impairment of non-financial assets

Assets with an indefinite useful life are not amortized or depreciated and are tested for impairment annually. Amortized or depreciated assets are tested for impairment when, as a result of specific events or circumstances that constitute an indicator of impairment, the recoverability of their carrying amount is called into question. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less disposal costs and its going concern value.

Fair value is the value that could be obtained by selling an asset in an arm's length transaction between informed and consenting parties, less costs to sell. The going concern value is the present value of future cash flows expected from an asset – i.e. from its continuing use and removal at the end of its useful life.

For the purposes of assessing impairment, assets are combined into cash-generating units, which represent the smallest identifiable group of assets whose continuing use generates cash inflows which are largely independent of those generated by other assets or groups of assets. Non-financial assets (other than goodwill) that have been impaired are reviewed at each annual or interim balance sheet date to determine whether the impairment may be reversed.

Brands and goodwill held in France are allocated to the Hercules and Thrustmaster cash-generating units, which constitute the segments used for segment information.

5.4.6 Leases

Leases that transfer substantially all of the risks and rewards inherent in the ownership of an asset are considered finance leases.

They are recognized in assets at cost and amortized using a method described above.

An obligation in the same amount is recorded in liabilities.

There were no finance leases in force at December 31, 2017.

Leases where the lessor retains substantially all the risks and rewards inherent in ownership of the asset are classed as operating leases. Payments under operating leases (net of any incentives granted by the lessor) are expensed in the income statement on a straight line basis over the term of the lease.

5.4.7 Financial assets

The IFRS framework defines four categories of financial assets: financial assets at fair value through profit or loss, held-to-maturity assets, loans and receivables, and available-for-sale assets.

Securities in the securities portfolio are recognized in assets at cost, plus, for assets other than assets at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the asset.
The net book value of each investment is assessed on the basis of the share of the company's revalued net assets and future outlook. Where this value is less than the recorded value, an impairment loss is recognized for the difference.

Treasury shares at the balance sheet date are deducted from Group shareholders' equity at their purchase cost. This represented a value of €903k at December 31, 2017 (using the FIFO method).

The fair value of financial assets is the latest daily price of the last month in the period for listed securities, and the probable trading value for unlisted securities. Where net book value is lower than purchase cost and there is an objective indicator of impairment, a provision for impairment is set aside.

To limit the Group's foreign exchange risk, Guillemot Corporation may hedge against currency fluctuations by buying currency futures and options. Since such transactions do not meet the criteria for hedge accounting, they are recognized as trading instruments. These derivatives are recognized in the balance sheet in current financial assets or liabilities at their fair value at the transaction date. Any gain or loss resulting from revaluation at fair value is immediately recognized in net financial income.

5.4.8 Current tax assets

Current and non-current income tax assets are shown separately in the balance sheet.

5.4.9 Inventories and work in progress

Inventories and work in progress for all Group companies are measured on the basis of their cost of supply, after eliminating internal margins. They are measured using the FIFO (first in, first out) method.

Borrowing costs are always excluded from inventory valuations. An impairment loss is recognized whenever the value of inventory is greater than its probable realizable value less costs to sell. Impairment tests are carried out annually and probable realizable value is calculated on the basis of observed and expected sales performance and market prices.

5.4.10 Advances and progress payments

This item consists of progress payments paid to suppliers.

5.4.11 Trade receivables

Trade receivables are initially measured at fair value. Impairment losses are recognized as necessary based on the expected recoverability of receivables at the balance sheet date. An impairment loss is recognized whenever there is an objective indicator that the Group will be unable to recover the full amount due under the conditions initially foreseen at the time of the transaction. Indicators of impairment include significant financial difficulties experienced by the debtor, the likelihood of the debtor's collapse or financial restructuring, and payment default.

5.4.12 Other receivables

Other receivables mainly consist of VAT receivables.

5.4.13 Deferred taxes

Deferred taxes, which reflect timing differences between the carrying amounts of assets and liabilities after consolidation adjustments and their tax bases, are recognized using the liability method. Deferred taxes are recognized in the income statement and the balance sheet to reflect current deficits as soon as it becomes likely that they will be applied to future taxable profits within reasonable recovery timescales. Under the liability method, the effect of any changes in the taxation rate on previously recognized deferred taxes is recognized in the year in which those changes become apparent, either in the income statement or in other comprehensive income, using the same method initially used to recognize the corresponding deferred taxes. Deferred tax assets are recognized up to the amount of deferred tax liabilities, taking into account tax rules in force covering, in particular, limits on the use of tax loss carry-forwards. They are offset if the taxable entity has a legally enforceable right to offset current tax assets and liabilities and those deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Deferred taxes are measured using the taxation rate expected to apply over the period during which the asset is realized or the liability is settled, based on taxation rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

5.4.14 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and certificates of deposit (highly liquid investments with maturities of less than three months, which carry no material risk of impairment).

5.4.15 Foreign currency transactions and translation adjustments

Transactions in foreign currency are translated into euros using the exchange rate prevailing at the transaction date or, where applicable, the relevant hedging rate. Unhedged foreign currency assets and liabilities are translated into euros at the closing exchange rate. Translation gains and losses are incorporated into consolidated net income in the period to which they relate.

All Group subsidiaries conduct business in their local currency. Foreign currency financial statements of foreign subsidiaries not located in high-inflation regions are translated into euros using the closing rate method, with translation adjustments matched to other items of comprehensive income.

5.4.16 Other liabilities

Other liabilities consist of social security payables, current accounts, prepaid income and sundry payables.

5.4.17 Provisions for liabilities and charges

A provision is recognized whenever the company has a present obligation (whether legal or implied) resulting from a past event, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount of the obligation can be reliably estimated.

This item includes provisions for liabilities related to commercial disputes as well as provisions for warranty costs and product returns.

5.4.18 Employee benefits

Upon retirement, employees of the Group must receive an allowance calculated in accordance with the provisions of the applicable collective bargaining agreement. The Group operates a defined benefit post-employment benefits scheme.

The Group has no post-employment benefit schemes other than the statutory scheme laid down in collective bargaining agreements covering its employees.

A provision corresponding to the present value of the obligation is recognized in the balance sheet under "Provisions for retirement benefits".

5.4.19 Share-based payments

The Group has put in place compensation plans that pay out in the form of equity instruments (stock options). The fair value of services rendered by employees in return for the granting of options is recognized in expenses. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, without taking into account the vesting conditions, which are not market conditions. The vesting conditions, which are not market conditions, are factored into assumptions as to the number of options that may become available for exercise. At each balance sheet date, the company reassesses the number of options that may become available for exercise. If necessary, the impact of any revision of such estimates is recognized in income, with a corresponding adjustment to shareholders' equity.

5.4.20 Segment information

Operating segments are set out on the same basis as that used in internal reports presented to management.

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

5.4.21 Recognition of income

In accordance with IAS 18, all turnover is measured at the fair value of the consideration received or due, taking into account the amount of any trade discount or volume rebate granted by the company. Product sales are recognized and considered permanent at the delivery date, which corresponds to the date on which the associated risks and rewards are transferred to the buyer. All products sold by the Group are covered by a statutory two-year warranty against defects. In some cases, the warranty obligation is transferred to the customer in exchange for a discounted purchase price. In other cases, the warranty obligation is recognized via a provision corresponding to the best estimate of costs arising from probable returns (cancelling either the profit margin alone or, if a returned product is unsaleable, the full amount of turnover, plus estimated repair costs and other costs arising from product returns). This estimate is based on analysis undertaken by the Group taking into account, in particular, the level of sales, the average time taken to return defective products and management judgment.

Furthermore, under its terms and conditions of sale, the Group does not agree to unsold goods being returned. In practice, where such agreement is given, the associated cost is deducted from turnover based on actual product returns agreed. In cases where management expects additional product returns arising from past sales, the obligation to take back returned products is recognized in provisions for liabilities and charges.

5.4.22 Government grants

Grants in the year are shown in the income statement as deductions against the expenses to which they relate. Any receivables against the government agency that issued the grant are shown in other receivables.

5.4.23 Borrowings

Borrowings are initially recognized in the balance sheet at fair value. They are subsequently measured at amortized cost using the effective interest method. Borrowing costs are expensed as incurred.

5.4.24 Earnings per share

The Group calculates basic earnings per share and diluted earnings per share based on consolidated net income.

Basic earnings per share are calculated by dividing net income by the weighted average number of shares outstanding in the period, after deducting shares held by the Group.

Diluted earnings per share are calculated by taking into account the conversion of all existing dilutive instruments when calculating the weighted average number of shares outstanding.

5.4.25 Uncertainty over valuations

In preparing the financial statements in accordance with IFRS, the Group must make certain critical accounting estimates. Management is also required to exercise judgment when applying the Group's accounting policies. Those areas involving the greatest degree of judgment or complexity, and those requiring assumptions and estimates that are material relative to the consolidated financial statements, are described in the notes to the financial statements, and primarily relate to the recoverable amount of intangible assets, trade receivables and inventories, income and provisions.

5.5 Scope of consolidation

5.5.1 Companies included in the Guillemot Corporation Group's consolidated financial statements

COMPANY	SIREN number	Country	% control/interest	Accounting method
GUILLEMOT CORPORATION SA	414,196,758	France	Parent company	Fully consolidated
GUILLEMOT Administration et Logistique SARL	414,215,780	France	99.96%	Fully consolidated
HERCULES THRUSTMASTER SAS	399,595,644	France	99.42%	Fully consolidated
GUILLEMOT Innovation Labs SAS	752,485,334	France	100.00%	Fully consolidated
GUILLEMOT Ltd (b)		United Kingdom	99.99%	Fully consolidated
GUILLEMOT Inc		Canada	74.89% (a)	Fully consolidated
GUILLEMOT GmbH		Germany	99.75%	Fully consolidated
GUILLEMOT Corporation (HK) Limited		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 SA		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%. (b) The Guillemot Ltd subsidiary is exempt from the statutory audit requirement.

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

5.5.2 Changes in scope

None.

5.6 Segment information

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

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

5.6.1 Segment information by business area

The Hercules business segment includes the following product ranges: DJing and digital music, and wireless speakers for smartphones and tablets.

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

- Turnover by business segment (€m)

Turnover generated by:	Dec 31, 2017	Dec 31, 2016
Hercules	**4.7**	**11.0**
Digital devices	4.3	9.5
OEM*	0.4	1.5
Thrustmaster	**75.7**	**53.2**
Gaming accessories	75.7	53.2
OEM*	0.0	0.0
TOTAL	**80.4**	**64.2**

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

- Income statement by business segment (€k)

	Dec 31, 2017			Dec 31, 2016		
	Total	**Hercules**	**Thrustmaster**	**Total**	**Hercules**	**Thrustmaster**
Turnover	80,448	4,764	75,684	64,226	10,999	53,227
Additions to amortization and deprec	3,155	1,011	2,144	2,641	1,171	1,470
Additions to provisions	2,870	975	1,895	1,361	626	735
Net income from ordinary activities	3,945	-2,924	6,869	609	-2,719	3,328
Net operating income	5,945	-3,924	9,869	722	-3,607	4,329

- Balance sheet by business segment (€k)

	Dec 31, 2017			Dec 31, 2016		
	Total	**Hercules**	**Thrustmaster**	**Total**	**Hercules**	**Thrustmaster**
Goodwill on acquisitions	0	-	-			-
Intangible assets	10,649	1,286	9,363	7,781	2,833	4,948
Property, plant and equipment	2,318	777	1,541	2,683	1,184	1,499
Inventories	8,367	1,762	6,605	10,369	2,804	7,565
Trade receivables	23,913	1,817	22,096	21,703	3,472	18,231
Unallocated assets	41,072	-	-	19,551	-	-
TOTAL ASSETS	**86,319**	**5,642**	**39,605**	**62,087**	**10,293**	**32,243**
Shareholders' equity	45,469	-	-	28,365	-	-
Provisions	1,907	551	1,356	1,623	562	1,061
Trade payables	15,376	2,876	12,500	13,395	3,482	9,913
Unallocated liabilities	23,567	-	-	18,704	-	-
TOTAL LIABILITIES AND EQUITY	**86,319**	**3,427**	**13,856**	**62,087**	**4,044**	**10,974**

Unallocated assets consist of financial assets, income tax assets, other receivables and cash.
Unallocated liabilities consist of borrowings, other liabilities, taxes payable and deferred tax liabilities.

5.6.2 Segment information by geographical region

- Turnover by geographical region (€m):

Turnover generated by:	Dec 31, 2017	Dec 31, 2016
European Union	44.5	36.7
North America	24.6	20.1
Other	11.3	7.4
TOTAL	**80.4**	**64.2**

- <u>Aggregate value of assets by geographical location (€k)</u>

	Dec 31, 2017				Dec 31, 2016			
	Total	**EU**	**North America**	**Other**	**Total**	**EU**	**North America**	**Other**
Goodwill on acquisitions	0	-	-	-			-	-
Property, plant and equipment	2,318	2,127	169	22	2,683	2,506	145	32
Financial assets	28,886	28,821	27	38	15,460	15,391	29	40
Inventories	8,367	2,947	998	4,422	10,369	5,099	1,398	3,872
Trade receivables	23,913	13,152	7,413	3,348	21,703	13,456	6,294	1,953
Other receivables	1,348	1,132	3	213	1,497	1,326	156	15
Cash and cash equivalents	10,294	9,581	387	326	2,164	1,482	518	164
Current tax assets	544	368	176	-	430	254	176	-
Unallocated assets	10,649	-	-	-	7,781	-	-	-
TOTAL ASSETS	**86,319**	**58,128**	**9,173**	**8,369**	**62,087**	**39,514**	**8,716**	**6,076**

Unallocated assets consist of intangible assets.

5.7 Notes to the balance sheet

5.7.1 Goodwill on acquisitions

Goodwill at December 31, 2017 is broken down as follows:

Changes in goodwill	Gross at Dec 31, 2016	Change	Gross at Dec 31, 2017
Guillemot Ltd (United Kingdom)	1	-	1
Hercules Thrustmaster SAS (France)	1,299	-	1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot SA (Belgium)	233	-	233
Guillemot Inc (United States)	1,034	-	1,034
Guillemot Corporation SA (France)	941	-	941
Guillemot Inc (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	**25,027**	**0**	**25,027**

Goodwill impairment	Provisions at Dec 31, 2016	Additional impairment from Jan 1, 2017 to Dec 31, 2017	Provisions at Dec 31, 2017
Guillemot Ltd (United Kingdom)	1	-	1
Hercules Thrustmaster SAS (France)	1,299		1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot SA (Belgium)	233	-	233
Guillemot Inc (United States)	1,034	-	1,034
Guillemot Corporation SA (France)	941	-	941
Guillemot Inc (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	**25,027**	**0**	**25,027**
Net amount **Total**		**0**	**0**

5.7.2 Intangible assets

Intangible assets are broken down as follows:

Gross values	ec 31, 2016	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2017
Brands	10,842					10,842
Development costs	5,821		1,548	1,216	4	6,157
Development costs in progress	1,578		1,571	1,888	8	1,269
Licenses	2,520		1,985	1,741		2,764
Concessions, patents, etc.	909		50		-13	946
Other intangible assets	980		4	1	-25	958
TOTAL	**22,650**	**0**	**5,158**	**4,846**	**-26**	**22,936**

Amortn, deprecn & provns	c 31, 2016	Changes in scope	Increases	Decreases	Currency adjustments	ec 31, 2017
Brands	7,110		1,000	3,000		5,110
Development costs	3,748		1,648	1,265		4,131
Licenses	2,163		782	1,741		1,204
Concessions, patents, etc.	872		26		-12	886
Other intangible assets	975		3		-22	956
TOTAL	**14,868**	**0**	**3,459**	**6,006**	**-34**	**12,287**

Net amounts	c 31, 2016	ec 31, 2017
Brands	3,732	5,732
Development costs	2,073	2,026
Development costs in progress	1,578	1,269
Licenses	357	1,560
Concessions, patents, etc.	37	60
Other intangible assets	5	2
TOTAL	**7,782**	**10,649**

Brands

Brands include the Thrustmaster and Hercules acquired brands. These brands are tested for impairment at each balance sheet date and are measured taking into account future discounted cash flows.

In the absence of a deep market for the brands in the Group's industry sector, the fair value method is not applied when measuring brands owned by the Group.

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

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

Following impairment testing of the Hercules cash-generating unit, a €1 million impairment loss was recognized against the Hercules brand at December 31, 2017. This item is recognized under "Other operating expenses".

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

In accordance with IAS 36, projections are over five years with a terminal value.

The following assumptions are used to carry out impairment tests on the Hercules cash-generating unit:

- ratio of operating cash flow to turnover: negative for the next two years, then 5% for the following three years
- five-year projections (turnover unchanged in 2018 before rising 50% in 2019 and 25% each of the following three years)
- long-term growth rate: 2%
- discount rate: 12%

The carrying amount of the Hercules cash-generating unit totaled €3.8 million before impairment.

The recoverable amount of the Hercules cash-generating unit totaled €2.8 million.

The Hercules business has seen turnover decline sharply over the past few years following the successive withdrawal of its ranges of WiFi and CPL products, webcams and, more recently, multimedia speakers.

The business is in the process of being refocused around audio products, but this requires substantial investment in R&D and marketing, thus affecting short-term profitability. As regards the assumptions used in last year's impairment test, the lack of short-term profitability, due to the level of turnover, affected the asset's recoverable amount, resulting in the recognition of a €1 million impairment loss.

The emergence of smartphones and mobile access to music is a fundamental shift for which Hercules has been preparing itself over the past few years by extending its research and development capability into these new markets.

Refocusing the business on audio products supports the Group's assumption of double-digit growth in turnover for Hercules over the next five years.

Discount rate sensitivity test:

A 1% increase in the discount rate would reduce the recoverable amount of the Hercules cash-generating unit by €0.3 million.

A 1% decrease in the discount rate would increase the recoverable amount of the Hercules cash-generating unit by €0.3 million.

Sensitivity test on the ratio of cash flow to turnover:

A 1% increase in the ratio of cash flow to turnover over the period 2020-2022 would increase the recoverable amount of the Hercules cash-generating unit by €0.9 million.

A 1% decrease in the ratio of cash flow to turnover over the period 2020-2022 would reduce the recoverable amount of the Hercules cash-generating unit by €0.9 million.

The Thrustmaster brand is allocated to the Thrustmaster cash-generating unit.

Following impairment testing of the Thrustmaster cash-generating unit, a €3 million provision against the Thrustmaster brand was written back at December 31, 2017. This item is recognized under “Other operating income”.

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

In accordance with IAS 36, projections are over five years with a terminal value.

The following assumptions are used in calculating discounted future cash flows for the Thrustmaster cash-generating unit:

- ratio of operating cash flow to turnover: 5%
- projections applied to a five-year business plan with turnover stable in 2018 and 2019, declining by 10% over the following two years and subsequently stable, taking into account cyclicality linked to gaming console releases
- discount rate: 12%

The carrying amount of the Thrustmaster cash-generating unit totaled €24 million before the impairment loss is written back.

The recoverable amount of the Thrustmaster cash-generating unit totaled €27 million.

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

Thrustmaster has achieved global recognition and is now a key player in PC and console racing wheels, with an installed base that continues to grow. The Group has generated turnover in excess of €50 million over the past three years.

As regards the assumptions used in last year’s impairment test, the confirmed growth outlook for turnover and profitability affects the asset’s recoverable amount, resulting in the writing-back of a €3,000 million impairment loss.

The maximum potential impact on the Group’s income statement would be +€4,110k if the impairment loss against the Thrustmaster brand were written back in full over the coming years.

Discount rate sensitivity test:

A 1% increase in the discount rate would reduce the recoverable amount of the Thrustmaster cash-generating unit by €2.0 million.

A 1% decrease in the discount rate would increase the recoverable amount of the Thrustmaster cash-generating unit by €2.3 million.

Sensitivity test on the ratio of cash flow to turnover:

A 1% increase in the ratio of cash flow to turnover would increase the recoverable amount of the Thrustmaster cash-generating unit by €5.4 million.

A 1% decrease in the ratio of cash flow to turnover would reduce the recoverable amount of the Thrustmaster cash-generating unit by €5.4 million.

Development costs

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized.

Project eligibility is reviewed quarterly by the finance and technical departments, in agreement with senior management. Assets are transferred from assets under construction to capitalized development costs when they are released into production (a total of €1,548k in the year). Scrappage costs and the cost of projects written off totaled €814k in the year, mainly relating to development projects that no longer met the criteria for capitalization. The following Guillemot Corporation Group companies generate development costs: Hercules Thrustmaster SAS, Guillemot Recherche et Développement Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs potentially relate to all product lines under the Hercules and Thrustmaster brands.

Development costs in progress increased by €1,571k in the year. These investments are financed from shareholders' equity and through bank loans and authorized overdrafts (see Note 5.7.13).

A geographical breakdown of development costs in progress in 2017 is as follows: France €955k; other countries €693k.

Licenses

The "Licenses" item includes guaranteed amounts payable over the life of the contracts in question.

5.7.3 Property, plant and equipment

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

Gross amounts	Dec 31, 2016	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2017
Land	399					399
Buildings	5,493		22	6	-2	5,507
Plant	4,904		765	1,513	-13	4,143
Other prop., plant & equipt.	1,117		144	28	-15	1,218
Assets under construction	479		480	834		125
TOTAL	**12,392**	**0**	**1,411**	**2,381**	**-30**	**11,392**

Depreciation	Dec 31, 2016	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2017
Buildings	4,797		200	6		4,991
Plant	3,982		639	1,513	-12	3,096
Other prop., plant & equipt.	931		93	27	-10	987
TOTAL	**9,710**	**0**	**932**	**1,546**	**-22**	**9,074**

Net amounts	Dec 31, 2016	Dec 31, 2017
Land	399	399
Buildings	696	516
Plant	922	1,047
Other prop., plant & equipt.	186	231
Assets under construction	479	125
TOTAL	**2,682**	**2,318**

Buildings represent buildings located in Carentoir (France).

Property, plant and equipment under construction totaling €745k was transferred to the "Plant" item during the year. Property, plant and equipment under construction mainly relates to molds and equipment used in the production of new products. The Group scrapped obsolete equipment with a gross value of €1,602k. The net amount is nil.

Investment in property, plant and equipment in the year totaled €667k.

These investments are financed from shareholders' equity and through bank loans and authorized overdrafts (see Note 5.7.13).

A geographical breakdown of these investments in 2017 is as follows: France €103k; other countries €564k.

Properties leased by the Group consist solely of offices.

The main countries concerned are France and Canada.

The associated lease commitments totaled €808k at December 31, 2017, broken down into €313k in Asia, €278k in Canada and €141k in France.

The total annual cost of leases comes to less than €600k.

5.7.4 Financial assets

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2016	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2017
Other long-term investments	119			37		82
Other non-current financial assets	338			4		334
TOTAL	**457**	**0**	**0**	**41**	**0**	**416**

Movements in other long-term investments relate to the liquidity agreement currently in force. A total of €300k in cash has been allocated to the liquidity agreement since it was first put in place.
Changes in other non-current financial assets relate to security deposits.

Current financial assets include Ubisoft Entertainment shares.

	Net Dec 31, 2016	Disposals Dec 31, 2017	Acquisitions Dec 31, 2017	Translation adjustments Dec 31, 2017	Financial gain/loss Dec 31, 2017	Net Dec 31, 2017
Ubisoft Entertainment shares						
Number	443,874					443,874
Fair value (€k)	15,003				13,467	28,470
Currency derivatives	0					0
Total value	**15,003**	**0**	**0**	**0**	**13,467**	**28,470**

Ubisoft Entertainment shares (listed on an active market) are measured at fair value in accordance with IAS 39. When the Group adopted IFRS, these shares were classified in the category “financial assets at fair value through profit and loss”.

At December 31, 2017, the Group held 443,874 Ubisoft Entertainment shares representing 0.40% of the company’s share capital.

The price used at December 31, 2016 was €33.80 per Ubisoft Entertainment share. The price used for the fair value of shares at December 31, 2017 was €64.14 per Ubisoft Entertainment share. The resulting revaluation gain recognized at December 31, 2017 totaled €13,467k for Ubisoft Entertainment shares.

To limit the Group’s foreign exchange risk, Guillemot Corporation hedges against currency fluctuations by buying currency futures and options. Since such transactions do not meet the criteria for hedge accounting, these futures and options are recognized as trading instruments.

These derivatives are recognized in the balance sheet under current financial assets or liabilities at their fair value at the transaction date. Any gain or loss resulting from revaluation at fair value is immediately recognized in net financial income. There were no contracts of this type at December 31, 2017.

5.7.5 Inventories

Inventories	Gross Dec 31, 2016	Change in inventories (result)	Changes in scope	Currency translation adjustments	Gross Dec 31, 2017
Raw materials	1,478	3			1,481
Finished products	10,164	-949		-124	9,091
TOTAL	**11,642**	**-946**	**0**	**-124**	**10,572**

Accumulated impairment	Dec 31, 2016	Increases	Decreases	Changes in scope	Currency translation adjustments	Dec 31, 2017
Raw materials	248	203	38			413
Finished products	1,025	1,228	436		-25	1,792
TOTAL	**1,273**	**1,431**	**474**	**0**	**-25**	**2,205**
Total net inventories	**10,369**					**8,367**

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the value of inventory is greater than its probable realizable value.

The reduction in inventories in the year was linked to buoyant sales towards the end of the year and the Group’s desire to manage its inventory at December 31, 2017.

Of the €1,431k increase in impairment losses, 65% related to products in the Thrustmaster range and 35% to products in the Hercules range.

5.7.6 Trade receivables

Trade receivables	Gross Dec 31, 2016	Changes	Changes in scope	Currency translation adjustments	Reclassifications	Gross Dec 31, 2017
Trade receivables	21,948	2,608		-501		24,055

The majority of trade receivables were covered by a credit insurance policy at December 31, 2017. Trade receivables had a net value of €23,913k at December 31, 2017, compared with €21,703k a year earlier, as a result of growth in business in the final part of the year.
The Group's top customer accounted for 14% of consolidated turnover.

Cumulative impairment	Dec 31, 2016	Additions	Reversals	Translation adjustments	Reclassifications	Dec 31, 2017
Trade receivables	245	60	163			142

5.7.7 Other receivables

	Dec 31, 2017	Dec 31, 2016
Advances and progress payments	247	632
VAT receivables	610	436
Receivables from suppliers	3	6
Other	131	199
Prepaid expenses	357	224
TOTAL	**1,348**	**1,497**

5.7.8 Cash and cash equivalents

	Dec 31, 2017	Dec 31, 2016
Cash	10,294	2,164
Cash equivalents	0	0
TOTAL	**10,294**	**2,164**

5.7.9 Current tax assets

The balance sheet shows total current tax assets of €544k relating to current tax payments on account, a €183k receivable in respect of the French Employment Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi*) and €361k in receivables in respect of the French research and innovation tax credits.

5.7.10 Shareholders' equity

The Group's share capital consists of 15,004,736 shares with a par value of €0.77 each.

Guillemot Corporation SA holds 250,461 treasury shares. These treasury shares reduce the value of shareholders' equity by €903k.

At December 31, 2017, treasury shares accounted for 1.67% of the total share capital.

Maximum potential number of shares to be created:

Via exercise of options 470,000

Principal characteristics of stock option plans:

	Plan no. 9	Plan no. 10
Date of Board meeting	**Feb 18, 2008**	**Feb 18, 2008**
Number of shares	383,000	217,000
Par value	0.77 €	0.77 €
Subscription price	1.91 €	1.91 €
Exercise date	Feb 18, 2012	Feb 18, 2010
	to Feb 18, 2018	to Feb 18, 2018
Number of shares subscribed	246,500	142,360
O/w during fiscal year 2017	246,500	136,000
Stock options cancelled or lapsed	-	-
Stock options outstanding	136,500	74,640
Options available for exercise at Dec 31, 2017	87,500	0

The first eight stock option plans have 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 as 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 accordance with IFRS 2 on share-based payments, stock options are measured at fair value using the Black & Scholes method. No expenses were recognized in 2017, all plans having been amortized.

A total of 382,500 shares were subscribed in the year.

The corresponding increase in the share capital took place on January 24, 2018.

The exercise of this options increased the Group's cash position by €568k in 2017.

5.7.11 Provisions for liabilities and charges

Provisions for liabilities and charges are broken down as follows:

	Dec 31, 2016	Increases	Decreases		Currency translation adjustments	Dec 31, 2017
			Used	Not used		
Product returns	661	951	661		-16	935
Other	115	11	58			68
TOTAL	**776**	**962**	**719**	**0**	**-16**	**1,003**

The increase in the provision for product returns was mainly the result of higher sales and updated estimates of the number of products returned.

5.7.12 Employee benefit liabilities

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

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

The main actuarial assumptions used are as follows:

- Calculation year: 2017
- Discount rate: 1.3%
- Use of collective bargaining agreements specific to subsidiaries
- Retrospective calculation method for projected credit units
- Insee 2017 mortality table
- 2017 baseline salary, assuming a 2% annual increase until retirement

At December 31, 2017, the amount of the recognized provision stood at €904k, compared with €847k at December 31, 2016.

In accordance with IAS 19 revised, all actuarial gains and losses are recognized in OCI (Other Comprehensive Income) rather than in profit and loss.

The impact on Group shareholders' equity in fiscal year 2017 was +€15k.

5.7.13 Borrowings

Borrowings are broken down as follows:

	Dec 31, 2017	Current (due within 1 year)			Non-current (due within more than 1		Dec 31, 2016
		0-3 mths	3-6 mths	12 mths	> 1 yr	> 5 yrs	
Borrowings from credit institutions	10,525	1,330	1,331	2,161	5,703	0	4,182
Bank overdrafts and foreign currency advances	15	15					6,117
Sundry	24	24					16
TOTAL	**10,564**	1,369	1,331	2,161		0	**10,315**

The Group has fixed rate borrowings of €9,520k and floating rate borrowings of €1,005k. At December 31, 2017, the Group had one borrowing of €375k covered by an acceleration clause. The covenant to be met is as follows:

Adjusted debt/shareholders' equity <= 1 (based on the Guillemot Corporation S.A. parent company financial statements)

The Group met this covenant at December 31, 2017.

Bank overdrafts (floating rate) totaled €15k. There were no foreign currency advances in place at December 31, 2017.

Over the period, the Group repaid €3,157k in bank borrowings and took out new borrowings totaling €9,500k.

At December 31, 2017, the Group had no debt in currencies other than euro.

Net debt	**Dec 31, 2017**	**Dec 31, 2016**	**Dec 31, 2015**
Borrowings	10,564	10,315	11,052
Shareholders' current accounts	972	972	1,396
Cash at bank and in hand	10,294	2,164	6,372
Net debt	**1,242**	**9,123**	**6,076**

The Group's net debt at December 31, 2017 stood at €1,242k.

The Group also has a portfolio of equities worth €28,470k (fair value at December 31, 2017).

5.7.14 Other liabilities

	Dec 31, 2017		Dec 31, 2016
	Current	Non-current	
Social security liabilities	1,959		1,783
Current accounts	972		972
Other	6,524		4,392
TOTAL	**9,455**	**0**	**7,147**

Other liabilities consist of €972k in current account advances contributed by the founding shareholders. These relate to debt waivers with a clawback provision.

In 2002 and 2003, the founding shareholders of Guillemot Corporation waived current account advances totaling €7.7 million. These waivers were accompanied by clawback provisions under which the associated debts would be repaid if and when the parent company made a profit.

Of that €7.7 million, €6,729k has already been repaid under the terms set out in the current account agreements, which provide for repayment depending on the net income of the parent company Guillemot Corporation S.A.

The balance of €972k (classed as current account advances) will be repaid in full in 2018.

The "Other" item consists of accrued expenses linked to licenses, year-end rebates, advances and progress payments and prepaid income.

5.8 Notes to the income statement

5.8.1 Purchases, external expenses and employee expenses

Purchases

Purchases totaled €41,571k in 2017, consisting of purchases of raw materials (electronic components) and finished products.

External expenses

External expenses are broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Subcontracting	525	462
Purchases not held in inventory, equipt. & supplies	181	177
Other external expenses	14,193	13,849
TOTAL	**14,899**	**14,488**

Other external expenses mainly consist of product shipping expenses, advertising, marketing, and uncapitalized external research and development expenses.

Employee expenses

Employee expenses consist of employee compensation and social security contributions. This item totaled €8,254k in 2017, compared with €8,276k in 2016.

An amount of €183k corresponding to the Employment Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi*) was recognized as a deduction against 2017 employee expenses at the Group's French subsidiaries, compared with €112k in 2016.

An amount of €93k corresponding to the research and innovation tax credits was recognized as a deduction against 2017 employee expenses at the Group's French R&D subsidiary.

5.8.2 Additions to amortization, depreciation and impairment

Additions to amortization and depreciation are broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Amortization of intangible assets	2,269	1,877
Depreciation of property, plant and equipment	886	764
TOTAL	**3,155**	**2,641**

Amortization of intangible assets mainly relates to guaranteed amounts linked to license agreements (€730k) and capitalized research and development costs (€1,495k).

Depreciation of property, plant and equipment mainly relates to buildings (€200k) and plant (€639k).

Impairment is broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Impairment of current assets	59	21
Impairment in respect of liabilities and charges	751	488
Impairment of inventory	1,438	698
Other impairment charges	622	154
TOTAL	**2,870**	**1,361**

Impairment of inventories relates to products in both the Hercules and Thrustmaster ranges. Other impairment charges include impairment losses on capitalized R&D projects that no longer meet the criteria for capitalization.

Impairment in respect of liabilities and charges mainly relates to product returns.

5.8.3 Change in inventories

Change in inventories mainly consists of reversals of impairment losses on inventories and increases and decreases in inventories.

5.8.4 Other income and expenses from ordinary activities

	Dec 31, 2017	Dec 31, 2016
Income		
Write-backs of other current assets	193	67
Other income from ordinary activities	203	99
Proceeds from fixed asset disposals	2	2
Total income	398	168
Expenses		
Licenses	-5,351	-3,201
Book value of fixed assets disposed of	0	-2
Other expenses from ordinary activities	-356	-138
Total expenses	-5,707	-3,341
TOTAL	**-5,309**	**-3,173**

The increase in the “Licenses” item is due to growth in the Thrustmaster business and new and renewed licensing agreements. The main amounts related to current partnerships linked to the Microsoft® Xbox One® and Sony® PlayStation® 4 consoles.

5.8.5 Other operating income and expenses

Other operating expenses consist of a €1,000k impairment loss on the Hercules brand (see section 5.7.2 on impairment testing).

Other operating income consists of a €3,000k impairment loss written back on the Thrustmaster brand (see section 5.7.2 on impairment testing).

5.8.6 *Cost of net financial debt and other financial expenses and income*

The cost of net financial debt to December 31, 2017 was €163k. 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:

	Dec 31, 2017	Dec 31, 2016
Foreign currency translation adjustments	525	-
Gain on disposal of Gameloft shares	-	132
Unrealized gain/loss on Ubisoft Entertainment shares	13,467	3,165
Total other financial income	**13,992**	**3,297**
Foreign currency translation adjustments	-	321
Unrealized gain/loss on Ubisoft Entertainment shares	-	-
Total other financial expenses	**0**	**321**

Currency effects arising from the translation of subsidiaries' accounts
All subsidiaries conduct business in local currency; the impact on shareholders' equity was -€424k.

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

Liquidity risk: At December 31, 2017, the Group's borrowing and bank financing facilities were not fully utilized; net debt stood at €1.2 million.

At December 31, 2017 the fair value of the Group's portfolio of available-for-sale securities stood at €28.5 million. At December 31, 2017, the Group had one borrowing of €375k covered by an acceleration clause. The covenant to be met is as follows:

Adjusted debt/shareholders' equity <= 1 (based on the Guillemot Corporation S.A. parent company financial statements)

The Group met this covenant at December 31, 2017.

Equity risk: fluctuations in the market price of shareholdings affects the Group's earnings. A 10% decrease in the price of Ubisoft Entertainment shares over the course of 2018 (relative to their price at December 31, 2017) would reduce net financial income by €2.8 million.

At March 14, 2018, the closing price of Ubisoft Entertainment shares was €70.34, up 9.67% relative to December 31, 2017. This increase would give rise to the recognition of a revaluation gain of €2,752k in the Group's consolidated financial statements at that date.

Interest rate risk: based on the Group's outstanding unhedged floating rate financial liabilities at December 31, 2017, a 1% annual increase in interest rates would increase financial expenses by €10k.

Foreign exchange risk: a breakdown of the Group's foreign currency assets and liabilities at December 31, 2017 is as follows (unhedged amounts only – i.e. those exposed to interest rate risk):

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

(€k)	USD	GBP
Assets	17,456	1,511
Liabilities	10,568	8
Net position before hedging	6,888	1,503
Off balance sheet position	0	0
Net position after hedging	6,888	1,503

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2017, a 10% annual increase in US dollar exchange rates would increase financial expenses by €522k.

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2017, a 10% annual increase in the value of sterling would increase financial expenses by €154k.

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

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

The main currency for purchases of hardware and accessories is the US dollar.

In the United States, Canada and all other countries outside Europe, the trading currency 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, in order to limit the Group's foreign exchange risk, Guillemot Corporation hedges against currency fluctuations by buying spot currency and currency futures and options.

No hedging contracts were in force at December 31, 2017.

Furthermore, the increase in the Group's US and export sales over the past few years has boosted the Group's natural hedging and significantly reduced its foreign exchange risk.

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

5.8.7 Income tax expense

Corporate income tax is broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Deferred taxes	1,570	303
Current taxes	662	73
TOTAL	**2,232**	**376**

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

Deferred tax is calculated on timing differences relating to tax adjustments, consolidation adjustments and tax loss carry-forwards. It corresponds here to deferred tax arising on an unrealized gain on Guillemot Corporation S.A.'s portfolio of Ubisoft Entertainment shares, taking into account tax rules in force covering, in particular, caps on the use of tax loss carry-forwards. The taxation rate used to calculate deferred taxes takes into account the new arrangements laid down in France's 2018 Budget Act, under which the corporate income tax rate will gradually fall to 25% in the medium term.

Given the losses made in prior years, the remaining tax loss carry-forwards of €52,391k (see table below) meant no deferred tax assets were recognized in the Group's consolidated financial statements to December 31, 2017.

Income tax calculation:

(€k)	Dec 31, 2017
Profit (loss) before tax	**19,774**
Income and expenses not subject to income tax	0
Theoretical tax (33.33%)	**6,591**
Temporary and permanent tax differences	-15
Tax loss carry-forwards	-3,855
Uncapitalized losses for the year	54
Theoretical income tax	**2,775**
Rate differences	-543
Sundry	0
TOTAL	**2,232**

Breakdown of tax loss carry-forwards:

(€k)	Dec 31, 2017
Guillemot Corporation SA (France)	49,213
Hercules Thrustmaster SAS (France)	973
Guillemot GmbH (Germany)	1,439
Guillemot Inc (Canada)	362
Guillemot Corporation (HK) Ltd (Hong Kong)	96
Guillemot Ltd (United Kingdom)	308
TOTAL	**52,391**

5.8.8 Discontinued operations

The Group has not discontinued any operations in recent years.

5.8.9 Earnings per share

Basic earnings per share	Dec 31, 2017	Dec 31, 2016
Earnings	17,542	3,059
Weighted average no. of shares (thousands)	15,005	15,005
No. of treasury shares (thousands)	-250	-282
Total shares (thousands)	14,755	14,723
Basic earnings per share	1.19	0.21

Diluted earnings per share	Dec 31, 2017	Dec 31, 2016
Earnings	17,542	3,059
Weighted average no. of shares (thousands)	15,005	15,005
No. of treasury shares (thousands)	-250	-282
Total shares (thousands)	14,755	14,723
Maximum number of shares to be created		
- via conversion of bonds	0	0
- via exercise of options	470	480
- via exercise of subscription rights	0	0
Total shares (thousands)	15,225	15,203
Diluted earnings per share	1.15	0.20

5.8.10 Advances and loans granted to senior executives

No loans or advances were granted to senior executives of the company, in accordance with Article L.225-43 of the French Commercial Code.

5.8.11 Off balance sheet commitments

Lease commitments: €808k
Documentary credits: €486k

5.8.12 Executive compensation

The executive directors (Claude, Michel, Yves, Gérard and Christian Guillemot) are compensated for their duties as Chairman and Chief Executive Officer or Deputy Chief Executive Officer. They do not have employment contracts with the company. The parent company and its subsidiaries paid total gross compensation of €220k to the executive directors in the year.

The amount of annual variable compensation due totals €88k.

The parent company paid directors' fees of €88k to the members of the Board of Directors in the year. This amount includes €33k paid to independent directors.

No specific pension scheme has been put in place for the corporate officers. The Group has not entered into any commitment with regard to compensation, allowances or benefits which are or may be due by reason of or subsequent to the assumption or cessation of duties. No compensation was paid under a profit-sharing or bonus plan. No stock options were allotted.

5.8.13 Workforce

At December 31, 2017, the Group had 178 employees worldwide, including 78 managers. European companies accounted for 74% of the total workforce and non-European companies for the remaining 26%.

5.8.14 Information on related companies

The parent company is owned by Guillemot Brothers SE (19.99%), the Guillemot family (53.51%), Guillemot Corporation S.A. (1.67%) and members of the public (24.83%).

The principal related parties are Guillemot Brothers SE and members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (see scope of consolidation in section 5.5.1) and the Ubisoft Entertainment group, in which members of the Guillemot family hold significant voting rights.

During prior periods, the founders of the Group's parent company and of Guillemot Brothers SE waived current account advances to Guillemot Corporation SA totaling €7.7 million.
The balance sheet continues to show shareholders' current account advances totaling €972k, to be repaid in 2018.

Key totals relating to the Ubisoft Entertainment group:

(€k)	Dec 31, 2017 Ubisoft Entertainment
Trade receivables	10
Trade payables	121
Revenue	489
Expenses	534

6 SUBSEQUENT EVENTS

None.

7 DATA RELATING TO THE PARENT COMPANY, GUILLEMOT CORPORATION S.A.

GUILLEMOT CORPORATION SA (€k)	Dec 31, 2017	Dec 31, 2016
Turnover	73,991	55,867
Net operating income (loss)	2,829	-2,846
Profit (loss) before tax	4,721	-433
Net profit (loss)	4,146	-433

8 AUDITORS' FEES

Fiscal year 2017	PricewaterhouseCoopers Audit		MB Audit	
	Amount excl. taxes	%	Amount excl. taxes	%
Certification of financial statements	71,200	90%	51,800	100%
Other services	8,000	10%	0	0%
TOTAL	79,200	100%	51,800	100%

Other services concern the corporate social responsibility (CSR) review.

9 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

GUILLEMOT CORPORATION
Place du Granier
BP 97143
35571 Chantepie Cedex

To the shareholders of Guillemot Corporation

Opinion

Pursuant to the engagement entrusted to us at your shareholders' general meeting, we have audited Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2017, as appended to this report.

We certify that, in light of the IFRS framework as adopted in the European Union, the consolidated financial statements are in order and in good faith, and provide a true and fair view of performance over the past year as well as the financial position and assets of the overall group formed by the companies and entities included within the scope of consolidation.

The opinion set out above is consistent with the content of our report to the audit committee.

Basis for our opinion

Audit standards

We have carried out our audit in accordance with professional standards applicable in France. We consider that the evidence we have collected forms an adequate and appropriate basis for our opinion.

The responsibilities that fall to us by virtue of these standards are indicated in the section of this report titled "Statutory auditors' responsibilities as regards auditing the consolidated financial statements".

Independence

We have conducted our audit in compliance with the independence rules applicable to us over the period from January 1, 2017 to the date on which we issued our report. In particular, we have not provided any services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics for statutory auditors.

Basis for our conclusions and key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the basis for our conclusions, we wish to draw your attention to key points of the audit relating to the risks of material misstatement which, in our opinion, were greatest for the audit of the consolidated financial statements for the year, as well as our response to those risks.

Our assessment of these points forms an integral part of our audit of the consolidated financial statements taken as a whole, and thus forms part of the basis for our opinion expressed above. We have no opinion to express on any part of these consolidated financial statements taken on its own.

<table>
<tr><th colspan="2">(1) Valuation of brands</th></tr>
<tr><td>
<u>Risk identified</u>
Brands acquired by the Guillemot Group are considered as having an indefinite life; as such, they are not amortized.
At December 31, 2017, brands with an indefinite life were recognized in the balance sheet at a net carrying amount of €5.7 million, or 7% of total assets (gross amount: €10.8 million).
An impairment loss is recognized whenever the recoverable amount of these brands, determined through an annual impairment test given their indefinite life and/or a one-off test if there is an indicator of impairment, falls below their net carrying amount.
The recoverable amount is the higher of fair value less costs to sell and value in use.
In the absence of a deep market for the brands in the Group's industry sector, the fair value method is not used. That being the case, value in use is determined on the basis of discounted future cash flow calculations and entails a significant degree of management judgment, notably with regard to items such as turnover growth rates, ratio of operating cash flow to turnover, and long-term discount and growth rates.
This year, the Group recognized a €3 million write-back of impairment against the Thrustmaster brand and a €1 million impairment loss against the Hercules brand.
Furthermore, management carried out sensitivity analysis on the brands' recoverable amounts relative to the assumptions used. These are set out in Note 5.7.2, "Intangible assets".
Given the complexity of the models used and their sensitivity to changes in the data and assumptions on which estimates are based, including in particular forecast cash flows and the discount rate used, we considered the valuation of the brands' recoverable amount as a key point of our audit.
</td><td>
<u>Audit procedures implemented in response to this risk</u>
In particular, we:

familiarized ourselves with the processes by which the brands are valued;
assessed the principles and methods used to determine the brands' value in use;
corroborated, notably by interviewing members of management, the reasonableness of key data and assumptions on which estimates are based (such as the rate of growth in turnover, the ratio of operating cash flow to turnover, the discount rates and the long-term growth rate);
familiarized ourselves with the business outlook for each of the brands through interviews with members of management, and compared accounting estimates of projected cash flows from prior periods with corresponding actual figures to assess their reliability;
tested the mathematical accuracy of the valuations adopted by the Group.

We also assessed the appropriateness of the information provided in the following notes to the consolidated financial statements: Note 5.4.3, "Intangible assets", Note 5.4.5, "Impairment of non-financial assets" and Note 5.7.2, "Intangible assets".
</td></tr>
</table>

(2) Valuation of development costs	
Risk identified Development costs are recognized in intangible assets whenever the criteria laid down in IAS 38 are met. At December 31, 2017, capitalized costs came to a net amount of €3.3 million, or 4% of total assets, and related to all product lines under the Hercules and Thrustmaster brands. The Group put in place project management tools in 2012. Project eligibility is reviewed quarterly by the Group's finance and technical departments, in agreement with senior management. In the context of our audit, we pay particularly close attention to these development costs, since their capitalization is based on judgment and estimates, notably as regards the following two criteria: - technical feasibility of completing the intangible asset before it can be used or sold; - the likelihood that the asset will generate future economic benefits. Given the increasing role played by judgment in determining which development costs should be capitalized, we considered the valuation of the net amount of development costs to be a key point of our audit.	**Audit procedures implemented in response to this risk** In particular, we: - Familiarized ourselves with the processes by which development costs are valued. - Checked the existence and accuracy of the amounts recognized in respect of development costs. In particular, we reconciled the amounts capitalized with internal time-tracking data as well as carrying out sample-based testing of capitalized external expenses. - Met with the finance department and consulted documentation provided by the technical department to determine the reasonableness of key data and assumptions relied on in determining whether development costs should be capitalized (such as the likelihood of future economic benefits and a project's technical feasibility). - Corroborated the various pieces of information obtained through these interviews against current sales generated by capitalized projects. - Identified any indicator of impairment on these projects that would require an impairment test to be carried out. We also assessed the appropriateness of the information provided in Notes 5.4.3 and 5.7.2 to the consolidated financial statements, "Intangible assets".

(3) Valuation of inventory of components and finished products	
Risk identified The Group's inventories consist of electronic components and sub-assemblies as well as finished products. At December 31, 2017, inventories were recognized in the balance sheet at a net carrying amount of €8.4 million, or 10% of total assets. An impairment loss is recognized whenever the acquisition value of inventory is greater than its probable realizable value less costs to sell. Impairment tests are carried out at each accounting cut-off and probable realizable value is calculated on the basis of observed and expected product sales, profit ratios and market prices. As part of our audit, we paid particular attention to how this probable realizable value was determined, since it is based not only on observable data such as products' market prices but also on assumptions such as the sales outlook for each product range and management judgment as to expected market trends. Given the assumptions underpinning estimates, we considered the valuation of the probable realizable value of products held in inventory to be a key point of our audit.	**Audit procedures implemented in response to this risk** We: - familiarized ourselves with the processes in place to identify slow-moving items, those at risk of obsolescence and those whose selling prices were lower than their acquisition cost; - for items at risk of impairment, checked that they were correctly valued, notably by undertaking sample-based comparisons of the cost of products held in inventory with their last known net selling price, and met with the finance department to undertake a sample-based assessment of the reasonableness of projected inventory clearance times; - took into account work undertaken as part of the review of development costs so as to identify, as the case may be, indicators of impairment on certain products held in inventory. We also assessed the appropriateness of the information provided in the following notes to the consolidated financial statements: Note 5.4.9, "Inventories and work in progress", Note 5.7.5, "Inventories" and Note 5.8.2, "Additions to amortization, depreciation and impairment".

Verification of information about the group set out in the management report

In accordance with professional standards applicable in France, we have also carried out specific checks required by law on the information about the group set out in the Board's management report.

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

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Guillemot Corporation at the shareholders' general meetings of May 26, 2004 (PricewaterhouseCoopers Audit) and May 23, 2007 (MB Audit).

At December 31, 2017, PricewaterhouseCoopers Audit was serving for its fourteenth consecutive year and MB Audit for its eleventh.

Responsibility of management and persons charged with corporate governance as regards the consolidated financial statements

It falls to management to draw up consolidated financial statements that provide a true and fair view in accordance with IFRS as adopted within the European Union, as well as to put in place such internal control arrangements as it deems necessary to be able to prepare consolidated financial statements free of material misstatement, whether as a result of fraud or error.

In preparing the consolidated financial statements, it falls to management to assess the company's ability to continue to operate, to show in its financial statements any required information pertaining to continuity of operations, and to apply the going concern accounting principle, unless it is planned to wind up the company or cease operations.

It falls to the audit committee to monitor the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements were signed off by the Board of Directors.

Statutory auditors' responsibility as regards audit of the consolidated financial statements

Audit objective and approach

It falls to us to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance means a high level of assurance, though there is no guarantee that an audit carried out in keeping with standards of professional practice will always detect every material misstatement. Misstatements may be the result of fraud or error; they are considered material whenever it might reasonably be expected that, taken individually or together, they might influence decisions made by the users of the financial statements on the basis of the latter.

As stipulated in Article L.823-10-1 of the French Commercial Code, our duty to certify the financial statements does not consist of guaranteeing either the company's viability or the quality of its management.

In the case of an audit conducted in accordance with standards of professional practice applicable in France, the statutory auditors must exercise their judgment throughout the audit. Furthermore:

- They must identify and assess the risk that the financial statements include material misstatements, whether as a result of fraud or error, draw up and implement audit procedures in response to that risk, and gather information they consider a sufficient and appropriate basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than that of failing to detect a material misstatement resulting from error, since fraud can entail collusion, falsification, deliberate omission, misrepresentation, or the bypassing of internal control.

- They must familiarize themselves with those internal control arrangements that are relevant to the audit so as to be able to define suitable audit procedures (and not so as to express an opinion on the effectiveness of internal control).

- They must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as information concerning such policies and estimates provided in the consolidated financial statements.

- They must assess the appropriateness of management's use of the going concern accounting principle and, based on the information gathered, determine whether there is significant uncertainty linked to events or circumstances that could call into question the company's ability to continue operations. This assessment is based on information gathered up to the date of the auditor's report; it is important to remember, however, that subsequent circumstances or events could endanger continuity of operation. If the auditors conclude that there is significant uncertainty, they must draw the attention of readers of their report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not provided or is not relevant, issue a qualified certification or refuse to qualify the financial statements.

- They must assess the overall presentation of the consolidated financial statements and determine whether they reflect the underlying transactions and events in such a way as to provide a true and fair view.

- As regards financial information on persons or entities falling within the scope of consolidation, they must gather whatever information they consider a sufficient and appropriate basis for expressing an opinion on the consolidated financial statements. They are responsible for overseeing, supervising and conducting the audit of the consolidated financial statements, as well as for the opinion expressed on those financial statements.

Report to the audit committee

We submit a report to the audit committee setting out, in particular, the extent of our audit and the program of work carried out, as well as our audit findings. We also advise the audit committee of any significant weaknesses we may have identified in internal control pertaining to procedures for preparing and processing accounting and financial information.

Our report to the audit committee includes information about the risk of material misstatements, which we consider most significant for the audit of the consolidated financial statements for the year and which, as such, constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration laid down in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of rules applicable in France as laid down, in particular, in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors. Where applicable, we discuss our independence and the measures put in place to safeguard it with the audit committee.

Rennes, April 23, 2018

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

➢ PARENT COMPANY FINANCIAL STATEMENTS TO DECEMBER 31, 2017

All figures are in thousands of euros (€k).

1 PARENT COMPANY BALANCE SHEET

ASSETS	Gross	Amort'n/ deprec'n/ impair't	Net	Net
(€k)	**Dec 31, 2017**	**Dec 31, 2017**	**Dec 31, 2017**	**Dec 31, 2016**
Intangible assets	19,768	10,593	9,175	7,527
Property, plant and equipment	7,067	5,299	1,768	2,143
Non-current financial assets	43,542	36,947	6,595	5,761
Non-current assets	**70,377**	**52,839**	**17,538**	**15,431**
Stocks and w ork in progress	8,943	1,865	7,078	8,947
Advances and progress payments	244	0	244	918
Trade receivables	18,986	142	18,844	16,167
Other receivables	1,558	666	892	2,654
Investment securities	7,192	0	7,192	6,966
Cash at bank and in hand	9,237	0	9,237	1,178
Current assets	**46,160**	**2,673**	**43,487**	**36,830**
Accrued and deferred items	270		270	482
TOTAL ASSETS	**116,807**	**55,512**	**61,295**	**52,743**

LIABILITIES AND EQUITY		
(€k)	**Dec 31, 2017**	**Dec 31, 2016**
Share capital	11,554	11,554
Issue, conversion and merger premiums	10,555	10,555
Reserves	1,337	1,337
Retained earnings	-2,591	-2,158
Net income for the year	4,146	-433
Shareholders' equity	**25,001**	**20,855**
Provisions	636	765
Borrow ings	10,606	10,229
Trade payables	15,706	15,224
Taxes and social security payable	865	74
Payables to fixed asset suppliers	993	816
Other liabilities	6,831	3,832
Total liabilities	**35,001**	**30,175**
Accrued and deferred items	657	948
TOTAL LIABILITIES AND EQUITY	**61,295**	**52,743**

2 PARENT COMPANY INCOME STATEMENT

(€k)	Dec 31, 2017	Dec 31, 2016
Turnover	73,991	55,867
Production taken into inventory	-979	-6,417
Self-constructed assets	1,647	1,477
Write-backs of amortization, depreciation and provisions and transfers of expenses	1,700	1,118
Other income from ordinary activities	1,832	251
Total operating income	**78,191**	**52,296**
Purchases	41,240	26,982
Changes in inventory	45	94
External expenses	21,211	20,798
Taxes and duties	165	66
Employee expenses	415	306
Other expenses	7,446	4,013
Additions to amortization, depreciation,	2,253	1,911
impairment and provisions	2,017	972
Total operating expenses	**74,792**	**55,142**
Net operating income	**3,399**	**-2,846**
Income from equity interests	0	0
Net income on disposals of investments	152	384
Other interest and related income	64	63
Reversals of provisions and transfers of expenses	850	2,235
Translation gains	451	1,248
Total financial income	**1,517**	**3,930**
Additions to amort'n, deprec'n & prov'ns on financial items	18	398
Interest and related expenses	206	293
Translation losses	364	1,645
Net expenses on disposal of investment securities	13	15
Total financial expenses	**601**	**2,351**
Net financial income	**916**	**1,579**
Net income (loss) from ordinary activities	**4,315**	**-1,267**
Net non-recurring income (expense)	**406**	**834**
Profit (loss) before tax	4,721	-433
Corporate income tax	575	0
Net profit (loss) for the year	**4,146**	**-433**

3 INTERIM MANAGEMENT FIGURES

The main interim management figures are as follows:

(€k)	Dec 31, 2017	Dec 31, 2016
Production in the year	74,659	50,927
Value added	12,163	3,053
Earnings before interest, tax, depreciation and amortization	11,583	2,681
Net operating income (loss)	**2,829**	**-2,846**

4 STATEMENT OF CASH FLOWS

Cash flows from operating activities (€k)	Dec 31, 2017	Dec 31, 2016
Net profit	4,146	-433
Additions to amort'n, deprec'n, impair't and prov'ns (1)	5,909	3,434
Reversals of amort'n, deprec'n, impair't and prov'ns (1)	-5,202	-3,985
Capital gains and losses on disposals		
Cash generated from operations	**4,853**	**-984**
Change in operating cash requirement	4,806	477
Change in non-operating cash requirement	-71	-278
Change in working capital requirement	**4,735**	**199**
Cash flows from investing activities		
Acquisitions of intangible assets	-1,668	-1,477
Acquisitions of property, plant and equipment	-481	-606
Disposals of property, plant and equipment and intangible asset:	0	0
Acquisitions of non-current financial assets	-128	34
Disposals of non-current financial assets	37	0
Net cash from acquisitions and disposals of subsidiaries	0	-70
Total cash flows from investing activities	**-2,240**	**-2,119**
Cash flows from financing activities		
Increases in capital and capital injections	568	0
Borrow ings	9,500	0
Repayments of borrow ings	-3,157	-3,501
Repayments of shareholders' current accounts	0	0
Total cash flows from financing activities	**6,911**	**-3,501**
Change in cash	**14,259**	**-6,405**
Net cash at the beginning of the period (2)	2,157	8,562
Net cash at the end of the period (2)	16,416	2,157

(3) Excludes additions to and write-backs of impairment of investment securities.
(4) Includes net amount of investment securities.

5 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The following notes and tables, presented in thousands of euros (€k), form an integral part of the parent company financial statements and constitute the notes to the balance sheet before appropriation of income for the fiscal year ended December 31, 2017.

Total assets came in at €61,295k. The income statement showed a profit of €4,146k.
The financial year covered the 12-month period from January 1 to December 31, 2017.

5.1 Significant events in the year

In 2017, Guillemot Corporation generated annual turnover of €73,991k, with turnover from the Thrustmaster business up 54% and that from the Hercules business down 58% in the year. Thanks to strong performance by new products and racing games, Thrustmaster has become a leading brand in the US market for racing wheels (source: NPD Group Inc., 2017). Hercules posted a decline after winding up its multimedia speaker and webcam ranges.

Key events in 2017 are set out below.

Thrustmaster:

- Thrustmaster posted very strong growth in the year, with turnover up 54%, making the brand a leading player in the US racing wheel market, with a market share of over 60% (source: NPD Group Inc, 2017).

  - The brand launched two new high-end racing wheels: the T-GT racing wheel, under license from Gran Turismo®, and the TS-XW Racer Sparco P310 Competition Mod racing wheel for Xbox® One and Xbox® One X were launched in around 40 countries, coinciding with the release of Forza MotorSport® 7.
  - Joysticks: the brand launched T.Flight Hotas One, the first Xbox® One joystick for use with benchmark space simulation game Elite Dangerous.

- The Group entered into strong new partnerships, extending its partnership with Ferrari to encompass gaming headsets and entering into a partnership with famous mechanical sports equipment maker Sparco.
- The Group stepped up its presence at leading global exhibitions, notably with Sony at all GT Sport® launch events worldwide to promote the new T-GT racing wheel, the game's official racing wheel.
- The company further embedded its products in Asia (Hong Kong, China, South Korea and Japan) and Australia, positioning Thrustmaster as a major player in the racing wheel and joystick markets in those countries.
- Thrustmaster sales grew very strongly in North America, with the brand gaining traction at major retailers (Best Buy, GameStop, Walmart, etc.).

Hercules:

- Hercules continued with its innovation plan to incorporate the latest design thinking and Big Data techniques into future WAE and DJ Hercules products.

- The Group released the new version 3.6 of the DJ DJUCED™ 40° software, including integrated access to high-resolution streaming service Qobuz, which offers over 40 million titles.

Net income from ordinary activities came in at €2,829k, compared with a €2,846k loss in the period to December 31, 2016.

Net financial income totaled €1,486k, compared with €1,579k in the prior year. This figure includes, in particular, €1,196k of write-backs of provisions.

Net non-recurring income totaled €406k. This figure includes €3,000k from the reversal of an impairment loss on the Thrustmaster brand and exceptional expenses including €1,000k in impairment losses on the Hercules brand, €622k in exceptional amortization of development and material costs, and €972k on adding liabilities to the founding shareholders back to balance sheet liabilities.

Net profit totaled €4,146k, compared with a €433k net loss a year earlier.

Net debt totaled €3,825k at December 31, 2017, compared with €3,135k a year earlier.

5.2 Accounting principles

The Guillemot Corporation SA parent company financial statements have been drawn up in accordance with ANC Regulation 2016-07 of November 4, 2016 amending Regulation 2014-03 of June 5, 2014 on the French general chart of accounts. Property, plant and equipment and intangible assets have been tested for impairment in accordance with the guidelines laid down in Articles 214-15 and 214-19 of the French general chart of accounts.

Generally accepted accounting conventions have been applied, in line with the principle of prudence, in accordance with the following basic assumptions:

- going concern basis
- consistency of accounting policies from one accounting period to the next
- use of the accruals concept

The accounting conventions adopted also comply with general rules governing the preparation and presentation of the annual financial statements.

The basic method used to measure items recognized in the financial statements is the historical cost method.

5.3 Accounting principles and policies

5.3.1 Intangible assets

Goodwill
Goodwill includes all intangible items (customers, market share, expertise, etc.) acquired by the company enabling it to carry on its business and continue to expand.

The present value of goodwill is reviewed at each balance sheet date by comparing market value with value in use.

Market value is the amount obtainable through the sale of an asset in an arm's length transaction. Value in use is determined based on expected cash flows.

Goodwill is impaired if the carrying amount is greater than the higher of market value and value in use.

Brands
Brands acquired by the company have an indefinite life.

Brands acquired by the company are tested for impairment at each balance sheet date. At each balance sheet date, if their net carrying amount is greater than the higher of market value and value in use, an impairment loss is recognized.

In the absence of a deep market for the brands in the company's industry sector, market values are not used. As such, the present value of brands increases in line with the present value of future cash flows expected from the asset in question.

Research and development costs
Research costs are expensed as incurred.

Development costs are determined in accordance with the CNC opinion of April 1987, and must also comply with CRC Regulation 2004-06. According to the French general chart of accounts, this means the company must meet all criteria in relation to the following:

- technical feasibility of completing the intangible asset before it can be used or sold
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- availability of adequate technical, financial and other resources to complete the project development and use or sale of the intangible asset
- ability to reliably measure expenses attributable to the intangible asset during its development

Development costs are amortized over the useful life of the asset in question; the amortization period may not in any event exceed five years.

Patents and software
Patents and software are amortized over their actual useful life.

5.3.2 Property, plant and equipment

Property, plant and equipment are recognized at historical cost. Depreciation rates are based on the probable useful life of each asset, as follows:

- Buildings:	10-20 years on a straight-line basis
- Fixtures:	1-20 years on a straight-line basis
- Plant:	1-10 years on a straight-line basis

5.3.3 Non-current financial assets

Securities in the securities portfolio are measured at cost, excluding incidentals. The balance sheet value of each investment is assessed on the basis of the share of the company's net assets and future outlook. Where this value is lower than the recognized value, an impairment loss is recognized for the difference.

The fair value of financial assets is the average price over the last month in the period for listed securities.

Where balance sheet value is lower than purchase cost and there is an objective indicator of impairment, a provision for impairment is set aside.

5.3.4 Inventories and work in progress

Inventories and work in progress are measured based on their cost of supply. The gross amount of such inventories includes their purchase price and any incidentals.

Inventory is measured using the FIFO (first in, first out) method.

An impairment loss is recognized whenever the acquisition value of inventory is greater than its market value.

5.3.5 Advances and progress payments

Advances and progress payments consist of prepayments on orders paid to suppliers. Licenses relate to distribution and reproduction rights acquired from third parties. The signature of license agreements may give rise to the payment of guaranteed amounts.

These amounts are recognized in a prepayments and accruals account and expensed as and when products are sold. Where amounts are not recognized in full, an off balance sheet liability is recognized for the outstanding amount.

At each balance sheet date, the amount yet to be expensed is compared with prospective sales, and an additional expense is recognized if necessary.

5.3.6 Trade receivables

Trade receivables are measured at nominal value. Receivables are impaired whenever their balance sheet value falls below their carrying amount.

5.3.7 Current account advances

Current account advances to subsidiaries are impaired whenever the subsidiary's net position falls below the balance sheet value of the investment.

5.3.8 Translation of payables and receivables

Foreign currency receivables and payables not hedged using futures or options are translated at the closing rate. The resulting translation adjustment is recognized in a specific balance sheet item. A provision for liabilities is set aside if translation results in unrealized losses.

The company applied ANC Regulation 2015-05 (on forward financial instruments and hedging transactions) for the first time at the end of fiscal year 2017. Translation adjustments on trade receivables and payables (whether provisioned or actual) are recognized in net income from ordinary activities. Translation adjustments on financial receivables and payables (whether provisioned or actual) are recognized in net financial income.

5.3.9 Investment securities

Shares purchased by the company on the market are recognized against this item depending on the purpose for which they were purchased.

Shares are measured at the average market price over the last month in the period.

A provision is set aside for any unrealized losses.

Treasury shares held under a share buyback program in accordance with the provisions of Articles L.225-209ff. of the French Commercial Code are recognized under investment securities.

5.3.10 Cash at bank and in hand

Cash at bank and in hand consists of bank account balances. Foreign currency bank accounts are converted at the closing rate, and translation adjustments are included in net financial income.

5.3.11 Provisions

Provisions for translation losses on foreign currency trade receivables and payables are recognized in net income from ordinary activities. Provisions on financial receivables and payables are recognized in net financial income (in accordance with ANC Regulation 2015-05).

A provision is recognized whenever the company has a present obligation (whether legal or implied) resulting from a past event, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount of the obligation can be reliably estimated.

This item also includes provisions for liabilities related to trade disputes as well as provisions for loss of income on unsold products returned.

5.3.12 Borrowings

Borrowings are initially recognized in the balance sheet at fair value. Borrowing costs are expensed as incurred.

5.3.13 Recognition of income

All turnover is measured at the fair value of the consideration received or due, taking into account the amount of any trade discount or volume rebate granted by the company.

Product sales are recognized and considered permanent at the delivery date, which corresponds to the date on which the associated risks and rewards are transferred to the buyer. All products sold by the company are covered by a statutory two-year warranty against defects. In some cases, the warranty obligation is transferred to the customer in exchange for a discounted purchase price. In other cases, the warranty obligation is deducted from turnover based on an analysis undertaken by the company. This analysis takes into account, in particular, the level of sales, the average time taken to return defective products and management judgment.

Furthermore, under its terms and conditions of sale, the company does not agree to returns of unsold goods. In practice, where such agreement is given, the associated cost is deducted from turnover based on actual product returns agreed at the balance sheet date. In cases where management expects additional product returns arising from past sales, the obligation to take back returned products is recognized in provisions for liabilities and charges in the form of a provision for loss of income.

5.3.14 Segment information

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

5.4 Notes to the balance sheet

5.4.1 Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Research and development costs	6,063	1,613	1,267	6,409
Brands and goodwill	11,782	0	0	11,782
Concessions, patents, licenses, brands and software	237	21	0	258
Intangible assets under construction	1,638	1,647	1,966	1,319
TOTAL	**19,720**	**3,281**	**3,233**	**19,768**

Amortization, depreciation and impairm	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Research and development costs	3,906	1,662	1,267	4,301
Brands and goodwill	8,051	1,000	3,000	6,051
Concessions, patents, licenses, brands and software	236	5	0	241
TOTAL	**12,193**	**2,667**	**4,267**	**10,593**

Net amounts	Dec 31, 2016	Dec 31, 2017
Research and development costs	2,157	2,108
Brands and goodwill	3,731	5,731
Concessions, patents, licenses, brands and software	1	17
Intangible assets under construction	1,638	1,319
TOTAL	**7,527**	**9,175**

Development costs:

Development costs consist of all work undertaken by the research and development teams to provide the technical components needed for production. These may include employee expenses, external costs such as design, mock-up and prototype costs, samples and workshop testing costs.

Project eligibility is reviewed quarterly by the finance and technical departments, in agreement with senior management. Project development costs are recognized in assets if they meet all six eligibility criteria laid down in CRC Regulation 2004-06. The corresponding expenses are debited to “Intangible assets under construction” and credited to “Self-constructed assets”.

Assets are transferred from assets under construction to development costs when released into production. A total of €1,613k was transferred to the “Development costs” account in 2017.

The following Guillemot Corporation subsidiaries generate development costs: Hercules Thrustmaster SAS, Guillemot Recherche & Développement Inc, Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs potentially relate to all product lines under the Hercules and Thrustmaster brands. Development costs capitalized over the period totaled €1,647k.

Development costs no longer meeting the six capitalization criteria were removed from assets. Net scrappage costs and the net cost of projects written off totaled €653k in the year.

Development costs are amortized over the useful life of the asset in question, which ranges from one to five years.

Brands:

Brands include the Thrustmaster and Hercules acquired brands.

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

Following impairment testing of the Hercules cash-generating unit, a €1 million impairment loss was recognized against the Hercules brand at December 31, 2017, recognized in exceptional expenses.

The following assumptions are used to carry out impairment tests on the Hercules cash-generating unit:

- ratio of operating cash flow to turnover: negative for the next two years, then 5% for the following three years
- five-year projections (turnover unchanged in 2018 before rising 50% in 2019 and 25% each of the following three years)
- long-term growth rate: 2%
- discount rate: 12%

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

The Hercules business has seen turnover decline sharply over the past few years following the successive withdrawal of its ranges of WiFi and CPL products, webcams and, more recently, multimedia speakers.

The business is in the process of being refocused around audio products, but this requires substantial investment in R&D and marketing, thus affecting short-term profitability. As regards the assumptions used in last year's impairment test (consolidated data), the lack of short-term profitability, due to the level of turnover, affected the asset's recoverable amount, resulting in the recognition of a €1 million impairment loss.

The Thrustmaster brand is allocated to the Thrustmaster cash-generating unit.

Following impairment testing of the Thrustmaster cash-generating unit, a €3 million impairment loss against the Thrustmaster brand was written back at December 31, 2017, recognized in exceptional income.

The following assumptions are used in calculating discounted future cash flows for the Thrustmaster cash-generating unit:

- ratio of operating cash flow to turnover: 5%
- projections applied to a five-year business plan with turnover stable in 2018 and 2019, declining by 10% over the following two years and subsequently stable, taking into account cyclicality linked to gaming console releases
- discount rate: 12%

The Thrustmaster brand now has a net balance sheet value of €5,300k, compared with a purchase cost of €9,410k.

5.4.2 Property, plant and equipment

Property, plant and equipment is broken down as follows:

Gross amounts	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Land	219	0	0	219
Buildings and fixtures	3,103	0	0	3,103
Plant and machinery	4,386	746	1,513	3,619
Property, plant and equipment under constru	480	480	834	126
TOTAL	**8,188**	**1,226**	**2,347**	**7,067**

Depreciation	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Land	0	0	0	0
Buildings and fixtures	2,522	141	0	2,663
Plant and machinery	3,523	626	1,513	2,636
TOTAL	**6,045**	**767**	**1,513**	**5,299**

Net amounts	Dec 31, 2016	Dec 31, 2017
Land	219	219
Buildings and fixtures	581	440
Plant and machinery	863	983
Property, plant and equipment under constru	480	126
TOTAL	**2,143**	**1,768**

Property, plant and equipment under construction consists of production equipment in progress. The reduction in these assets corresponds to a €746k transfer to the "Equipment" item. Purchases of equipment consist of molds used in production.
The company scrapped equipment with a net value of €88k.

5.4.3 Non-current financial assets

Gross non-current financial assets are broken down as follows:

	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Equity investments	42,623	128	0	42,751
Other non-current financial assets	823	0	36	787
Deposits and guarantees	4	0	0	4
TOTAL	**43,450**	**128**	**36**	**43,542**

Equity investments:
The increase in equity investments concerns the Guillemot Electronic Technology (Shanghai) Co. Ltd. subsidiary.

Equity investments are investments in subsidiaries of Guillemot Corporation.

Equity investments	Dec 31, 2016	Additions	Reversals	Dec 31, 2017
Investments in subsidiaries				
Gross amount	42,623	128	0	42,751
Impairment	37,389	18	460	36,947
Net	**5,234**	**110**	**460**	**5,804**

A €36,947 impairment loss has been recognized against equity investments in the company's subsidiaries, broken down as follows:

Investments fully impaired:

- Guillemot GmbH (Germany) €15k
- Guillemot Ltd (United Kingdom) €12,211k

Other investments (impaired for their net amount at Dec 31, 2017):

- Guillemot SA (Belgium) €173k
- Guillemot Srl (Italy) €4,865k
- Guillemot Inc (Canada) €19,647k
- Guillemot Innovation Labs SAS (France) €36k

Schedule of subsidiaries

	Currency	Headquarters	Financial information (€k)					Carrying amount of investment (€k)		Loans and advances granted (€k)	Guarantees given	Dividends received by Guillemot Corporation SA	Observations: impairment applied to loans and advances
			Capital	Shareholders' equity other than capital (including earnings)	% ownership	Turnover excl. tax in last fiscal year	Profit in last fiscal year	Gross	Net				
Hercules Thrustmaster SAS (France)	EUR	Carentoir	279	390	99.42%	4,884	294	288	288	-	-	-	-
Guillemot Administration et Logistique SARL (France)	EUR	Carentoir	222	517	99.96%	3,099	152	222	222	-	-	-	-
Guillemot Ltd (United Kingdom)	GBP	Surrey	9,638	-9,654	99.99%	157	13	12,211	0	68	-	-	16
Guillemot SA (Belgium)	EUR	Wemmel	175	68	99.93%	0	-10	416	243	-	-	-	-
Guillemot GmbH (Germany)	EUR	Obermichelbach	511	-1,161	99.75%	596	26	15	0	843	-	-	650
Guillemot Corporation (H-K) Limited (Hong Kong)	HKD	Hong Kong	1	462	99.50%	1,662	75	23	23	-	-	-	-
Guillemot Recherche & Développement Inc (Canada)	CAD	Montreal	1,104	508	99.99%	1,099	64	1,257	1,257	-	-	-	-
Guillemot Inc (United States)	USD	Sausalito	83	94	99.99%	0	-2	8	8	-	-	-	-
Guillemot Inc (Canada)	CAD	Montreal	32,010	-27,490	74.89%	24,266	799	23,032	3,385	-	-	-	-
Guillemot SRL (Italy)	EUR	Milan	10	48	100.00%	303	9	4,923	58	-	-	-	-
Guillemot Romania Srl (Romania)	RON	Bucharest	16	225	100.00%	728	40	20	20	-	-	-	-
Guillemot Spain SL (Spain)	EUR	Madrid	3	116	100.00%	350	24	3	3	-	-	-	-
Guillemot Electronic Technology (Shanghai) Co. Ltd	RMB	Shanghai	192	29	100.00%	686	63	198	198	21	-	-	-
Guillemot Innovation Labs (France)	EUR	Carentoir	135	-36	100.00%	0	-8	135	99	-	-	-	-

Other non-current financial assets:

Other non-current financial assets	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Treasury shares		**Additions**	**Reversals**	
Number of shares	132,619	0	0	132,619
Gross amount	477	0	0	477
Impairment	300	0	300	0
Net	**177**	**0**	**300**	**477**

At December 31, 2017, Guillemot Corporation shares were measured at their average December price of €4.77.

The average purchase price of treasury shares is €3.60.

Changes in other non-current financial assets concern the liquidity agreement currently in force and a security deposit relating to the collection and recycling of waste electrical and electronic equipment in Germany. The liquidity account had a cash balance of €82k at December 31, 2017.

The security deposit relating to waste processing totals €228k.

Other non-current financial assets also include 132,619 treasury shares valued at €477k.

5.4.4 Inventories

Inventories are broken down as follows:

Inventories	Gross Dec 31, 2016	Change in inventories (outcome)	Gross Dec 31, 2017
Packaging materials in inventory	23	-1	22
Finished products	8,488	-979	7,509
Raw materials and work in progress	1,455	-43	1,412
TOTAL	**9,966**	**-1,023**	**8,943**

Impairment	Dec 31, 2016	Increases	Decreases	Dec 31, 2017
Packaging materials in inventory	0	0	0	0
Finished products	771	1,118	436	1,453
Raw materials and work in progress	248	203	39	412
TOTAL	**1,019**	**1,321**	**475**	**1,865**

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the value of inventory is greater than its probable realizable value.

The reduction in inventories in the year was linked to buoyant sales towards the end of the year and the company's desire to manage its inventory at December 31, 2017.

Of the €1,321k increase in impairment losses, 57% related to products in the Thrustmaster range.

5.4.5 Advances and progress payments

Advances and progress payments consist of prepayments on orders paid to suppliers. Prepayments totaled €244k at the year-end.

5.4.6 Trade receivables

Trade receivables are broken down as follows:

	Gross Dec 31, 2017	Impairment Dec 31, 2017	Net Dec 31, 2017	Net Dec 31, 2016
Trade receivables	18,986	142	18,844	16,167
TOTAL	**18,986**	**142**	**18,844**	**16,167**

The majority of trade receivables were covered by a credit insurance policy at December 31, 2017.

Trade receivables totaled €18,844k at December 31, 2017 compared with €16,167k a year earlier as a result of growth in business over the latter part of the year.

5.4.7 Receivables and payables

Receivables and payables are broken down as follows:

RECEIVABLES MATURITY SCHEDULE	**At Dec 31, 2017 Gross amount**	**< 1 yr**	**> 1 yr**
Operating receivables			
Receivables from suppliers	144	144	0
Trade receivables	18,986	18,986	0
Government (VAT credits, sundry)	503	503	0
Group and affiliates	911	0	911
Prepaid expenses	134	134	0
TOTAL	**20,678**	**19,767**	**911**

Current account advances totaling €911k are broken down into €843k for Guillemot GmbH (Germany) and €68k for Guillemot Ltd (United Kingdom).

Government receivables mainly consist of VAT receivable. The “Receivables from suppliers” item includes €79k in credit notes receivable, including €49k in intra-group credit notes.

PAYABLES MATURITY SCHEDULE	**At Dec 31, 2017 Gross amount**	**< 1 yr**	**1-5 yrs**
Borrowings from credit institutions	10,537	4,833	5,704
Bond issue	0	0	0
Medium-term bank loans	56	56	0
Bank overdrafts and foreign currency advances	13	13	0
Trade payables	15,706	15,706	0
Taxes and social security payable	865	865	0
Other payables	4,833	4,833	0
Payables to fixed asset suppliers	993	993	0
Group and affiliates	1,998	972	1,026
TOTAL	**35,001**	**28,271**	**6,730**
Borrowings taken out during the period	9,500		
Reduction in borrowings via conversion of bonds	0		
Reduction in borrowings via repayment	3,157		
Payables owed to individuals	0		

At the year-end, Guillemot Corporation SA had fixed rate borrowings from financial institutions totaling €9,520k and floating rate borrowings from financial institutions totaling €1,017k.

At December 31, 2017, the Group had one borrowing of €375k covered by an acceleration clause. The covenant to be met is as follows: adjusted debt/shareholders' equity <= 1. The company met this covenant at December 31, 2017.

Over the period, the company repaid €3,157k in bank borrowings and took out new borrowings totaling €9,500k.

At December 31, 2017, the company had no bank borrowings in currencies other than euro.

Medium-term bank loans totaling €56k correspond to security deposits in connection with leases.

In 2002, the founding shareholders waived current account advances totaling €6,500k. These waivers were accompanied by clawback provisions under which the associated amounts would be repaid if and when the parent company made a profit. Of this amount of €6,500k, €5,528 has already been repaid. Guillemot Corporation SA reinstated €972 of current account advances on the balance sheet in respect of fiscal year 2017. All advances waived were reinstated on the balance sheet at December 31, 2017.

Current account advances granted by Guillemot Recherche & Développement Inc (Canada) and Guillemot Innovation Labs SAS (France) total €931k and €95k respectively.

	Dec 31, 2017	Dec 31, 2016
Borrowings		
Bond issue	0	0
Borrowings and debts with credit institutions	10,550	10,173
Borrowings and financial liabilities	56	56
Current account advances	1,998	1,101
	12,604	**11,330**
Cash at bank and in hand		
Net investment securities	7,192	7,017
Cash at bank and in hand	9,237	1,178
	16,429	**8,195**
Net debt	**-3,825**	**3,135**

The company has total net debt of €3,825k.

5.4.8 Investment securities

This item includes 117,842 treasury shares with a total value of €425k. The company also owns 443,874 Ubisoft Entertainment SA shares, representing a 0.40% stake, with a purchase cost of €6,767k.

	Gross	Impairment	Net	Net
	Dec 31, 2017	Dec 31, 2017	Dec 31, 2017	Dec 31, 2016
Investment securities	6,767	0	6,767	6,767
Treasury shares	425	0	425	199
TOTAL	**7,192**	**0**	**7,192**	**6,966**

The balance sheet value of treasury shares and Ubisoft Entertainment SA shares totaled €562k and €28,674k at the year-end respectively.

5.4.9 Cash at bank and in hand

	Dec 31, 2017	Dec 31, 2016
Cash at bank and in hand	9,237	1,178
Bank loans and overdrafts	-13	-5,988
Net bank balance	**9,224**	**-4,810**

5.4.10 Accrued and deferred items

Assets:

	Dec 31, 2017	Dec 31, 2016
Prepaid expenses	134	136
Deferred expenses	0	0
Bond redemption premiums	0	0
Translation losses	136	346
TOTAL	**270**	**482**

Translation losses are mainly the result of calculating the present value of foreign currency payables at the closing exchange rate. A provision for unrealized losses has been set aside.

Liabilities:

	Dec 31, 2017	Dec 31, 2016
Prepaid income	458	722
Translation gains	199	226
TOTAL	**657**	**948**

Prepaid income consists of products not shipped at December 31, 2017.

Translation gains are mainly the result of calculating the present value of foreign currency receivables.

5.4.11 Accrued income

	Dec 31, 2017	Dec 31, 2016
Suppliers – credit notes receivable	65	115
Customers – unbilled revenue	2	390
TOTAL	**67**	**505**

5.4.12 Accrued expenses

	Dec 31, 2017	Dec 31, 2016
Interest on borrow ings and financial liabilit	24	4
Suppliers – accrued invoices	8,611	8,734
Customers – accrued credit notes	1,824	1,379
Taxes and social security payable	223	16
Accrued expenses	2296	1290
TOTAL	**12,978**	**11,423**

5.4.13 Information on related companies

Equity investments	€42,751k
Gross current assets	
Trade receivables	€5,818k
Advances and progress payments	€21k
Current account advances	€911k
Suppliers – credit notes receivable	€49k
Gross payables	
Trade payables	€3,855k
Current account advances	€1,026k
Financial income	€56k
Financial expenses	€16k

5.4.14 Provisions and impairment losses

Provisions	At Dec 31, 2017	Increases	Decreases Used	Decreases Not used	At Dec 31, 2017
For foreign exchange risk	346	136	346	0	136
For product returns	419	500	419	0	500
Total	**765**	**636**	**765**	**0**	**636**

Provisions for exchange rate risk are the result of calculating foreign currency receivables and payables at the year-end exchange rate. The increase in the provision for product returns was the result of higher sales and updated estimates of the number of products returned.

Accumulated impairment	At Dec 31, 2016	Increases	Decreases	At Dec 31, 2017
Non-current financial assets	37,389	18	460	36,947
Other non-current financial assets	300	0	300	0
Inventories	1,019	1,321	475	1,865
Trade receivables	245	59	162	142
Intangible assets	8,051	1,000	3,000	6,051
Other impairment losses	756	0	91	665
Total	**47,760**	**2,398**	**4,488**	**45,670**

Impairment of inventories relates to products in both the Hercules and Thrustmaster ranges. The company has set aside impairment losses against its subsidiaries for the amount of their net positions and the prospect of recovering those assets (€36,947k in equity investments and €665k in current account advances).

Impairment losses on non-group trade receivables total €142k and relate to doubtful receivables. The €1,000k impairment loss relates to the Hercules brand, while the €3,000k write-back of an impairment loss relates to the Thrustmaster brand.

5.4.15 Share capital

At Dec 31, 2016	15,004,736	0.77	11,553,646.72
Exercise of stock options	0	0.77	0.00
At Dec 31, 2017	**15,004,736**	0.77	**11,553,646.72**

The share capital consists of 15,004,736 shares with a par value of €0.77 each.
Treasury shares account for 1.67% of the total share capital.

Maximum number of shares to be created:

Via exercise of options:	211,140

Stock option plans in force:

Date of Board meeting	**Feb 18, 2008**	**Feb 18, 2008**
Number of shares	383,000	217,000
Par value	0.77 €	0.77 €
Subscription price	1.91 €	1.91 €
Exercise date	from Feb 18, 2012 to Feb 18, 2018	from Feb 18, 2010 to Feb 18, 2018
Number of shares subscribed	246500	142,360
- o/w during fiscal year 2017	246500	136000
Stock options cancelled or lapsed	0	0
Stock options outstanding	136,500	74,640

To date, a total of 428,060 options have been exercised. A total of 382,500 shares were subscribed in the year.

The corresponding increase in the share capital took place on January 24, 2018.

The exercise of these options increased the company's cash position by €568k in 2017.

Statement of changes in equity

(€k)	Balance before appropriation of income for fiscal year to Dec 31, 2016	Appropriation of income for fiscal year to Dec 31, 2016	After appropriation of income for fiscal year to Dec 31, 2016	Increase in share capital	Net income for fiscal year to Dec 31, 2017	Balance at Dec 31, 2017
Share capital	11,554	0	11,554	0		11,554
Issue and conversion premiums	10,436	0	10,436	0		10,436
Merger premiums	119	0	119	0		119
Legal reserve	275	0	275	0		275
Other reserves	1,062	0	1,062	0		1,062
Retained earnings	-2,158	-433	-2,591	0		-2,591
Earnings	-433	433	0	0	4,146	4,146
TOTAL	**20,855**	**0**	**20,855**	**0**	**4,146**	**25,001**

5.4.16 Advances and loans granted to senior executives

No loans or advances were granted to senior executives of the company, in accordance with Article L.225-43 of the French Commercial Code.

5.5 Notes to the income statement

5.5.1 Breakdown of turnover

The Hercules business segment includes the following product ranges: DJing and digital music, and wireless speakers for smartphones and tablets.

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

By geographical region (€k)	Dec 31, 2017	Dec 31, 2016
European Union	9,320	36,833
North America	35,077	11,178
Other	29,594	7,856
TOTAL	**73,991**	**55,867**

By segment (€k)	Dec 31, 2017	Dec 31, 2016
Thrustmaster	69,506	45,100
Hercules	4,485	10,767
TOTAL	**73,991**	**55,867**

5.5.2 Production taken into inventory

Production taken into inventory is broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Production taken into inventory	-979	-6,417
Total	**-979**	**-6,417**

5.5.3 Self-constructed assets

Self-constructed assets are broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Self-constructed assets	1,647	1,477
Total	**1,647**	**1,477**

Costs linked to projects meeting the specified capitalization criteria are capitalized. Transfers from expenditure to “Intangible assets under construction” with effect from the date on which the capitalization criteria are met gave rise to operating income from ordinary activities totaling €1,647k in the fiscal year.

5.5.4 Other operating income from ordinary activities

	Dec 31, 2017	Dec 31, 2016
Write-backs of impairment and provisions	1,355	751
Transfers of expenses	345	367
Other income	1,832	251
Total	**3,532**	**1,369**

Reversals of impairment losses and provisions mainly consist of €475k in inventories, the write-back of a €372k provision on product returns and the write-back of a €346k provision for unrealized foreign exchange losses on trade receivables and payables.

Transfers of expenses totaling €345k consist of expenses rebilled to third parties, subsidiaries (€253k) and insurance benefits received.

Other income mainly consists of revenue from property (€224k) under leases and foreign exchange gains on trade receivables and payables (€1,457k).

5.5.5 Purchases consumed

	Dec 31, 2017	Dec 31, 2016
Purchases of goods for resale	0	0
Purchases of raw materials	41,240	26,982
Changes in inventory	45	94
Total	**41,285**	**27,076**

5.5.6 Other expenses from ordinary activities

Other expenses from ordinary activities are broken down as follows:

	Dec 31, 2017	Dec 31, 2016
Other purchases and external expenses	21,211	20,798
Other expenses	7,446	4,013
Total	**28,657**	**24,811**

Other external expenses mainly consist of the following:

- transportation services totaling €1,324k
- subsidiaries' subcontracting services totaling €10,678k
- marketing and advertising expenses totaling €3,725k
- development costs not meeting capitalization criteria, permanently recognized in expenses for a total of €2,313k in respect of 2017

Other expenses from ordinary activities mainly consist of licensing fees totaling €6,134k, compared with €3,939k in the year to December 31, 2016. Operating licenses are expensed as and when the licensed products are sold. The increase in the "Licenses" item is due to growth in the Thrustmaster business and new and renewed licensing agreements. The main amounts related to current partnerships linked to the Microsoft® Xbox One® and Sony® PlayStation® 4 consoles. Foreign exchange losses on trade receivables and payables total €1,096k.

The company recognized total directors' fees of €90k paid to members of the Board of Directors.

5.5.7 Employee expenses

	Dec 31, 2017	Dec 31, 2016
Payroll expenses	309	220
Social security contributions	106	86
Total	**415**	**306**

At December 31, 2017, the workforce consisted solely of the executive directors, whose total gross compensation in respect of their executive duties came to €220k.

The company recognized annual variable compensation of €88k in respect of fiscal year 2017.

5.5.8 Additions to amortization, depreciation, impairment and provisions

	Dec 31, 2017	Dec 31, 2016
Amortization of intangible assets	1,514	1,276
Depreciation of property, plant and equipment	739	635
Impairment losses on current assets	1,380	600
Provisions for liabilities and charges	637	372
Total	**4,270**	**2,883**

Amortization of intangible assets mainly relates to development costs capitalized from the date of production of the asset in question, totaling €1,509k.

Depreciation of property, plant and equipment mainly consists of €141k in depreciation of buildings and €595k in depreciation of molds used in production.

Impairment of inventories totaling €1,321k relates to products in both the Hercules and Thrustmaster ranges.

Additions to impairment losses on trade receivables totaled €59k.

Impairment losses for liabilities and charges consist of €500k in relation to product returns and €136k in relation to unrealized foreign exchange losses.

5.5.9 Net financial income

	Dec 31, 2017	Dec 31, 2016
Income from equity interests	0	0
Total other financial income	**0**	**0**
Reversals of provisions and transfers of expenses	850	2,235
Additions to amort'n, deprec'n & prov'ns on financial items	18	398
Total additions to and reversals from prov'ns	**832**	**1,837**
Translation gains	451	1,248
Translation losses	364	1,645
Total translation adjustments	**87**	**-397**
Net income from disposals of investment securities	152	384
Net expenses on disposals of investment securities	13	15
Income from disposals of investment securities	**139**	**369**
Other interest and related income	64	63
Interest and related expenses	206	293
Total interest income and expenses	**-142**	**-230**
TOTAL	**916**	**1,579**

Financial risks are as follows:

- Liquidity risk: At December 31, 2017, the company's borrowing and bank financing facilities were not fully utilized; net debt stood at €3,825k.

At December 31, 2017, based on the average price in December, the fair value of the company's portfolio of available-for-sale securities stood at €29,236k.

At December 31, 2017, the company had one borrowing of €375k covered by an acceleration clause. The company met this covenant at that date.

- Market risk: Fluctuations in the market price of shareholdings affects the company's earnings. Over 2017, a 10% decrease in the price of the company's shares (relative to their price at December 31, 2017) would have had a €30k negative impact on net financial income.

At March 14, 2018, the closing price of Ubisoft Entertainment shares was €70.34, up 8.89% relative to December 31, 2017.

- Interest rate risk: Based on the company's outstanding unhedged floating rate financial liabilities at December 31, 2017, a 1% annual increase in interest rates would increase financial expenses by €10k.

- Foreign exchange risk: A breakdown of the company's foreign currency assets and liabilities at December 31, 2017 is as follows (unhedged amounts only – i.e. those exposed to interest rate risk):

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

(€k)	USD	GBP	CAD
Assets	11,442	1,572	0
Liabilities	10,472	23	1,916
Net position before hedging	970	1,549	-1,916
Off balance sheet position	0	0	0
Net position after hedging	970	1,549	-1,916

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2017, a 10% annual increase in US dollar exchange rates would increase operating income from ordinary activities by €186k and financial expenses by €267k.

Based on foreign currency amounts exposed to exchange rate fluctuations at December 31, 2017, a 10% annual increase in the value of sterling would increase financial expenses by €175k.

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

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

The main currency for purchases of hardware and accessories is the US dollar.

In the United States, Canada and all other countries outside Europe, the trading currency is also the US dollar. In Europe, the company mainly sells its products in euros. Rapid currency fluctuations, and in particular declines in the value of the US dollar, may result in lower selling prices for the company's products, thus impacting the value of inventories.

Conversely, given the seasonal nature of the company's business, if the US dollar were to rise sharply during the second half of the year, the 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, in order to limit the company's foreign exchange risk, Guillemot Corporation SA hedges against currency fluctuations by buying spot currency and currency futures and options.

No such contracts were in force at December 31, 2017.

Furthermore, the increase in the company's export sales over the past few years has boosted its natural hedging and significantly reduced its foreign exchange risk.

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

Write-backs and impairment of financial assets

Due to financial difficulties experienced by the subsidiaries of Guillemot Corporation SA, the company has recognized impairment losses against some of its subsidiaries in the course of previous fiscal years. Impairment losses have been recognized or written back against the net position of equity investments or current account advances at December 31, 2017.

With respect to equity investments, the company has recognized the following:

- a €10k addition to impairment losses in respect of its investment in Guillemot S.A. (Belgium);
- an €8k addition to impairment losses in respect of its investment in Guillemot Labs SAS (France);
- a €414k write-back of impairment in respect of its investment in Guillemot Inc (Canada);
- a €37k write-back of impairment in respect of its investment in Guillemot Electronic Technology (Shanghai) Co Ltd (China);
- a €9k write-back of impairment in respect of its investment in Guillemot SRL (Italy).

With respect to current account advances, the company has recognized the following:

- a €14k impairment loss on current account advances granted to Guillemot Ltd (United Kingdom);
- a €26k impairment loss on current account advances granted to Guillemot GmbH (Germany).

Net income and expenses on disposals of investment securities

Guillemot Corporation SA posted a €139k gain on the disposal of treasury shares under the liquidity agreement in force.

Interest income and expenses

Interest income mainly consists of interest on current account advances granted to subsidiaries.

Financial income also includes €26k in respect of a current account advance to subsidiary Guillemot GmbH (Germany) with a clawback provision, which was reinstated in the balance sheet after being waived by the parent company in 2004.

Interest expenses on borrowings and bank loans totaled €168k.

Interest expenses on current accounts totaled €16k.

5.5.10 Net non-recurring income

Net non-recurring income includes extraordinary items and items that are unusual by virtue of their amount or their impact on day-to-day business.

	Dec 31, 2017	Dec 31, 2016
Non-recurring income from management activities	0	0
Non-recurring income from capital transactions	0	0
Reversals of provisions and transfers of expenses	3,047	1,000
Total non-recurring income	**3,047**	**1,000**
Non-recurring expenses on management activities	0	0
Non-recurring expenses on capital transactions	1,019	0
Exceptional additions to amort'n, deprec'n & prov'ns	1,622	166
Total non-recurring expenses	**2,641**	**166**
TOTAL	**406**	**834**

Development costs no longer meeting the six capitalization criteria have been removed from assets and the corresponding equipment scrapped. Consequently, the company recognized an exceptional depreciation charge of €622k at December 31, 2017.

The €1,000k impairment loss relates to the Hercules brand.

The €3,000k write-back of impairment relates to the Thrustmaster brand.

5.5.11 Corporate income tax

Profit to Dec 31, 2017		Ordinary	Exceptional
Tax basis		4,046	406
Tax loss carry-forwards		-2,477	-249
Tax due	33 1/3	523	52
Tax credits		0	0

Increases and decreases in future taxes payable consist of expenses that are temporarily non deductible (to be deducted the following year):

- Currency fluctuations: €336k

Schedule of tax loss carry-forwards

Period	Tax loss carry-forwards
2002	27,547
2003	7,690
2004	7,006
2005	9,171
2006	1,229
2009	565
2011	2,410
2012	357
2013	1,425
2014	1,272
2016	1,892
TOTAL	**60,564**

5.5.12 Average workforce

	Total	Management	Non-management
Dec 31, 2017	5	5	0

At December 31, 2017, the workforce consisted solely of the executive directors.

5.5.13 Financial commitments

Letters of intent:
Letter of support in favor of Guillemot GmbH (Germany) and Guillemot Ltd (United Kingdom) as owner, confirming the group's confidence in both companies' continued operation.

Discounted bills not yet due: none.

Documentary credits outstanding:
€486k.

Lump sum retirement allowances:
Since the workforce consists solely of the executive directors, no lump sum retirement allowances are due.

Guaranteed amounts in respect of licenses:
€1,435k.

Commitments given:
Guillemot Corporation SA benefited from waivers of current account advances totaling €6,500k granted by the company's founders in 2002.

These waivers are accompanied by a clawback provision. The amount added back to balance sheet liabilities in prior years totals €5,528k.

Having made a profit in 2017, and taking into account the repayment terms, the company added back a total of €972k to balance sheet liabilities. At December 31, 2017, all shareholder current account advances waived with clawback provisions had been added back to liabilities.

Commitments received:
Guillemot Corporation SA waived €6,000k in current account advances granted to its subsidiary Guillemot GmbH (Germany).

This waiver is accompanied by a clawback provision whereby repayments by the subsidiary may not exceed 50% of its annual net profit once it has returned to profit. Since Guillemot GmbH (Germany) made a profit in 2017, and taking into account the repayment terms, Guillemot Corporation SA added back a total of €26k to balance sheet assets. The remaining €5,648k will be gradually repaid in future years at the rate of 50% of annual net profit.

Commitments received in respect of operating activities: bank guarantees totaling €350k.

5.5.14 Executive compensation

The executive directors (Claude, Michel, Yves, Gérard and Christian Guillemot) are compensated for their duties as Chairman and Chief Executive Officer or Deputy Chief Executive Officer.

They do not have employment contracts with the company. The company paid total gross compensation of €220k to the executive directors in the year.

Gross annual compensation recognized at December 31, 2017 totaled €88k. Variable compensation equates to 40% of fixed compensation and will be paid once approved by the shareholders at the shareholders' general meeting in May 2018.

The company paid directors' fees of €88k to the members of the Board of Directors in the year. This amount includes €33k paid to independent directors.

No specific pension scheme has been put in place for the corporate officers. The company has not entered into any commitment with regard to compensation, allowances or benefits that are or may be due by reason of or subsequent to the assumption or cessation of duties. No compensation was paid under a profit-sharing or bonus plan. No stock options were allotted.

5.5.15 Parent company

GUILLEMOT CORPORATION SA
Place du Granier, BP 97143, 35571 CHANTEPIE Cedex, France

5.6 Subsequent events

None.

5.7 Pro forma information about the first-time adoption of the regulation on financial instruments

The company applied ANC Regulation 2015-05 (on forward financial instruments and hedging transactions) for the first time at the end of fiscal year 2017. This regulation applies to fiscal years beginning on or after January 1, 2017. This amendment constitutes a change of accounting policy.

Pro forma reclassification applied to 2016 results:

The main reclassifications applied to the pro forma 2016 results related to foreign currency translation adjustments on commercial transactions in foreign currency (receivables and payables) and to the provision for unrealized foreign currency translation losses on trade receivables and payables. Until December 31, 2017, Guillemot Corporation recognized foreign currency translation adjustments and provisions for unrealized foreign currency translation losses on trade receivables and payables in net financial income. With effect from January 1, 2017, foreign currency translation adjustments and provisions for unrealized foreign currency translation losses on trade receivables and payables are recognized in net income from ordinary activities. To ensure that financial statements can easily be compared, 2016 foreign currency translation adjustments and 2016 provisions for unrealized foreign currency translation losses have been reclassified under net income from ordinary activities, in accordance with the following pro forma information:

(€k)	2017 balance	2016 balance	
	New rules	New rules	Old rules
Income statement			
Reversals of operating provisions	346	184	0
Other income (translation gains on trade receivables and payables)	1,457	850	0
Additions to operating provisions	136	346	0
Other expenses (translation losses on trade receivables and payables)	1,096	1000	0
Impact on net operating income	**571**	**-312**	**0**
Reversals of financial provisions	0	0	184
Financial foreign exchange gains	451	398	1248
Additions to financial provisions	0	0	346
Financial foreign exchange losses	364	645	1645
Impact on net financial income	**87**	**-247**	**-559**

5.8 Proposed appropriation of income

		(€)	(€)
Sources			
Prior retained earnings			
Net income for fiscal year ended Dec 31, 2017			4,146,044.29
O/w net income from ordinary activities after tax:	*4,315,300.98*		
Deduction from reserves			
Appropriations			
Appropriations to reserves:			
- Statutory reserve		77,755.48	
- Special reserve for long-term capital gains			
- Other reserves		1,477,354.12	
Dividends			
Other appropriations:			
- Charged to issue premiums			
- Charged to contribution premiums			
- Charged to conversion premiums			
Retained earnings		2,590,934.69	
TOTAL		**4,146,044.29**	**4,146,044.29**

6 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

GUILLEMOT CORPORATION
Place du Granier
BP 97143
35571 Chantepie Cedex

To the shareholders of Guillemot Corporation

Opinion

Pursuant to the engagement entrusted to us at your shareholders' general meeting, we have audited Guillemot Corporation's parent company financial statements for the fiscal year ended December 31, 2017, as appended to this report.

We certify that, in light of French generally accepted accounting principles, the parent company financial statements are in order and in good faith, and provide a true and fair view of performance over the past year as well as the financial position and assets of the company at the year-end.

The opinion set out above is consistent with the content of our report to the audit committee.

Basis for our opinion

Audit standards

We have carried out our audit in accordance with professional standards applicable in France. We consider that the evidence we have collected forms an adequate and appropriate basis for our opinion.

The responsibilities that fall to us by virtue of these standards are indicated in the section of this report titled "Statutory auditors' responsibilities as regards auditing the parent company financial statements".

Independence

We have conducted our audit in compliance with the independence rules applicable to us over the period from January 1, 2017 to the date on which we issued our report. In particular, we have not provided any services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics for statutory auditors.

Observations

Without calling into question the opinion expressed above, we would like to draw your attention to the change of accounting policy set out in Note 5.7 of the notes to the parent company financial statements, which details the impact of first-time adoption, at January 1, 2017, of ANC Regulation 2015-05 on financial instruments and hedging.

Basis for our conclusions and key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the basis for our conclusions, we wish to draw your attention to key points of the audit relating to the risks of material misstatement which, in our opinion, were greatest for the audit of the parent company financial statements for the year, as well as our response to those risks.

Our assessment of these points forms an integral part of our audit of the parent company financial statements taken as a whole, and thus forms part of the basis for our opinion expressed above. We have no opinion to express on any part of these parent company financial statements taken on its own.

<table>
<tr><th colspan="2">(1) Valuation of brands</th></tr>
<tr><td>

<u>Risk identified</u>

Brands acquired by Guillemot Corporation are considered as having an indefinite life; as such, they are not amortized.

At December 31, 2017, brands with an indefinite life were recognized in the balance sheet at a net carrying amount of €5.7 million, or 9% of total assets (gross amount: €10.8 million).

An impairment loss is recognized whenever the present value of these brands, determined through an annual impairment test and/or a one-off test if there is an indicator of impairment, falls below their net carrying amount.

Present value is an estimated value and represents the higher of market value and value in use.

In the absence of a deep market for the brands in the company's industry sector, the market value method is not used. That being the case, value in use is determined on the basis of discounted future cash flow calculations and entails a significant degree of management judgment, notably with regard to items such as turnover growth rates, ratio of operating cash flow to turnover, and long-term discount and growth rates.

This year, the company recognized a €3 million write-back of impairment against the Thrustmaster brand and a €1 million impairment loss against the Hercules brand.

Given the complexity of the models used and their sensitivity to changes in the data and assumptions on which estimates are based, including in particular forecast cash flows and the discount rate used, we considered the valuation of the brands' present value as a key point of our audit.

</td><td>

<u>Audit procedures implemented in response to this risk</u>

In particular, we:
- familiarized ourselves with the processes by which the brands are valued;
- assessed the principles and methods used to determine the brands' value in use;
- corroborated, notably by interviewing members of management, the reasonableness of key data and the assumptions on which estimates are based (such as rate of growth in turnover, ratio of operating cash flow to turnover, discount rates and long-term growth rate);
- familiarized ourselves with the business outlook for each of the brands through interviews with members of management, and compared accounting estimates of projected cash flows from prior periods with corresponding actual figures to assess their reliability;
- tested the mathematical accuracy of the valuations adopted by the company.

We also assessed the appropriateness of the information provided in Notes 5.3.1 and 5.4.1 to the parent company financial statements, "Intangible assets".

</td></tr>
</table>

(2) Valuation of development costs	
<u>Risk identified</u> Development costs are recognized in intangible assets whenever the criteria laid down in CRC Regulation 2004-06 are met. At December 31, 2017, capitalized costs came to a net amount of €3.3 million, or 5% of total assets. Project eligibility is reviewed quarterly by the company's finance and technical departments, in agreement with senior management. In the context of our audit, we pay particularly close attention to these development costs, since their capitalization is based on judgment and estimates, notably as regards the following two criteria: - technical feasibility of completing the intangible asset before it can be used or sold how the intangible asset will generate probable future economic benefits Given the increasing role played by judgment in determining which development costs should be capitalized, we considered the valuation of the net amount of development costs to be a key point of our audit.	**<u>Audit procedures implemented in response to this risk</u>** In particular, we: - Familiarized ourselves with the processes by which development costs are valued. - Checked the existence and accuracy of the amounts recognized in respect of development costs. In particular, we reconciled the amounts capitalized with internal time-tracking data as well as carrying out sample-based testing of capitalized external expenses. - Met with the finance department and consulted documentation provided by the technical department to determine the reasonableness of key data and assumptions relied on in determining whether development costs should be capitalized (such as the likelihood of future economic benefits and a project's technical feasibility). - Corroborated the various pieces of information obtained through these interviews against current sales generated by capitalized projects. - Identified any indicator of impairment on these projects that would require an impairment test to be carried out. We also assessed the appropriateness of the information provided in Note 5.4.1 to the parent company financial statements, "Intangible assets".

(3) Valuation of inventory of components and finished products	
<u>Risk identified</u> The company's inventories consist of electronic components and sub-assemblies as well as finished products. At December 31, 2017, inventories were recognized in the balance sheet at a net carrying amount of €7.1 million, or 12% of total assets. An impairment loss is recognized whenever the acquisition value of inventory is greater than its market value. Impairment tests are carried out at each accounting cut-off and market value is calculated on the basis of observed and expected product sales, profit ratios and market prices.	**<u>Audit procedures implemented in response to this risk</u>** We: - familiarized ourselves with the processes in place to identify slow-moving items, those at risk of obsolescence and those whose selling prices were lower than their acquisition cost; - for items at risk of impairment, checked that they were correctly valued, notably by undertaking sample-based comparisons of the cost of products held in inventory with their last known net selling price, and met with the finance department to undertake a sample-based assessment of the reasonableness of projected inventory clearance times; - took into account work undertaken as part of the review of development costs so as to identify, as the case may be, indicators of impairment on certain products held in inventory.
As part of our audit, we paid particular attention to how this market value was determined, since it is based not only on observable data such as products' market prices but also on assumptions such as the sales outlook for each product range and	We also assessed the appropriateness of the information provided in the following notes to the parent company financial statements: Note 5.3.4, "Inventories and work in progress", Note 5.4.4, "Inventories", Note 5.4.14, "Provisions and

management judgment as to expected market trends. Given the assumptions underpinning estimates, we considered measurement of the market value of products held in inventory to be a key point of our audit.	impairment losses" and Note 5.5.8, "Additions to amortization, depreciation and impairment".

Verification of the management report and other documents addressed to the shareholders

In accordance with professional standards applicable in France, we have also carried out specific checks required by law.

Information provided in the management report and other documents addressed to shareholders on the company's financial position and the parent company financial statements

We have no comments as to the accuracy of the parent company financial statements or their consistency with the information given in the management report by the Board of Directors and other documents addressed to the shareholders concerning the company's financial position and the parent company financial statements.

Information on corporate governance

We confirm that the corporate governance section of the management report by the Board of Directors includes the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

As regards the information provided pursuant to the provisions of Article L.225-37-3 of the French Commercial Code on compensation and benefits paid to executive directors and commitments given to the latter, we have checked that these are consistent with the financial statements or with data used to prepare the financial statements and, as the case may be, with information gathered by the company from companies controlling it or that it controls. Based on this work, we confirm that this information is accurate and true.

As regards information that the company considers might have an impact in the event of a takeover bid or public exchange offer, provided in accordance with Article L.225-37-5 of the French Commercial Code, we have checked the consistency of this information with the documents from which it is taken and that were provided to us. Based on this work, we have no comments on this information.

Other information

In accordance with the law, we have satisfied ourselves that the various pieces of information concerning the identity of the holders of equity or voting rights have been provided to you in the management report.

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Guillemot Corporation at the shareholders' general meetings of May 26, 2004 (PricewaterhouseCoopers Audit) and May 23, 2007 (MB Audit).

At December 31, 2017, PricewaterhouseCoopers Audit was serving for its fourteenth consecutive year and MB Audit for its eleventh.

Responsibility of management and persons charged with corporate governance as regards the parent company financial statements

It falls to management to draw up parent company financial statements that provide a true and fair view in accordance with French generally accepted accounting principles, as well as to put in place such internal control arrangements as it deems necessary to be able to prepare parent company financial statements free of material misstatement, whether as a result of fraud or error.

In preparing the parent company financial statements, it falls to management to assess the company's ability to continue to operate, to show in its financial statements any required information pertaining to continuity of operations, and to apply the going concern accounting principle, unless it is planned to wind up the company or cease operations.

It falls to the audit committee to monitor the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, as regards procedures for preparing and processing accounting and financial information.

The parent company financial statements have been signed off by the Board of Directors.

Statutory auditors' responsibilities as regards audit of the parent company financial statements

Audit objective and approach

It falls to us to draw up a report on the parent company financial statements. Our objective is to obtain reasonable assurance that the parent company financial statements taken as a whole are free of material misstatement. Reasonable assurance means a high level of assurance, though there is no guarantee that an audit carried out in keeping with standards of professional practice will always detect every material misstatement. Misstatements may be the result of fraud or error; they are considered material whenever it might reasonably be expected that, taken individually or together, they might influence decisions made by the users of the financial statements on the basis of the latter.

As stipulated in Article L.823-10-1 of the French Commercial Code, our duty to certify the financial statements does not consist of guaranteeing either the company's viability or the quality of its management.

In the case of an audit conducted in accordance with standards of professional practice applicable in France, the statutory auditors must exercise their judgment throughout the audit. Furthermore:

- They must identify and assess the risk that the parent company financial statements include material misstatements, whether as a result of fraud or error, draw up and implement audit procedures in response to that risk, and gather information they consider a sufficient and appropriate basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than that of failing to detect a material misstatement resulting from error, since fraud can entail collusion, falsification, deliberate omission, misrepresentation, or the bypassing of internal control.

- They must familiarize themselves with those internal control arrangements that are relevant to the audit so as to be able to define suitable audit procedures (and not so as to express an opinion on the effectiveness of internal control).

- They must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as information concerning such policies and estimates provided in the parent company financial statements.

- They must assess the appropriateness of management's use of the going concern accounting principle and, based on the information gathered, determine whether there is significant uncertainty linked to events or circumstances that could call into question the company's ability to continue operations. This assessment is based on information gathered up to the date of the auditor's report; it is important to remember, however, that subsequent circumstances or events could endanger continuity of operation. If the auditors conclude that there is significant uncertainty, they must draw the attention of readers of their report to the information provided in the parent company financial statements about that uncertainty or, if that information is not provided or is not relevant, issue a qualified certification or else refuse to qualify the financial statements.

- They must assess the overall presentation of the parent company financial statements and determine whether they reflect the underlying transactions and events in such a way as to provide a true and fair view.

Report to the audit committee

We submit a report to the audit committee setting out, in particular, the extent of our audit and the program of work carried out, as well as our audit findings. We also advise the audit committee of any significant weaknesses we may have identified in internal control pertaining to the procedures for preparing and processing accounting and financial information.

Our report to the audit committee includes information about the risk of material misstatements, which we consider most significant for the audit of the parent company financial statements for the year and which, as such, constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration laid down in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of rules applicable in France as laid down, in particular, in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors. Where applicable, we discuss our independence and the measures put in place to safeguard it with the audit committee (or other term used by the company to designate the specialized committee referred to in Article L.823-19 of the French Commercial Code).

Rennes, April 23, 2018

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

➢ INFORMATION ON MARKETS AND TRENDS

1 INFORMATION ON MARKETS

1.1 Global video games market

Video games now represent a key market that appeals to an increasingly broad audience. 2017 saw the launch of new consoles by Nintendo and Microsoft and the release of various titles eagerly awaiting by the gaming community.

The global video games market was worth €60 billion at end 2017 – a figure that is likely to grow to around €24 billion by end 2021 (source: annual survey of video games in France, fourth edition, 2017).

France is one of the world's largest markets (www.itrnews.com, December 7, 2017). With historical sales of consoles, video games and other gaming equipment totaling €4.3 billion, sales in the French video games sector grew by a record 18% in 2017, according to the annual report produced by SELL, the union of gaming software vendors.

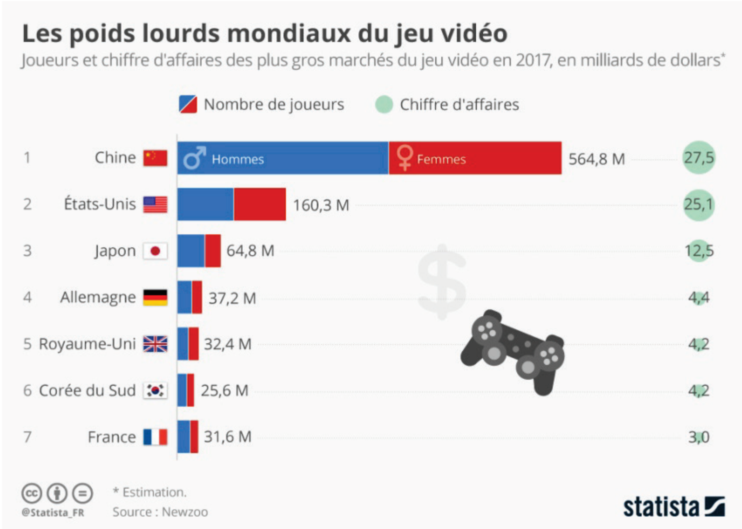
The market was buoyed by sales of new consoles, and in particular the Nintendo Switch, sales of which totaled 910,000 in France in the year (source: www.frenchweb.fr, February 26, 2018).

Source: SELL, October 2017

According to research firm Newzoo, China is set to remain the biggest market for video games, with an expected value of $28.9 billion in 2019 (source: www.lemondeinformatique, April 22, 2016).

China has been the number one global market since 2016, with 600 million gamers and total sales of $24.6 billion (source: www.latribune.fr, June 2, 2017).

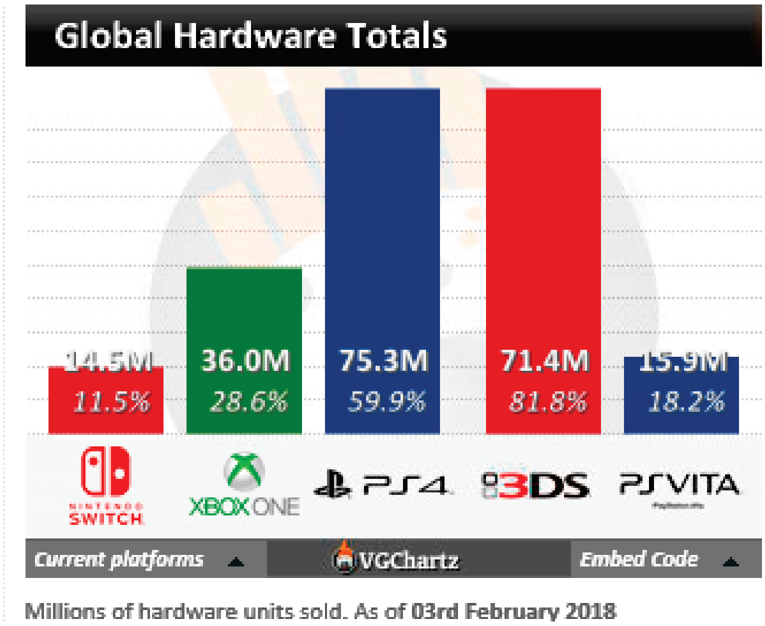
The video games industry is set to grow to $129 billion by 2020, according to research by UK investment fund Atomico. The research also notes impressive growth in mobile devices, which are "democratizing" video games.



The highest-value market segment is cloud-based mobile gaming, which generated turnover of €22.5 billion in 2017 (source: The annual survey of video games in France, fourth edition, 2017). The market for PC games continued to grow, albeit at a slower pace, hit by competition from smartphones that can also run social and casual games.

Meanwhile, the console market generally runs on a six-to-seven-year cycle. We can expect a new cycle to begin in 2020 with the launch of the ninth generation of home consoles.

Installed based of new consoles worldwide



Source: VGChartz, February 3, 2018

The installed base of consoles is growing steadily: with 213.1 million consoles in February 2018, including 75.3 million PlayStation®4 and 36 million Xbox® One consoles, the console market is doing very well (source: www.vgchartz.com, February 3, 2018).

The video gaming console market consists of two segments: home consoles and portable consoles. There are currently three eighth-generation home consoles on the market: the PlayStation®4 from Sony Computer Entertainment, the Xbox® One from Microsoft and the Wii U from Nintendo. The PlayStation®4 is by far the dominant console in the market.

According to IDATE, almost 70 million PlayStation®4 consoles have been sold.

In March 2017, Nintendo launched its new Switch console, which serves as both a home and a portable console (it connects to the TV via a dock).

The Nintendo Switch is the first console that can connect to a TV as well as being able to follow gamers anywhere. A total of 14.86 million units have been sold since the console was launched in March 2017 – over a million more than the Wii (source: www.pocketgamer.fr, February 1, 2018).

Sales of the console have benefited from a very solid launch line-up and its hybrid positioning between a portable and a home console.

1.2 The streaming audio, audio headsets and multimedia speakers market

Usability, reliability and innovation are key drivers to meet consumers' increasingly demanding requirements in this segment.

1.2.1 The streaming audio market: huge growth potential

The music industry is powered by streaming. Streaming services like Spotify and Deezer are boosting growth in the sector.

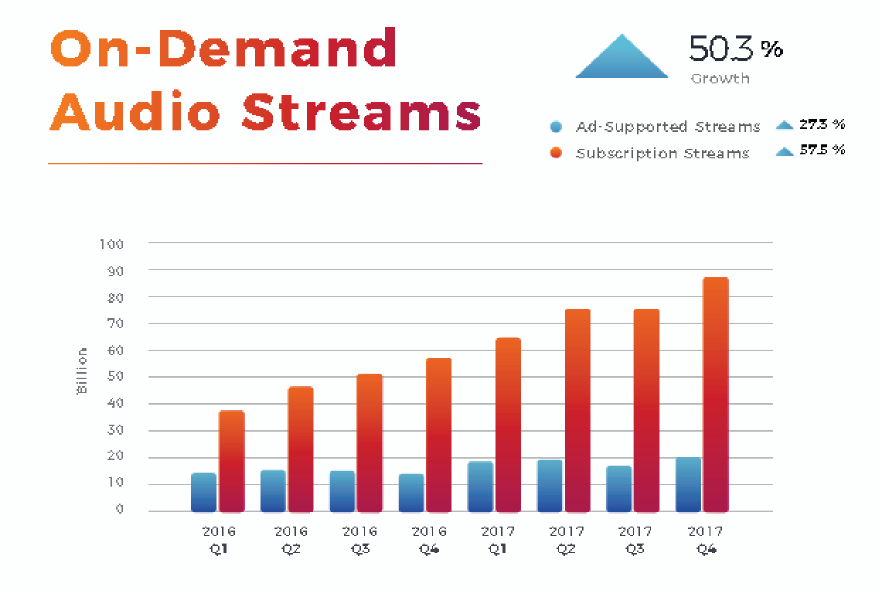
Streaming platforms have 30 million subscribers in the United States, with total revenue up 48% in the year to date (source: www.inaglobal.fr, September 21, 2017).

2017 was a particularly notable year for the music industry, and more specifically for streaming services, which fueled strong growth in the sector (source: www.inaglobal.fr, December 20, 2017). Spotify achieved a significant milestone with the announcement that its worldwide user base had grown to 70 million users (source: www.commentcamarche.net/news, January 5, 2018). December 2017 marked a turning point in the history of the global music industry.

Two music streaming services – Spotify in Europe and Tencent Music Entertainment Group in China – reached agreement to acquire minority stakes in each other. The agreement should pave the way for Spotify to expand its footprint in the vast Chinese market, which counts 700 million mobile users. For Tencent Music, subsidiary of the eponymous Chinese giant, it provides an opportunity to open up to the international market (source: www.zdnet.fr, December 11, 2017).

According to Bloomberg, YouTube is set to offer a music streaming service in spring 2018 to compete with Deezer, Spotify and Apple Music (source: www.zdnet.fr, December 8, 2017).

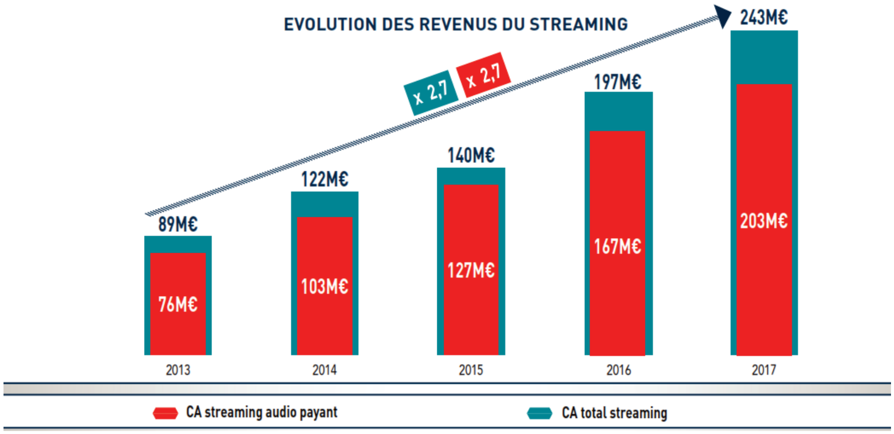
The US streaming market grew by 50.3% in 2017 (source: www.buzzanglemusic.com).



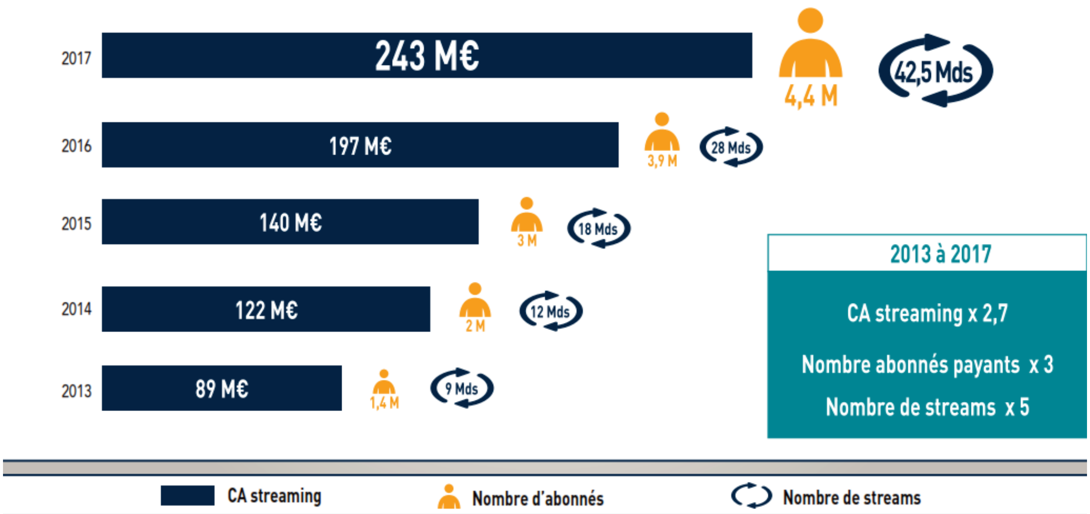
Source : Medium report

There is no longer any need to invest in high-end speakers to enjoy high-quality sound. In this age of digital technology and streaming platforms, music lovers are increasingly drawn to wireless speakers. These small yet powerful speakers can be connected to a smartphone, tablet or computer and now offer high-quality sound. They can be mobile (if they come with an integrated battery), or even “smart” if, like the Google and Amazon models, they have an embedded voice assistant.

The market for recorded music (CDs, vinyl and digital) in France expanded for the second year running, growing by 3.9% in 2017 (source: Ouest France, February 15, 2018).
More than ever before, the real driver of this growth is streaming, which accounts for 41.6% of market revenue (€243 million) and continues to grow: revenue increased 23% in 2017 (after 37% in 2016) (source: SNEP, February 15, 2018).



This growth is driven by popular support for streaming services: 42.5 million titles were listened to via audio streaming services in 2017 – five times more than in 2013 (source: SNEP, 2017 report).



Source: SNEP, 2017 report.

1.2.2 The audio headset and gaming headset market

By using a wireless headset, gamers can immerse themselves in a sonic universe while remaining mobile; it is an accessory that can be used daily.

- DJing headsets are designed with the specific needs of DJs in mind, offering accurate audio rendition (with improved frequency separation) and, above all, hinges allowing the user to listen to a single earpiece while mixing. Derived from hi-fi and audiophile headsets, mobile headsets meet the functional requirements of users of digital music players and smartphones.
- The US console gaming headset market grew 1% by volume and 4% by value (source: NPD Group Inc., 2017 – excerpt, March 2018).

1.2.3 Digital DJing market

Since this market is split between music stores and electronics stores, few reliable, up-to-date indicators are available to quantify its size or growth.

- In the Americas, the market for controllers is growing as clubs replace their DJ CD players with DJ controllers. Hercules DJ is set to benefit from a trend whereby millennials are increasingly partying at home:
  - The DJ Hercules range of controllers is well suited to home DJing, with compact, all-in-one mobile controllers that include audio management.
  - Partying at home brings millennials closer to DJs and gives DJs who are starting out an opportunity to find their voice and, possibly, their vocation.
- The EMEA region is also set to grow. The European countries generating the highest revenue in the segment are France, the United Kingdom and Germany.
- The APAC (Asia-Pacific) market: Hercules has gained an initial foothold in China through its Shanghai subsidiary.

The DJing market can be divided into two streams:

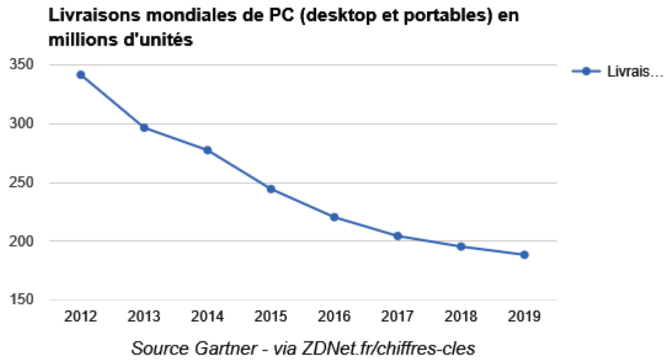
- high-budget products intended for public events and clubs, distributed through music stores and specialist online music retailers
- consumers wanting to try their hand at DJing and hold their own private parties

1.3 PC and tablet market

The global market for PCs (all categories, excluding tablets, including detachable tablets and servers) has been in decline for several years. Sales are being boosted by the laptop computer segment. While particularly buoyant in Africa and the Middle East (up 11%) and Central and Eastern Europe (up 5.2%), sales are stabilizing in Western Europe (up 0.4%) (source: www.silicon.fr, July 24, 2017). Meanwhile, sales of desktop PCs continue their slow decline (down 8.3%) (source: www.silicon.fr, July 24, 2017).

Growth in sales of detachable and portable tablets will not be enough to make up for declining sales of traditional PCs. The traditional PC market outperformed expectations for most of 2017, in spite of a shortage of key laptop components and pricing pressure (source: www.silicon.fr, November 29, 2017). The decline in the PC market is set to continue until 2021.

Research firm Gartner sees a stabilization in the PC industry in certain key regions such as EMEA, Japan and Latin America. According to Gartner, PC sales in the whole of 2017 totaled 262.5 million units, 2.8% fewer than in 2016. The firm points out that PC sales have been in decline for 13 consecutive quarters and six years running (source: www.lemagit.fr, January 15, 2018). The overall decline in PC sales in the last quarter is mainly attributable to the United States, where sales declined particularly sharply, wiping out the growth seen in the Asia-Pacific, Japan and Latin Americas regions. Sales also declined in the Europe, Middle East and Africa region, though less so than across the Atlantic (source: www.lemagit.fr, January 15, 2018).



(Source: www.zdnet.fr, October 12, 2016)

Market intelligence firm IDC notes a sharp fall in PC shipments in the United Kingdom, seeing this as one the key drivers of the decline observed across the EMEA region. For IDC, what was merely an assumption a year ago is now a fact: Brexit has had a non-negligible impact on the PC market (source: http://www.itespresso.fr, July 24, 2017).

1.4 Smartphone market

Mobility and independence are the key drivers of modern society.

A total of 383 million smartphones were sold in the third quarter of 2017, up 3% year on year (source: www.itrmobiles, November 30, 2017).

In spite of the sluggish Chinese market, smartphone sales were up 3% in the final quarter of 2017, with growth coming in at 15% in the Asia-Pacific region and 11.2% in North America.

In Western Europe, 36 million smartphones were sold (over 3 million units more than the previous year), while 47.5 million were sold in North America (source: www.itrmobiles, November 30, 2017).

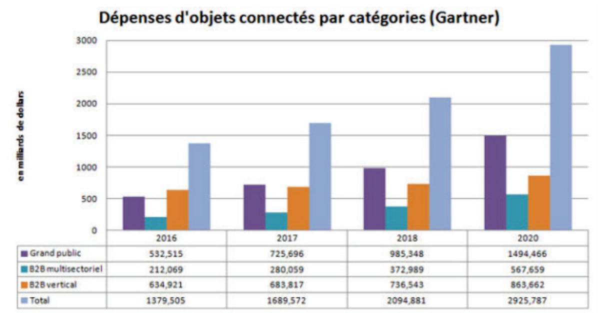
The global hierarchy in the smartphone market remained unchanged in 2017, with Samsung, Apple and Huawei continuing to lead the way. Market intelligence firm IDC thinks the growth trend should continue over the next few years, estimating average annual growth of 3% between 2017 and 2021 (source: www.zdnet.fr, November 30, 2017).

Another now confirmed trend is the increasing proportion of new phablets, with growth in the category outpacing the market as a whole. Total phablet sales could reach one billion in 2021 (source: www.zdnet.fr, November 30, 2017).

IDC's analysts predict that smartphone sales will increase in 2018 due to improving economic conditions in a number of emerging countries over the next year and a half (source: https://24hgekk.fr, June 3, 2017).

One Gartner survey predicts that 2018 will be the first year of genuine growth in devices (PCs, smartphones and tablets) since 2015, after sales cooled in 2016 and 2017.

1.5 Connected objects market



The Internet of Things (known as the IoT) is revolutionizing both our business and our personal lives. According to research by US firm Gartner, growth in the volume of B2C connected objects should come in at 25% between 2017 and 2018 and 45% between 2018 and 2020, to reach 12 billion units (source: https://blog.soprasteria.com, May 9, 2017).

According to Ericsson, the number of connected objects will exceed the number of mobile phones for the first time in 2018. The number of IoT connected devices is expected to grow by 23% a year between 2015 and 2021, climbing to almost 16 billion units out of a total of 28 billion connected products including PCs, laptops, tablets, mobile phones and fixed-line phones (source: www.lembarque.com, June 2, 2016).

As one might reasonably expect, the market for connected objects is expanding fastest in China, North America and Western Europe (source: www.zdnet.fr, February 8, 2017).

1.6 PC and console accessories market

The gaming market is constantly evolving. After stagnating in 2015, the global hardware market picked up in 2016. PC gaming mainly fuels sales of peripherals and is the real driver both of the market and of research and development. Driven by the eSports phenomenon and the quest for enhanced performance, gamers are increasingly kitting themselves out with high-end gaming hardware.

At the end of February 2017, Sony announced that it had sold 915,000 units of its dedicated PlayStation®4 virtual reality headset, launched on October 13, 2016 (source: www.usinenouvelle.com, March 1, 2017).

Whether on a console or a PC, the gaming experience is heavily dependent on the chosen controller.

In the United States in 2017:

- The total market for console and PC racing wheels grew 43% by volume to $30,080,098 (source: The NPD Group Inc., 2017 – March 2018 extract – excludes wheel shells compatible with Nintendo Switch).

- The console gamepad market grew 9% by value and 8% by volume (source: The NPD Group Inc., 2017 – March 2018 extract).

1.7 The eSports market

According to research conducted by SuperData for PayPal, the European eSports market will generate revenue of $345 million in 2018 (source: www.afjv.com, June 6, 2017).

France is Europe's third-largest eSports market in revenue terms, after Sweden and Russia, generating $23 million in 2017 (source: www.afjv.com, June 6, 2017). Historically, East Asia has been the world region where eSports has been most highly developed, since it has the highest number of users. The eSports industry is fast expanding in Europe, where its popularity is explained, in particular, by widespread access to the internet and social networks. SuperData's analysis shows that the European eSports market could be worth over $345 million in 2018 (source: www.afjv.com, June 6, 2017). However, three countries stand out from their European neighbors: Sweden, with estimated revenue of over $49 million; Russia, with revenue of over $40 million; and France, with an estimated 2018 market worth over $24 million.

Unknown only a few years ago, eSports has gained broad consumer appeal and is now a fast-growing industry whose popularity continues to increase.

According to SuperData's research, the biggest current users of eSports are millennials (source: www.afjv.com, June 6, 2017).

The eSports world took an important step forward at the beginning of 2018: for the first time, electronic sports made an appearance in the Olympic Village at the PyeongChang Winter Olympics. Intel offered athletes interactive gaming experiences throughout the Olympic Village, with games including Ubisoft's Steep Road to the Olympics, an official licensed product of the PyeongChang 2018 Winter Olympics.

1.8 The virtual and augmented reality market

Virtual reality is a promising technology that is currently still little used by consumers. For the time being, the market, which is small but has plenty of potential, is mainly focused on gamers. Although virtual reality is only in its infancy, research by CCS Insights, which carries out expert consulting and analytics in mobile and internet communications, predicts that virtual and augmented reality technologies could generate $4 billion by 2018 (source: https://www.realite-virtuelle.com/chiffres-avenir-realite-virtuelle-2407, July 27, 2015).

Virtual reality is revolutionizing video gaming. The virtual and augmented reality market is set to enjoy strong growth over the next three years, and could be worth $108 billion (€90 billion) in 2021, compared with $3.9 billion in 2016, according to Swiss firm Digi-Capital in a report published in 2017, split between $25 billion from virtual reality and $83 billion from augmented reality (source: www.zonebourse.com, January 12, 2018). Virtual reality headsets allow users to move through a fully formed universe. Meanwhile, augmented reality, buoyed by its use in smartphones, superimposes virtual elements on top of our view of the real world.

As a technology, virtual reality is just beginning to be democratized; the main virtual reality headsets came out barely more than a year ago. Enthusiasm for the technology shows no sign of waning. Many think virtual reality is in the same place the internet was in almost 20 years ago. 2018 should mark a turning point for virtual reality. In March 2017, Microsoft announced that it would be launching a virtual reality headset for its Xbox console sometime in 2018 (source: www.erenumerique.fr, March 13, 2017).

Music is playing an increasingly important role in the development of virtual and augmented reality. Virtual reality is opening up new ways for DJs and artists to connect with fans all over the world, make music production and DJing more accessible, and so on.

Video gaming consoles have followed a similar trajectory, with more recent games increasingly focusing on the audio experience. Virtual reality is supported by the audio evolution of gaming. It also transforms live and rebroadcast events into immersive at-home experiences.

One million virtual reality headsets were sold in the third quarter of 2017, a new milestone for the market (source: www.realite-virtuelle.com, December 21, 2017). Investment in the augmented reality sector also continues to increase. Analysts at IDC estimate that a total of 9.6 million virtual reality headsets were sold in

2017 (source: www.realite-virtuelle.com, December 21, 2017). In 2021, the number of headsets sold is set to reach 59.2 million (source: www.realite-virtuelle.com, December 21, 2017).

According to TrendForce, global sales of virtual reality headsets totaled 3.7 million units in 2017 and are set to exceed 5 million units in 2018 (source: www.usinenouvelle.com, January 8, 2018). Sony, Oculus and HTC have established themselves as the winning trio in the market.

2 TRENDS

The Group is aligned with a number of trends:

- An installed base of next-generation consoles that continues to grow strongly, with 213 million consoles in February 2018, including 75.3 million PlayStation®4 and 36 million Xbox® One consoles: the console market is doing very well (source: www.vgchartz.com, February 3, 2018).

Each new console released brings with it a dedicated range of new accessories. The release of a new console drives sales of gaming accessories.

- A still growing market for wireless speakers in the United States and Europe. This buoyant segment allows the Group to develop accessories that meet users' demands. This market remains dynamic thanks to strong growth in streaming.
- A US streaming market that grew by 50.3% in 2017 (source: www.buzzanglemusic.com).

➢ COMBINED SHAREHOLDERS' GENERAL MEETING OF MAY 24, 2018

1 AGENDA

- Within the remit of the Ordinary General Meeting

- Reports by the Board of Directors
- Statutory auditors' reports
- Approval of the parent company financial statements for the fiscal year ended December 31, 2017
- Appropriation of parent company earnings for the fiscal year ended December 31, 2017
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2017
- Approval of agreements covered by Article L.225-38 of the French Commercial Code
- Reappointment of Claude Guillemot as a director
- Reappointment of Michel Guillemot as a director
- Reappointment of Gérard Guillemot as a director
- Reappointment of Christian Guillemot as a director
- Approval of the principles and criteria used to determine, apportion and allot components of compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers
- Approval of components of compensation paid to Claude Guillemot, Chairman and Chief Executive Officer
- Approval of components of compensation paid to Michel Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid to Yves Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid to Gérard Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid to Christian Guillemot, Deputy Chief Executive Officer
- Authorization to be granted to the Board of Directors to trade in the company's shares
- Completion of legal formalities following the Ordinary General Meeting

- Within the remit of the Extraordinary General Meeting

- Report by the Board of Directors
- Statutory auditors' reports
- Authorization to be granted to the Board of Directors to reduce the company's share capital by retiring shares of the company
- Authorization to be granted to the Board of Directors to award stock options to employees and/or executive directors of the company and/or affiliated companies
- Amendment to Article 13 of the company's Articles of Incorporation to introduce age limits for serving as Chief Executive Officer or Deputy Chief Executive Officer
- Completion of legal formalities following the Extraordinary General Meeting

2 DRAFT RESOLUTIONS

- Within the remit of the Ordinary General Meeting

RESOLUTION 1
(Approval of the parent company financial statements for the fiscal year ended December 31, 2017)

Having familiarized themselves with the management report by the Board of Directors and the statutory auditors' report on the parent company financial statements, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the parent company financial statements for the fiscal year ended December 31, 2017, as presented, together with the transactions reflected in those financial statements or summarized in those reports.

RESOLUTION 2
(Appropriation of parent company earnings for the fiscal year ended December 31, 2017)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to apportion profit for the fiscal year ended December 31, 2017 in the amount of €4,146,044.29 as follows:

- Retained earnings: 2,590,934.69
- Statutory reserve: €77,755.48
- Other reserves: €1,477,354.12

The shareholders note that no dividends have been paid in respect of the previous three fiscal years.

RESOLUTION 3
(Approval of the consolidated financial statements for the fiscal year ended December 31, 2017)

Having familiarized themselves with the report by the Board of Directors on management of the group, included in the management report by the Board of Directors, and with the statutory auditors' report on the consolidated financial statements, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the consolidated financial statements for the fiscal year ended December 31, 2017, as presented, together with the transactions reflected in those financial statements or summarized in those reports.

RESOLUTION 4
(Approval of agreements covered by Article L.225-38 of the French Commercial Code)

Having familiarized themselves with the statutory auditors' special report on agreements covered by Article L.225-38 of the French Commercial Code, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the agreements referred to therein and the conclusions of the aforementioned report.

RESOLUTION 5
(Reappointment of Claude Guillemot as a director)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to reappoint Claude Guillemot as a director for six years, expiring at the end of the ordinary general meeting called in 2024 to approve the financial statements for the previous fiscal year.

RESOLUTION 6
(Reappointment of Michel Guillemot as a director)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to reappoint Michel Guillemot as a director for four years, expiring at the end of the ordinary general meeting called in 2022 to approve the financial statements for the previous fiscal year.

RESOLUTION 7
(Reappointment of Gérard Guillemot as a director)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to reappoint Gérard Guillemot as a director for four years, expiring at the end of the ordinary general meeting called in 2022 to approve the financial statements for the previous fiscal year.

RESOLUTION 8
(Reappointment of Christian Guillemot as a director)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to reappoint Christian Guillemot as a director for six years, expiring at the end of the ordinary general meeting called in 2024 to approve the financial statements for the previous fiscal year.

RESOLUTION 9
(Approval of the principles and criteria used to determine, apportion and allot components of compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers)

Having familiarized themselves with section 20.3.2 of the report on corporate governance appended to the management report, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers by virtue of their respective offices, as detailed in the aforementioned section 20.3.2 of the report on corporate governance.

RESOLUTION 10
(Approval of components of compensation paid to Claude Guillemot, Chairman and Chief Executive Officer)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the components of compensation paid or allotted to Claude Guillemot as Chairman and Chief Executive Officer, in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report on corporate governance appended to the management report.

RESOLUTION 11
(Approval of components of compensation paid to Michel Guillemot, Deputy Chief Executive Officer)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the components of compensation paid or allotted to Michel Guillemot as Deputy Chief Executive Officer, in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report on corporate governance appended to the management report.

RESOLUTION 12
(Approval of components of compensation paid to Yves Guillemot, Deputy Chief Executive Officer)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the components of compensation paid or allotted to Yves Guillemot as Deputy Chief Executive Officer, in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report on corporate governance appended to the management report.

RESOLUTION 13
(Approval of components of compensation paid to Gérard Guillemot, Deputy Chief Executive Officer)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the components of compensation paid or allotted to Gérard Guillemot as Deputy Chief Executive Officer, in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report on corporate governance appended to the management report.

RESOLUTION 14
(Approval of components of compensation paid to Christian Guillemot, Deputy Chief Executive Officer)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the components of compensation paid or allotted to Christian Guillemot as Deputy Chief

Executive Officer, in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report on corporate governance appended to the management report.

RESOLUTION 15
(Authorization to be granted to the Board of Directors to trade in the company's shares)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, authorize the Board of Directors, in accordance with the provisions of Articles L.225-209ff. of the French Commercial Code, the European Market Abuse Regulation, the General Regulation of the Autorité des marchés financiers (AMF) and market practices accepted by the AMF, to purchase up to a maximum of 10% of the total number of shares of the company, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting, for the purpose of:

- making a market in or ensuring the liquidity of the company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the code of conduct recognized by the AMF;
- holding and subsequently remitting shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares purchased for such purpose may not exceed 5% of the shares making up the share capital;
- covering securities representing debt instruments that entitle the holder, by way of conversion, exercise, redemption or exchange, to an allotment of shares of the company;
- covering stock option plans and/or any other form of allocation of shares to employees and/or executive directors of the company and/or the group;
- retiring shares thus purchased, subject to the shareholders voting at the Extraordinary General Meeting to approve a specific resolution;
- carrying out any transaction that is authorized or that might become authorized by regulations subsequent to this meeting, notably where such transaction is in line with a market practice that comes to be accepted by the AMF.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating the above 10% limit shall be the number of shares purchased less the number of shares resold during the period of this authorization.

The number of shares the company may directly or indirectly hold may not at any time exceed 10% of the company's share capital, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting.

The maximum purchase price shall be set at €10 per share.

The maximum amount allocated to the share buyback program shall be €10 million.

Shares may be purchased, sold or transferred by any method, in one or more transactions, on the market or over the counter, including through the purchase or sale of blocks of shares. Such transactions shall be undertaken in accordance with applicable laws and regulations at the transaction date. They may take place at any time, including during a public tender offer for the company, subject to closed periods laid down in legal and regulatory provisions.

The shareholders grant all powers to the Board of Directors, with the option to sub-delegate those powers under the conditions laid down in law, to decide to implement the aforementioned share buyback program, enter into agreements, place orders, and allocate or reallocate any shares purchased, in accordance with legal and regulatory provisions and required formalities and declarations and, more generally, to take any required action.
This authorization is granted for a period of 18 months with effect from this meeting. It cancels any unused portion of the authorization granted at the shareholders' general meeting of May 24, 2017.

RESOLUTION 16
(Completion of legal formalities following the Ordinary General Meeting)
The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, grant all powers to the holder of an original, copy or extract of the official record of this meeting to undertake all required legal formalities.

- Within the remit of the Extraordinary General Meeting

RESOLUTION 17
(Authorization to be granted to the Board of Directors to reduce the company's share capital by retiring shares of the company)

Having familiarized themselves with the report by the Board of Directors and the statutory auditors' report, the shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings and in accordance with Article L.225-209 of the French Commercial Code, authorize the Board of Directors, at its sole discretion, to retire some or all of any treasury shares that may be held by the company subsequent to buybacks under the share buyback program authorized by Resolution 15 submitted to the shareholders at this meeting, or previously authorized buybacks, in one or more transactions and at any time, including during a public tender offer for the company, up to a maximum of 10% of the company's share capital per 24-month period, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting.

The shareholders delegate all powers to the Board of Directors to reduce the share capital by retiring shares, determine the details of any such reduction in the share capital, apply any difference between the carrying amount and the par value of shares thus retired to any available reserve or premium accounts, certify the completion of any such reduction in the share capital, make any corresponding amendments to the Articles of Incorporation and undertake all required formalities.

This authorization is granted for a period of 18 months with effect from this meeting. It terminates the authorization granted at the shareholders' general meeting of May 24, 2017.

RESOLUTION 18
(Authorization to be granted to the Board of Directors to award stock options to employees and/or executive directors of the company and/or affiliated companies)

Having familiarized themselves with the report by the Board of Directors and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-177ff. of the French Commercial Code, the shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings:

(1) authorize the Board of Directors, if it sees fit, to grant to the employees and/or executive directors of the company and/or of companies referred to in Article L.225-180 of the French Commercial Code, or to some of them, options entitling the grantees to subscribe for shares of the company to be issued by way of an increase in the company's share capital, up to a maximum total nominal amount of €800,000;
(2) agree that this authorization, which the Board of Directors may use on one or more occasions, shall be granted for a period of 38 months with effect from this meeting;
(3) agree that the subscription price of shares shall be determined by the Board of Directors on the day on which the options are granted, but may not be less than 80% of the average price quoted over the 20 trading days preceding the day on which the options are granted;
(4) agree that the subscription price of shares may not be amended during the option period; however, should the company undertake one of the capital transactions referred to in Article L.225-181 of the French Commercial Code, the Board of Directors shall be required to take any action required to protect the interests of beneficiaries of options under the conditions laid down in legislation and regulations;
(5) agree that the period during which options may be exercised shall not exceed ten years from the date on which they are granted;
(6) agree that the Board of Directors may decide to prohibit the immediate resale of some or all shares, with the proviso that the lock-in period for the shares may not exceed three years from the date on which the option is exercised;
(7) note that this authorization entails the express waiver, in favor of the beneficiaries of options, of shareholders' preferential rights to subscribe for shares to be issued as and when options are exercised;
(8) delegate all powers to the Board of Directors to determine, within legal and regulatory limits, and within the limits laid down above, the conditions under which options are to be granted, and in particular to: determine the dates on which options are to be granted; determine individual beneficiaries or categories of beneficiaries of options, as it deems most appropriate to build motivation and loyalty among those beneficiaries; determine the number of shares to be allotted to each beneficiary; determine the conditions of exercise of options; determine the periods during which options may be exercised; determine the validity period of options; determine, where applicable, the holding period of options; certify increases in the share capital resulting from the exercise of options to subscribe for shares; make corresponding amendments to

the Articles of Incorporation; charge the costs associated with increases in the share capital to the relevant premium accounts and deduct from such premium accounts any amounts required to bring the statutory reserve up to one-tenth of the new share capital after each increase; and, more generally, complete all formalities and take all required action to implement this authorization;

9) agree that the amount of any increases in the share capital that might be decided under this authorization shall be counted against the maximum total nominal amount of €8 million set out in Resolution 8 approved at the shareholders' general meeting of May 24, 2017.

RESOLUTION 19

(Amendment to Article 13 of the company's Articles of Incorporation to introduce age limits for serving as Chief Executive Officer or Deputy Chief Executive Officer)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings, agree as follows:

- That the following sentence be added to the end of point II, Article 13 of the Articles of Incorporation: "The Chief Executive Officer, whether that role be performed by the Chairman of the Board of Directors or by another individual, may not be over 70 years of age."

- That the following sentence be added to the end of point III, Article 13 of the Articles of Incorporation: "The Deputy Chief Executive Officer may not be over 70 years of age."

The rest of Article 13 shall remain unchanged.

RESOLUTION 20

(Completion of legal formalities following the Extraordinary General Meeting)

The shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings, grant all powers to the holder of an original, copy or extract of the official record of this meeting to undertake all required legal formalities.

3 REPORT BY THE BOARD OF DIRECTORS

Dear Shareholders,

We have convened this combined shareholders' general meeting to submit for your approval the financial statements for the fiscal year ended December 31, 2017, propose the reappointment of four directors, ask you to vote on resolutions intended to grant authorizations to the Board of Directors, and propose amendments to the Articles of Incorporation.

The first four resolutions to be put to the vote concern the financial statements for the fiscal year ended December 31, 2017, and in particular:

- approval of the parent company and consolidated financial statements as at that date;
- appropriation of parent company earnings for the fiscal year, namely a profit of €4,146,044.29, which we propose be appropriated as follows:

  - Retained earnings: €2,590,934.69
  - Statutory reserve: €77,755.48
  - Other reserves: €1,477,354.12

- approval of regulated agreements in force during the fiscal year ended December 31, 2017 authorized in advance by the Board of Directors.

Resolutions 5, 6, 7 and 8 propose that Claude, Michel, Gérard and Christian Guillemot, whose current terms of office expire at the end of this meeting, be reappointed as directors. So that directors are in the future reappointed on a staggered basis, as recommended in the Middlenext corporate governance code, it is proposed that:

- Claude Guillemot and Christian Guillemot each be reappointed as directors for a period of six years, expiring at the end of the shareholders' general meeting to be held in 2024 to approve the financial statements for the previous fiscal year; and

- Michel Guillemot and Gérard Guillemot each be reappointed as directors for a period of four years, expiring at the end of the shareholders' general meeting to be held in 2022 to approve the financial statements for the previous fiscal year.

Resolution 9 asks you to approve the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers by virtue of their respective offices, as detailed in section 20.3.2 of the report by the Board of Directors on corporate governance, which is appended to the management report.

Resolutions 10, 11, 12, 13 and 14 ask you to approve the components of compensation paid or allotted to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers by virtue of their respective offices in respect of the fiscal year ended December 31, 2017, as set out in section 20.3.3 of the report by the Board of Directors on corporate governance, which is appended to the management report.

Resolution 15 asks you to authorize the Board of Directors to continue to trade in the company's shares for the purposes of making a market in or ensuring the liquidity of the company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the code of conduct recognized by the Autorité des marchés financiers (AMF).

The Board of Directors would also like to be able to trade in the company's shares for the purposes of:

- holding and subsequently remitting shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares purchased for this purpose may not exceed 5% of shares making up the share capital;
- covering securities representing debt instruments that entitle the holder, by way of conversion, exercise, redemption or exchange, to an allotment of shares of the company;
- covering stock option plans and/or any other form of allocation of shares to employees and/or executive directors of the company and/or the group;
- retiring shares thus purchased, subject to the shareholders approving a specific resolution at an Extraordinary General Meeting;
- carrying out any transaction that is allowed or that might become authorized by regulations subsequent to this meeting, notably where such transaction is in line with a market practice that comes to be accepted by the AMF.

The Board would be authorized to purchase the company's shares up to a maximum of 10% of the total number of shares making up the share capital at any given time.

The maximum purchase price would be set at €10 per share and the maximum amount allocated to the share buyback program would be set at €10 million.

Shares would be able to be purchased, sold or transferred at any time, in one or more transactions, by any method, on the market or over the counter, including through the purchase or sale of blocks of shares. Such transactions shall be undertaken in accordance with applicable laws and regulations at the transaction date.

This authorization would be granted to the Board of Directors for a period of 18 months with effect from this meeting, with the Board having all powers to decide to implement it.

Resolution 16 asks you to authorize any person bearing an original, copy or extract of the official record of this meeting to undertake all legal formalities subsequent to the adoption or otherwise of the resolutions falling within the remit of the Ordinary General Meeting.

Resolution 17 asks you to authorize the Board of Directors, if the latter deems necessary, to reduce the company's share capital by retiring shares that the company holds or might come to hold as a result of buybacks under the share buyback program proposed in Resolution 15 and/or under previously authorized programs, with the proviso that the Board would not be able to retire more than 10% of the total number of shares making up the share capital per 24-month period.

This authorization would allow the Board to determine the details of any reduction in the share capital through the retirement of shares, certify the completion of any such reduction in the share capital, apply any difference between the carrying amount and the par value of shares thus retired to any available reserve or premium accounts, and make any corresponding amendments to the Articles of Incorporation.

This authorization would be granted to the Board of Directors for a period of 18 months with effect from this meeting.

Resolution 18 asks you to authorize the Board, if it sees fit, to grant stock options to the employees and/or executive directors of the company and/or affiliated companies, or to some of them, so as to give them a greater stake in the company's future and build loyalty.

This authorization, which the Board of Directors would be able to use on one or more occasions, would be granted for a period of 38 months with effect from this meeting. It would entail the express waiver, in favor of the beneficiaries of options, of shareholders' preferential rights to subscribe for shares to be issued as and when options are exercised.

The stock options would entitle the holder to subscribe for new shares to be issued by way of an increase in the company's share capital, up to a maximum total nominal amount of €800,000.

The subscription price would be determined by the Board of Directors on the day when options are granted. It may not be less than 80% of the average price quoted over the 20 trading days preceding the day on which the options are granted.

The period during which options may be exercised may not exceed ten years from the date on which they are granted.

We are therefore asking you to pass a resolution granting the Board all powers to determine, within legal and regulatory limits and the limits set out above, the conditions under which options would be granted and exercised and the periods during which those options may be exercised, to certify increases in the share capital resulting from the exercise of options and to amend the Articles of Incorporation accordingly.

Resolution 19 proposes that Article 13 of the Articles of Incorporation be amended to introduce an age limit of 70 for serving as Chief Executive Officer or Deputy Chief Executive Officer.

Resolution 20 asks you to authorize any person bearing an original, copy or extract of the official record of this meeting to undertake all legal formalities subsequent to the adoption or otherwise of the resolutions falling within the remit of the Extraordinary General Meeting.

We hope the above proposals will meet with your approval.

Rennes, March 16, 2018

The Board of Directors

4 INFORMATION ABOUT DIRECTORS PROPOSED FOR REAPPOINTMENT

Surname	Guillemot
Forename	Claude
Age	61
Positions held within the company	Director and Chairman and Chief Executive Officer
Number of Guillemot Corporation shares held at March 11, 2018	1,836,074
Positions held at other companies within the past five years	**OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France Chairman, Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS Outside France Chairman and director, Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States) Executive Director, Guillemot Electronic Technology (Shanghai) Co. Ltd. (China) Director, Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot SA (Belgium), Guillemot Romania Srl (Romania), Guillemot Srl (Italy), Guillemot Spain SL (Spain) Statutory manager, Guillemot GmbH (Germany) **OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.* Director, AMA S.A. Chief Executive Officer, Guillemot Brothers SAS Outside France Director, Ubisoft Nordic A/S (Denmark), Ubisoft Emirates FZ LLC (United Arab Emirates) Alternate director, Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Ubisoft Fastigheter AB (Sweden) Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom) **EXPIRED OFFICES AND ROLES (PAST FIVE YEARS)** In France Deputy Chief Executive Officer and director, Guillemot Brothers SE, Gameloft SE Outside France Director, Ubisoft Sweden A/B (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain)
Biography	Claude Guillemot joined the family business after completing a master's degree in economics at Université de Rennes I in 1981, followed by a specialist degree in industrial IT at ICAM in Lille. In 1984, he shifted the company's focus toward the distribution of IT products, and in 1985 he specialized the business in the distribution of video games under the "Guillemot International Software" brand. In 1997, he and his four brothers went on to set up the Guillemot Corporation group, which designs and makes interactive leisure hardware and accessories under the Hercules brand for digital peripherals (DJing, digital music and speakers) and the Thrustmaster brand for gaming accessories for PCs and video gaming consoles. In 1986, he and his brothers also founded Ubisoft Entertainment Group, which designs and sells interactive PC and console games, and in 2000 they established Gameloft Group, a leading global vendor of downloadable video games. Claude Guillemot is Chairman and Chief Executive Officer of Guillemot Corporation S.A. as well as a Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A.

Surname	Guillemot
Forename	Michel
Age	59
Positions held within the company	Director and Deputy Chief Executive Officer
Number of Guillemot Corporation shares held at March 11, 2018	1,870,411
Positions held at other companies within the past five years	**OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France None Outside France Director, Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada) **OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France

	Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.* Director, AMA S.A. Chief Executive Officer, Guillemot Brothers SAS Outside France Director, Ariann Finance Inc. (Canada), Playwing Inc. (Canada), Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada) Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom), Artificial Intelligence Research Lab Ltd (United Kingdom) Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom) **EXPIRED OFFICES AND ROLES (PAST FIVE YEARS)** In France Deputy Chief Executive Officer and director, Guillemot Brothers SE Chairman and Chief Executive Officer and director, Gameloft SE Chairman, Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS Statutory manager, Gameloft Rich Games Production France SARL Outside France Chairman, Gameloft Srl (Romania), Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Argentina S.A. (Argentina), Gameloft Software (Shenzhen) Company Ltd (China) Chairman and director, Gameloft Inc (United States), Gameloft Divertissements Inc (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd. (South Korea), Gameloft Ltd (Hong Kong), Gameloft Philippines Inc. (Philippines), Gameloft Pte Limited (Singapore), PT Gameloft Indonesia (Indonesia), Gameloft New Zealand Ltd (New Zealand), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SL (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Bielorussia), Gameloft Uruguay SA (Uruguay) Statutory manager, Gameloft GmbH (Germany), Gameloft Srl (Italy), Gameloft EOOD (Bulgaria), Gameloft S. de R.L. de C.V. (Mexico) Director, Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela)
Biography	A graduate of EDHEC business school and holder of a DECS accounting degree, Michel Guillemot founded mobile video game vendor Gameloft, where he served as Chairman and Chief Executive Officer for 16 years. Gameloft focuses on developing games for mobile devices, smart TVs and social networks. Under his leadership, Gameloft enjoyed a period of strong and rapid growth from 2001 to 2016, becoming a global leader and one of the biggest developers of mobile games. Now based in London, Michel Guillemot co-founded Guillemot Corporation Group (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) with his four brothers and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A. His 30 years' experience in the video games industry, his entrepreneurial spirit and his deep knowledge of the mobile industry make him a recognized expert in the field. He also co-founded the Ubisoft Entertainment Group (which designs and sells interactive PC and console games) in 1986, and serves as Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A. with responsibility for strategic and financial development.

Surname	Guillemot
Forename	Gérard
Age	56
Positions held within the company	Director and Deputy Chief Executive Officer
Number of Guillemot Corporation shares held at March 11, 2018	1,442,361
Positions held at other companies within the past five years	**OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France None Outside France Director, Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada) **OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017**

	In France Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.* Director, AMA S.A. Chief Executive Officer, Guillemot Brothers SAS Outside France Chairman, Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada) Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom) **EXPIRED OFFICES AND ROLES (PAST FIVE YEARS)** In France Deputy Chief Executive Officer and director, Guillemot Brothers SE, Gameloft SE Outside France Chairman, Studios Longtail Québec Inc. (Canada) Director, Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)
Biography	After graduating from the EDHEC business school in Lille, Gérard Guillemot helped establish the North American studios of Ubisoft Entertainment Group, specializing in the design and sale of interactive PC and console games, which he founded along with his four brothers in 1986. Since mid-April 2016, he has managed the Cinema division of Ubisoft (Motion Pictures). He is also Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A. He previously launched Gameloft.com, an online gaming portal whose IPO he subsequently oversaw. Gérard Guillemot is now based in New York and serves as Chairman of US company Longtail Studios Inc., which he formed in 2003 and which designs educational smartphones and tablets apps. Gérard Guillemot also co-founded Guillemot Corporation Group (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A.

Surname	Guillemot
Forename	Christian
Age	52
Positions held within the company	Director and Deputy Chief Executive Officer
Number of Guillemot Corporation shares held at March 11, 2018	1,529,016
Positions held at other companies within the past five years	**OTHER OFFICES AND ROLES HELD WITHIN THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France Statutory manager, Guillemot Administration et Logistique SARL Outside France Director, Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot SA (Belgium) **OFFICES AND ROLES HELD OUTSIDE THE GUILLEMOT CORPORATION GROUP AT DECEMBER 31, 2017** In France Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.* Chairman and Chief Executive Officer and director, AMA S.A. Chairman, AMA Opérations SAS, AMA Research and Development SAS, SAS du Corps de Garde, Guillemot Brothers SAS Outside France Director, Ubisoft Nordic A/S (Denmark) Chairman and Chief Executive Officer and director, AMA Xperteye Inc. (United States), AMA L'œil de l'expert Inc. (Canada) Chairman and Chief Executive Officer and director, Guillemot Brothers SE (United Kingdom) Chairman and director, Playwing Ltd (United Kingdom) Director, AMA Corporation Ltd (United Kingdom) Chairman, Playwing Srl (Romania) Director, Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteye Ltd (United Kingdom), AMA Xperteye Srl (Romania), Playwing Entertainment SL (Spain) Statutory manager, AMA Xpert Eye GmbH (Germany) **EXPIRED OFFICES AND ROLES (PAST FIVE YEARS)** In France Director and Chairman and Chief Executive Officer, Guillemot Brothers SE Deputy Chief Executive Officer and director, Gameloft SE Chairman, Studio AMA Bretagne SAS Joint statutory manager, Studio AMA Bretagne SARL Outside France Director, Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Inc. (United States) Chairman and director, Advanced Mobile Advertisement Inc. (United States) Chairman, AMA Studios SA (Belgium)
Biography	After graduating from the European Business School in London, Christian Guillemot was a driving force behind the IPOs of Ubisoft Entertainment (which designs and sells interactive PC and console games), Guillemot Corporation (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and Gameloft (a leading global vendor of downloadable video games), each of which he co-founded with his four brothers. As well as serving as Deputy Chief Executive Officer and director of the Guillemot Corporation and Ubisoft Entertainment groups, he is Chairman and Chief Executive Officer of Guillemot Brothers S.E., the family holding company, and secretary of Longtail Studios Inc. He also runs AMA S.A., which he co-founded with his brothers in 2004 and which specializes in remote medicine and remote assistance with connected glasses, a market that is currently experiencing strong growth. A passionate innovator, Christian Guillemot is also actively involved in developing French tech, having set up three digital accelerators in Brittany, where he has served as a local elected representative since 2014.

5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS – SHAREHOLDERS' GENERAL MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

To the shareholders

Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

In our capacity as the company's statutory auditors, we hereby present our report on regulated agreements and commitments.

It is not our responsibility to ascertain whether or not such agreements exist, nor to comment on their relevance or substance. We are simply required to report, based on the information provided, the essential terms and conditions of those agreements and commitments that have been disclosed to us or that we have discovered during our audit, as well as their benefit to the company. Under the terms of Article R.225-31 of the French Commercial Code, it is your responsibility to determine whether these agreements and commitments are appropriate and should be approved.

Furthermore, it is our responsibility to communicate to you, where applicable, the information laid down in Article R.225-31 of the French Commercial Code on the performance during the past fiscal year of agreements already approved by the shareholders.

We have undertaken the checks we consider necessary in relation to this audit in light of the professional standards adopted by the French National Company of Statutory Auditors (Compagnie nationale des commissaires aux comptes). These checks consisted of ensuring that the information provided to us is consistent with the original documents from which it was taken.

AGREEMENTS AND COMMITMENTS SUBJECT TO APPROVAL BY THE SHAREHOLDERS

Agreements and commitments authorized during the last fiscal year

Pursuant to Article L.225-40 of the French Commercial Code, we have been notified of the following agreements and commitments authorized in advance by the Board of Directors.

1 - Guarantee given to Guillemot Limited
Directors concerned: Claude, Michel, Gérard and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.
Nature and purpose: on May 2, 2017, the company gave a guarantee to its UK subsidiary Guillemot Limited to allow the latter to be exempted from the requirement to have its financial statements for the fiscal year ended December 31, 2016 audited by a statutory auditor.
Benefit to the company: enables the Guillemot Limited subsidiary to make a substantial saving by reducing its year-end accounting costs.
Terms: guarantees the liabilities of Guillemot Limited at December 31, 2016 (totaling £25,321) until such time as those liabilities are settled in full.

This agreement was authorized by the Board of Directors on April 25, 2017.

2 - Letter of support in favor of Guillemot Limited
Directors concerned: Claude, Michel, Gérard and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.
Nature and purpose: on May 2, 2017, the company issued a letter of support in favor of its UK subsidiary Guillemot Limited to enable the latter to continue to operate in the United Kingdom.
Benefit to the company: enables the Guillemot Limited subsidiary to continue to operate in the United Kingdom. This subsidiary undertakes sales, promotion and marketing activities in the United Kingdom, Europe's leading market for video game accessories.
Terms: confirmation of the intention to provide financial support to Guillemot Limited for a period of 12 months with effect from the date on which the latter's financial statements for the fiscal year ended December 31, 2016 were approved.

This agreement was authorized by the Board of Directors on April 25, 2017.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS

Agreements and commitments approved during prior fiscal years

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements and commitments, already approved by the shareholders in the course of previous fiscal years, remained in force in the past fiscal year.

1 - Amendment to the lease agreement with Guillemot Administration et Logistique Sarl
Director concerned: Christian Guillemot.
Nature and purpose: on December 1, 2002, the company entered into a lease agreement with Guillemot Administration et Logistique Sarl. This agreement was approved by the Board of Directors on November 29, 2002. A first amendment to the aforementioned lease agreement was signed on February 14, 2006 and took effect on March 1, 2006, changing the surface area to 3,636 square meters and the monthly rental to €6,561.40 excluding taxes.

This agreement was approved by the Board of Directors on February 7, 2006. A second amendment to the aforementioned lease agreement was signed on September 14, 2007 and took effect on September 17, 2007, changing the surface area to 5,466 square meters and the monthly rental to €9,343.00 excluding taxes. This agreement was approved by the Board of Directors on August 20, 2007.
Terms: rental payments received in the fiscal year totaled €112,116.00 excluding taxes.

2 - Amendment to the lease agreement with Guillemot Administration et Logistique Sarl
Director concerned: Christian Guillemot.
Nature and purpose: on July 1, 2010, the company entered into a commercial lease agreement with Guillemot Administration et Logistique Sarl for office space of 667 square meters at an annual rental of €55,361 excluding taxes. This agreement was authorized by the Board of Directors on July 1, 2010. An amendment to the aforementioned lease agreement was signed on October 30, 2012 and took effect on November 1, 2012, changing the surface area to 640 square meters and the monthly rental to €53,120 excluding taxes. This agreement was authorized by the Board of Directors on October 24, 2012.
Terms: rental payments received in the fiscal year totaled €53,120 excluding taxes.

3 - Lease agreement with Hercules Thrustmaster SAS
Director concerned: Claude Guillemot.
Nature and purpose: on July 1, 2010, the company entered into a commercial lease agreement with Hercules Thrustmaster SAS for office space of 570 square meters.

This agreement was authorized by the Board of Directors on July 1, 2010. The annual rental is set at €47,310 excluding taxes.

Terms: rental payments received in the fiscal year totaled €47,310 excluding taxes.

4 - Lease agreement with Ubisoft International SAS
Director concerned: Yves Guillemot.
Nature and purpose: on July 1, 2010, the company entered into a commercial lease agreement with Ubisoft Books and Records SASU for office space of 111 square meters. This agreement was authorized by the Board of Directors on July 1, 2010. An amendment to the aforementioned lease agreement was signed on March 28, 2012 noting that Ubisoft International SAS had inherited all the assets, rights and obligations of Ubisoft Books and Records SASU, the latter having been dissolved pursuant to the provisions of Article 1844-5 of the French Civil Code, with effect from November 30, 2011. This agreement was authorized by the Board of Directors on March 28, 2012. The annual rental is set at €9,213 excluding taxes.
Terms: rental payments received in the fiscal year totaled €9,213 excluding taxes.

5 - Lease agreement with Guillemot Innovation Labs SAS
Director concerned: Claude Guillemot.
Nature and purpose: on October 30, 2012, the company entered into a commercial lease agreement with Guillemot Innovation Labs SAS for office space of 27 square meters, which agreement took effect on November 1, 2012. The annual rental is set at €2,241 excluding taxes. This agreement was authorized by the Board of Directors on October 24, 2012.
Terms: rental payments received in the fiscal year totaled €2,241 excluding taxes.

6 - Letter of support in favor of Guillemot GmbH
Director concerned: Claude Guillemot.
Nature and purpose: on April 28, 2014, the company issued a letter of support in favor of its German subsidiary Guillemot GmbH (committing to ensure that Guillemot GmbH has sufficient financial resources to meet all its obligations towards third parties and its employees).

This agreement was authorized by the Board of Directors on April 28, 2014.

7 - Guarantee given to Guillemot Limited
Directors concerned: Claude, Michel, Yves, Gérard and Christian Guillemot.
Nature and purpose: on May 26, 2016, the company gave a guarantee to its UK subsidiary Guillemot Limited to allow the latter to be exempted from the requirement to have its financial statements for the fiscal year ended December 31, 2015 audited by a statutory auditor.
Terms: guarantees the liabilities of Guillemot Limited at December 31, 2015 (totaling £37,239) until such time as those liabilities are settled in full.

This agreement was authorized by the Board of Directors on May 26, 2016.

8 - Letter of support in favor of Guillemot Limited
Directors concerned: Claude, Michel, Yves, Gérard and Christian Guillemot.
Nature and purpose: on May 26, 2016, the company issued a letter of support in favor of its UK subsidiary Guillemot Limited to enable the latter to continue to operate in the United Kingdom.
Terms: confirmation of the intention to provide financial support to Guillemot Limited for a period of 12 months with effect from the date on which the latter's financial statements for the fiscal year ended December 31, 2015 were approved.

This agreement was authorized by the Board of Directors on May 26, 2016.

9 - Membership of the compulsory group health insurance scheme
Directors concerned: Claude and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.
Nature and purpose: Claude, Yves and Christian Guillemot have each joined the compulsory supplementary group health insurance scheme taken out by the company with Predica.
Terms: the amount of contributions recognized in expenses in the fiscal year totaled €846.

This agreement was authorized by the Board of Directors on April 27, 2016; its effects were backdated to January 1, 2016 for Claude and Christian Guillemot and to March 1, 2016 for Yves Guillemot.

10 - Shareholders' advances with a clawback provision written off
Directors concerned: Claude, Michel, Gérard and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.
Nature and purpose: On August 26, 2002, Claude, Michel, Yves, Gérard and Christian Guillemot each granted the company a non-interest-bearing shareholder's advance in the amount of €999,999.42 (giving a total of €4,999,997.10).

On August 30, 2002, Claude, Michel, Yves, Gérard and Christian Guillemot each waived their claims in full, subject to a clawback provision. The company had agreed to this waiver on the basis that, if it returned to profit, it would repay the principal amount of the debt thus written off to Claude, Michel, Yves, Gérard and Christian Guillemot, with the proviso that the amount to be repaid annually to each of them may not exceed 4% of the company's annual net profit.

Terms: the amount of shareholders' advances with clawback provisions still to be repaid at December 31, 2017 stood at €971,791.75.

Rennes, April 23, 2018

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

6 REPORT BY ONE OF THE STATUTORY AUDITORS, DESIGNATED AS THE INDEPENDENT THIRD PARTY BODY, ON THE CONSOLIDATED WORKFORCE-RELATED, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT – FISCAL YEAR ENDED DECEMBERS 31, 2017

To the shareholders,

In our capacity as statutory auditor of Guillemot Corporation S.A. designated as the independent third party body and accredited by COFRAC under number 3-1060 (see www.cofrac.fr for details), we hereby present our report on the consolidated workforce-related, environmental and social information in respect of the fiscal year ended December 31, 2017 set out in the management report (hereinafter "the CSR Information"), pursuant to the provisions of Article L.225-102-1 of the French Commercial Code.

Responsibility of the company

The Board of Directors is responsible for drawing up a management report including the CSR Information laid down in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the standards used by the company (hereinafter "the Standards") and available on request from the company's headquarters.

Independence and quality control

Our independence is defined in regulations, the industry's code of professional ethics and the provisions laid down in Article L.822-11-3 of the French Commercial Code. Furthermore, we have put in place a quality control system that includes documented policies and procedures intended to ensure compliance with applicable ethical rules, legislation and regulations.

Responsibility of the statutory auditor

It is our responsibility, on the basis of our work:

- to confirm that the required CSR Information is set out in the management report, and that any omissions are explained pursuant to the third subparagraph of Article R.225-105 of the French Commercial Code (Confirmation of inclusion of the CSR Information);

- to express a conclusion of moderate assurance that the CSR Information, taken as a whole, is in all material respects presented truthfully in accordance with the Standards ("Reasoned opinion on the truthfulness of the CSR Information").

It is not our responsibility, however, to express an opinion on compliance with any other legal provisions that may apply.

Our work was undertaken by five people over a total of approximately three weeks between October 2017 and March 2018. We call on our CSR experts to help us complete our work.

We carried out the work described below in accordance with the Order of May 13, 2013 determining the conditions under which independent third party bodies must perform their duties, as well as with the professional standards adopted by the French National Company of Statutory Auditors (Compagnie nationale des commissaires aux comptes) in relation to those duties and, with respect to the reasoned opinion of truthfulness, international standard ISAE 3000 ("Assurance engagements other than audits or reviews of historical financial information").

1- **Confirmation of inclusion of the CSR Information**

Nature and scope of work

Based on interviews with the heads of the departments concerned, we familiarized ourselves with the company's policy on sustainable development, based on the workforce-related and environmental consequences of the company's business and its social commitments and, where applicable, any actions or programs that flow out of that policy.

We compared the CSR Information set out in the management report with the list laid down in Article R.225-105-1 of the French Commercial Code.

In the event that any consolidated information was missing, we checked that explanations had been provided in accordance with the provisions of the third subparagraph of Article R.225-105 of the French Commercial Code.

We checked that the CSR Information covered the scope of the consolidated group, i.e. the company and its subsidiaries within the meaning of Article L.233-1 and companies controlled by it within the meaning of Article L.233-3 of the French Commercial Code, subject to the limitations laid down in the methodological note set out in sections 15.1, “Corporate information”, 15.2.1.1, “Organization of the company to take into account environmental issues and, where applicable, environmental assessment and certification” and 15.3, “Information on social commitments in support of sustainable development” in the CSR section of the management report.

Conclusion

Based on this work and given the aforementioned limitations, we confirm that the required CSR Information is included in the management report.

2- Reasoned opinion on the truthfulness of the CSR Information

Nature and scope of work

Together with the three people responsible for preparing the CSR Information, we conducted two interviews with the departments tasked with the process of gathering the information and, where applicable, responsible for internal control and risk management procedures, so as to:

- assess the appropriateness of the Standards as regards their relevance, completeness, reliability, neutrality and comprehensibility, taking into consideration sector best practice where applicable;

- verify the existence of a process for gathering, compiling, processing and checking information designed to ensure the completeness and consistency of the CSR Information, and familiarize ourselves with internal control and risk management procedures pertaining to the preparation of the CSR Information.

We determined the nature and scope of our tests and controls based on the nature and significance of the CSR Information relative to the characteristics of the company, the workforce-related and environmental impacts of its business, its policy on sustainable development, and sector best practice.

For the CSR Information we considered the most important, which is listed in the appendices:

- At consolidating entity level, we consulted source documents and conducted interviews to corroborate qualitative information (organizational structure, policy, actions), analyzed quantitative information and carried out sample-based checks of calculations and data consolidation, and checked the coherence of the information and its consistency with other information included in the management report.

- For a representative sample of sites (Rennes, Carentoir, Bucharest and Montreal), which we selected based on their activities, their contribution to consolidated indicators, their geographical location and a risk analysis, we conducted interviews to check that procedures had been properly implemented and carried out detailed sample-based tests to check calculations made and reconcile data with supporting documents. The selected sample represented an average of 70% of the workforce, which was considered characteristic of the workforce-related component, and around 80% of the environmental data, which was considered characteristic of the environmental component.

For the remaining consolidated CSR information, we assessed its consistency relative to our knowledge of the company.

Lastly, we assessed the relevance of the explanations given for any information that was partially or completely missing.

In our opinion, the sampling methods and sample sizes we used, which we selected based on our professional judgment, enable us to reach a conclusion of moderate assurance; a greater level of assurance would have required more extensive checks. Given the use of sampling techniques, as well as other limitations inherent in the operation of any information and internal control system, the risk of failing to detect a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

On the basis of this work, we have not identified any material misstatements that might call into question the fact that the CSR Information, taken as a whole, is presented truthfully in accordance with the Standards.

Rennes and Neuilly-sur-Seine, March 15, 2018

Statutory Auditor
PricewaterhouseCoopers Audit

Jérôme Mouazan Partner	Pascal Baranger Director, Sustainable Development Department

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Appendix List of what we considered the most important information

Workforce information:

- Total workforce and breakdown by gender, age and geographical region, including indicators for workforce by contract type and gender distribution
- Recruitment and dismissals, including indicators for number of people recruited and dismissed
- Compensation over time, including indicators for compensation and social security contributions in the fiscal year
- Organization of working time, including indicators for percentage of part-time staff and number of overtime hours
- Absenteeism, including indicator for number of days' absence
- Workplace health and safety conditions
- Occupational accidents, and in particular their frequency and severity, as well as occupational diseases, including indicator for number of occupational accidents
- Training policies in place, including indicator for number of hours' training
- Measures adopted in support of gender equality, including indicators for gender distribution and ratio of men's to women's salaries

Environmental information:

- Measures to prevent, recycle, reuse or otherwise recover and eliminate waste
- Water supply and consumption in accordance with local constraints, including indicator for water consumption in cubic meters
- Energy consumption, steps taken to improve energy efficiency, and use of renewable energy, including indicators for electricity consumption in kWh and consumption of fuel oil
- Significant greenhouse gas emissions arising from the company's activities, including use of goods and services produced by it

Social information:

- Regional, economic and social impact of the company's business on employment and regional development
- Recognition of social and environmental issues in the company's procurement policy
- Extent of subcontracting and suppliers' and subcontractors' social and environmental responsibility
- Action in support of consumer health and safety

➢ GENERAL INFORMATION

1 HISTORY OF THE GUILLEMOT CORPORATION GROUP

1984-1985

- Guillemot moves into the distribution of computer products and video games.

1994-1996

- The five Guillemot brothers set up a network of marketing companies in various countries (Belgium, Germany, the United Kingdom, Switzerland, the United States, Canada and Hong Kong).

1997

- Guillemot Corporation is formed with the aim of becoming a specialist in the design and distribution of interactive leisure hardware and accessories and software distribution.

1998-1999

- **End November 1998**: Guillemot Corporation is successfully listed on the Paris Stock Exchange's Nouveau Marché.
- In gaming accessories, Guillemot Corporation becomes a global player in PC racing wheels by acquiring US group Thrustmaster's hardware and accessories business®.
- Guillemot Corporation enters into an exclusive global licensing agreement with Ferrari® for PC and console racing accessories.
- Guillemot Corporation buys the assets of US company Hercules Computer Technology Inc., inventor of the PC graphics card, rounding out the Group's sound card and multimedia kit manufacturing business.

2000-2002

- The Group focuses on designing interactive leisure hardware and accessories and associated software.

2005

- **September**: The Group launches a new range of Ferrari-licensed Thrustmaster racing wheels and a new line of dedicated accessories for the new Sony® PSP® console.

2007

- **August 31**: The Group redeems €6.9 million in bond debt corresponding to outstanding convertible bonds issued in July 1999.
- **November**: Thrustmaster launches a new range of dedicated flight simulator joysticks.

2008

- **January**: The Group presents the new Hercules DJ Console RMX for professional DJs at the NAMM Show in California.
- **September:** The Group brings out the first product in its new range of Hercules eCAFÉ™ netbooks in response to the burgeoning trend towards relaxing and sharing new online gaming content on the go.

2009

- **September:** The Group enters into a license agreement with The Walt Disney Company covering Western Europe, giving Thrustmaster access to the entire universe of Disney films and video games and allowing it to make dedicated gaming accessories.

2010

- **October:** The Group brings out its new flagship Thrustmaster product, the US Air Force-licensed HOTAS Warthog joystick, the fruit of close cooperation between Thrustmaster's development teams and members of the simmers community.
- **December:** The Group announces the T500RS racing wheel and pedals for PlayStation®3, officially licensed by Sony Computer Entertainment and designed to deliver a realistic, powerful and uncompromising driving experience.

2011

- **January:** The Group launches the T500RS racing wheel, the official licensed Gran Turismo®5 racing wheel.

  Thrustmaster wins an innovation award in the gaming accessories category at the CES trade show in Las Vegas for its HOTAS Warthog joystick.

  The Group significantly expands its geographical coverage, from 35 countries to over 60 countries.
- **September:** Hercules launches its first DJ speaker system with active monitoring, the Hercules XPS 2.0 80 DJ Monitor.

2012

- **August:** The Group launches its new official Xbox 360 controllers, offering particularly innovative functionality and extreme precision to meet the needs of the most demanding gamers.

- **December:** The Group launches the WAE range of wireless speakers for smartphones and tablets.

2013

- **January:** Thrustmaster moves into the gaming headset market.
- **March:** The Group begins to use a logistics warehouse in Hong Kong.

  Hercules refocuses its business on audio products. Thrustmaster steps up its R&D efforts and enters into new partnerships to create unique accessories to support the launch of the next-generation Xbox® One et PlayStation®4 consoles towards the end of the year.
- **November:** Thrustmaster launches the first racing wheel officially licensed by Sony Computer Entertainment Europe (SCEE) to be compatible with both PlayStation®3 and PlayStation®4.
- **December:** The Group launches the first racing wheel for the Microsoft Xbox® One: the TX Racing Wheel Ferrari 458 Italia Edition with force feedback.

2014

- **January:** The Group presents its WAE NEO wireless speaker and DJControlWave controller at the CES show in Las Vegas, winning two CES Innovation 2014 Design and Engineering Awards.
- **May:** The Group launches the T300 racing wheel, the first licensed PlayStation®4 force feedback racing wheel.

2015

- **January:** The Group's new controllers for connected DJs, the Hercules Universal DJ et DJControl Jogvision (the first Hercules DJ controller with a jog wheel display), both win the highly sought-after CES Innovation Honoree Award 2015 at the CES show in Las Vegas for their unique ecosystem.
- **September:** The Group establishes a subsidiary in China.
- **October:** The Group launches the Y-300X official licensed Xbox® One gaming headset.
- **November:** The Group brings out the Hercules WAE Outdoor 04Plus Pack containing its new Outdoor wireless speaker and accessories.

2016

- **January:** The Group reports 2015 annual turnover of €65.8 million, up 63% year on year, with sales up 98% at Thrustmaster and down 15% at Hercules.

  The Group wins a CES Innovation Honoree Award 2016 at the CES show in Las Vegas for its Hercules WAE Outdoor Rush wireless speaker.
- **February:** In a global exclusive, the Group launches the official Thrustmaster joystick for PlayStation®4 to coincide with the launch of PlayStation®4 game War Thunder.
- **March:** The Group reports its 2015 results, showing net income from ordinary activities of €2.4 million.
- **April:** Thrustmaster enters into an agreement with Bethesda for the Y-350X DOOM Edition high-end gaming headset.
- **May:** Thrustmaster partners with the biggest developers of virtual reality games to integrate racing wheels and joysticks into their games.

  The Group launches a new range of flight simulation accessories to celebrate Thrustmaster's 25th birthday.
- **November:** Thrustmaster launches its TS-PS Racer racing simulator, the ultimate Thrustmaster-branded PC racing wheel.

  The Group launches its Bluetooth Outdoor speaker, the Hercules WAE Outdoor 04Plus FM.
- **December:** The Group wins a CES Innovation Honoree Award 2017 for its T.16000M FCS Flight Pack, consisting of the T.16000M FCS joystick, the TWCS throttle and the TFRP rudder bar.

2017

- **January:** The Group reports 2016 annual turnover of €64.2 million.
- **March:** The Group designs and launches a series of gaming headsets to coincide with the launch of licensed game Ghost Recon.
- **June:** Thrustmaster enters into a partnership with famous mechanical sports equipment maker Sparco®.
- **July:** The Group enters into a new distribution agreement with one of China's biggest wholesalers, MT Digital, for racing wheels.
- **August:** The Group launches the TS-XW Racer Sparco® P310 Competition Mod competition racing wheel, the first racing wheel born out of the partnership between Thrustmaster and Sparco®.
- **October:** Thrustmaster expands its racing ecosystem with the arrival of the Rally Wheel Add-On Sparco® R383 Mod. Hercules launches its LED bracelet pack to

light up late-night parties and festivities to the beat of the music.

- **November:** The Group brings out the latest in its range of headsets, the Y-350CPX 7.1 Powered.
- **December:** The Group launches the T80 Ferrari 488 GTB Edition consumer racing wheel, a replica of the Ferrari 488 GTB, offering PlayStation®4 users a superb racing experience.

2018

- **January:** The Group launches the TS-PC Racer Ferrari 488 Challenge Edition, a one-of-a-kind product aimed at Ferrari fans and PC players seeking performance, quality and realism. The Group launches the TSS Handbrake Sparco® Mod, the third product born out of its partnership with Sparco®.

  The Group reports 2017 annual turnover of €80.4 million.

2 GENERAL INFORMATION ABOUT GUILLEMOT CORPORATION S.A.

2.1 General information

Company name	Guillemot Corporation
Trade name	Guillemot
Legal form	Public limited company (*société anonyme*) with a Board of Directors governed by the French Commercial Code
Headquarters	Address: Place du Granier, BP 97143, 35571 Chantepie Cedex, France Telephone: +33 (0) 2 99 08 08 80
Nationality	French
Company registration number	414 196 758 R.C.S. Rennes
APE activity code	4651Z
Creation date and duration	Established September 1, 1997 for a duration of 99 years. Set to expire on November 11, 2096 unless extended or wound up early.
Fiscal year	The company's fiscal year runs from January 1 to December 31 (Article 16 of the Articles of Incorporation).

2.2 Certificate of incorporation and Articles of Incorporation

2.2.1 Corporate purpose (Article 3 of the Articles of Incorporation)

Guillemot Corporation's purpose, in France and abroad, directly or indirectly, is as follows:

- The design, creation, production, publication and distribution of multimedia, audiovisual and IT products, including in particular multimedia hardware, accessories and software
- The purchase, sale and, more generally, trading in all its forms, whether by import or export, through leasing or otherwise, of multimedia, audiovisual and IT products as well as image and sound reproduction hardware and products
- The distribution and marketing of multimedia, audiovisual and IT products by any method, including new communication technologies such as online networks and services
- Consulting, support and training in relation to any of the aforementioned areas
- Participation by the company in transactions related to its purpose through the creation of new companies, the subscription or purchase of shares, mergers or otherwise.

And, more generally, transactions of any kind directly or indirectly related to the above purpose or any similar or closely related purpose and likely to facilitate the company's development.

2.2.2 Shareholders' general meetings

Article 14 of the Articles of Incorporation stipulates that "Shareholders' general meetings shall include all shareholders other than the company itself.

They shall be convened and held under the conditions laid down in applicable legislation and regulations.

Shareholders' general meetings shall take place at the company's headquarters or any other location as specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of Directors or, in his or her absence, by a director appointed by the shareholders for such purpose.

All shareholders shall have the right, upon proof of identity, to participate in shareholders' general meetings, whether by attending them in person, submitting a completed postal ballot form or appointing a proxy.

The right to participate in shareholders' general meetings is justified by registering securities in the name of the shareholder or the intermediary registered on the shareholder's behalf pursuant to Article L.228-1 of the French Commercial Code, at midnight Paris time two business days prior to the meeting, either in registered securities accounts maintained by the company or in the register of bearer securities maintained by an authorized intermediary. For bearer securities, registration of securities in the register of bearer securities maintained by the authorized intermediary is evidenced by a shareholding certification issued by the latter."

Shareholders' rights and the share capital may only be amended by vote at a shareholders' general meeting. However, the shareholders may, in certain cases, delegate authority or powers to the Board of Directors in accordance with legislation and regulations.

2.2.3 Voting rights

Article 8 of the Articles of Incorporation stipulates that "Voting rights double those allocated to other shares, in light of the portion of the share capital they represent, shall be allocated to all fully paid-up shares that are proved to have been registered in the name of the same holder for at least two years. In the event of an increase in the share capital through the capitalization of reserves, earnings or issue premiums, such double voting rights shall also be conferred upon issue to registered bonus shares issued to shareholders in respect of existing shares conferring such entitlement."

This mechanism was put in place when the company was formed and can only be withdrawn by decision of the shareholders voting at an extraordinary general meeting, which alone is authorized to amend the company's Articles of Incorporation.

Double voting rights cease when shares are converted into bearer form or transferred to a different owner. However, the right thus acquired shall not be lost, nor shall the two-year period referred to above be interrupted, as a result of transfers of ownership subsequent to inheritance, liquidation of joint property between spouses or inter vivos gift to a spouse or relative entitled to inherit.

The same applies in the event of a transfer of ownership resulting from the merger or demerger of a shareholding company. A merger or demerger of the company shall have no effect on double voting rights, which may be exercised within the beneficiary company or companies (Article L.225-124 of the French Commercial Code).

The company's Articles of Incorporation stipulate no limitations on voting rights.

2.2.4 Appropriation of earnings (Article 17 of the Articles of Incorporation)

Earnings consist of income for the fiscal year less operating expenses, amortization, depreciation and provisions.

The following are taken from profit for the year, where applicable after deducting prior losses:

- Amounts to be transferred to reserves pursuant to the law and the Articles of Incorporation and, in particular, at least 5% to form the statutory reserve; such transfers shall cease to be mandatory once the aforementioned reserve reaches an amount equal to one-tenth of the share capital, and shall resume whenever that reserve for any reason falls below one-tenth of the share capital.
- Amounts that the shareholders, at the proposal of the Board of Directors, decide to allocate to any extraordinary or special reserves or to retained earnings.

The balance shall be distributed among the shareholders. However, apart from in the event of a reduction in the share capital, no amounts may be distributed to the shareholders if the shareholders' equity is less than, or would following such distribution fall below, the amount of the share capital plus reserves whose distribution is prohibited by law or the Articles of Incorporation.

In accordance with the provisions of Article L.232-18 of the French Commercial Code, the shareholders may propose an option that a dividend or interim dividend be paid, in whole or in part, through the issuance of new shares.

2.2.5 Significant shareholding thresholds (Article 6 of the Articles of Incorporation)

Without prejudice to the thresholds laid down in the first subparagraph of Article L.233-7 of the French Commercial Code, any shareholder, acting alone or in concert with others, who comes to directly or indirectly hold at least 1% of the company's share capital or voting rights, or any multiple of that percentage less up to and including 4%, is required to notify the company by registered mail with acknowledgement of receipt within the deadline laid down in Article L.233-7 of the French Commercial Code.

The notification stipulated in the above paragraph for the crossing of any threshold of a multiple of 1% of the share capital or voting rights must also be given whenever a shareholder's holding of capital or voting rights falls below the aforementioned threshold.

Failure to notify when thresholds are crossed, whether those thresholds be laid down in legislation or in the company's Articles of Incorporation, shall result in the shareholder's shares being stripped of voting rights as laid down in Article L.233-14 of the French Commercial Code, at the request of one or more shareholders who together hold at least 5% of the company's share capital or voting rights.

2.2.6 Powers of the Chief Executive Officer (extract of Article 13 of the Articles of Incorporation)

Article 13 of the Articles of Incorporation stipulates that the Chief Executive Officer is invested with the broadest possible powers to act on the company's behalf in all circumstances. He or she exercises these powers within the confines of the corporate purpose and subject to those powers expressly attributed by law to the shareholders and the Board of Directors.

2.2.7 Members of administrative and supervisory bodies (extracts of Articles 9, 10 and 13 of the Articles of Incorporation)

The company is run by a Board of Directors consisting of between three and 18 members.

Throughout the existence of the company, directors are appointed or reappointed by the shareholders voting at an ordinary general meeting; however, in the event of a merger or demerger, directors may be appointed by vote at the extraordinary general meeting held to approve the merger or demerger.

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

Where, pursuant to legislation and regulations in force, a director is appointed to replace another director, he or she shall only serve out his or her predecessor's remaining term of office.

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

There is no limit to the number of times a director may be re-elected.

Directors may not be over 80 years of age.

Each director must own at least one share.

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

Executive management responsibility is entrusted by the company either to the Chairman of the Board of Directors or to another individual appointed by the Board of Directors with the title of Chief Executive Officer.
Where the Board of Directors opts to separate the roles of Chairman and Chief Executive Officer, it shall appoint the Chief Executive Officer, determine his or her term of office and, where applicable, determine any limitations on his or her powers.

The Chief Executive Officer, whether that role be performed by the Chairman of the Board of Directors or by another individual, is responsible for executive management of the company and represents the company in its dealings with third parties.

Only one Chief Executive Officer may be appointed to the company, and the Chief Executive Officer may be removed by the Board of Directors at any time. Where the Chief Executive Officer is a director, his or her term as Chief Executive Officer may not exceed his or her term as a director.

At the proposal of the Chief Executive Officer, whether that role be performed by the Chairman of the Board of Directors or by another individual, the Board of Directors may appoint one or more individuals to assist the Chairman, with the title of Deputy Chief Executive Officer.

Deputy Chief Executive Officers shall have the same powers as the Chief Executive Officer as regards the company's dealings with third parties. The maximum number of Deputy Chief Executive Officers shall be five. Where a Deputy Chief Executive Officer is a director, his or her term as Deputy Chief Executive Officer may not exceed his or her term as a director.

2.3 Liquidating dividends

Liquidating dividends shall be apportioned among the shareholders in proportion to their stake in the share capital (Article L.237-29 of the French Commercial Code).

2.4 Changes of control

Neither the certificate of incorporation, nor the Articles of Incorporation, nor any charter or regulation of the company contain any provision that could have the effect of delaying, deferring or preventing a change of control.

2.5 Identifiable bearer shares

In accordance with legislation and regulations, the company may at any time make use of Euroclear France's TPI (*Titres au Porteur Identifiable* – Identifiable Bearer Shares) procedure to obtain detailed information about the identity of its shareholders.

2.6 Consultation of documents and information about the company

The Articles of Incorporation, financial statements and reports, and minutes of shareholders' general meetings are made available by the company for consultation.

2.7 Dividend policy

Guillemot Corporation S.A. plans to pay dividends to its shareholders as long as the required economic conditions are met. No dividends have been paid since the company was formed.

3 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND DECLARATION

3.1 Persons responsible for the registration document

Claude Guillemot, Chairman and Chief Executive Officer

3.1.1 Declaration by the persons responsible for the registration document

Having taken all reasonable steps to this end, I hereby certify that the information contained in this registration document is, to the best of my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and earnings of the company and all companies included within the consolidated group, and that the management report set out on pages 5 to 83 provides an accurate picture of the business performance, results and financial position of the company and all companies included within the consolidated group and describes the key risks and uncertainties facing those companies.

The statutory auditors have provided me with an audit completion letter in which they confirm that they have checked the information pertaining to the company's financial position and financial statements set out in this registration document and have read the registration document in its entirety.

Carentoir, April 26, 2018

Claude Guillemot
Chairman and Chief Executive Officer

4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Standing statutory auditors	Date appointed	Expiry of current term
PRICEWATERHOUSECOOPERS AUDIT SAS (Member of the Versailles regional association of auditors) 63 Rue de Villiers 92200 Neuilly-sur-Seine	Shareholders' general meeting of May 20, 2010 Reappointed May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021
MB AUDIT Sarl (Member of the Rennes regional association) 23 Rue Bernard Palissy 35000 Rennes	Shareholders' general meeting of May 23, 2007 Reappointed July 5, 2010 and May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021

Substitute statutory auditors	Date appointed	Expiry of current term
Jean-Christophe Georghiou 63 Rue de Villiers 92200 Neuilly-sur-Seine	Shareholders' general meeting of May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021
Jacques Le Dorze 2 Place du Martray 22650 Ploubalay	Shareholders' general meeting of May 23, 2007 Reappointed July 5, 2010 and May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021

Fees paid to the statutory auditors and members of their networks are set out in section of the consolidated financial statements.

5 PERSON RESPONSIBLE FOR REPORTING AND REPORTING POLICY

5.1 Person responsible for reporting

Claude Guillemot, Chairman and Chief Executive Officer
Place du Granier, BP 97143, 35571 Chantepie Cedex, France
Tel: +33 (0) 2 99 08 08 80

5.2 Reporting policy and publicly available documents

To meet the requirements laid down by the Autorité des marchés financiers (AMF), the Guillemot Corporation Group prepares a detailed calendar for releasing up-to-date information to the financial markets. The Group endeavors to regularly and consistently provide all shareholders, both institutional and individual, and the financial community (analysts, etc.) with transparent financial reporting on its business, strategic direction and outlook, in accordance with stock exchange regulations.

The Group's reporting policy with regard to the financial community, investors and shareholders is established by executive management.

With effect from January 1, 2013, the company has passed on regulated information to business publisher Les Échos, which also meets the criteria laid down by the AMF and those set out in the European Union Transparency Directive.

Furthermore, all of the Group's financial releases are widely distributed in full and without delay, in accordance with regulatory requirements and within the timescales laid down in laws and regulations.

Financial releases are also available from various financial websites (e.g. www.boursorama.fr and www.prline.fr).

All publications relating the Group's business and financial position are available in French and English from the Guillemot Corporation S.A. website (www.guillemot.com).

This website also provides an overview of the Group's business and products, and is regularly updated to make it easier and quicker to use.

Shareholders can contact the company at financial@guillemot.fr.

The Group holds two SFAF *(Société Française des Analystes Financiers* – French Society of Financial Analysts) meetings a year upon releasing its results.

All of the Group's publications (news releases, registration documents, annual financial reports, etc.) are available on request from the Communications Department, which makes them available to anyone wishing to find out about the life of the Group and is happy to send out regular documentation on request.

Furthermore, the following documents may be consulted throughout the validity period of this registration document:

- The company's Articles of Incorporation (which may be consulted at 2 Rue du Chêne Héleuc, 56910 Carentoir, France)
- All reports and historical financial information included or referred to in this registration document (available at www.guillemot.com)
- Historical financial information for the two fiscal years preceding publication of this registration document (available at www.guillemot.com)

6 CROSS-REFERENCE TABLE – REGISTRATION DOCUMENT

The cross-reference table below refers to key sections of Annex 1 of Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (the “Prospectus Directive”), which entered into force on July 1, 2005.

7 TABLE – ANNUAL FINANCIAL REPORT

This registration document includes the annual financial report referred to in Article L.451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the AMF's General regulation.

The table below refers to those sections in the registration document that correspond to the various sections of the annual financial report.

8 Cross-reference table – Workforce-related, environmental and social information

WORKFORCE-RELATED INFORMATION		
Employment	Total workforce and breakdown by gender, age and geographical region	p. 46
	Recruitment and dismissals	p. 47
	Compensation	p. 47
Organization of work	Organization of working time	p. 47
	Absenteeism	pp. 47 and 48
Employee relations	Arrangements for employee dialog, including in particular procedures for informing, consulting and negotiating with employees	p. 48
	Review of collective agreements	p. 48
Health and safety	Workplace health and safety conditions	pp. 48 and 49
	Review of agreements entered into with trade unions or employee representatives on occupational health and safety	p. 49
	Frequency and severity of occupational accidents, and occupational diseases	p. 49
Training	Training policy	p. 49
	Total number of training hours	p. 49
Equality	Measures adopted in support of gender equality	pp. 49 and 50
	Measures adopted in support of employment and inclusion for people with disabilities	p. 50
	Anti-discrimination policy	p. 50
Promotion of and compliance with the stipulations of the fundamental Conventions of the International Labour Organization	Freedom of association and the right to collective bargaining	p. 50
	Eliminating discrimination in respect of employment and professions	p. 50
	Elimination of forced or compulsory labor	p. 50
	Abolition of child labor	p. 50

ENVIRONMENTAL INFORMATION		
General environmental policy	Organization of the company to take into account environmental issues and, where applicable, environmental assessment and certification	p. 51
	Employee training and information on environmental protection	p. 51
	Resources for preventing environmental risk and pollution	p. 51
	Provisions and guarantees for environmental risk, unless such information could be seriously detrimental to the company in ongoing litigation	p. 51
Pollution	Prevention, reduction or treatment of discharges into the air, water and soil having a serious impact on the environment	p. 51
	Noise pollution and other business-specific forms of pollution	p. 51
Circular economy	Waste prevention and management: - Waste prevention, recycling, reuse and other forms of recovery and elimination - Preventing food waste	 pp. 51 and 52 p. 52
	Sustainable use of resources: - Water supply and consumption in accordance with local constraints - Consumption of raw materials and steps taken to improve their efficient use - Energy consumption, steps taken to improve energy efficiency, and use of renewable energy - Land use	 p. 52 p. 52 p. 53 p. 53
Climate change	Significant greenhouse gas emissions arising from the company's activities, including use of goods and services produced by it	pp. 53 and 54
	Adapting to the consequences of climate change	p. 54
Protection of biodiversity	Action taken to protect or develop biodiversity	p. 54

INFORMATION ON SOCIAL COMMITMENTS IN SUPPORT OF SUSTAINABLE DEVELOPMENT		
Regional, economic and social impact of the company's business	Jobs and regional development	pp. 54 and 55
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9 CALENDAR OF PUBLICATIONS FOR THE CURRENT FISCAL YEAR

This calendar is provided for information only and is subject to change.
Financial releases are usually issued after market close.

FINANCIAL COMMUNICATIONS – 2018 CALENDAR		
January 25, 2018	After market close	2017 annual turnover
March 20, 2018	After market close	Annual results to Dec 31, 2017
April 26, 2018	After market close	Q1 2018 turnover and quarterly reporting
May 24, 2018	-	Guillemot Corporation S.A. Annual General Meeting
July 26, 2018	After market close	2018 interim turnover
September 27, 2018	After market close	2018 interim results
October 25, 2018	After market close	Q3 2018 turnover and quarterly reporting

10 GLOSSARY

2.1
A three-channel sound system with two stereo channels and a subwoofer.

Big Data
Digital data produced through the use of new technologies for personal or business purposes, encompassing business data (e-mail, documents, databases, etc.) as well as data from sensors, geolocation data, data provided by connected objects, etc.

Bluetooth®
A short-range radio technology designed to simplify connections between electronic devices. The first devices using version 3.0 of this technology appeared in early 2010. The technology can now be used to stream audio to wireless speakers.

Connected object
A device that must be connected either to another device or to the internet in order to operate.

Connected speaker
A speaker connected to the internet incorporating a virtual assistant.

Design thinking
An immersive, collaborative approach to creating innovative solutions based on observing users and anticipating their issues, using creative momentum to generate new ideas, prototyping new uses and anticipating market developments.

DJ
Abbreviation of disc jockey: a person who chooses and plays music tracks, mainly at private parties or night clubs. DJs may simply play tracks one after the other or mix them and add effects to create their own mixes. Some DJs are now true creatives with global reputations.

DJing
Providing entertainment at parties by programming, mixing, adapting and revisiting music at private events (with friends and family or in a non-profit or business environment, etc.), public events (in bars and restaurants, at festivals and concerts, in pubs, etc.) or remotely (via the internet, radio, television, etc.). A DJ's goal is usually to get people dancing.

DJ range
A range of controllers for digitally mixing music.

EBITDA
Earnings before interest, taxes, depreciation and amortization

eSports (electronic sports)
Competitive activities using a digital medium – in this case a video game – to compete against other players, improve performance and achieve new personal bests. In practice, multiple players play an online or networked video game as part of a competition (which may be friendly or serious) where they play against professionals or amateurs, either on their own or in teams.

Gaming console
A dedicated electronic video game system. There are two types: home consoles, which connect to a television, and small portable consoles with their own screen that can be used on the go. Home games consoles have gradually evolved from being dedicated solely to amateur gamers to acting as family multimedia centers.

Gaming headset/audio headset for connected gamers
An audio headset equipped with a microphone to allow teams of online and networked gamers to communicate with each other.

Merchandising
Refers to a range of techniques for optimizing the allocation of product display space and product presentation at retail outlets. Merchandising usually encompasses optimization of which products are

displayed, allocation of space to each product and brand, retail outlet layout and point-of-sale communications.

Nintendo Switch
A Nintendo video gaming console launched in March 2017. The Switch is the first hybrid console, able to operate as both a home console and a portable console.

OEM (Original Equipment Manufacturer)
A company tasked with designing and manufacturing a product in accordance with technical specifications, and which then sells the product to another company that distributes it under its own brand.

Pad
In electronic musical instruments: a type of button, usually large and rubber-coated, that triggers events (playing a sound, applying an effect, running a command, etc.).

Some pads are operated by hand, while others are activated with mallets, drumsticks or other mechanical contacts.

Scratching
Turning a vinyl disc alternately forward and backward by hand under a turntable's stylus so as to produce special effects by changing the speed and direction of the disc.

Smartphone
A smart mobile telephone that combines advanced functionality with numerous applications and a touchscreen interface.

Streaming
Listening to music online without downloading it.

Virtual reality (VR)
A technology that can immerse an individual in a digitally created artificial world. This could be a reproduction of the real world or a completely imaginary universe. The experience involves both visuals and audio, and in some cases uses optical feedback. The system uses a virtual reality headset to place a stereoscopic 3D display system in front of the wearer's eyes.

Webcam
A small digital camera connected to a computer that can be used for online videoconferencing and real-time online broadcasting of video images.

Wi-Fi® (Wireless Fidelity)
A radio frequency technology that can be used to create wireless computer networks and share internet access via a router, modem-router or hotspot (a wireless access point in a public location).

Wii U™
A video gaming console that succeeded the Nintendo Wii. It was unveiled by Nintendo at the E3 Expo in 2011 but did not come out until the end of 2012. The console's main innovation is that it has a tablet-like controller with a 6.2-inch touchscreen.

This document is available from the issuer's website (www.guillemot.com). Copies can be obtained free of charge by writing to the address below.

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