

GUILLEMOT CORPORATION

A public limited company (*société anonyme*) with capital of €11,617,359.60

Headquarters: 2 Rue du Chêne Héleuc, 56910 Carentoir, France

Registered company number: 414 196 758 Vannes

Interim financial report

June 30, 2024

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A- Condensed interim consolidated balance sheet

ASSETS (€k)	Notes	Jun 30, 2024	Dec 31, 2023
Goodwill on acquisitions	7	0	0
Intangible assets	8	23,787	23,739
Property, plant and equipment	8	11,084	8,592
Financial assets	9	509	593
Tax assets	20	335	543
Deferred tax assets	20	4,494	4,634
Non-current assets		40,209	38,101
Inventories	10	44,333	45,725
Trade receivables	11	26,731	36,057
Other receivables	12	3,426	3,620
Financial assets	9	9,073	10,258
Current tax assets	20	1,037	4,215
Cash and cash equivalents	16	28,430	25,728
Current assets		113,030	125,603
Total assets		153,239	163,704
LIABILITIES AND EQUITY			
(€k)	Notes	Jun 30, 2024	Dec 31, 2023
Capital (1)		11,617	11,617
Premiums (1)		8,076	8,076
Reserves and consolidated income (2)		82,812	81,881
Currency translation adjustments		229	210
Group shareholders' equity	13	102,734	101,784
Minority interests		0	0
Consolidated shareholders' equity		102,734	101,784
Employee benefit liabilities	15	1,909	1,709
Borrowings	16	4,622	4,821
Other liabilities		0	0
Deferred tax liabilities	20	15	15
Non-current liabilities		6,546	6,545
Trade payables		21,890	25,442
Short-term borrowings	16	4,206	4,251
Taxes payable		889	815
Other liabilities	17	16,935	24,832
Provisions	14	39	35
Current liabilities		43,959	55,375
Total liabilities and equity		153,239	163,704

(1) Of the consolidating parent.

(2) Of which net income for the period of €2,439k.

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

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

- Condensed interim consolidated statement of net income

(€k)	Notes	Jun 30, 2024	Jun 30, 2023
Net turnover	6	56,007	48,111
Purchases		-23,995	-19,996
Change in inventories		-551	-6,256
External expenses		-10,966	-10,960
Employee expenses		-9,113	-8,360
Taxes and duties		-335	-299
Additions to amortization and depreciation		-3,498	-2,978
Additions to provisions		-993	-901
Other income from ordinary activities		79	146
Other expenses from ordinary activities		-3,003	-2,359
Net income from ordinary activities	18	3,632	-3,852
Other operating income		0	0
Other operating expenses		0	0
Net operating income	18	3,632	-3,852
Income from cash and cash equivalents	19	447	319
Cost of gross financial debt	19	-62	-53
Cost of net financial debt	19	385	266
Other financial income	19	441	0
Other financial expenses	19	-1,185	-380
Corporate income tax	20	-834	1,050
Net income before minority interests		2,439	-2,916
O/w net income from discontinued operations	21	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		2,439	-2,916
Basic earnings per share	22	0.17	-0.19
Diluted earnings per share	22	0.16	-0.19

- Statement of comprehensive income

(€k)	Jun 30, 2024	Jun 30, 2023
Net income attributable to equity holders of the parent	2,439	-2,916
Recyclable items of other comprehensive income		
Currency translation adjustments	19	83
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	-41	56
Share of other comprehensive income of equity-accounted companies	0	0
Total comprehensive income attributable to equity holders of the parent	-22	139
Net income and comprehensive income attributable to equity holders of the parent	2,417	-2,777
Net income and comprehensive income attributable to non-controlling interests	0	0

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

C - Condensed interim consolidated statement of changes in equity

(€k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
Position at Jan 1, 2023		11,771	10,551	61,293	20,352	438	104,405
Comprehensive income to Jun 30, 2023					-2,916	83	-2,833
Appropriated income at Dec 31, 2022				20,352	-20,352		0
Stock options				265			265
Buybacks of treasury shares		-154	-2,475	2,629			0
Shares of the consolidating company				-38			-38
Gains and losses on treasury shares				-70			-70
Dividends				-3,761			-3,761
Other				57			57
Position at Jun 30, 2023		11,617	8,076	80,727	-2,916	521	98,025
Position at Jan 1, 2024		11,617	8,076	80,917	964	210	101,784
Comprehensive income to Jun 30, 2024					2,439	19	2,458
Appropriated income at Dec 31, 2023				964	-964		0
Stock options				110			110
Buybacks of treasury shares				-1,567			-1,567
Shares of the consolidating company				34			34
Gains and losses on treasury shares				-45			-45
Dividends				0			0
Other				-40			-40
Position at Jun 30, 2024	13	11,617	8,076	80,373	2,439	229	102,734

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

D - Condensed interim consolidated statement of cash flows

(€k)	Notes	Jun 30, 2024	Jun 30, 2023
Cash flows from operating activities			
Net income from consolidated companies		2,439	-2,916
+ Additions to amortization, depreciation and provisions (except on current assets)		3,740	3,195
- Reversals of amortization, depreciation and provisions		-177	-1,399
-/+ Unrealized gains and losses arising from changes in fair value	19	1,185	235
+/- Expenses and income arising from stock options	13	110	265
-/+ Capital gains and losses on disposals		0	66
Change in deferred taxes	20	141	-1,135
Operating cash flow after cost of net financial debt		7,438	-1,689
Cost of net financial debt	19	-385	-266
Operating cash flow before cost of net financial debt		7,053	-1,955
Inventories	10	1,392	7,020
Trade receivables	11	9,326	9,216
Trade payables		-3,552	-9,953
Other		-4,527	-7,341
Change in working capital		2,639	-1,058
Net cash flows from operating activities		10,077	-2,747
Cash flows from investing activities			
Acquisitions of intangible assets	8	-2,084	-2,738
Acquisitions of property, plant and equipment	8	-1,817	-817
Disposals of property, plant and equipment and intangible assets		1	0
Acquisitions of non-current financial assets	9	-24	-122
Disposals of non-current financial assets	9	108	173
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		-3,816	-3,504
Cash flows from financing activities			
Increases in capital and cash injections	13	0	0
Buybacks of treasury shares		-1,567	0
Dividends paid		0	-3,761
Borrowings		0	0
Repayment of borrowings	16	-1,667	-3,148
Impact of IFRS 16 adoption		-334	436
Other cash flows from financing activities		-12	-108
Total cash flows from financing activities		-3,580	-6,581
Impact of foreign currency translation adjustments		21	51
Change in cash		2,702	-12,781
Net cash at the beginning of the period	A & 16	25,728	35,225
Net cash at the end of the period	A & 16	28,430	22,444

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

E - Notes to the condensed interim consolidated financial statements

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

1) General information

The financial statements were signed off by the Board of Directors on September 25, 2024.

Guillemot Corporation designs and manufactures interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brands. Active in this market since 1984, the Guillemot Corporation Group currently operates in 11 countries – France, Germany, Spain, the United Kingdom, the United States, Canada, Italy, Belgium, the Netherlands, Romania and China (Shanghai, Shenzhen and Hong Kong) – and distributes its products in more than 150 countries worldwide. The Group’s mission is to offer high-performance, user-friendly products that maximize enjoyment for end users of digital interactive entertainment solutions.

Guillemot Corporation is a publicly traded company (*société anonyme*) headquartered at 2 Rue du Chêne Héleuc, 56910 Carentoir, France.

2) Basis of preparation of condensed interim financial reporting

This set of condensed interim consolidated financial statements to June 30, 2024 has been prepared in accordance with IAS 34, “Interim financial reporting”. The condensed interim report should be read in conjunction with the 2023 annual financial statements.

3) Accounting policies

The accounting policies employed are the same as those used in preparing the annual financial statements for the year ended December 31, 2023, as set out in the annual financial statements for the year ended December 31, 2023.

Amendments to IAS 1, “Classification of Liabilities as current or non-current” and “Non-current liabilities with covenants”, IAS 7 and IFRS 7, “Supplier Finance Arrangements”, and IFRS 16, “Lease liability in a sale and leaseback”, applicable with effect from January 1, 2024, had no material impact.

4) Business review

Key items from the Guillemot Corporation Group’s financial statements to June 30, 2024 are as follows.

January 1 – June 30 (€m)	Jun 30, 2024	Jun 30, 2023
Turnover	56.0	48.1
Net income from ordinary activities	3.6	-3.9
Net operating income	3.6	-3.9
Net financial income*	-0.3	-0.1
Corporate income tax	-0.8	1.1
Consolidated net income	2.5	-2.9
Earnings per share	€0.17	-€0.19

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

Business activity and results

In the first half of 2024, the Group's turnover grew 16% to €56 million in a relatively calm market.

Net operating income in the six months ended June 30, 2024 came in at €3.6 million, compared with a €3.9 million net operating loss for the same period in 2023. This performance was helped by an improvement in the accounting gross profit margin, which came out at 56%, close to its 2022 level, compared with 45% in the first half of 2023.

Total costs (total operating expenses excluding purchases and changes in inventories) increased by 8%, while turnover was up 16%.

The net financial expense of €0.3 million included a €1.2 million unrealized loss arising from the decline in the valuation of the portfolio of Ubisoft Entertainment S.A. shares. Consolidated net income came in at €2.5 million.

Key balance sheet items

(€m)	Jun 30, 2024	Dec 31, 2023
Shareholders' equity	102.7	101.8
Inventories	44.3	45.7
Net debt (excluding investment securities)*	-19.6	-16.7
Current financial assets (investment securities portion)	9.1	10.3

* Investment securities are not taken into account when calculating net debt.

Shareholders' equity stood at €102.7 million at June 30, 2024. The Group's net debt was negative at -€19.6 million excluding investment securities, the fair value of which was €9.1 million at June 30, 2024. Following the recent fall in the price of Ubisoft Entertainment shares, the value of the portfolio stood at €5.3 million at September 24, 2024.

The value of net inventories stood at €44.3 million at June 30, 2024, down 3% from December 31, 2023, in anticipation of requirements in the run-up to the end of the year. Working capital decreased by €2.6 million over the first half of the year.

Net capitalized research and development costs increased by €0.6 million over the six months to June 30, 2024, to end the period at €11.1 million in net value.

Thrustmaster news

On September 19, 2024, Thrustmaster entered into a strategic sales agreement with JD.com, China's leading e-commerce operator and one of the brand's main Chinese distribution channels. This three-year strategic deal, signed at JD's headquarters in Beijing, will considerably boost Thrustmaster's influence and leadership in China and ensure that the brand's high-quality next-generation racing wheels, gamepads and joysticks will be more widely available to Chinese consumers.

- **Racing:** Thrustmaster is working towards launching new racing products that will expand the brand's presence in brick-and-mortar stores in the United States and Europe. On August 22, 2024,

Thrustmaster unveiled its new upgradeable pedal set, *Raceline Pedals LTE (Long Term Evolution)*. Equipped with two metal pedals with a sandblasted finish, this fully adjustable pedal set is powered by HEART magnetic technology for exceptional precision and maximum durability. The *EVO RACING 32R LEATHER* racing wheel continues to be stocked by more and more retailers internationally.

Thrustmaster will also be launching its brand-new Direct Drive racing wheel, which will serve as a gateway to “discovering the next generation of sim racing technology”. The new wheel received a very enthusiastic response from journalists and customers who were given the opportunity to blind test it at Gamescom in August, and experience its subtle yet accurate rendering of game effects.

- **Flight sim:** *Microsoft Flight Simulator 2024*, due to be released on November 19, should drive increased sales for Thrustmaster, enabling the brand to consolidate its position as the number one maker of flight sim accessories thanks to the partnership that will be put in place around this new product. Meanwhile, the launch of *AVAF/A-18 Super Hornet Flightstick* in the third quarter will further strengthen the range’s ecosystem.

Hercules news:

The DJing range continues to be stocked by more and more retailers and has garnered positive feedback in the trade press and on social media. A video posted by two young French YouTubers, Mathis and Gauthier, on September 17 described the *Hercules Stream 100* mass-market audio controller and *Hercules Stream 200 XLR*, more geared towards professional streamers and gamers, as “revolutionary” and “very well made”. Hercules is also working on new bundles that will add turnkey solutions for all streamers, whether beginners or advanced users, to the *Hercules Stream* range.

Outlook

The Group is set to launch a number of major new products in the fourth quarter of 2024, and will be leveraging both the new 2024 version of the game *Microsoft Flight Simulator* and its partnerships to increase its market share.

The Group maintains its forecast of sales growth and a net operating profit for fiscal 2024.

5) Scope of consolidation

a) Companies included in the Guillemot Corporation S.A. Group's consolidated financial statements to June 30, 2024

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

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

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

b) Changes in scope

None.

6) Segment information

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

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

Segment information by business area

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

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

- Income statement by business segment:

(€k)	Jun 30, 2024			Jun 30, 2023		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	56,007	5,274	50,733	48,111	5,809	42,302
Additions to amortization and depreciation	3,498	836	2,662	2,978	460	2,518
Additions to provisions	993	224	769	901	151	750
Net income from ordinary activities	3,632	-676	4,308	-3,852	-568	-3,284
Net operating income	3,632	-676	4,308	-3,852	-568	-3,284

- Balance sheet by business segment:

(€k)	Jun 30, 2024			Jun 30, 2023		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Goodwill on acquisitions	0			0		
Intangible assets	23,787	2,892	20,895	24,079	3,200	20,879
Property, plant and equipment	11,084	4,151	6,933	8,505	2,867	5,638
Inventories	44,333	5,823	38,510	50,183	4,095	46,088
Trade receivables	26,731	2,200	24,531	25,527	3,300	22,227
Unallocated assets	47,304			47,885		
TOTAL ASSETS	153,239	15,066	90,869	156,179	13,462	94,832
Shareholders' equity	102,734			98,025		
Provisions	1,948	974	974	1,683	841	842
Trade payables	21,890	2,524	19,366	28,933	2,030	26,903
Other liabilities	16,935	4,097	12,838	0		
Unallocated liabilities	9,732			27,538		
TOTAL LIABILITIES AND EQUITY	153,239	7,595	33,178	156,179	2,871	27,745

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

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

With effect from January 1, 2024, the "Other liabilities" item is split between Hercules and Thrustmaster. At June 30, 2023, this item stood at €15,967k.

Segment information by geographical region

- Turnover by geographical region:

(€k)	Jun 30, 2024	Jun 30, 2023	Change
European Union and United Kingdom	29,303	24,385	20%
North America	15,572	15,535	0%
Other	11,132	8,191	36%
TOTAL	56,007	48,111	16%

Turnover in France in the first half of 2024 totaled €4,681k.

- Aggregate value of assets by geographical location:

(€k)	Jun 30, 2024				Dec 31, 2023			
	Total	EU & UK	North America	Other	Total	EU & UK	North America	Other
Goodwill on acquisitions	0				0			
Property, plant and equipment	11,084	10,499	67	518	8,592	8,226	73	293
Financial assets	509	426	24	59	593	526	24	43
Deferred tax assets	4,494	4,493	1		4,634	4,634		
Inventories	44,333	10,343	8,039	25,951	45,725	11,945	7,911	25,869
Trade receivables	26,731	13,626	7,543	5,562	36,057	14,602	14,532	6,923
Other receivables	3,426	3,285	86	55	3,620	3,526	71	23
Cash and cash equivalents	37,503	31,797	3,581	2,125	35,986	32,060	2,027	1,899
Current tax assets	1,372	291	1,081		4,758	3,338	1,420	
Unallocated assets	23,787				23,739			
TOTAL ASSETS	153,239	74,760	20,422	34,270	163,704	78,857	26,058	35,050

Unallocated assets consist of intangible assets.

The Group's inventories are mainly located in Asia (€25,951k at June 30, 2024, shown in the "Other" column in the above table).

7) Goodwill

Goodwill at June 30, 2024 is broken down as follows:

(€k)	Gross at Jun 30, 2024	Impairment at Jun 30, 2024
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 S.A. (France)	941	941
Guillemot Inc. (Canada)	16,894	16,894
Guillemot Srl (Italy)	4,392	4,392
Total	25,027	25,027

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

Goodwill was fully impaired at June 30, 2024.

8) Intangible assets and property, plant and equipment

a) Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2023	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2024
Brands	10,842					10,842
Development costs	19,155		354	13	1	19,497
Development costs in progress	3,197		2,076	428	-1	4,844
Licenses	4,531		353			4,884
Concessions, patents, etc.	1,260		1			1,261
Other intangible assets	2,641		21		-1	2,661
TOTAL	41,626	0	2,806	441	-1	43,989

Amortization and provisions	Dec 31, 2023	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2024
Brands	1,000					1,000
Development costs	11,858		1,429	44	-1	13,242
Licenses	2,239		720			2,960
Concessions, patents, etc.	1,133		30			1,163
Other intangible assets	1,657		182		-1	1,837
TOTAL	17,887	0	2,361	44	-2	20,202

Net amounts	Dec 31, 2023	Jun 30, 2024
Brands	9,842	9,842
Development costs	7,297	6,255
Development costs in progress	3,197	4,844
Licenses	2,292	1,924
Concessions, patents, etc.	127	98
Other intangible assets	984	824
TOTAL	23,739	23,787

Brands

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

Value in use is the present value of future cash flows expected from an asset – i.e. from its continuing use and removal at the end of its useful life. In the absence of a deep market, this is the method used to measure the Group's brands.

- **Hercules**

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

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

There were no indicators of impairment at June 30, 2024, and no updated impairment test has been carried out since that date.

Measurement of the Hercules brand is subject to adjustment in future years should assumptions concerning future cash flows generated by the Hercules business be downgraded.

- **Thrustmaster**

The Thrustmaster brand is allocated to the Thrustmaster CGU.

The Thrustmaster brand has a net balance sheet value of €9,410k, the same as its purchase cost.

Measurement of the Thrustmaster brand is subject to adjustment in future years should assumptions concerning future cash flows generated by the Thrustmaster business be significantly downgraded.

Thrustmaster has achieved global recognition and is now a key player in PC and console racing wheels and joysticks, with an installed base that continues to grow.

At June 30, 2024, there were no indicators of impairment suggesting that an updated impairment test needed to be carried out.

Development costs

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized.

Assets are transferred from assets under construction to capitalized development costs when released into production. The net value of development costs capitalized over the period totaled €603k.

The €428k decrease in assets under construction is mainly the result of the transfer of €354k of assets to development costs.

The following Guillemot Corporation Group companies incur development costs: Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS, Guillemot R&D Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs concern all Hercules and Thrustmaster product lines.

Licenses

The €353k increase in this item is the result of the recognition in the balance sheet of new minimum warranties, with no impact on the 2024 cash position.

b) Property, plant and equipment

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

Gross amounts	Dec 31, 2023	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2024
Land	399					399
Buildings	10,212		3,382	109	10	13,495
Plant	8,293		169	2		8,460
Other property, plant and equipment	3,507		185	76	3	3,619
Assets under construction	1,043		1,566	1,555		1,054
TOTAL	23,454	0	5,302	1,742	13	27,027

Depreciation	Dec 31, 2023	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2024
Buildings	7,037		428	133	1	7,333
Plant	5,960		541	2		6,499
Other property, plant and equipment	1,865		247	5	4	2,111
TOTAL	14,862	0	1,216	140	5	15,943

Net amounts	Dec 31, 2023	Jun 30, 2024
Land	399	399
Buildings	3,175	6,162
Plant	2,333	1,961
Other property, plant and equipment	1,642	1,508
Assets under construction	1,043	1,054
TOTAL	8,592	11,084

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

The €1,555k decrease in assets under construction corresponds to transfers of assets to the “Buildings” and “Plant” items.

The increase in the “Buildings” item is mainly the result of the entry into service of a photovoltaic system (€498k) and the purchase of a wood-fired furnace (€796k), both at the Carentoir site. These investments were made as part of the Group’s corporate social responsibility efforts.

This item is also affected by the €1,921k increase in the valuation of IFRS 16 right-of-use assets.

The value of the lease covering the premises in Rennes was re-estimated following a change in the lease term, resulting in a €1,618k increase in the value of the associated right-of-use asset.

Adoption of IFRS 16 resulted in a €4,605k increase in net property, plant and equipment at June 30, 2024 in respect of lease right-of-use assets (€4,435k in buildings and €170k in other property, plant and equipment).

Tangible fixed assets under construction mainly consist of molds and tools used in the production of new products.

9) Financial assets

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2023	Changes in scope			Currency translation adjustments	Jun 30, 2024
		Increases	Decreases			
Other long-term investments	230		12			218
Other non-current financial assets	363	24	97	1		291
TOTAL	593	0	24	109	1	509

Movements in other long-term investments relate to the liquidity agreement currently in force. A total of €300k in cash has been allocated to the liquidity agreement since it was first entered into.

Changes in other non-current financial assets relate to security deposits.

Current financial assets include Ubisoft Entertainment shares:

(€k)	Dec 31, 2023	Sales	Purchases	Translation adjustments	Financial gain/loss	Jun 30, 2024
<i>Ubisoft Entertainment shares</i>						
Number	443,874					443,874
Fair value (€k)	10,258				-1,185	9,073
Total value	10,258	0	0	0	1,185	9,073

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

At June 30, 2024, the Group held 443,874 Ubisoft Entertainment shares, representing 0.35% of that company's share capital.

The price at December 31, 2023 was €23.11 per Ubisoft Entertainment share. The price used to measure Ubisoft Entertainment shares at fair value at June 30, 2024 was €20.44 per share. The revaluation loss recognized on Ubisoft Entertainment shares at June 30, 2024 was €1,185k (see Note 19).

10) Inventories

Inventories	Gross at Dec 31, 2023	Change in inventories (outcome)	Changes in scope	Currency translation adjustments	Jun 30, 2024
Raw materials	14,731	-1,099		2	13,634
Finished products	33,078	-5		-12	33,061
TOTAL	47,809	1,104	0	10	46,695

Accumulated impairment	Dec 31, 2023	Increases	Decreases	Currency translation adjustments	Jun 30, 2024
Raw materials	754	136	39	1	852
Finished products	1,330	693	513		1,510
TOTAL	2,084	829	552	1	2,362

Total net inventories	45,725				44,333
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Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the carrying amount of inventory is greater than its probable realizable value. The value of net inventory totaled €44,333k at June 30, 2024, 3% less than at December 31, 2023.

11) Trade receivables

Trade receivables totaled €26,731k at June 30, 2024, compared with €36,057k at December 31, 2023.

Trade receivables were down 26% relative to the position at December 31, 2023, reflecting seasonal variations in the Group's business.

To manage its credit risk, the Group takes out credit insurance covering more than 80% of the overall risk while intentionally excluding some accounts associated with the Group's top customer (for an amount equivalent to 14% of consolidated turnover) in light of the robustness of that customer's financial position.

The Group's top customer accounts for 31% of its consolidated turnover.

12) Other receivables

(€k)	Jun 30, 2024	Dec 31, 2023
Advances and progress payments	625	730
VAT receivables	1,175	2,158
Amounts receivable from suppliers	278	61
Other	53	33
Prepaid expenses	1,295	638
TOTAL	3,427	3,620

13) Shareholders' equity

The Group's share capital consists of 15,087,480 shares with a par value of €0.77 each.

Guillemot Corporation S.A. holds 307,469 treasury shares. These treasury shares reduce the value of shareholders' equity by €1,533k.

At June 30, 2024, treasury shares represented 2.04% of the Company's share capital.

Stock options

Maximum potential number of shares to be created:

Via exercise of options: 159,900

Key characteristics of stock option plans:

	Plan no. 11
Date of Board meeting	Dec 3, 2021
Number of shares	193,950
Par value	€0.77
Subscription price	€14.44
Exercise date	Dec 3, 2023 to Dec 3, 2031
Number of shares subscribed	-
O/w during fiscal year 2024	-
Stock options cancelled or lapsed	34,050
Stock options outstanding	159,900
Options available for exercise at Jun 30, 2024	159,900

The first ten stock option plans have all lapsed.

The Group has put in place compensation plans that pay out in the form of equity instruments (stock options). The fair value of services rendered by employees in return for the granting of options is recognized in expenses. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, without taking into account the vesting conditions, which are not market conditions. The vesting conditions, which are not market conditions, are factored into assumptions relating to the number of options that may become available for exercise. At each balance sheet date, the Company reassesses the number of options that may become available for exercise. Where applicable, 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 the first half of 2024, the Group recognized a €110k expense under employee expenses.

14) Provisions for liabilities and charges

Provisions for liabilities and charges are broken down as follows:

(€k)	Dec 31, 2023	Increases	Decreases		Currency translation adjustments	Jun 30, 2024
			Used	Unused		
Other	35	4				39
TOTAL	35	4	0	0	0	39

Provisions for liabilities and charges stood at €39k at June 30, 2024.

15) Employee benefit liabilities

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

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

The main actuarial assumptions used are as follows:

- Discount rate: 3.60%
- Use of collective bargaining agreements specific to subsidiaries
- Retrospective calculation method for projected credit units
- Insee 2024 mortality table
- 2024 baseline salary, assuming annual increases of 2.5-3% until retirement
- Employee turnover rate by age bracket

At June 30, 2024, the amount of the recognized provision stood at €1,909k.

In accordance with IAS 19, all actuarial gains and losses are recognized in other comprehensive income rather than in profit and loss. The cumulative impact on Group shareholders' equity at June 30, 2024 was €501k.

16) Borrowings and cash

Borrowings are broken down as follows:

(€k)	Jun 30, 2024	Current (due within 1 year)			Non-current (due within more than 1 year)		Dec 31, 2023
		0-3 months	3-6 months	6-12 months	> 1 yr	> 5 yrs	
Borrowings	8,810	1,048	1,050	2,103	3,408	1,201	9,053
Bank overdrafts and foreign currency advances	0						0
Sundry	18	18					19
TOTAL	8,828	1,066	1,050	2,103	3,408	1,201	9,072

The Group has fixed-rate financial liabilities totaling €8,828k.

At June 30, 2024, the Group had no foreign currency advances or bank overdrafts.

The Group repaid €1,667k in bank borrowings over the period.

Net debt	Jun 30, 2024	Dec 31, 2023
Borrowings	8,828	9,072
Shareholders' current accounts	0	0
Cash at bank and in hand	28,430	25,728
Net debt	-19,602	-16,656

At June 30, 2024, the Group's net debt was negative at -€19,602k.

Adoption of IFRS 16 has increased the Group's net debt by €4,691k.

The Group also has an equity portfolio worth €9.1 million (fair value at June 30, 2024) and undrawn credit lines in place with its partner banks.

17) Other liabilities

(€k)	Jun 30, 2024	Dec 31, 2023
Social security liabilities	3,130	2,706
Advances and progress payments	0	0
Prepaid income	696	2,115
Other	13,109	20,011
TOTAL	16,935	24,832

The “Other” item mainly consists of accrued expenses in respect of licenses (€2,724k, compared with €3,305k in 2023), trade payables related to variable consideration laid down in sale agreements with customers in connection with sales out allowance (SOA) campaigns (€1,024k, compared with €4,620k in 2023), trade payables related to variable consideration laid down in sale agreements with customers in connection with the payment of marketing expenses (€5,923k, compared with €7,291k in 2023) and liabilities in respect of product returns (€3,411k, compared with €5,037k in 2023).

18) Net operating income

The Group posted a net operating profit of €3,632k for the six months ended June 30, 2024, compared with a net operating loss of €3,852k for the same period in 2023, reflecting a return to growth in the first half of the year as the level of inventory in distribution networks normalized.

The gross accounting profit margin came out at 56%, close to its 2022 level, up from 45% in the first half of 2023.

Turnover was up 16%, while total costs (total operating expenses excluding purchases and changes in inventories) fell 8%.

19) Net financial income

The “Cost of net financial debt” item shows net financial income of €385k.

This includes financial income on short-term investments, interest costs on borrowing, and foreign exchange gains and losses arising from the payment of financial liabilities.

Other financial income and expenses are broken down as follows:

(€k)	Jun 30, 2024	Jun 30, 2023
Foreign currency translation adjustments	441	0
Unrealized gain on Ubisoft Entertainment shares	0	0
Total other financial income	441	0
Foreign currency translation adjustments	0	145
Unrealized loss on Ubisoft Entertainment shares	1,185	235
Total other financial expenses	1,185	380

Foreign exchange effects arising from the translation of subsidiaries' accounts

All subsidiaries conduct business in local currency; the impact on shareholders' equity in the first half of 2024 was +€19k.

Financial risk

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

Liquidity risk: At June 30, 2024, the Group's borrowing and bank financing facilities were not fully utilized and net debt was negative at -€19.6 million. At June 30, 2024, the fair value of the Group's portfolio of investment securities stood at €9.1 million.

At September 24, 2024, the price of Ubisoft Entertainment shares had fallen 41% since June 30, 2024, reducing the portfolio's fair value by €3.8 million.

Equity risk: The Group's earnings are affected by fluctuations in the market price of its shareholdings. The 41% fall in the price of Ubisoft Entertainment shares between June 30 and September 24, 2024 reduced net financial income by €3.8 million.

Interest rate risk: Based on the Group's outstanding floating-rate financial liabilities at June 30, 2024, a 1% annual increase in interest rates would have no impact on net financial income.

Foreign exchange risk: A breakdown of the Group's foreign currency assets and liabilities at June 30, 2024 is set out below (unhedged amounts only – i.e. those exposed to exchange rate fluctuations).

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

(€k)	USD	GBP
Assets	17,760	1,206
Liabilities	11,191	52
Net position before hedging	6,569	1,154
Off balance sheet position	0	0
Net position after hedging	6,569	1,154

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2024, a 10% annual increase in US dollar exchange rates would increase financial expenses by €558k.

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2024, a 10% annual increase in the value of sterling would increase financial expenses by €124k.

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

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

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

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

There were no currency futures or options outstanding at June 30, 2024.

Credit risk: Credit risk is the risk of financial loss should a customer fail to meet its contractual obligations. The Group manages this risk by taking out credit insurance covering more than 80% of the overall risk while deliberately excluding some accounts associated with the Group's top customer (for an amount equivalent to 14% of consolidated turnover) in light of the strength of that customer's financial position. Since the Group uses wholesalers, it has a limited number of customers. In a few cases, the Group is obliged to grant additional credit where its insurance cover is considered clearly unsuitable.

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

20) Corporate income tax

a) Tax assets

At June 30, 2024, this item included €335k in non-current assets consisting entirely of French and Canadian research tax credits.

Research tax credits are deducted from prior period employee expenses in the income statement.

Current tax assets mainly consist of corporate income tax payments on account totaling €977k.

b) Deferred taxes

Deferred taxes on the balance sheet at June 30, 2024 totaled €4,494k.

Breakdown of deferred taxes by type

(€k)	Jun 30, 2024	Dec 31, 2023
Recognition of tax loss carryforwards – Guillemot Corporation S.A.	3,192	3,500
Consolidation adjustments	1,878	2,007
Unrealized gains on Ubisoft shares held (deferred tax liability)	-576	-873
TOTAL	4,494	4,634

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

In light of its outlook, at June 30, 2024 the Group recognized the full amount of its French entities' tax loss carryforwards totaling €12,767k, resulting in the recognition of a deferred tax asset of €3,192k. Furthermore, deferred tax assets of €413k were recognized due to the existence of deferred tax liabilities with the same maturity, taking into account rules applicable in France limiting the application of tax losses.

c) Tax

Corporate income tax is broken down as follows:

(€k)	Jun 30, 2024	Jun 30, 2023
Deferred taxes	141	-1,135
Current taxes	693	85
TOTAL	834	-1,050

The current tax expense of €693k in the first half of 2024 consists of the total amount of corporate income tax payable by all Group companies.

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

The deferred tax expense for the period recognized in the income statement totaled €141k. Deferred taxes were calculated using a taxation rate of 25%.

21) Discontinued operations

The Group has not discontinued any operations in recent years.

22) Earnings per share

	Jun 30, 2024	Jun 30, 2023
Basic earnings per share		
Earnings	2,439	-2,916
Weighted average no. of shares (thousands)	15,087	15,087
No. of treasury shares (thousands)	-307	-45
Total shares (thousands)	14,780	15,042
Basic earnings per share	0.17	-0.19
Diluted earnings per share		
Earnings	2,439	-2,916
Weighted average no. of shares (thousands)	15,087	15,087
No. of treasury shares (thousands)	-307	-45
Total shares (thousands)	14,780	15,042
Maximum number of shares to be created		
- via conversion of bonds	0	0
- via exercise of options	160	168
- via exercise of subscription rights	0	0
Total shares (thousands)	14,940	15,210
Diluted earnings per share	0.16	-0.19

23) Off balance sheet commitments

Documentary credits: €360k

24) Related party transactions

The parent company is owned by Guillemot Brothers SAS (15.15%), the Guillemot family (54.71%), Guillemot Corporation S.A. (2.04%) and members of the public (28.10%).

The main related parties are Guillemot Brothers SAS and members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (see scope of consolidation in section 5) and the Ubisoft Entertainment group, in which members of the Guillemot family hold significant voting rights.

All amounts stated in the Group's 2024 financial statements in connection with related parties (excluding consolidated subsidiaries) were non-material.

25) Seasonality

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

26) Subsequent events

The price of Ubisoft Entertainment shares fell by 41% between June 30 and September 24, 2024, reducing the Group's net financial income by €3.8 million.

F - Statutory auditors' report on 2024 interim financial information

(Covering the period from January 1 to June 30, 2024)

To the shareholders

GUILLEMOT CORPORATION

2 RUE DU CHÊNE HÉLEUC

56033 CARENTOIR

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

- conducted a limited review of the condensed interim consolidated financial statements of Guillemot Corporation for the period from January 1 to June 30, 2024, as appended to this report;
- verified the information set out in the interim business review.

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

I - Opinion on the financial statements

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

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

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

Without qualifying the opinion expressed above, we would like to draw your attention to Note 26 of the notes to the condensed interim consolidated financial statements, "Subsequent events", which sets out the impact on the Group's net financial income of the fall in the price of Ubisoft Entertainment shares since June 30, 2024.

II – Specific checks

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

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

Nantes and Chantepie, September 26, 2024

The statutory auditors

PricewaterhouseCoopers Audit

Toadenn Audit

Gwenaël Lhuissier

Damien Lepert

G - Declaration by the persons responsible for the interim report

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

Rennes, September 25, 2024

Claude Guillemot
Chairman and Chief Executive Officer