

UBISOFT®

Registration Document 2016

and Annual Report

Contents

Message from the Chairman 3

Statement by the person responsible for the Registration Document 4

1 Key figures 5

1.1 Quarterly and annual consolidated sales 6
1.2 Sales by platform 7
1.3 Sales by geographic region 8

2 Group presentation 9

2.1 Group profile and strategy 10
2.2 History 10
2.3 Subsidiaries and equity investments 11
2.4 Research and development, investment and financing policy 13
2.5 2015/2016 financial year 15
2.6 Outlook 18

3 Governance, risks, risk management and internal control 19

3.1 Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management 20
3.2 Compensation of corporate officers 51
3.3 Statutory auditors' report on the report of the Chairman of the Board of Directors of Ubisoft Entertainment SA 75
3.4 Auditors 76

4 Corporate social responsibility 77

4.1 Methodology note on employee-related, environmental and social reporting 78
4.2 Employee-related indicators 80
4.3 Environmental indicators 89
4.4 Societal indicators 96
4.5 Independent third party's report 100

5 Financial statements 103

5.1 Consolidated financial statements as at March 31, 2016 104
5.2 Statutory Auditors' report on the consolidated financial statements 152
5.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2016 154
5.4 Statutory Auditors' report on the annual financial statements 180
5.5 Statutory Auditors' special report on regulated agreements and commitments 182
5.6 Ubisoft (parent company) results for the past five financial years 183

6 Information on the Company and its capital 185

6.1 Legal information 186
6.2 Share capital and stock ownership 188
6.3 Securities market 199
6.4 Securities other than equity securities 202
6.5 Financial communication 203

7 Cross-reference tables 205

Registration Document cross-reference table 206
Management report cross-reference table 208
CSR cross-reference table 209
Annual report cross-reference table 211

Registration Document 2016

and Annual Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration Document was filed on July 22, 2016 in accordance with Article 212-13 of the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF). It may be used in connection with a financial transaction if accompanied by a memorandum approved by the *Autorité des Marchés Financiers*. This document has been prepared by the issuer and is binding upon its signatories.

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference in this Registration Document:

- **the consolidated and separate financial statements and the relevant Statutory Auditors' reports for the financial year ended March 31, 2015, presented in the Registration Document filed on 07/02/2015 under No. D.15-0692, pages 93 to 171;**
- **the consolidated and separate financial statements and the relevant Statutory Auditors' reports for the financial year ended March 31, 2014, presented in the Registration Document filed on 06/26/2014 under No. D.14-0691, pages 98 to 188.**

Ubisoft considers "Non-IFRS operating income" and "Non-IFRS net income", measures not prepared strictly in accordance with IFRS, to be relevant indicators of the Group's operating and financial performance. Management uses these measures to run the Group's business as they are the best reflection of its recurring performance and exclude the majority of non-operating and non-recurring items. A reconciliation between the IFRS and non-IFRS measures is provided in the appendices to the annual earnings release published on May 12, 2016.



Message from the Chairman

Dear Shareholders and Partners,

Ubisoft is celebrating its 30-year anniversary. Thirty years in one of the most exciting and demanding industries in the world.

Ever since the Group's creation, we have been tireless in our efforts to transform it into a world leader in the entertainment industry. This expansion was accompanied by significant value creation with a 17-fold increase (1) in the share price since we were listed in 1996.

The new and remarkable achievements which marked the 2015/2016 financial year were very much along the same lines:

In the first instance, we confirmed our unique capacity for creation and further expanded our flagship brand portfolio with the success of *Tom Clancy's Rainbow Six® Siege* and, above all, *Tom Clancy's The Division™*, the most successful launch by a new brand in the history of the video game. *Assassin's Creed®*, *The Crew®*, *Tom Clancy's The Division*, *Far Cry®*, *Just Dance®*, *Tom Clancy's Rainbow Six* and *Watch Dogs®* were also some of the most successful franchises in the industry, providing us with a broad base combined with great visibility.

We also made a great comeback in the multi-player segment. *Tom Clancy's Rainbow Six Siege* is considered to be one of the best multi-player games of this generation and *Tom Clancy's The Division,* in coop mode, has garnered the enthusiasm of players since its launch. These titles offer our fans long-term experiences with the regular launch of new online content and daily coordination of online communities. These successes were reflected in a significant increase in gamer engagement and, consequently, in record digital sales, allowing for further improvement in our profitability and greater recurrence of our revenue model.

These outstanding achievements demonstrate Ubisoft's ability to effectively execute and implement its strategic plan. As announced on our investor day on February 18, 2016, we are entering a new phase of expansion and high value creation for our shareholders, with a target operating margin of 20% and free cash flow of around €300 million for 2018/2019.

On a more short-term basis, our ambition is to deliver record performance in 2016/2017, with sales of around €1,700 million, a non-IFRS operating profit of around €230 million and strong cash generation. The Group's digital transformation will continue over the financial year, our franchise portfolio will expand further and its reach will extend beyond video games. This fiscal year will be marked by the release of the *Assassin's Creed* movie over which we have been very careful to retain creative control via the choice of scenarios, actors and director, leaving the responsibility for producing and marketing the movie to Fox and New Regency. This innovative approach guarantees that the brand's DNA remains intact, while limiting the financial risk.

After the success of the *Rabbids Invasion®* television series: Invasion on Nickelodeon and France Télévision, and the *Rabbids Invasion* attraction at Futuroscope, we are proving, year after year, that we are a world leader in the entertainment industry.

I am particularly proud of the Group that we have created over the years. We have learned to navigate our way through an unbelievably competitive and demanding industry, unique within the media and entertainment business due to its blend of artistic creations, technological revolutions and consoles cycles. Against this backdrop, independence is a key factor of success in that it ensures agility, rapidity and adaptability. We have succeeded in combining innovation, creativity and an extremely strong corporate culture while delivering high value for our shareholders, employees and fans.

The future looks bright for the industry as a whole and for Ubisoft. PC and console growth, expansion into new continents, including Asia, billions of new players on mobile phones, the formidable potential of Virtual Reality and eSport and the expansion of our brands beyond video games are all growth drivers and will enable us to continue our steady pace of value creation over the next thirty years.

I would like to wholeheartedly thank and congratulate all Ubisoft teams for the outstanding progress that they have made, once again, this year. Lastly, I would like to thank our shareholders for their continued loyalty, support and trust.

Yves Guillemot
Chairman and Chief Executive Officer

(1) At June 1, 2016

Statement by the person responsible for the Registration Document

This is a free translation of the statement by the person responsible for the registration document issued in the French language and it is provided solely for the convenience of English speaking readers.

I confirm, after having taken all reasonable measures to this effect, that the information contained in this Registration Document is, to my knowledge, accurate and free from any omission likely to affect its import.

I confirm that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, financial position and results of the Group and all companies consolidated therein, and that the management report information listed on page 208 of Chapter 7 is a true presentation of the evolution of the business activity, revenue and financial position of the Group and all companies consolidated therein, as well as a description of the main risks and uncertainties facing them.

I have obtained a completion letter from the Statutory Auditors in which they confirm that they have examined the information relating to the financial position and statements presented in this Registration Document, and that they have read the document in its entirety.

The Statutory Auditor's report on the historical financial information presented in this Registration Document appear on pages 156 to 157 and 142 to 143 of the 2014 and 2015 Registration Documents.

The Statutory Auditors' report on the consolidated financial statements for the financial year ended March 31, 2014 appears on pages 156 and 157 of the 2014 Registration Document. It contains no comment.

The Statutory Auditors' report on the consolidated financial statements for the financial year ended March 31, 2015 appears on pages 142 and 143 of the 2015 Registration Document. It contains no comment.

The Statutory Auditors' report on the consolidated financial statements for the financial year ended March 31, 2016 appears on pages 152 and 153 of this Registration Document. It includes an observation drawing the attention of the reader to the "comparability of financial statements" note in the "Accounting principles and measurement methods" section of the notes to the consolidated financial statements which sets out the impacts of IFRIC 21 on levies.

The Statutory Auditors have certified without reservation the consolidated financial statements of the past three financial years.

The Statutory Auditors' report on the separate financial statements for the financial year ended March 31, 2014 (pages 182 and 183 of the 2014 Registration Document) contains no comment.

The Statutory Auditors' report on the separate financial statements for the financial year ended March 31, 2015 (pages 170 and 171 of the 2015 Registration Document) contains no comment.

The Statutory Auditors' report on the separate financial statements for the financial year ended March 31, 2016 (pages 180 and 181 of this Registration Document) contains no comment.

The Statutory Auditors have certified without reservation the separate financial statements of the past three financial years.

July 21, 2016, Yves Guillemot,
Chairman and Chief Executive Officer

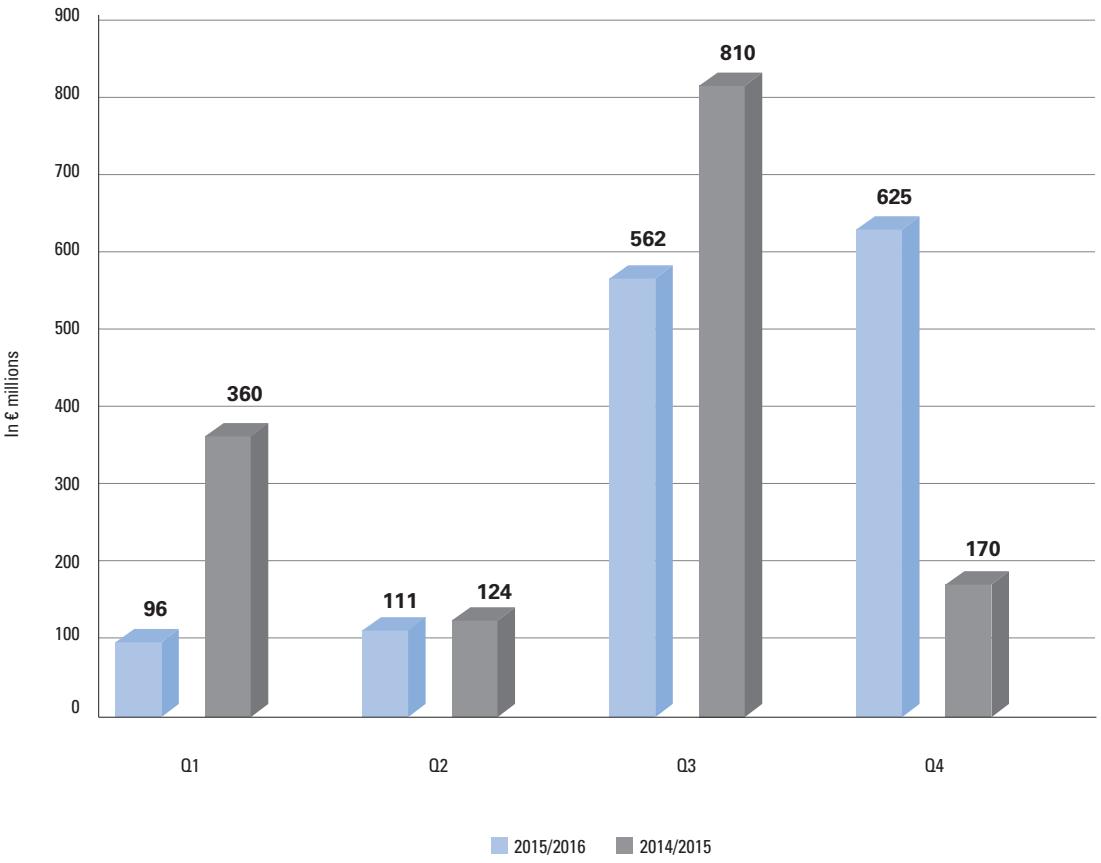
1 Key figures

1.1 QUARTERLY AND ANNUAL CONSOLIDATED SALES 6

1.2 SALES BY PLATFORM 7

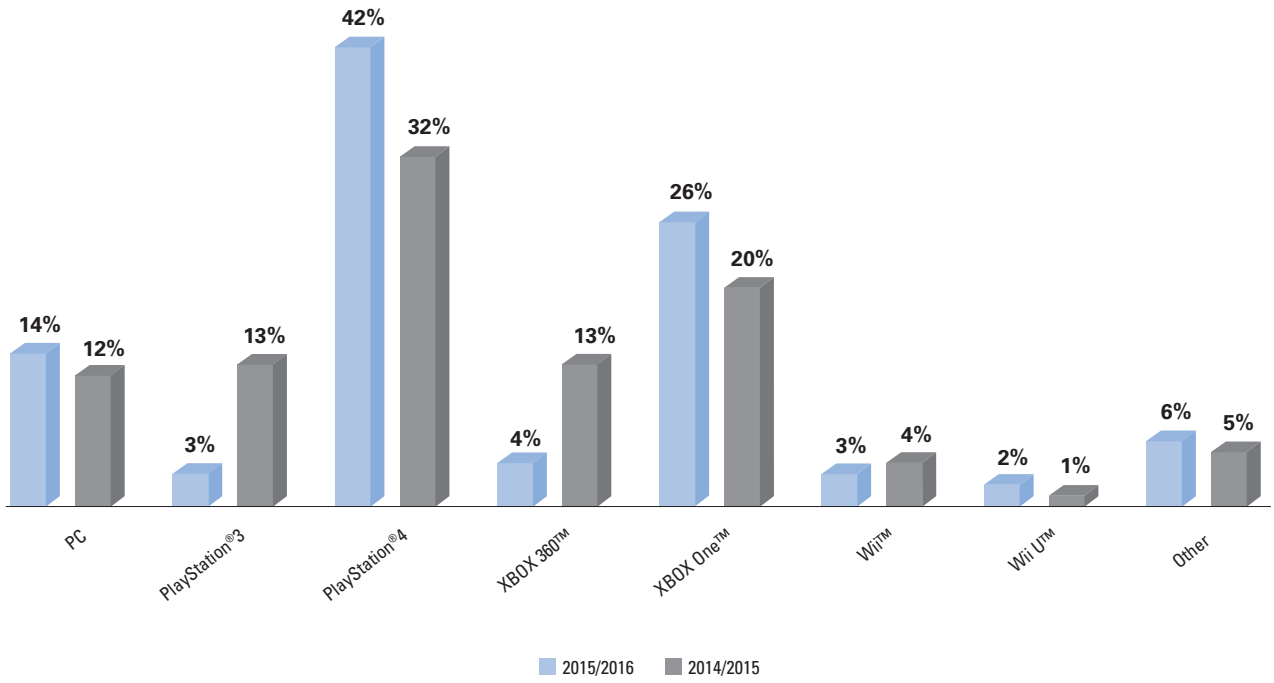
1.3 SALES BY GEOGRAPHIC REGION 8

1.1 Quarterly and annual consolidated sales



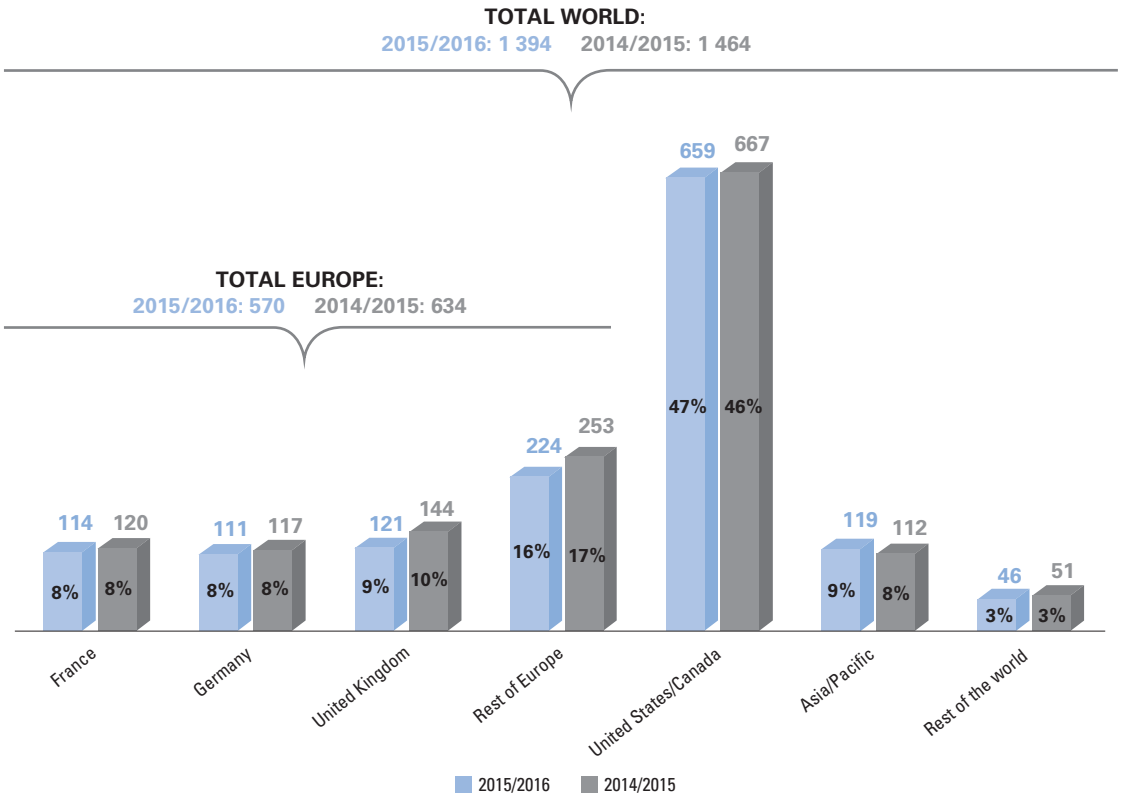
Sales *(in € millions)*	2015/2016	2014/2015	Change at current exchange rates	Change at constant exchange rates
Q1	96	360	-73.2%	-75.4%
Q2	111	124	-10.8%	-16.8%
Q3	562	810	-30.6%	-35.8%
Q4	625	170	267.7%	250.3%
FINANCIAL YEAR TOTAL	**1,394**	**1,464**	**-4.8%**	**-10.7%**

1.2 Sales by platform



1.3 Sales by geographic region

The breakdown of Group sales by geographic region is as follows *(in € millions)*:



2 Group presentation

2.1 GROUP PROFILE AND STRATEGY 10

2.2 HISTORY 10

2.3 SUBSIDIARIES AND EQUITY INVESTMENTS 11
Investments during the financial year 11
Business activities of subsidiaries 11
Simplified organization chart 12

2.4 RESEARCH AND DEVELOPMENT, INVESTMENT AND FINANCING POLICY 13
2.4.1 Research and development policy 13
2.4.2 Investment expenditure policy 13
2.4.3 Financing policy 14

2.5 2015/2016 FINANCIAL YEAR 15
2.5.1 Financial year highlights 15
2.5.2 Changes in the income statement 15
2.5.3 Change in WCR and debt levels 16

2.6 OUTLOOK 18

2.1 Group profile and strategy

Ubisoft's® main business activities are centered around the production, publishing and distribution of video games for consoles, PC, smartphones and tablets in both physical and digital formats.

Ubisoft stands out from its direct competitors due to its unique ability to develop new brands organically. Ubisoft has been responsible for three of the four most successful new brand launches in the industry's history (*Tom Clancy's The Division*™ in 1st place, with *Watch Dogs*® and *Assassin's Creed*® in 3rd and 4th place respectively).

Unlike many of its competitors, Ubisoft owns its brands, along with the technologies and know-how needed to develop them, thus offering long-term visibility on the Company's growth. Today, video game brands have an increasingly significant impact within the entertainment industry as a whole. Owning its own brands is, therefore, an essential advantage when it comes to maximizing their potential and reaching an even wider audience.

In 2016, Ubisoft stepped up its expansion into multi-player gaming with the success of *Tom Clancy's Rainbow Six® Siege* and *Tom Clancy's The Division*™, and now offers experiences that engage players long-term, throughout the year.

2.2 History

1986: Creation of Ubisoft

by the five Guillemot brothers.

1989-1995: International expansion

Ubisoft opens its first sales and marketing subsidiaries in the United States, Germany and the United Kingdom and its first internal development studios in France and Romania.

Launch in 1995 of *Rayman*®, Ubisoft's first major franchise.

1996-2001: Organic growth and strategic acquisitions

Flotation on the Paris stock exchange in 1996.

Opening of new studios including Shanghai in 1996 and Montreal in 1997. Acquisition in 2000 of Red Storm Entertainment (*Tom Clancy* games) and acquisition in 2001 of Blue Byte Software (*The Settlers*®). This strategy powered Ubisoft into the world's top 10 independent publishers in 2001.

2002-2006: A development strategy for owned franchises

Launch of *Tom Clancy's Ghost Recon*®, *Prince of Persia*® and *Tom Clancy's Splinter Cell*®, acquisition of *Driver*® and *Far Cry*® franchises.

2007-2015: A true creator and digital business developer

Ubisoft maintains its reputation as a key player. With *Assassin's Creed, Watch Dogs* and *Tom Clancy's The Division,* Ubisoft claims three of the four most successful new brand launches in the history of video gaming, including *Tom Clancy's The Division* in the number one spot (1). Over this period, Ubisoft also developed the *Just Dance*® music video game series, ranked number 1 worldwide.

Studios opened in Chengdu (China) in 2007, Singapore in 2008 and Toronto in 2009. Launch in 2011 of the Motion Pictures business.

Acquisition of:

- the *Tom Clancy* name for video games and ancillary products, and of the Massive Entertainment studio (Sweden) in 2008;
- Owlient studio, specializing in Free-to-Play games, and RedLynx, specializing in downloadable games in 2011;
- THQ Montréal and two Free-to-Play game specialists: Digital Chocolate (Barcelona) and Futur Games of London in 2013;
- Ivory Tower studio (France) and the assets of Longtail Halifax (Canada) in 2015.

(1) Source: NPD, GFK chart Track, internal estimates

2.3 Subsidiaries and equity investments

INVESTMENTS DURING THE FINANCIAL YEAR

Creation of new companies

- ***June 2015:*** creation of the subsidiary, Ubisoft L.A. Inc. in the United States.
- ***September 2015:*** creation of the subsidiary, Ubisoft Création SAS, in France.

Acquisition

- ***October 2015:*** Acquisition of the Ivory Tower studio.

On October 5, 2015, Ubisoft acquired full ownership of the French studio, Ivory Tower SAS, and its subsidiary, Ivory Art & Design SARL, the creator of the successful racing game, *The Crew*™.

BUSINESS ACTIVITIES OF SUBSIDIARIES

Production subsidiaries

These are responsible, under the supervision and within the framework set out by the parent company, for the design and development of the software, including in particular the scenarios, layouts and game rules, as well as the development of design tools and game engines.

The Group has continued its strategy of reorganization in line with industry developments and is developing its expertise toward the area of online and mobile gaming.

Sales and marketing subsidiaries

These are responsible, under the supervision and within the framework set out by the parent company, for the worldwide distribution of Ubisoft products (CD games, ancillary products, etc.) to superstores and independent wholesalers. With regard to online business, sales and marketing subsidiaries primarily manage the sale of digital games via dedicated platforms such as Uplay.

They are also in charge of implementing local marketing strategies and campaigns associated with game promotion, as decided by the parent company.

MAIN SALES AND MARKETING SUBSIDIARIES

Subsidiary *(in € thousands)* IFRS financial statements	03/31/16 Sales	03/31/16 Operating profit (loss)	03/31/16 Net income	03/31/15 Sales	03/31/15 Operating profit (loss)	03/31/15 Net income	03/31/14 Sales	03/31/14 Operating profit (loss)	03/31/14 Net income
Ubisoft Inc. (United States)	630,473	16,403	12,368	611,953	11,842	7,953	449,160	8,710	5,371
Ubisoft Ltd (United Kingdom)	111,438	3,084	2,370	154,031	2,206	997	98,127	1,422	617
Ubisoft Entertainment Inc. (Canada) *Distribution only*	68,798	1,587	1,033	95,859	1,650	2,348	82,174	1,432	(898)
Ubisoft GmbH (Germany)	105,906	2,482	(4,376)	120,852	2,189	1,638	79,847	2,852	2,112
Ubisoft France SAS	68,587	1,587	(479)	85,233	1,168	875	56,568	1,204	851

Relations between the parent company and subsidiaries

The relationship between the parent company and the subsidiaries involves:

- production subsidiaries billing the parent company for development costs based on the progress of their projects. These costs are capitalized at the parent company and amortized from the commercial launch date of the game;
- the invoicing by the parent company of a distribution license to the sales and marketing subsidiaries.

The parent company also centralizes a certain number of costs that it then allocates to its subsidiaries, in particular in relation to:

- the purchase of computer equipment;
- general and administrative expenses;
- interest expenses related to the cash management agreement, guarantees and loans.

SIMPLIFIED ORGANIZATION CHART

The organization chart below shows the main Group companies as at March 31, 2016. These companies are all wholly owned, directly or indirectly.

Ubisoft Entertainment SA

Video game production

Ubisoft Production Internationale SAS
France

Ubisoft Paris SAS
France

Nadéo SAS
France

Ubisoft Montpellier SAS
France

Ubisoft Annecy SAS
France

Ubisoft Création SAS
France

Ivory Tower SAS
France

Ivory Art & Design Sarl (1)
France

Ubisoft Singapore Pte Ltd
Singapore

Ubi Studios SL
Spain

Ubisoft Studios Srl
Italy

Ubisoft Reflections Ltd (1)
United Kingdom

Ubisoft Toronto Inc. (1)
Canada

Ubisoft Entertainment Sweden AB
Sweden

RedLynx Oy (1)
Finland

Ubisoft EooD
Bulgaria

Ubisoft Srl
Romania

Ubisoft Ukraine LLC
Ukraine

Shanghai Ubi Computer Software Co. Ltd
China

Chengdu Ubi Computer Software Co. Ltd
China

Ubisoft Osaka KK
Japan

Ubisoft Entertainment India Private Ltd
India

Blue Byte GmbH
Germany

Red Storm Entertainment Inc. (1)
United States

Ubisoft Divertissements Inc. (2)
Canada

Distribution

Ubisoft France SAS
France

Ubisoft EMEA SAS
France

Ubi Games SA
Switzerland

Ubisoft BV
Netherlands

Ubisoft Nordic A/S
Denmark

Ubisoft Entertainment Ltda
Brazil

Ubisoft SA
Spain

Ubisoft SpA
Italy

Ubisoft Ltd
United Kingdom

Ubisoft Pty Ltd
Australia

Ubisoft Games LLC
Russia

Ubisoft Ltd
Hong-Kong

Ubisoft KK
Japan

Ubisoft GmbH
Germany

Ubisoft Divertissements Inc. (2)
Canada

Ubisoft Editions Musique Inc.
Canada

Ubisoft Inc.
United States

Mobile production

Ubisoft Paris - Mobile Sarl
France

Ubisoft Sarl
Morocco

Ubisoft Emirates FZ LLC
United Arab Emirates

Ubisoft Barcelona Mobile SL (1)
Spain

Production/Distribution (3)

Ubisoft Mobile Games Sarl
France

Owlient SAS
France

Future Games of London Ltd (1)
United Kingdom

Film

Ubisoft Motion Pictures Sarl
France

Script Movie Sarl (1)
France

Ubisoft Motion Pictures Assassin's Creed SAS (1)
France

Ubisoft Motion Pictures Splinter Cell SAS (1)
France

Ubisoft Motion Pictures Rabbids SAS (1)
France

Hybride Technologies Inc. (1)
Canada

Ubisoft L.A. Inc. (1)
United States

Support

Ubisoft International SAS
France

Ubisoft Learning & Development Sarl
France

Ubisoft CRC Ltd (1)
United Kingdom

(1) Indirectly owned
(2) Studio Montreal, Quebec and Halifax (Mobile)/ Distributor for studios (North America)
(3) Studios that distribute the games they develop

2.4 Research and development, investment and financing policy

2.4.1 RESEARCH AND DEVELOPMENT POLICY

In order to develop exceptional video games, Ubisoft has established a project-led R&D policy for tools and technologies using the most recent technological advances. The technical decisions of a game are made very early in the creative process, years before its release, so as to align innovative efforts, both in terms of human resources and funding.

Its close-knit team of engineers who have mastered the best available technologies now enables Ubisoft to take a highly pragmatic approach to its projects: depending on the challenges and expected results on a game, the choice of tools may involve specific internal developments, software already available on the market, or most often, a combination of the two. Research is thus focused on innovation and functionality using technologies that are suited to a high-quality product.

In a sector where technological innovation is a constant, a culture of knowledge-sharing is essential to the performance of the teams. A collaborative approach [1] is favored to encourage the sharing and transfer of technological knowledge within the Group's different teams (production, support, IT) and to contribute to ongoing advances in tools and production processes. Different initiatives have been implemented over the years, driven mainly by the Knowledge Management department, to develop various tools and sharing platforms to support knowledge capitalization. On the other hand, the re-use of the technological building blocks that are vital to the creation of a video game is encouraged and allows the production team to focus on their research and development work on the non-generic parts of the games, thus maximizing their added value. These advances, associated with promoting networking between the Group's studios, have enabled the Company to master the development of new products, particularly with regard to the transition toward new generations of consoles and the exploration of new technologies like virtual, and augmented, reality.

Although the Group does not conduct any basic research, it has worked closely with a variety of research partners for many years in order to collaborate with researchers in fields connected to game development. By way of example, the Quebec studio entered into a partnership with the University of Laval to work out how to adapt video game content to gamers' emotions and psychological reactions; the Montreal studio is contributing on a financial basis to the University of Montreal's Artificial Intelligence research program; the Toronto studio is collaborating within the scope of the SIRT program [2] and researching motion capture technology and virtual reality cameras. Elsewhere, specific collaborations are also taking place with external software providers to improve the productivity of the tools and methods used by Ubisoft in game production.

Alongside the efforts focused on the production of high quality games, Ubisoft also invests in animation and film through its Ubisoft Motion Pictures entity, which is producing, for the third season in a row, the animated television series *Rabbids Invasion*, broadcast on the children's channel Nickelodeon and on France Télévisions. Advances in both the production methods inspired by the world of film and cutting edge imaging technology have also been made in these domains and contributed, through exchanges with game production teams, to the development of innovative products.

These different initiatives have enabled Ubisoft to complement its internal software developments while still encouraging openness to the many technological fields that now comprise the creation of increasingly advanced and immersive interactive experiences and content. Thanks to this openness and its active participation in various technical events and conferences (Games Developers Conference, Dice, Siggraph, etc.), Ubisoft contributes to the influence of the video game sector for the whole industry.

With regard to the 2015/2016 financial year, commercial software and movie costs reached €546 million, 13% higher than the previous year.

2.4.2 INVESTMENT EXPENDITURE POLICY

The vast majority of Ubisoft's production is in-house, thereby affording it full control over its expertise in game development and the ability to share this knowledge between its various studios. This approach is particularly critical in the early part of a cycle when new technologies can differentiate one from its competitors. It is also significant in the development of open world games which call for large teams and strong collaboration across different studios.

Ubisoft has continued its investment expenditure policy to enable the Company to gain traction in new platforms, develop its online business and more generally increase its market share and improve its financial performance. Studio production costs, financed by the parent company, were up 8.2% in 2015/2016.

(1) See 4.2.3.2

(2) Screen Industries Research and Training Center is a production studio and a research laboratory for exploring digital image capture and creation processes for movies, television and video games

(in € millions)	2015/2016	2014/2015	2013/2014
Internal production-related capex	€514 M	€475 M	€410 M
Capex per member of production staff	€59,700	€58,738	€55,278

2.4.3 FINANCING POLICY

Roughly speaking, Ubisoft has two kinds of cash flows:

- cash flows for financing development costs which are spread evenly throughout the year;
- cash flows linked to the highly seasonal nature of games marketing which is particularly significant during the festive season.

These cash flows include a lag between production costs and cash inflows. The Company must first finance product manufacturing, which is payable at 30 days on average, as well as the marketing costs before collecting cash inflows, on average 50 days after games are released. For this reason, the Group must finance significant cash peaks around Christmas time before seeing its cash climb back up during February and March. Over this financial year, the launch of two major titles in the 4th quarter generated significant working capital requirements.

In addition, progress in the development of digital activity is expected to relieve financing requirements associated with the physical production of marketed products.

Equity financing

The video game business line requires substantial capital expenditure in development, over average periods of between 24 and 36 months, which publishers must be able to finance out of their own resources.

In addition, publishers are required to launch new releases on a regular basis, and their levels of success cannot always be guaranteed.

For these reasons, significant capitalization is essential to guarantee the continuous financing of capital expenditure and to deal with contingencies stemming from the success or failure of games without endangering the future of the Company.

With equity of €1,018 million, the Ubisoft Group financed investment expenditure on internal and external game production to the tune of €587 million for the 2015/2016 financial year.

Furthermore, in order to increase its capacity for external growth, March 2015 saw Ubisoft set up a new two-year equity line (with the option to extend by an additional year). For information purposes only, the equity contribution likely to be made via this equity line could be as much as €275 million (1).

Other sources of finance

Over the 2015/2016 financial year, the Ubisoft Group used the following resources to meet its operating cash requirements:

- a syndicated loan of €250 million signed in July 2012 and amended in July 2014 (maturing in July 2019);
- a Schuldschein type loan of €200 million granted in March 2015 (maturing in March 2020);
- two Euro PP type bonds of €20 million and €40 million issued in December 2012 (maturing in December 2018) and May 2013 (maturing in May 2018) respectively;
- bilateral credit lines of €35 million (maturing in 2019);
- bilateral credit lines of €15 million (maturing in 2017);
- bilateral credit lines of €10 million (maturing in less than one year);
- a loan of €5 million (maturing in September 2018);
- two repayment loans:
  - €2.2 million due in September 2019,
  - €4.6 million due in December 2018;
- a commercial paper program with a maximum of €300 million.

The Group also uses:

- factoring regarding the Canadian Credit Multimedia titles for one-off operations such as market opportunities (representing €42.4 million over the financial year);
- invoice discounting and receivables factoring in Germany, the United Kingdom and occasionally the United States.

FACTORING COMMITMENT AND DISCOUNT ON THE CLOSING DATE

(in € millions)	03/31/16	03/31/15	03/31/14
United Kingdom	25	-	5.8
Germany	37.5	-	-
FACTORING COMMITMENT	**62.5**	**-**	**5.8**
France	2.7	-	-
DISCOUNT	**2.7**	**-**	**-**

However, Ubisoft does not use securitization agreements, Daily assignment agreements or sale and repurchase agreements.

(1) Based on the Ubisoft Entertainment SA share price as at March 31, 2016

Covenant management

With regard to the syndicated loan, the Schuldschein type loan, the bonds and the bilateral credit lines, Ubisoft must comply with the following ratios calculated on the basis of the IFRS consolidated annual financial statements:

- the "Net debt restated for assigned receivables/equity restated for goodwill" ratio must be below 0.8;
- the "Net debt restated for assigned receivables/EBITDA" ratio must be below 1.5. over the last 12 months.

As at March 31, 2016, the Ubisoft Group was in compliance with these ratios and expects to remain so during the 2016/2017 financial year.

Financing in 2016/2017

For the 2016/2017 financial year, and unless the Company makes a major acquisition, Ubisoft should be able to finance its operations from cash and the facilities at its disposal, including at least €510 million in lines of credit of more than one year.

2.5 2015/2016 financial year

2.5.1 FINANCIAL YEAR HIGHLIGHTS

October 2015 – Acquisition of the Ivory Tower studio

This studio developed *The Crew* game which has a strong online component.

October 2015 – Announcement of the acquisition of the assets of Longtail Halifax

This studio is known, above all, for the development of two games, *Rocksmith*® and *Sports Connection*®, and will specialize exclusively in the development of mobile games.

December 2015 – Announcement of the development of *Eagle Flight*™

This virtual reality game, where gamers fly over Paris, will be available on the main virtual reality platforms, including PlayStation VR, Oculus Rift and HTC Vive for PC, in 2016.

February 2016 – Success of the Open Beta version of *Tom Clancy's The Division*

with the participation of over 6.4 million players. These figures make it the most successful beta version in the industry for a new license on this generation of consoles.

March 2016 – Launch of *Tom Clancy's The Division*

Record "sell through" sales for *Tom Clancy's The Division,* with gross sales of USD 330 million worldwide in the first five days. *The Division* becomes the highest selling game from a new brand in its first week of release.

March 2016 – Concurrent user peak for *Tom Clancy's The Division* at 1.2 million players

Tom Clancy's The Division has beaten all gamer engagement records for a Ubisoft game.

2016 – Share buybacks

At March 31, 2016, 3,488,214 shares had been bought back over the previous 12 months for the sum of €79.3 million.

2.5.2 CHANGES IN THE INCOME STATEMENT

The consolidated financial statements for the financial year ended March 31, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2016, as adopted by the European Union.

Only those standards approved by the European Commission and published in its official journal prior to March 31, 2016, and which have been mandatory since April 1, 2015, have been applied by the Group to its consolidated financial statements for the financial year ended March 31, 2016. No standard or interpretation whose application does not become mandatory until after March 31, 2016 has been applied early to the consolidated financial statements for the financial year ended March 31, 2016.

The IFRS standards as adopted by the European Union differ in some ways from the IFRS standards published by the IASB. However, the Group has made sure that the financial information presented would not have been substantively different if it had applied IFRS standards as published by the IASB.

(in € thousands)	03/31/16	03/31/15 *
Sales	**1,393,997**	**1,463,753**
Gross profit	1,088,932	1,126,680
R&D costs	(500,337)	(573,533)
SG&A costs	(419,555)	(382,688)
Non-IFRS current operating income	**169,040**	**170,459**
Stock-based compensation	(12,918)	(9,609)
Other non-current operating income and expenses	(9,334)	(21,717)
Operating profit (loss)	**136,788**	**139,133**
Net financial income	**(13,726)**	**712**
Income tax (credit)	(29,654)	(52,996)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**93,408**	**86,849**
Equity	1,018,510	979,220
Investment expenditure on internal and external game production	586,840	537,287
Staff	10,667	9,790

* *Restated for the impacts of IFRIC 21*

Gross profit as a percentage of sales grew to 78.1% and fell, in absolute terms, to €1,088.9 million compared with a gross profit of 77.0% (€1,126.7 million) in 2014/2015.

Non-IFRS current operating profit stood at €169.0 million, above the revised target of €150 million. This compares to a non-IFRS current operating profit of €170.5 million in 2014/2015.

The change in non-IFRS current operating profit breaks down as follows:

- drop of €37.8 million in gross profit;
- drop of €73.2 million in R&D costs to reach €500.3 million (35.9% of sales), compared with €573.5 million for the 2014/2015 financial year (39.2%). The drop was mainly due to the launch of 5 AAA titles in 2014/2015 (including *Assassin's Creed® Rogue*) compared to 4 in 2015/2016, as well as to the launch of two titles at the end of the financial year (*Tom Clancy's The Division* and *Far Cry Primal*);
- increase of €36.9 million in SG&A costs to €419.6 million (30.1% of sales), compared with €382.7 million (26.1%) the previous year:
  - variable marketing expenses stood at €217.3 million (15.6% of sales) compared with €206.1 million (14.1%) in 2014/2015, which had benefited from the commitment of a portion of marketing expenditure for *Watch Dogs* in 2013/2014,
  - structure costs totaled €202.2 million (14.5% of sales), compared with €176.6 million (12.1%) in 2014/2015, one third of the rise being due to the exchange rate impact.

Non-IFRS net profit totaled €129 million, corresponding to a non-IFRS net profit per share (diluted) of €1.13, compared with a non-IFRS net profit of €112.6 million for 2014/2015 or €1.00 per share.

The IFRS net profit totaled €93.4 million, corresponding to an IFRS net profit per share (diluted) of €0.82, compared with an IFRS net profit of €86.8 million and an IFRS net profit per share (diluted) of €0.77 in 2014/2015.

The average IFRS tax rate was 24% due to recognition of future changes in French corporation tax on temporary tax differences.

2.5.3 CHANGE IN WCR AND DEBT LEVELS

Based on the non-IFRS cash flow statement, the working capital requirement was up €253.3 million compared with a drop of €59 million the previous financial year. The main changes related to:

- assets side: rise in trade receivables (€403 million) and other assets (€30 million);
- liabilities side: rise in trade payables (€117 million) and other liabilities (€63 million).

The increase in trade receivables and trade payables was largely due to games launched in Q4 of the financial year with *Far Cry Primal* and *Tom Clancy's The Division,* compared with the same period the previous financial year when no games were launched. The increase in other assets and other liabilities relates to the high level of business in the final quarter resulting in significant receivables and tax liabilities and the recognition of substantial deferred income.

The use of cash flows from operating activities stood at €(148.8) million (compared with generation of €232.4 million in 2014/2015). This reflects cash flows from operating activities of €104.5 million (compared with €173.5 million for 2014/2015) and the increase in WCR of €253.3 million. Free cash flow before WCR was €61.8 million.

Net borrowing at March 31, 2016 was €(41.7) million compared with net cash of €211.3 million at March 31, 2015, the Company having bought back €79.3 million in shares over the financial year (3,488,214 shares).

NON-IFRS CASH FLOW STATEMENT (UNAUDITED)

(in € thousands)	03/31/16	03/31/15 *
Adjusted cash flows from operating activities		
Consolidated profit (loss)	93,408	86,849
+/- Depreciation and amortization of gaming software & movies	402,959	457,889
+/- Other depreciation	59,841	53,075
+/- Provisions	449	3,201
+/- Cost of stock-based compensation	12,918	9,609
+/- Gains/losses on disposals	104	64
+/- Other income and expenses calculated	24,335	(15,534)
+/- Internal development and license development costs	(489,464)	(421,683)
Non-IFRS cash flows from operations	**104,550**	**173,469**
Inventory	(11)	3,007
Trade receivables	(402,877)	53,783
Other assets	(29,918)	(29,837)
Trade payables	116,466	(5,292)
Other liabilities	63,033	37,262
+/- Change in non-IFRS WCR linked to operating activities	**(253,307)**	**58,923**
Total non-IFRS cash flow generated by operating activities	**(148,757)**	**232,392**
Adjusted cash flows from investing activities		
- Payments for other intangible assets and property, plant and equipment	(42,499)	(56,244)
+ Proceeds from the disposal of intangible assets and property, plant and equipment	67	122
- Payments for the acquisition of financial assets	(34,391)	(23,709)
+ Repayment of loans and other financial assets	34,115	23,373
+/- Changes in scope [1]	358	(3,188)
Total non-IFRS cash flow used by investing activities	**(42,350)**	**(59,646)**
Cash flows from financing activities		
+ New long and medium-term borrowings	234,554	622,283
+ New finance leases contracted	-	10,142
- Repayment of finance leases	(891)	(291)
- Repayment of borrowings	(230,216)	(466,578)
+ Proceeds from shareholders in capital increases	21,924	18,054
+/- Sales/purchases of own shares	(77,272)	639
+/- Associated current account	258	(260)
Cash generated by (used in) financing activities	**(51,643)**	**183,989**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(242,750)**	**356,735**
Cash and cash equivalents at the beginning of the period	505,215	115,610
Impact of translation adjustments	(6,777)	32,870
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [1]	**255,688**	**505,215**
(1) Including cash in companies acquired and disposed of	*371*	-

* *Restated for the impacts of IFRIC 21*

This cash flow statement differs from the cash flow statement required by IFRS standards mainly due to the reclassification of internal and external production costs in cash flows from operating activities.

2.6 Outlook

In 2015, the console and PC video games market was up slightly (Europe, Australia and North America, sources NPD, GFK etc.). 2016 should see a further increase due to the growth in the console and PC market and the strong growth in digital revenues.

In mid-February 2016, the Group announced its targets:

- for **2016/2017:**
  - Sales of approximately €1,700 million,
  - Non-IFRS current operating profit of around €230 million;
- for **2018/2019:**
  - Sales: €2,200 million,
  - Non-IFRS current operating profit: 20%,
  - Free cash flow of around €300 million.

3 Governance, risks, risk management and internal control

3.1 REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE, INTERNAL CONTROL AND RISK MANAGEMENT 20

3.1.1 Corporate governance 20

3.1.2 Risk factors 39

3.1.3 Internal control and risk management 46

3.1.4 Further information 51

3.2 COMPENSATION OF CORPORATE OFFICERS 51

3.2.1 Compensation paid to Directors 51

3.2.2 Compensation paid to corporate executive officers 52

3.2.3 Reports on the allocation of options or free shares 57

3.2.4 Summary tables (compensation of corporate executive officers) 64

3.3 STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF UBISOFT ENTERTAINMENT SA 75

3.4 AUDITORS 76

3.1 Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management

This report, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code, was made available to the Audit Committee on May 11, 2016, and approved by the Board of Directors at its meeting held on May 12, 2016.

The main parties involved in preparing and drawing up the report are the Chairman and Chief Executive Officer, the members of the Board of Directors and of the Committees, working in close collaboration with the Administration Department in charge of its preparation.

This report is a descriptive approach of the works started, completed and planned by the Company. In no way is it intended to demonstrate that the Company has complete control over all of the risks it may encounter.

3.1.1 CORPORATE GOVERNANCE

3.1.1.1 Governance rules

CORPORATE GOVERNANCE CODE

The Company refers to the AFEP-MEDEF corporate governance Code for listed companies as revised in November 2015 (the "AFEP-MEDEF Code"), particularly in preparing this report. The AFEP-MEDEF Code is available on the MEDEF website (www.code-afep-medef.com).

In accordance with the "comply or explain" rule given in Article L. 225-37 of the French Commercial Code and set forth in Article 25.1 of the AFEP-MEDEF Code, the following table indicates the AFEP-MEDEF Code recommendations that were not taken into consideration and the reasons for this.

Provisions of the AFEP-MEDEF Code	Explanation
9. Independent directors **9.2** *"[...]The independent directors should account for half the members of the Board in widely-held corporations without controlling shareholders."*	The proportion of independent directors increased from 16.66% to 29% after the General Meeting of June 27, 2013, and then from 29% to 44.4% after the General Meeting of November 20, 2013. Taking into account the composition of the Board of Directors with its nine members, this percentage is as close as mathematically possible to the 50% threshold. Although the Board of Directors deems the percentage of 44.44% of independent members to be sufficient, particularly in view of the functional improvements achieved through its three committees which are 100% composed of independent directors, it has decided to submit the appointment of one or more independent female director(s) for approval by the General Meeting to be held on September 29, 2016 to attain, subject to approval, the percentage set out in the AFEP-MEDEF Code.
10. Evaluation of the Board of Directors **10.2** *"The evaluation should have three objectives: [...] (iii) to measure the actual contribution of each director to the Board's work through his or her field of expertise and involvement in discussions."*	With regard to the recommendation on measuring the actual contribution of each director to the Board's work through his or her competence and involvement in discussions, the Board does not believe that it is desirable to formally measure their actual contribution to the work of the Board, which is and must remain a collegial body. Each director's individual contribution may also vary from one meeting to another depending on the topics under discussion. Directors see firsthand the close involvement of each one among them throughout the year at meetings of the Board of Directors or committees. The Board does not deem the actual contribution of each director to be relevant, since the Board's ability to function effectively as a collegial body inevitably stems from their individual contributions.
10.3 *"Once a year, the Board should dedicate one of the items on its agenda to a debate concerning its operation."*	During the course of the year, this point was effectively covered by the debates on the appointment of new independent female directors.
10.4 *"It is recommended that the non-executive directors meet periodically without the executive or "in-house" directors. The internal rules of the Board of Directors could provide for such a meeting once a year, at which time the evaluation of the Chairman's, Chief Executive Officer's and Executive Vice Presidents' respective performance shall be carried out, and the participants shall reflect on the future of the Company's executive management."*	Questions relating to the Chairman and Chief Executive Officers and the Executive Vice Presidents' performance are handled by the Compensation Committee during the annual review of their compensation. For these reasons, a formal meeting without the Chairman and Chief Executive Officer or the Executive Vice Presidents is not provided for in the internal rules of the Board.

Provisions of the AFEP-MEDEF Code	Explanation
14. Duration of directors' term of office **Item relating to the number of shares to be held by the directors** *"Even though it is not required by law, it is imperative that the Articles of Association or the internal rules of the Board of Directors set a minimum number of shares in the corporation concerned that each director must personally hold [...]."*	The internal rules of the Board state that it is desirable for each director to endeavor to hold shares in the Company that exceed the minimum number provided for in the Articles of Association. The number of shares held by directors is variable as the Board currently believes that the number of shares held by the directors is not a corollary of their involvement in executing their duties. However, at its meeting on March 19, 2015, the Board of Directors set the amount to be invested by directors in Ubisoft shares at €10,000.
16. Audit committee *"The time available for reviewing the accounts should be sufficient (no less than two days before review by the Board)."*	In due consideration of the deadlines for preparation of the financial statements and publication of the results on the one hand, and the internal organization of the Company on the other hand, the financial statements are examined by the Audit Committee the day before the Board meeting. However, the Company endeavors, as far as possible, to submit documents to the committee members sufficiently in advance for them to be able to review the documents properly.
19. Number of directorships for corporate executive and non-executive officers *"A corporate executive officer should not hold more than two other directorships in listed corporations, including foreign corporations, not affiliated with his or her group."*	As at March 31, 2016, Yves Guillemot, corporate executive officer of the Company, is also a director of the companies Guillemot Corporation SA, Gameloft SE, Rémy Cointreau SA and Lagardère SCA. The Company considers that appointments held in companies active in business sectors other than the video gaming sector allowYves Guillemot to acquire new skills and utilize them in his role as Chairman and Chief Executive Officer. In addition, the vigilance exercised by the independent directors serving on the Board of Directors and committees of the Company, together with an ingrained knowledge of the related activities of Guillemot Corporation SA and Gameloft SE, mean that the proper limits can be set to prevent any conflicts of interest. With regard to the new provisions of Article L. 225-94-1 of the French Commercial Code on holding multiple corporate offices, as amended by Law n° 2015-990 of August 6, 2015 (the Macron Law) on growth, activity and equal economic opportunities, Yves Guillemot intends to ensure, within the statutory time allowed, that the number of corporate offices held by him is compliant with the aforementioned Article.
23.2.1 Share retention obligations *"The Chairman of the Board, the Chief Executive Officer, the Executive Vice Presidents [...] must, throughout their term of office, retain in registered form a significant number of shares, set periodically by the Board of Directors [...]. The number of shares, which may be created through the exercise of stock options or performance shares, must be significant and, where applicable, must increase to a level set by the Board."*	With regard to stock options allocated to the Chairman and Chief Executive Officer and to the Executive Vice Presidents, the percentage of shares to be retained in registered form throughout their term of office has been set at 5%. The meeting of the Board of Directors of December 16, 2015 decided, following a proposal from the Compensation Committee, to also apply this percentage to the allocation of share subscription options and/or free preference shares to the corporate executive officers. As a result, the recommendation to increase this percentage was not followed at this time, based on the fact that the corporate executive officers could only exercise one of the five effective plans dedicated to them.

INTERNAL RULES OF THE BOARD OF DIRECTORS

The internal rules of the Board of Directors, in conjunction with and/or in addition to legal, regulatory and statutory provisions, intended in particular to specify details of the composition, organization and operation of the Board of Directors and committees created therein, were adopted during the meeting of the Board of Directors on July 27, 2004. The internal rules of the Board also constitute the directors' governance charter.

They are examined and updated at regular intervals by the Board of Directors – the most recent update occurred on March 3, 2016.

The internal rules of the Audit Committee, the Compensation Committee and the Appointments Committee are annexed to the internal rules of the Board of Directors.

The internal rules of the Board of Directors, published on the Company's website, set all the principles, which, without being set up as strict rules, should guide the composition of the Board of Directors.

3.1.1.2 Composition and functioning of governing bodies

COMPOSITION OF THE BOARD OF DIRECTORS AND RULES GOVERNING MEMBERSHIP

Composition

The appointments and roles of the directors, Chairman and Chief Executive Officer and Executive Vice Presidents are described in section 3.1.1.5.

The composition of the Board of Directors is illustrated in the following table. With the exception of the appointment of Didier Crespel as lead director (details of this role are presented on page 26 of this Registration Document and set out in the AFEP-MEDEF Code), there were no other changes during the year to the composition of the Board of Directors.

Name	Position in the Company	Date of taking office	Expiry at AGM approving financial statements for FY ended	Membership of the Board of Directors at 04/01/15	Joined or left the Board during the financial year
Yves Guillemot [5]	Director Chairman and Chief Executive Officer	02/28/88	03/31/16	✔	-
Claude Guillemot [5]	Director Executive Vice President, Operations	02/28/88	03/31/17	✔	-
Michel Guillemot [5]	Director Executive Vice President, Development Strategy and Finance	02/28/88	03/31/17	✔	-
Gérard Guillemot [5]	Director Executive Vice President, Publishing and Marketing	02/28/88	03/31/16	✔	-
Christian Guillemot [5]	Director Executive Vice President Administration	02/28/88	03/31/17	✔	-
Didier Crespel	Lead Director	11/20/13 03/03/16 [6]	03/31/17	✔	-
Estelle Métayer	Director	09/24/12	03/31/16	✔	-
Laurence Hubert-Moy	Director	06/27/13	03/31/17	✔	-
Pascale Mounier	Director	11/20/13	03/31/17	✔	-

(1) Date of appointment: November 20, 2013 – date of creation of the Audit Committee
(2) Chairperson of the Compensation Committee since September 2, 2013 and member since September 24, 2012
(3) Member of the Compensation Committee since June 27, 2013
(4) Date of appointment: February 5, 2015 – date of creation of the Appointments Committee
(5) Yves, Claude, Michel, Gérard and Christian Guillemot are brothers
(6) Date of appointment as Lead Director

At May 12, 2016, the Board of Directors, the composition of which has changed considerably since 2012 – notably with the aim of strengthening the diversity and complementarity of the skills required and increasing the percentage of women and independent directors – is composed of nine directors including four independent directors, three of whom are female (two with dual French-Canadian citizenship) and one lead director chosen from among the independent directors.

Currently 33.33% of Board members are women and 44.44% are independent directors.

The Company strives to keep its Board of Directors open to independent directors while ensuring that both men and women are equally represented therein, and as such will submit for approval at the next General Meeting the appointment of at least one new independent female director.

	Membership of the Board of Directors at 03/31/16	Independent director	Committee membership			Date of birth	Number of shares at 03/31/16
			audit	compensation	appointments		
	✔	-	-	-	-	07/21/60	917,783
	✔	-	-	-	-	10/30/56	722,363
	✔	-	-	-	-	01/15/59	380,103
	✔	-	-	-	-	07/14/61	525,547
	✔	-	-	-	-	02/10/66	106,625
	✔	✔	Chairman [1]	-	Member [4]	05/26/62	600
	✔	✔	-	Chairman [2]	-	04/08/70	4,000
	✔	✔	Member [1]	Member [3]	Chairman [4]	11/15/61	488
	✔	✔	-	-	-	07/10/63	790

The Board of Directors does not have members representing employee shareholders, since the minimum threshold of 3% of the share capital held by employees (as prescribed by Article L. 225-23 of the French Commercial Code) has not been reached to date. At March 31, 2016, the percentage held in accordance with Article L. 225-102 of the French Commercial Code is 0.734%.

In addition, since the Company does not, at March 31, 2016, meet the criteria set forth in Article L. 225-27-1 of the French Commercial Code, its Board of Directors does not have members representing employees.

The Board of Directors is assisted in its work by three committees: the Audit Committee, the Compensation Committee and the Appointments Committee. These three committees are 100% composed of independent directors. In addition, one lead director was appointed by the Board of Directors on March 3, 2016 from among the independent directors.

Rules governing the composition of the Board of Directors

According to the Company's Articles of Association, the Board of Directors shall be composed of at least three members and of no more than eighteen members, notwithstanding any derogation permitted by law.

Over the life of the Company, directors are appointed or reappointed by the Ordinary General Meeting. However, in the event of a merger or demerger, the appointment may be made by the Extraordinary General Meeting held to deliberate on the operation concerned. Between two meetings and in the event of a vacancy due to death or resignation, appointments may be made on a provisional basis by the Board of Directors. They are subject to ratification at the following General Meeting.

Following the recommendations of the AFEP-MEDEF Code and in accordance with Article 8 of the Company's Articles of Association, the term of office for directors is four years, with a system of staggered re-elections to ensure a smooth transition and avoid any en masse replacements. Furthermore, the General Meeting can, in exceptional circumstances, appoint or re-elect one or more directors for a term of two or three years so as to stagger re-elections.

Pursuant to applicable legislative and regulatory provisions, if a director is appointed to replace another, he or she shall only hold this position for the remainder of his or her predecessor's term.

The term of office of directors ends following the Ordinary General Meeting called to approve the financial statements for the previous financial year and held in the year in which that term of office expires.

The Articles of Association set an age limit of 80.

The Board of Directors appoints a Chairman from among its members. It also appoints the Chief Executive Officer and, upon the latter's proposal, may appoint one or more Executive Vice Presidents.

The internal rules adopted by the Board of Directors at its meeting on March 3, 2016 state that a lead director must be appointed by the Board of Directors if the positions of Chairman and Chief Executive Officer are held by the same person. As part of his/her duties, the lead director may, where appropriate, chair the meetings of the Board of Directors and temporarily assume the position of Chairman in the event that the latter is unavailable (see page 26).

Pursuant to Article 8 of the Company's Articles of Association, each director must hold at least one share in the Company. The number of shares held by directors is variable as the Company currently believes that the number of shares held by the directors is not a corollary of their commitment to performing their duties. However, the Board of Directors decided at its meeting on March 19, 2015, in view of the payment to certain directors of a full year's directors' fees for the first time, to set the number of shares to be held by directors for the duration of their office as the equivalent of an invested amount of €10,000.

BALANCED REPRESENTATION OF WOMEN AND MEN ON THE BOARD OF DIRECTORS

At March 31, 2016, the composition of the Board of Directors complies with the provisions of Article 5. II of Act n° 2011-103 of January 27, 2011 applicable to companies with shares admitted for trading on a regulated market, further to which the proportion of directors of each gender may not be less than 20% following the first Ordinary General Meeting held after January 1, 2014.

At the next General Meeting and in accordance with the recommendations of the Appointments Committee, the Board of Directors shall submit for approval at the next General Meeting the appointment of at least one independent female director with a view to bringing the aforementioned proportion to above 40% at the end of the 2016 General Meeting and therefore prior to the deadline set by the aforementioned Act.

INDEPENDENCE OF DIRECTORS

The independent directors have no relationship of any kind whatsoever with the Company, its Group or its management that could compromise their judgment.

In accordance with the Company's internal rules, directors deemed independent must undertake at all times to maintain their independence with regard to analysis, judgment, decisions and action. They must undertake not to seek out or to accept benefits from the Company or associated companies, either directly or indirectly, which are likely to be considered prejudicial to their independence.

The status of independent director was reviewed by the Board of Directors on April 19, 2016 based on the questionnaire issued by the Appointments Committee to all independent directors on March 1, 2016, under the terms of which directors were invited to state their position based on each criterion applied by the AFEP-MEDEF Code to determine independent status.

The results of this review are given in the table below:

	Estelle Métayer	Laurence Hubert-Moy	Pascale Mounier	Didier Crespel
Must not be an employee or corporate officer of the Company, or an employee or director of its parent or a company that it consolidates, and must not have held such a position for the previous five years	Compliant	Compliant	Compliant	Compliant
Must not be a corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the Company (currently in office or having held such office going back five years) is a director	Compliant	Compliant	Compliant	Compliant
Must not be (or be directly or indirectly linked to) a customer, supplier, investment banker or commercial banker: ♦ that is material to the Company or its Group; or ♦ for which the Company or its Group accounts for a significant part of its business	Compliant	Compliant	Compliant	Compliant
Must not be related by close family ties to a corporate officer	Compliant	Compliant	Compliant	Compliant
Must not have been an auditor of the Company within the previous five years	Compliant	Compliant	Compliant	Compliant
Must not have been a director of the Company for more than twelve years	Compliant	Compliant	Compliant	Compliant
Must not be, control or represent a shareholder holding alone or in concert more than 10% of the capital or voting rights at General Meetings of the Company	Compliant	Compliant	Compliant	Compliant

The Board of Directors, noting that no business relationship – even minor – existed between directors and the Company or the Ubisoft Group that could potentially compromise the independence of the directors concerned, decided that there was no point at this stage in setting a percentage threshold below which a business relationship would not be material.

OPERATING PROCEDURES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Operating procedures

The Board of Directors has the broadest possible powers to determine business policies and ensure their implementation within the limits of the Company's corporate purpose and the powers expressly granted by law to the General Meeting.

The internal rules of the Board of Directors, updated on March 3, 2016, provide the opportunity for directors to participate in the Board's deliberations via videoconference or telecommunications, which enable them to be identified and which guarantee their effective participation, under the conditions determined by the regulations in force. Directors who participate in the Board's deliberations in this way are deemed to be present for quorum purposes, except for Board of Directors' meetings relating to the establishment of the consolidated and separate financial statements, and the management report.

The preparation and organization of the Board of Directors come within the scope defined by the statutory and regulatory provisions applicable to French corporations *("sociétés anonymes")* and the Company's Articles of Association, and the provisions of the internal rules of the Board of Directors and its committees updated on March 3, 2016.

Over and above the expertise and powers of the Board, the internal rules of the Board prescribe the principle of confidentiality for information disclosed to members, and state that the office of director shall be held in accordance with the rules on independence, ethics and integrity. Moreover, the internal rules of the Board of Directors stipulate the requirement that each of the directors shall inform the Board in the event of a real or potential conflict of interests in which he/she may be directly or indirectly involved.

The Board's powers and responsibilities

In accordance with the provisions of Article L. 225-35 of the French Commercial Code and its internal rules, the Board of Directors decides the Company's policies and oversees their implementation.

It meets as often as required by the Company's business, at the registered office or at any other place chosen by the Chairman. No special form is required for meeting notices. As a collegial body, its decisions are binding on all its members.

In particular, the Board of Directors gives its opinion on all decisions relating to major strategic, economic, corporate, financial and technological policies of the Company and oversees their implementation by the general management, particularly in accordance with the Board's internal rules.

Subject to the powers expressly bestowed on Shareholders' Meetings and within the limit of the corporate purpose, the Board of Directors may discuss any issue affecting the proper functioning of the Company and make decisions to resolve matters that concern it. It also carries out the verifications and controls it deems appropriate.

Consequently, the Board of Directors:

- chooses the organizational arrangements for the general management (separation of the position of Chairman from that of Chief Executive Officer, or both of these positions held by the same person);
- implements, where it sees fit, the delegations of authority and/or authorizations granted to it by the Shareholders' Meeting;
- examines and approves the financial statements;
- monitors the quality of the information provided to shareholders and to the markets in the financial statements or when major transactions are carried out.

In addition, the Board of Directors is kept informed of the Group's targets and strategy in line with its culture and values.

Main issues addressed during the financial year/ Proceedings of the Board of Directors

During the financial year, the Board of Directors mainly focused on:

- considering the Ubisoft group's strategic issues;
- examining and approving the separate and consolidated financial statements for the year ended March 31, 2015, and the interim consolidated financial statements at September 30, 2015;
- establishing management forecasts;
- financial information/financial reports;
- preparing for the Combined General Meeting of September 23, 2015 (agenda, draft resolutions, reports for this meeting);
- implementing the delegations of authority and authorizations granted by the Shareholders' Meeting, particularly as regards employee stock ownership and "financial" authorizations;
- renewing the authorization granted to the Chief Executive Officer to provide deposits, endorsements and guarantees on behalf of the Company;
- establishing the principles of corporate governance: updating the internal rules of the Board of Directors and its committees, establishing the position of lead director and the appointment thereof;
- approving the proposals of the Compensation Committee relating to employee stock ownership and the compensation of the Chairman and Chief Executive Officer and/or Executive Vice Presidents;
- implementing the share buyback program;
- reading the reports of its committees (the Audit Committee, Compensation Committee and Appointments Committee);
- amending the ratio of directors' fees with effect from April 1, 2015 following a proposal from the Compensation Committee (variable 60%/fixed 40%);
- setting the quantitative and qualitative criteria, as proposed by the Compensation Committee, relating to the compensation of the Chairman and Chief Executive Officer;
- adopting an action plan following the summary of the self-assessment questionnaires and performing an implicit review of the Board's operating procedures;
- reviewing the status of independent director.

The Board of Directors has also received presentations on specific topics requested by its members.

Pursuant to Article L. 823-17 of the French Commercial Code, the Statutory Auditors were invited to attend the Board meetings approving or examining the financial statements.

The Board of Directors met 12 times during the 2015/2016 financial year. The attendance rate at meetings of the Board of Directors was as follows:

Director	Yves Guillemot	Claude Guillemot	Michel Guillemot	Gérard Guillemot	Christian Guillemot	Didier Crespel	Estelle Métayer	Laurence Hubert-Moy	Pascale Mounier	Average attendance rate
Number of meetings	12	10	9	11	12	11	12	12	12	
Attendance rate	100%	83.33%	75%	91.67%	100%	91.67%	100%	100%	100%	**93.52%**

Information to Directors

The Chairman and Chief Executive Officer provides the directors with the information and documentation necessary for them to carry out their duties and prepare for meetings, in accordance with Article L. 225-35 of the French Commercial Code.

Each director may independently obtain additional information from the Chairman and Chief Executive Officer, who is available at all times to provide relevant information and explanations to the Board of Directors.

Directors are bound by a duty of confidentiality as regards confidential information that is provided as such by the Chairman of the Board of Directors.

LEAD DIRECTOR

Following a proposal from the Appointments Committee, the Board of Directors on March 3, 2016 amended the internal rules of the Board, introducing the obligation to appoint a lead director, chosen from among the independent directors when the positions of Chairman and Chief Executive Officer are held by the same person.

The lead director is appointed for a period of two years, which must not exceed the term of his or her directorship. The lead director may be re-elected following a proposal from the Appointments Committee.

Acting on a proposal from the Appointments Committee, the Board of Directors therefore appointed Didier Crespel as the first lead director.

Responsibilities

The main responsibility of the lead director is to oversee the proper functioning of the Company's management bodies. In this regard, he:

- chairs the meetings of the Board of Directors in the event that the Chairman is unavailable and following a proposal from the latter in accordance with the provisions of the Articles of Association;
- temporarily assumes the chair of the Board of Directors in the event that the Chairman is unavailable;
- chairs, convenes and organizes, should he deem it necessary, a meeting of the independent directors during which they may discuss topics of their choice outside of a plenary meeting of the Board of Directors;
- maintains ongoing dialogue with the directors and, where required, acts as their spokesman with the Chairman of the Board of Directors and in particular acts as a liaison between

the independent directors and the Chairman of the Board of Directors;

- ensures that all shareholder questions are answered, is available to communicate with shareholders at the request of the Chairman of the Board of Directors and keeps the Board informed of these exchanges;
- oversees the evaluation of the Board of Directors' operating procedures where required.

Resources

While performing his duties, the lead director can:

- suggest that the Chairman add items to the agenda of Board meetings, where necessary;
- request that the Chairman convene or, if appropriate, himself convene an Extraordinary Board Meeting where justified by an urgent or crucial agenda;
- assume, in conjunction with legal and regulatory provisions, the duties of the Chairman of the Board of Directors in the event that the latter is unavailable (temporarily chair meetings);
- meet with the independent directors under terms and conditions and at times that he may deem appropriate;
- attend and/or participate in any meetings with Company shareholders upon request of the Chairman of the Board of Directors;
- make recommendations of any kind in relation to the evaluation of the Board.

The lead director ensures that the directors have the opportunity to meet and speak with the executive officers and the Statutory Auditors, in accordance with the provisions of the internal rules.

More generally, the lead director ensures that the directors are provided with the information required to perform their duties under optimum conditions, in accordance with the provisions of the internal rules.

The lead director may be the Chair or a member of one or more of the committees of the Board of Directors.

The lead director reports once a year to the Board of Directors. During General Meetings, the Chairman may invite the lead director to report on his work.

Work during the 2015/2016 financial year

Following his appointment as lead director on March 3, 2016, Didier Crespel has taken part in a number of conference calls and meetings with the Company's shareholders to give an overview of "Governance" and in particular the operating procedures and activity of the administrative and management bodies.

In accordance with the internal rules of the Board of Directors, the lead director reported on his activity from his appointment to March 31, 2016 at the meeting of the Board of Directors on April 19, 2016.

COMMITTEES OPERATION AND RESPONSIBILITIES

Under its internal rules, the Board of Directors has the option of creating one or more committees to provide it with assistance.

In 2016, the Board of Directors was assisted by three specialized committees:

- Audit Committee;
- Compensation Committee; and
- Appointments Committee.

Operating procedures

The committees meet at the behest of their Chairman and may be called by any means. The committees may meet at any place and in any way, including by videoconferencing and teleconferencing. They may only meet validly if at least half of their members are present – if committees only comprise two members, all members must participate in meetings. As members are personally appointed, they may not be represented by others. The Compensation Committee and the Appointments Committee must meet at least once a year and the Audit Committee at least three times a year.

The agenda of the meetings is set by their Chairman. The committees report on their work to the subsequent Board meeting in the form of oral statements, opinions, proposals, recommendations or written reports.

Responsibilities and powers of the committees

The committees act in an advisory capacity. Their particular responsibilities include reviewing matters that the Board or its Chairman submits for their consideration and reporting their findings to the Board in the form of reports, proposals or recommendations. Members chosen from among the directors are appointed by the Board of Directors, which also designates each committee's Chairman. The responsibilities and operating procedures of each committee were specified by the Board when they were established and were added to the internal rules.

The committees may not unilaterally decide to discuss issues beyond the scope of their mission. They have no decision-making power but only that of making recommendations to the Board of Directors.

Audit Committee

This committee was created on November 20, 2013. Its internal rules, which are attached to the internal rules of the Board of Directors, describe its responsibilities and operating procedures in particular.

Composition and operating procedures

The Audit Committee is composed of two members appointed by the Board of Directors, both of whom are independent: Didier Crespel and Laurence Hubert-Moy.

The committee is chaired by Didier Crespel who brings his financial and accounting expertise to the committee, together with precision and an analytical spirit. Laurence Hubert-Moy has held and still holds a number of management positions in a variety of research organizations giving her years of technical experience in the management of substantial budgets.

Responsibilities

The Audit Committee is responsible for monitoring the preparation of accounting and financial information, the effectiveness of internal control and risk management systems, statutory audits of the annual financial statements and consolidated financial statements by the Statutory Auditors and the independence of the latter. It prepares and facilitates the work of the Board of Directors with regard to these matters.

More specifically, it is responsible for:

- examining the accounting basis chosen and establishing its relevance, examining the sustainability of the accounting methods applied, the accounting policies used and the estimates made in order to process material transactions, and the scope of consolidation;
- examining certain accounting and financial information documents issued by the Company before they are made public;
- reviewing and monitoring the effectiveness of internal control and risk management systems and the security of information systems;
- examining risks, litigation and material off-statement of financial position commitments;
- formulating proposals to be made to the Board of Directors regarding the appointment of the Statutory Auditors and validation of the fees paid; and
- evaluating the quality of the work of the Statutory Auditors and monitoring its independence. Within the context of this monitoring, details of the fees for auditing and non-auditing services paid by the Company and other Group companies to the firms and networks of the Company's Statutory Auditors are communicated annually to the committee when the annual financial statements are prepared.

Work during the 2015/2016 financial year

The Audit Committee met four times during the year, mainly to review the key items on the statement of financial position and the income statement, the interim financial statements, tax matters, the launch of an invitation to tender relating to the expiry of the term of office of one of the co-auditors, and to examine internal control and risk management with a view to preparing associated action plans (audit of current processes/risk mapping). It also performed a self-assessment of the committee's operating procedures.

The attendance rate was 100%.

The Compensation Committee

Composition and operating procedures

The Compensation Committee is composed of two members appointed by the Board of Directors, both of whom are independent: Estelle Métayer and Laurence Hubert-Moy.

The committee is chaired by Estelle Métayer who, thanks to her management experience and expertise in the field of talent management and development as an assistant professor at McGill University (senior management leadership development programs), can offer the committee knowledge and methodology in the retention, motivation and growth of human potential in business and on best international practices. Laurence Hubert-Moy has held and still holds a number of management positions in a variety of research organizations, giving her years of experience in the compensation of high-level executives (researchers and engineers).

Under the AFEP-MEDEF Code, Compensation Committee must be composed of a majority of independent directors and no corporate executive officers. The Compensation Committee has a 100% independence rate and is therefore compliant.

The Compensation Committee has taken the decision to invite Yves Guillemot and Christian Guillemot to its meetings as permanent invitees, it being specified that any topics relating to the compensation of corporate executive officers (Chairman and Chief Executive Officer and Executive Vice Presidents) are to be discussed by the independent directors behind closed doors.

Responsibilities

The Compensation Committee is responsible for examining the compensation and benefits granted to directors and corporate executive officers and for providing the Board of Directors with comparisons and measurements with regard to international practices.

- **With regard to the compensation of corporate executive officers (Chairman and Chief Executive Officer and Executive Vice Presidents), the Compensation Committee:**
  - examines and makes recommendations as regards the compensation thereof, concerning both (i) the variable and fixed components of said compensation and (ii) any benefits in kind, share subscription or purchase options received from any Group company, provisions regarding their pensions and any other benefits of any kind,
  - verifies the application of these rules,
  - ensures that the Company complies with its obligations in terms of transparency of compensation information and in particular prepares an annual report on the activity of the Compensation Committee to be included in the Annual Report. It also ensures that all information required by law and relating to compensation appears in the Annual Report;
- **more specifically with regard to the compensation of the Chairman and Chief Executive Officer, the Compensation Committee:**
  - defines the rules under which the variable component is set, ensuring the consistency of these rules with the annual evaluation of the performance of the Chairman and Chief Executive Officer and with the Company's strategy and creation of long-term value;
- **with regard to the compensation of directors, the Compensation Committee:**
  - makes recommendations to the Board of Directors as regards the rules for distributing directors' fees and individual payments to be made to the directors in this respect, taking account of the directors' attendance at Board and committee meetings, in accordance with the internal rules of the Board,

- makes recommendations to the Board of Directors as regards the overall amount of directors' fees proposed to the Company's General Meeting;

- **with regard to share purchase and/or subscription option plans and/or any other form of compensation based on shares or index-linked or otherwise connected to shares, the Compensation Committee:**
  - provides the Board of Directors with an opinion on the general policy for granting share subscription and/or purchase options, which should be reasonable or appropriate, and on the option plan(s) established by the Group's general management, advises the Board of its recommendation as regards the allocation of subscription or purchase options by explaining the reasoning behind its choice as well as the consequences thereof; predetermines the frequency of such allocations,
  - examines any matter referred to it by the Chairman concerning the aforementioned points and any proposals relating to employee stock ownership;

- **with regard to the compensation of teams and of the Executive Committee, the Compensation Committee:**
  - makes inquiries and prepares recommendations so as to ensure consistency between the fixed and variable compensation of executive teams with the business strategy, and to implement performance conditions.

Work during the 2015/2016 financial year

The Compensation Committee met six times during the year. The attendance rate was 100%.

The Committee met to:

- **with regard to the compensation of corporate executive officers (Chairman and Chief Executive Officer and Executive Vice Presidents):**
  - examine the compensation of corporate executive officers and in particular the general allocation policy (share purchase and/or subscription options and free shares),
  - ascertain whether the performance conditions for long-term incentive plans had been achieved for corporate executive officers (being for this year, the performance conditions for the purchase option plan of April 27, 2011),
  - validate the annual information included in the Registration Document relating to the compensation of corporate executive officers,
  - propose resolutions concerning corporate executive officers;

- **with regard to the compensation of the Chairman and Chief Executive Officer specifically:**
  - assess whether the quantitative and/or qualitative criteria relating to the variable compensation of the Chairman and Chief Executive Officer have been achieved for the 2015 financial year,
  - examine the compensation of the Chairman and Chief Executive Officer for the 2016 financial year, the quantitative and/or qualitative criteria relating to the variable compensation and the long-term incentive plan and associated performance conditions;

- **with regard to the compensation of directors:**
  - benchmark the directors' compensation with practices observed both in France and internationally (Europe, USA, Canada) so as to ensure that the Company, given its global reach, has the ability to attract suitable director profiles,
  - recommend to the Board new rules for the distribution of directors' fees between the fixed component and the variable component, taking account of the directors' attendance,
  - recommend to the Board of Directors an overall amount and the breakdown of directors' fees for 2016;

- **with regard to the share purchase and/or subscription option plans and/or any other form of compensation based on shares or index-linked or otherwise connected to shares (general policy):**
  - review the activity of long-term incentive plans – share purchase and/or subscription options and performance shares (free shares) – and clarify certain clauses thereof,
  - ascertain whether the performance conditions for the long-term incentive plans for relevant Group employees have been achieved,
  - recommend to the Board of Directors the adoption of the 18th (capital increase reserved for members of a group savings plan) and 19th (capital increase reserved for employees of Company subsidiaries whose registered office is located outside of France) resolutions of the General Meeting of September 23, 2015;

- **with regard to the compensation of teams and of the Executive Committee:**
  - review the principles of the compensation of "Core Teams" (management teams of AAA games) and of the Executive Committee, and report on the alignment of these principles with the business strategy,
  - examine and recommend performance conditions for members of the Executive Committee in compliance with the 20th (allocation of ordinary free shares and/or preference shares [employees and Executive Committee]) and 22nd (granting of share purchase and/or subscription options [employees and Executive Committee]) resolutions of the General Meeting of September 23, 2015,
  - review the activity of long-term incentive plans – share purchase and/or subscription options and performance shares (free shares) – and clarify certain clauses thereof,
  - gain an overview of the teams and key people at Ubisoft,
  - examine the impact of legislative changes on the taxation of compensation, both for the business and for employees;
  - examine the results of the biannual employee satisfaction survey,
  - put forward resolutions relating to employee stock ownership;

- **with regard to the Say on Pay vote:**
  - analyze the results of the Say on Pay vote and investor recommendations. Following this analysis and in the interests of transparency, the committee has decided to (i) further develop

and/or clarify the information contained in the publication on the principles of compensation and (ii) provide clarification on its operating procedure and decision-making processes. During 2016 and 2017, the committee intends to revise both the structure and communication of the compensation of the Chairman and Chief Executive Officer, by: publishing the detailed calculation of the variable compensation for each criterion considered, both quantitative and qualitative. The list of quantitative and qualitative criteria shall be available;

- **other business:**
  - review the performance and functioning of the Compensation Committee.

Appointments Committee

This committee was created on February 5, 2015. Its internal rules, which are attached to the internal rules of the Board of Directors, describe its responsibilities and operating procedures in particular.

Composition and operating procedures

The Appointments Committee is composed of two members appointed by the Board of Directors, both of whom are independent: Laurence Hubert-Moy and Didier Crespel.

The committee is chaired by Laurence Hubert-Moy who, drawing on her current and previous experience, oversees the essential recruitment and analysis techniques of the Appointments Committee. Thanks to his professional experience working for major international groups, Didier Crespel is an expert in business strategy. He brings a pragmatic and rational approach to the Appointments Committee and the issues it addresses.

The AFEP-MEDEF Code states that the Appointments Committee should have a majority of independent directors and should not include corporate executive directors. The composition of the Appointments Committee complies with this recommendation.

Responsibilities

The Appointments Committee makes recommendations, jointly with the Chairman and Chief Executive Officer, for succession planning for corporate officers, the re-election of directors and the selection of new directors; it is informed of the succession plan for members of the Group Executive Committee. It is responsible in particular for:

- **concerning the Board of Directors:**
  - making proposals to the Board, after examining in detail all factors to be taken into account in its decision-making, on the optimum balance of the composition of the Board of Directors in view of the structure and changes in the Company's ownership, balanced gender representation within the Board, the search for potential candidates and their vetting, the timing of re-elections and the procedure for selecting future directors,
  - making proposals on the establishment and membership of the Board's committees,
  - periodically evaluating the structure, size and membership of the Board of Directors and recommending any changes,
  - periodically verifying that the criteria used by the Board to classify a director as independent are met; once a year, it examines on a case-by-case basis the position of each director or candidate for directorship according to the criteria applied, and makes its proposals to the Board of Directors, particularly in view of the information to be disclosed in the Registration Document;
- **concerning the Chairman and Chief Executive Officer, the Chief Executive Officer or the Executive Vice President(s), as applicable:**
  - considering, where necessary, and specifically upon the expiry of their term of office, the re-election of the Chairman-Chief Executive Officer, or of the Chairman and the Chief Executive Officer, and/or of the Executive Vice Presidents,
  - examining the succession plan of corporate executive officers, particularly in the event of an unforeseen vacancy,
  - more generally, ensuring that the Chairman and Chief Executive Officer (or the Chief Executive Officer) keeps it informed of expected changes in management resources (Group Executive Committee).

Work during the 2015/2016 financial year

The Appointments Committee met three times during the year to examine the status of directors and/or corporate executive officers whose terms of office were due to expire following the 2016 Annual General Meeting, to review applications for the position of director, to define the main duties of the lead independent director and to propose the appointment of one of the independent directors to this position, to make inquiries on the succession plan of the Executive Committee, to assess the training needs of the directors, and to review the independence criteria of the AFEP-MEDEF Code for each director concerned. It also performed a self-assessment of the committee's operating procedures.

The attendance rate was 100%.

ASSESSMENT OF THE WORK OF THE BOARD OF DIRECTORS AND COMMITTEES

Following the formal evaluation of the operating procedures of the Board of Directors and its committees by way of a questionnaire issued to all directors during the 2015 financial year, the Board of Directors, in view of the recommendations made, proposed an action plan at its meeting on May 12, 2015 which during the 2016 financial year led to the implementation of the following measures:

- **ongoing increase in the proportion of independent directors on the Board of Directors and the proportion of women in particular by 2017:** As part of its remit, the Appointments Committee has considered numerous applications based on predefined profiles corresponding to the talent sought

and has reported its conclusions to the Board of Directors who will consequently submit for approval at the General Meeting on September 29, 2016, the appointment of one or more independent female director(s);

- **updating or expanding the knowledge of some directors in specific areas:** The directors who expressed an interest have been asked to clarify their request so that a suitable and personalized training plan may be prepared;
- **preparatory documents to be made available sooner:** The required efforts have been implemented where appropriate.

It should be noted that following this formal evaluation, all members considered the Board of Directors to be in a position to fulfill its responsibilities.

3.1.1.3 General management

The general management of the Company is the responsibility of Yves Guillemot who is also the Chairman of the Board of Directors.

GENERAL MANAGEMENT'S OPERATING PROCEDURES

Applicable principles

The Board of Directors decides, in accordance with statutory provisions, whether the general management is to be undertaken by the Chairman of the Board of Directors or by another individual holding the title of Chief Executive Officer. Shareholders and third parties are informed of this decision under the conditions established by current legal and regulatory provisions.

When the Company's general management is undertaken by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer also apply to the Chairman.

The Board of Directors shall determine the compensation and the term of office of the Chief Executive Officer, which may not exceed the term of his directorship. The Board of Directors can also appoint a maximum of five Executive Vice Presidents to assist the Chief Executive Officer.

The decision as to whether the positions of Chairman and Chief Executive Officer should be held by the same person shall be made by the Board of Directors

The AFEP-MEDEF Code states that *"companies with a Board of Directors can choose whether to separate or combine the positions of Chairman and Chief Executive Officer. The law does not state a preference for either choice and gives the Board of Directors the power to choose between the two methods of general management."*

In accordance with Article L. 225-51 of the French Commercial Code, the Board, at its meeting on October 22, 2001, decided not to separate the positions of Chairman of the Board of Directors and of Chief Executive Officer, mainly to encourage close relations between managers and shareholders. This mode of governance is suited to the organization and operation of the Company, mainly by offering responsive and effective decision-making in a changing and highly competitive environment to provide and strengthen the cohesion of the entire organization (strategy and operations), and thus facilitate and streamline the decision-making process. This choice was reaffirmed by the Board of Directors upon the re-election of Yves Guillemot.

The choice to combine the positions of Chairman and Chief Executive Officer is exercised in compliance with the prerogatives of the various bodies. To ensure the proper functioning of the Board of Directors and its specialized committees, to maintain the balance of power within the Company and to prevent and resolve conflicts of interest in general, the following should be noted:

- the obligation, set out in the internal rules of the Board of Directors, to appoint a lead director, the responsibilities, resources and powers of whom are described in section 3.1.1.2. of the Registration Document, when the positions of Chairman and Chief Executive Officer are held by the same person;
- the appointment of Didier Crespel as lead director by the Board of Directors on March 3, 2016;
- the option of the lead director to call a meeting of the independent directors;
- an increase in the number of independent directors on the Board of Directors and its specialized committees;
- specialized committees to be chaired by independent directors.

As part of his role as Chairman and Chief Executive Officer, Yves Guillemot organizes and supervises the work of the Board, on which he reports at the General Meeting. He ensures that the Company's management bodies function properly, and in particular that directors are able to perform their duties. He provides the Board of Directors and its committees with the information they need and reports on the highlights of the Group's activities. He implements the decisions taken by the Board.

Yves Guillemot is assisted in his duties as Chief Executive Officer by Claude Guillemot, Executive Vice President in charge of Operations, Michel Guillemot, Executive Vice President in charge of Development, Strategy and Finance, Gérard Guillemot, Executive Vice President in charge of Publishing and Marketing, and Christian Guillemot, Executive Vice President in charge of Administration. As founding shareholders, each Executive Vice President has extensive knowledge of the Group.

LIMITATIONS IMPOSED BY THE BOARD OF DIRECTORS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER

Subject to the internal provisions, unenforceable against third parties, that the Board of Directors may impose on the powers of the Chief Executive Officer in the internal rules of the Board of Directors, the Chief Executive Officer has a broad mandate to act in all circumstances on behalf of the Company. He represents the Company in its dealings with third parties. He exercises these powers within the limit of the corporate purpose and without prejudice to the powers expressly granted by law to shareholders' meetings and to the Board of Directors in accordance with the internal rules of the Board.

The internal rules specify that strategic investment projects – pertaining to external growth operations likely to have a material impact on the Group's earnings, the structure of its statement of financial position or its risk profile – are subject to the prior approval of the Board of Directors. Accordingly, the Chairman and Chief Executive Officer must obtain the prior authorization of the Board of Directors for external investments that involve shareholdings or assets totaling more than €100 million each and not previously approved by the Board.

In addition, at its meeting on May 12, 2015, the Board of Directors set out the scope of the Chairman and Chief Executive Officer's powers as regards granting deposits, endorsements and guarantees by setting the overall authorized amount at €150 million for a legal term of one year in accordance with Article R. 225-28 of the French Commercial Code. This authorization was renewed on May 12, 2016 with the same limits and conditions.

GROUP MANAGEMENT ("EXECUTIVE COMMITTEE")

The members of the Executive Committee are the operational managers of the Group. Each member makes proposals in terms of strategy and organization. They implement policies and procedures that apply generally to the entire Group and are decided on by the general management.

The Executive Committee members are:

Alain Corre	Executive Director, EMEA
Laurent Detoc	Executive Director, NSCA
Christine Burgess-Quémard	Executive Vice President Worldwide Production
Serge Hascoët	Creative Director

3.1.1.4 Additional information on corporate officers

NO CONVICTIONS FOR FRAUD OR ANY OFFICIAL REPRIMAND AND/OR CHARGES OR LIABILITY FOR BANKRUPTCY OVER THE PAST FIVE YEARS

To the Company's knowledge, based on the information provided by the members of the Board of Directors in response to the individual questionnaire sent to each director by the Appointments Committee on March 1, 2016 (the "Declaration"), no member of the Board of Directors has, over the past five years:

- been convicted of fraud or received an official reprimand and/or charges from statutory or regulatory authorities;
- been involved as a director in a bankruptcy, receivership or liquidation;
- been disqualified by a court from serving as a member of an administrative, management or supervisory body of an issuer, or from participating in the management or conduct of the business of an issuer.

CONFLICTS OF INTEREST AND AGREEMENTS INVOLVING DIRECTORS, THE CHIEF EXECUTIVE OFFICER OR EXECUTIVE VICE PRESIDENTS

In accordance with the internal rules of the Board of Directors, all Company directors must – whenever a conflict of interest exists or could potentially arise between the corporate interests of the Company and their direct or indirect personal interests, or the interests of the shareholder or group of shareholders they represent – abstain from voting on the corresponding resolution. In addition, to minimize the risk of conflicts of interest and to allow the Board of Directors to provide shareholders and the markets with accurate information, directors are required to notify the Board of Directors as soon as they become aware of any situation in which they have a conflict of interest, potential or otherwise, and to complete the above-mentioned Declaration required each year by the Appointments Committee.

To the Company's knowledge, and based on the Declaration completed by each director, there is currently no conflict of interest between the duties of members of the Board of Directors and their private interests or other obligations.

Yves, Michel, Claude, Gérard and Christian Guillemot are brothers and serve on the general management and/or the Board of Directors of their respective companies. The potential conflicts of interest that could exist are therefore essentially those resulting from agreements between the Company or its subsidiaries with one of the companies of Michel, Claude, Gérard and Christian Guillemot or their subsidiaries.

The Company and Gameloft SE are in particular linked by a license agreement further to which the Company has granted Gameloft SE an exclusive business license enabling it to market and promote certain brands and video games of the Company on "feature phones", as well as on iOS and Android mobile phones and tablets. The license was granted on payment of a license fee proportionate to the sales achieved by Gameloft SE. Ubisoft Mobile Games SARL, a wholly owned subsidiary of the Company, succeeded the Company in its rights and obligations with effect from October 1, 2013. In accordance with the legal and regulatory provisions, this agreement is treated as a regulated agreement at Gameloft SE and at Ubisoft Mobile Games SARL.

In accordance with Article L. 225-102-1 of the French Commercial Code, the management report must now mention, unless they relate to normal business transactions entered into at arm's length, agreements made directly or through an intermediary by, on the one hand, the Chief Executive Officer, an Executive Vice President, a director or a shareholder with more than 10% of the voting rights of the Company, and on the other hand, a company in which the Company directly or indirectly owns more than half of the share capital. The Company is not aware of any such agreements in existence.

It also emerges from the Declaration completed by each director that there is:

- no arrangement or agreement with shareholders, customers, suppliers or other party whereby a member of the Board of Directors was appointed on that basis;
- no service agreements between members of the Board of Directors and the Company or any of its subsidiaries granting benefits under the terms of such agreement;
- regarding independent directors, no family ties between them and other members of the Board of Directors.

LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS

The Company has not granted any loans or guarantees to any member of the Board of Directors.

PREVENTION OF INSIDER TRADING

The internal rules define the rules applicable to trading in the Company's securities, as set out under Article L. 621-18-2 of the French Monetary and Financial Code and Article 222-14 of the AMF's General Regulation.

Directors and corporate executive officers, persons closely related to managers, as well as any de facto managers, where applicable, are required, under the applicable regulations, to declare any trading in the Company's securities and to refrain from personally trading in the Company's securities during the following periods:

- for each calendar quarter, for a period of fifteen days before the publication of consolidated sales, due to take place during the quarter concerned;
- for each calendar half-year, for a period of thirty days before the publication of consolidated sales, due to take place during the six-month period concerned;
- during the period between the date on which the Company is aware of information that, if made public, could have a significant influence on the Ubisoft share price and the date on which it is made public.

This restriction is extended to employees designated as permanent insiders. Finally, employees classed as occasional insiders are subject from time to time to the same restriction for periods when transactions could have an impact on the Ubisoft share price.

The practical arrangements are defined in an internal memo circulated when the lists of permanent and/or occasional insiders are updated.

In addition, permanent insiders are reminded by the Financial Communication Department of black-out periods on average one month prior to the start of these periods.

3.1.1.5 Other offices held by directors at March 31, 2016*

* It should be noted that Yves, Claude, Gérard, Michel and Christian GUILLEMOT stood down from all offices and positions held by them in the Gameloft Group on June 29, 2016

Yves GUILLEMOT

Director since: *02/28/88*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/16*

Main position in the Company: *Chairman and Chief Executive Officer*

Main position outside of the Company: *Director and Executive Vice President of Guillemot Brothers SE (United Kingdom)*

OTHER POSITIONS WITHIN THE GROUP AS AT 03/31/16

France

Chairman of Ubisoft Annecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS
General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL

Abroad

General Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco)
Chairman and Director of Ubisoft Entertainment Inc. (Canada), Ubisoft Music Publishing 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), Ubisoft CRC Ltd (United Kingdom)
Vice-Chairman and Director of Ubisoft Inc. (United States)
CEO and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)
Executive Director of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China)
Director of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), 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)

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

France

Executive Vice President and director of Gameloft SE (1), Guillemot Corporation SA (1)
Director of Rémy Cointreau SA (1), AMA SA
Member of the Supervisory Board of Lagardère SCA (1)
CEO of Guillemot Brothers SAS

Abroad

Director of Gameloft Divertissements Inc. (Canada), Guillemot Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)
Director of Advanced Mobile Applications Ltd (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (LAST FIVE FINANCIAL YEARS)

France

Chairman of Ludi Factory SAS, Ubisoft Books & Records SAS, Ubisoft Design SAS, Ubisoft Graphics SAS, Ubisoft Manufacturing Administration SAS, Ubisoft Organisation SAS, Ubisoft World SAS, Tiwak SAS, Ubisoft Computing SAS, Ubisoft Marketing International SAS, Ubisoft Development SAS, Ubisoft Editorial SAS, Ubisoft Operational Marketing SAS, Ubisoft Support Studios SAS, Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS
General Manager of Ubisoft Art SARL, Ubisoft Castelnau SARL, Ubisoft Counsel & Acquisitions SARL, Ubisoft EMEA SARL, Ubisoft Gameplay SARL, Ubisoft Market Research SARL, Ubisoft Marketing France SARL, Ubisoft Paris Studios SARL, Ubisoft Production Internationale SARL, Ubisoft Production Annecy SARL, Ubisoft Production Montpellier SARL, Ubisoft Design Montpellier SARL, Ubisoft Talent Management SARL, Ubisoft IT Project Management SARL, Ubisoft Innovation SARL, Ubisoft Services SARL, Ubisoft Créa SARL, Ubisoft Studios Montpellier SARL

Abroad

Chairman and Director of Chengdu Ubi Computer Software Co. Ltd (China), Ubisoft Digital Arts (Canada), Ubisoft Vancouver (Canada), Ubisoft Canada Inc. (Canada), Ubiworkshop Inc. (Canada), Quazal Technologies Inc. (Canada), Ubisoft Music Inc. (Canada), 9275-8309 Québec Inc. (Canada), Ubisoft Studio Saint-Antoine Inc. (Canada), Ubisoft Holdings Inc. (United States)
Chairman of Ubisoft LLC (United States)
General Manager of Ubisoft GmbH (Germany), Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany), Max Design Entertainment Software Entwicklungs GmbH (Austria)
Director of Ubisoft Ltd (Ireland), Ubisoft Sweden A/B (Sweden)
Sole member of the Liquidation Committee and Chairman of Ubisoft Norway A/S (Norway)

(1) Publicly traded company

Yves GUILLEMOT (continued)

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

France
Executive Vice President and director of Guillemot Brothers SE

Abroad
N/A

Claude GUILLEMOT

Director since: *02/28/88*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Executive Vice President and Director*

Main position outside of the Company: *Chairman and CEO of Guillemot Corporation SA* (1)

OTHER POSITIONS WITHIN THE GROUP AS AT 03/31/16

Abroad
Director of Ubisoft Nordic A/S (Denmark), Ubisoft Emirates FZ LLC (United Arab Emirates)
Alternate member of Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland)

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

France
Chairman of Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS
Executive Vice President and director of Gameloft SE (1)
Director of AMA SA
CEO of Guillemot Brothers SAS

Abroad
Chairman and Director of Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States)
Executive Director of Guillemot Electronic Technology (Shanghai) Co. Ltd (China)
Director of Guillemot SA (Belgium), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Ltd (United Kingdom), Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Srl (Italy), Guillemot Romania Srl (Romania), Guillemot Spain SL (Spain), Gameloft Madrid SLU (Spain), Gameloft Iberica (Spain)
Director of Advanced Mobile Applications Ltd (United Kingdom)
General Manager of Guillemot GmbH (Germany)
Director and Executive Vice President of Guillemot Brothers SE (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (LAST FIVE FINANCIAL YEARS)

Abroad
Director of Ubisoft Sweden A/B (Sweden)
Alternate member of the Liquidation Committee of Ubisoft Norway A/S (Norway)

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

France
Executive Vice President and director of Guillemot Brothers SE

Abroad
Director of Gameloft Iberica (Spain), Gameloft Inc. (United States)

(1) Publicly traded company

Gérard GUILLEMOT

Director since: *02/28/88*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/16*

Main position in the Company: *Executive Vice President and Director*

Main position outside of the Company: *Chairman of Longtail Studios Inc. (United States)*

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

France

Executive Vice President and director of Guillemot Corporation SA (1), Gameloft SE (1)
Director of AMA SA
CEO of Guillemot Brothers SAS

Abroad

Chairman of Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada), Studios Longtail Québec Inc. (Canada)
Director of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)
Director of Advanced Mobile Applications Ltd (United Kingdom)
Director and Executive Vice President of Guillemot Brothers SE (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (LAST FIVE FINANCIAL YEARS)

N/A

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

France

Executive Vice President of Gameloft SA
Executive Vice President and director of Guillemot Brothers SE

Abroad

Director of Gameloft Inc. (United States)

(1) Publicly traded company

Michel GUILLEMOT

Director since: *02/28/88*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Executive Vice President and Director*

Main position outside of the Company: *Chairman and Chief Executive Officer of Gameloft SE* (1)

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

France

Chairman of Gameloft Distribution SAS
General Manager of Gameloft Rich Games Production France SARL
Executive Vice President and director of Guillemot Corporation SA (1)
Director of AMA SA
CEO of Guillemot Brothers SAS

Abroad

Chairman of Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Srl (Romania)
Chairman and Director of Gameloft Argentina SA (Argentina), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Co. Ltd (Korea), Gameloft Iberica SA (Spain), Gameloft Inc. (United States), Gameloft Ltd (United Kingdom), Gameloft Ltd (Hong Kong), Gameloft KK (Japan), Gameloft Philippines Inc. (Philippines), Gameloft Pte Ltd (Singapore), Gameloft Company Ltd (Vietnam), Gameloft Private India Ltd (India), PT Gameloft Indonesia (Indonesia), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SLU (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Belarus)
General Manager of Gameloft GmbH (Germany), Gameloft EooD (Bulgaria), Gameloft Srl (Italy), Gameloft S. de R.L. de C.V. (Mexico)
Director of Gameloft Australia Pty Ltd (Australia), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom), Gameloft de Venezuela SA (Venezuela)
Director of Advanced Mobile Applications Ltd (United Kingdom)
Director and Executive Vice President of Guillemot Brothers SE (United Kingdom)

EXPIRED POSITIONS WITHIN THE GROUP (LAST FIVE FINANCIAL YEARS)

France

Director of Chengdu Ubi Computer Software Co. Ltd (China)

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

France

Executive Vice President and director of Guillemot Brothers SE
Chairman of Ludigames SAS, Gameloft Partnerships SAS

Abroad

Chairman and Director of Gameloft New Zealand Ltd (New Zealand)
Chairman of Gameloft Software (Shanghai) Company Ltd (China), Gameloft Software (Shenzhen) Company Ltd (China)
Chairman and Director of Gameloft Uruguay SA (Uruguay)
Director of Gameloft Ltd (Malta), Gameloft do Brasil Ltda (Brazil)
General Manager of Gameloft S.P.R.L. (Belgium), Gameloft S.r.o (Czech Republic)

(1) Publicly traded company

Christian GUILLEMOT

Director since: *02/28/88*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Executive Vice President and Director*

Main position outside of the Company: *Director and Chairman and Chief Executive Officer of Guillemot Brothers SE (United Kingdom) and Chairman and Director of Advanced Mobile Applications Ltd (United Kingdom)*

OTHER POSITIONS WITHIN THE GROUP AS AT 03/31/16

Abroad
Director of Ubisoft Nordic A/S (Denmark)

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

France
General Manager of Guillemot Administration et Logistique SARL
Executive Vice President and director of Gameloft SE (1), Guillemot Corporation SA (1)
Chairman and Chief Executive Officer and Director of AMA SA
Chairman of SAS du Corps de Garde, Guillemot Brothers SAS

Abroad
Chairman and Director of Advanced Mobile Advertisement Inc. (United States)
Chairman and Chief Executive Officer and Director of AMA Xperteye Inc. (United States)
Chairman of SC AMA Romania Srl (Romania)
Director of Gameloft Live Développements Inc. (Canada), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Gameloft Divertissements Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom), Gameloft Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong)

EXPIRED POSITIONS WITHIN THE GROUP (LAST FIVE FINANCIAL YEARS)

Abroad
Vice Chairman of Ubisoft Holdings Inc. (United States)
Director of Ubisoft Sweden A/B (Sweden)

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

France
Director and Executive Vice President of Guillemot Brothers SE
Chairman of Studio AMA Bretagne SAS
Joint General Manager of Studio AMA Bretagne SARL

Abroad
Chairman of AMA Studios SA (Belgium)
Director of Gameloft Iberica SA (Spain), Gameloft Inc. (United States)

Estelle METAYER

Director since: *09/24/12*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/16*

Main position in the Company: *Director*

Main position outside of the Company: *Chairperson of Estelle Métayer Strategy Inc. (Competia) (Ottawa, Canada) and Assistant Professor at McGill University (Montreal, Canada)*

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

Director of BRP Inc. (Canada)

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

N/A

(1) Publicly traded company

Laurence HUBERT-MOY

Director since: *06/27/13*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Director*

Main position outside of the Company: *Professor at the University of Rennes 2, Chairperson of the CNES TOSCA Committee (Land, Oceans, Continental Surfaces, Atmosphere), Scientific Director of ENVAM digital campus, Assistant Director of the Rennes Sciences of the Universe Observatory*

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

N/A

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

N/A

Pascale MOUNIER

Director since: *11/20/13*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Director*

Main position outside of the Company: *Chairperson-founder of Newton-ca Inc. (financial transactions and processes consulting)*

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

N/A

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

N/A

Didier CRESPEL

Director since: *11/20/13*

Expiry of term of office at the General Meeting approving the financial statements for the FY ended: *03/31/17*

Main position in the Company: *Director*

Main position outside of the Company: *General Manager of Crespel & Associates (business strategy and shareholding consulting)*

OTHER POSITIONS OUTSIDE THE GROUP AS AT 03/31/16

N/A

EXPIRED POSITIONS OUTSIDE THE GROUP (LAST FIVE FINANCIAL YEARS)

N/A

3.1.2 RISK FACTORS

In the course of its business, the Group is exposed to a series of risks that could affect its performance, the achievement of its strategic and financial goals and its share price.

This chapter presents the material risks identified by the Audit Committee, to which Ubisoft may be exposed. These are broken down into three main categories: risks linked to the Group's business, legal risks and market risks. Other risks and uncertainties, not yet identified or considered immaterial as at the date of this Registration Document, could also become significant risk factors and have an adverse effect on the Group's business, its financial position or its earnings.

Ubisoft has introduced a risk management policy as well as an internal control system to pre-empt, identify and address the main risks that could have a negative impact on the Group's business and performance. However, these measures cannot provide an absolute guarantee that objectives will be met and that the following risks will be controlled.

3.1.2.1 Group's business risks

RISKS ASSOCIATED WITH MARKET CHANGES

Ubisoft operates on a market that is becoming increasingly competitive and selective and is subject to concentration and economic fluctuations, marked by rapid technological changes requiring significant R&D investment.

The Group endeavors to anticipate new challenges such as the dematerialization of physical media, the second-hand market, piracy, online and mobile games and the emergence of new competitors in Asia. Digital distribution in particular could have a long-term impact on the average price of games, considering that a fall in prices would probably be accompanied by an increase in sales.

In a sector of constant technological innovation, Ubisoft must continually adapt by developing new products and by investing in new video game platforms long before their success has been proven. Significant levels of revenue are required in order to absorb the substantial cost of these investments. Should sales not reach expected levels, the Group's earnings could be negatively affected. Similarly, in order to remain competitive, it is essential for a publisher to choose the development format for a game wisely as an inappropriate choice could have an adverse impact on the expected sales and profitability.

The increasing presence of Free-to-Play (FTP), in the mobile segment in particular, means the Group is exposed to the risks of these new models, including the risk of dependency where a small number of consumers represent a large portion of the revenue of these games.

In the development of these new business models, Ubisoft becomes exposed to new risks, becomes increasingly dependent on its ability to develop and make money from its FTP games, and faces heightened competition.

Size of the video games market [1]	2015 *(in € billions)*
Sales of physical games	9.9
Digital sales	18.6

(1) Data relating to the EMEA region and North America – Sources: NPD, GFK, AppAnnie, PricewaterhouseCoopers and internal projections

	2015		2014	
Market share in terms of physical sales (GFK, NPD)	Independent publisher	Market share	Independent publisher	Market share
US	5th	6.6%	3rd	10.1%
EMEA	3rd	9.0%	3rd	14.3%

Main competitors:

Physical games	Online games
Electronic Arts	Electronic Arts
Activision	Activision
Take-Two	Tencent
Nintendo	Supercell

During 2015, Ubisoft's market share declined due to the launch of "flagship" games *Tom Clancy's The Division* and *Far Cry Primal* in the 3 first months of 2016.

RISKS ASSOCIATED WITH PRODUCT STRATEGY, POSITIONING AND BRAND MANAGEMENT

Ubisoft, like all publishers, is dependent on the success of its product catalogue and the suitability of its offering with regard to consumer demand. In this context, launching new brands offers less visibility than that of established franchises. The success of Ubisoft games may also be impacted by the performance of the competition's titles, since its customers only have a certain amount of time and purchasing power.

In order to meet market demand, Ubisoft takes particular care in building its product catalogue by concentrating on:

- reinforcing its existing franchises on a regular basis and launching new brands with strong potential for consoles and PC;
- developing its digital business.

In order to diversify and enrich its brand portfolio and thus ensure steady income in the long term, Ubisoft favors a strategy of creating its own brands and producing internally, underpinned by a targeted acquisition strategy.

The Company also allocates the necessary marketing and sales resources to showcase its products via a worldwide distribution network. Its position among the top five independent publishers provides the Group with a high-performance distribution platform for its products.

Finally, the Company has embarked on a market expansion strategy, promoting its brands in other segments of the entertainment market, especially cinema. As part of its strategy to develop its brands beyond video games, the Company may decide, on a case-by-case basis, to invest in films derived from its franchises. Contractually, this investment cannot exceed 25% of the overall production budget of the film. The Company's ability to recoup its investment will partly depend on the film's success and profitability, as well as the ability of the production company to keep to the original budget. To maximize the chances of success and limit the risks of a budget overrun, Ubisoft works with major film studios.

Nevertheless, the success of these strategies cannot be guaranteed and the poor positioning of a product could also have a material effect on the Group's performance and earnings.

RISKS OF A DELAY OR POOR START TO THE RELEASE OF A FLAGSHIP GAME

Ubisoft may have to delay the launch of a video game for any of the following reasons:

- difficulty in accurately estimating the time required to develop or test it;
- requirements imposed by the creative process;
- challenges in the coordination of large development teams, often based in different countries;
- the increasing technological complexity of video game products and platforms;
- the desire to continue to improve the quality of the game prior to launch. The marketing of a game that lacks the level of quality required to realize its potential could have a negative impact on the Group's brand and its earnings.

Similarly, if a competitor brings out a game with significant technological or artistic innovations, the Group might also have to postpone the release dates of some of its games to boost their chances of commercial success in a competitive environment where players are very sensitive to the quality and content of games.

However, in a very competitive and seasonal market, the announcement of a delay in the release of a highly anticipated game could have a negative impact on the Group's income and future earnings, and could lead to a drop in its share price. Failure to meet production and product release schedules could lead to increased development and marketing expenses which could in turn result in an operating profit significantly lower than expectations. To mitigate these risks, the Group continually strives to improve its development processes, both in the organization of its teams and through leveraging synergies and/or cultivating its in-house expertise.

SEASONAL TRENDS IN THE VIDEO GAME BUSINESS

Sales/quarter *(in € millions)*	2015/2016	Breakdown	2014/2015	Breakdown	2013/2014	Breakdown
1st quarter	96	7%	360	25%	76	8%
2nd quarter	111	8%	124	8%	217	21%
3rd quarter	562	40%	810	55%	520	52%
4th quarter	625	45%	170	12%	194	19%
CONSOLIDATED ANNUAL SALES	**1,394**	**100%**	**1,464**	**100%**	**1,007**	**100%**

RISK OF DEPENDENCY ON THE SUCCESS OF BIG HITS

The majority of Ubisoft revenue has historically been based on a limited number of flagship games, the success of which has helped ensure the Group's performance and the achievement of its goals. Should the expected performance not be achieved for any one of these games, the Group's net financial income could be significantly affected.

RISK OF DEPENDENCY ON CUSTOMERS

SHARE OF THE MAIN CUSTOMERS IN THE GROUP'S SALES EX-VAT

Share in %	2015/2016	2014/2015	2013/2014
Top customer	12%	12%	10%
Top 5 customers	42.5%	38%	32%
Top 10 customers	60%	53%	47%

Ubisoft's main customers (physical and digital distributors) represent a very important share of the Group's sales. However, the Company can reduce its dependency on these main customers as they are spread out across the globe. In any case, Ubisoft cannot rule out the possibility that its customers' performance (particularly those trying to cope with the digital transition) could have an impact on its performance. Similarly, this transition could see digital distributors commanding a dominant position in the segment. Should this happen, Ubisoft could see itself exposed to strong competitive pressure.

In order to protect themselves against the risk of default, the Group's main subsidiaries, who account for approximately 58% of consolidated sales, are all covered by credit insurance.

RISK OF DEPENDENCY ON SUPPLIERS AND SUBCONTRACTORS

The Company has no significant financial dependency on subcontractors or suppliers that is likely to affect its growth plan. Ubisoft and its subsidiaries predominantly use products and services from service providers such as systems integrators (product packaging, disk suppliers to subcontract the supply and duplication of DVD-ROMs and Blu-ray discs, assemblers, suppliers of promotional and point-of-sale merchandise, textile suppliers and suppliers of collectibles such as figures), technology providers and suppliers of licenses and maintenance in connection with the Company's operations.

However, there is a dependency on manufacturers. Ubisoft, like all console-game publishers, purchases CDs and gaming media from console manufacturers (Sony, Nintendo and Microsoft-approved duplication factories). Supply is thus subject to prior approval of the manufacturers, the production of these media in sufficient quantities and the establishment of royalty rates. Any change in the terms of sale by manufacturers could have a material impact on the Company's results.

Games developed in-house account for 90% of sales. Nevertheless, Ubisoft may, as part of its development activities, call upon external studios to work on traditional subcontracting products by supplying additional and/or specialized production capacity or to take on original projects in which they have specific expertise. These independent development studios may sometimes have a limited capital base, which may put the completion of a project at risk. To limit such risks, Ubisoft has introduced internal monitoring procedures, limited the number of games entrusted to a single studio, and ensured that it assimilates all or a portion of the technology that these studios use.

That said, despite these procedures, Ubisoft could be negatively impacted should relations with these third parties break down.

RISKS ASSOCIATED WITH THE ACQUISITION AND INTEGRATION OF NEW ENTITIES

The Company has a policy of expanding into new segments, frequently reflected in the opening and acquisition of new studios. The integration of these studios is critical for the Company's success in order to meet future growth targets.

To ensure that these new entities are integrated successfully, the Company has put in place a number of solutions to support the teams. Similarly, the Company continues to develop the skills of its administrative teams in order to limit financial, tax or legal risks.

A sound financial structure for the target company (net financial surplus and level of available equity) is expected to minimize these risks. However, despite the in-depth analysis of target companies, the risk of overvaluing an acquired company cannot be ruled out, and could result in the Group recording a significant write-down of assets.

However, Ubisoft has always proven itself capable of integrating new companies into the Group. The potential loss of key employees at the target company could also have a negative impact on financial performance.

RISKS ASSOCIATED WITH RECRUITING AND RETAINING TALENT

The Group's success largely depends on the talent and skills of its production and marketing teams in a highly competitive international market. If the Group is no longer able to attract new talent, or to retain and motivate its key employees, the Company's growth prospects and financial position could be affected.

The Company follows an active policy of recruitment, training and retention, particularly through the following initiatives:

- partnerships with leading universities in the various countries in which the Group operates;
- addition of collaborative tools and forums to encourage skills sharing;
- implementation of various high-level training programs tailored to the video game sector.

Furthermore, all of the programs introduced by human resources at local and international levels are first and foremost designed to attract, train, retain and motivate employees with strong technical

and/or managerial skills: development opportunities, share purchase plans, stock option plans, personal development plans, etc.

In spite of these measures, the risk of events occurring that could have an impact on internal organization or the motivation or retention of employees cannot be ruled out. Such circumstances could do significant and long-lasting damage to the operational and financial performance of the Group.

RISKS ASSOCIATED WITH INFORMATION SECURITY AND INFRASTRUCTURE

Ubisoft is faced with risks that could compromise the personal data of players and their game play experience, the personal data of its employees and partners, and its own financial information and intellectual property. These risk factors primarily concern:

- loss or theft of data: the majority of online games require Ubisoft to handle a large quantity of data relating to players, employees and partners, as well as information relating to products, services and activation keys. Ubisoft is conscious of the strategic value of this data and the fact that the loss or theft thereof could do significant damage to the Group;
- unavailability of IT systems: online gaming systems require the permanent availability of IT systems. However, an attack on the systems (denial of service attack, malware, etc.), a defect in the IT infrastructure, or a natural or environmental disaster could result in the temporary or permanent unavailability of systems or team members. Situations such as these could cause considerable damage to Ubisoft;
- piracy of products and services;
- any form of cheat tools enabling dishonest players to gain a competitive advantage over other players. This could lead to an imbalance in the player experience and distorted data;
- identity theft: social engineering type attacks could cause significant financial damage and harm Ubisoft's reputation;
- an error by or the unavailability of an external partner on which Ubisoft relies. This predominantly relates to cloud infrastructures and applications (SaaS, IaaS, Paas), external development teams and suppliers of technological services and equipment.

In this context, the Security and Risk Management Department develops innovative security programs to appropriately anticipate and protect against all of these risks. This Department is also committed to ensuring the confidentiality, integrity and availability of all information processed by Ubisoft. To this end, its main work involves:

- the development of innovative IT system monitoring programs;
- the implementation of intrusion detection and prevention programs, as well as incident response plans and procedures;
- strengthening the security of game codes and services;
- game piracy:
  - with regard to connected games (which represent the majority of Ubisoft games), the Group has developed a *"Live Services"* solution to continually offer new experiences to players (new content, animations, ongoing community management, etc.). Only players holding an active license can take advantage of these live services, thereby reducing any form of piracy of the connected games,
  - with regard to unconnected games, Ubisoft has established a new partnership to reduce piracy;
- the regular performance of internal and external audits to adapt and improve risk management procedures: Ubisoft carries out network and system intrusion testing, social engineering tests and continually evaluates the physical security of its Material assets;
- the establishment of business continuity and disaster recovery plans;
- employee and partner training on incident management and security.

Despite all of the measures put in place to ensure the security of information and infrastructure, Ubisoft cannot rule out the risk of intrusion or piracy of its systems which could have a material impact on the activity of the Group.

INDUSTRIAL AND ENVIRONMENT-RELATED RISKS

The Group's own activities do not present any significant industrial and environmental risks since the Group does not manufacture the video games (and associated ancillary products) it publishes and distributes. Nevertheless, the Group remains alert to regulatory changes in countries where it is present.

The Group currently has no knowledge of any industrial or environmental risk (1).

3.1.2.2 Legal risks

RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY RIGHTS

Ubisoft has chosen to develop its brands in-house, meaning that it holds all intellectual property rights to these games and can offer them via any type of device, product or service. This strategy also enables Ubisoft to limit the risk of third-party infringement.

Aware of the importance and value of its portfolio of intellectual property rights (brands, copyright and patents), Ubisoft has a team of lawyers dedicated to these rights and protecting them. This team oversees the registration of industrial property rights, continually monitors brands identical or similar to its own registered by third

(1) See sections 4.3.1.3 and 4.3.1.4 of the section on "Corporate Social Responsibility"

parties on an international level and, where appropriate and, where required, efficiently fights all forms of piracy and copyright infringement (removal procedures in relation to contested products, legal action, etc.).

In spite of these precautions and vigilance on the part of Ubisoft, the Group cannot of course rule out any copyright infringement or piracy risks in relation to its intellectual property rights.

RISKS ASSOCIATED WITH REGULATIONS

Through its external and organic growth policy, Ubisoft has expanded its presence abroad and stepped up the diversification of its activities. As a result, the Group is now subject to a wide range of rapidly-changing and complex laws and regulations. These regulations mainly relate to the general conduct of business, competition, personal data processing, information confidentiality, consumer protection (the classification of games according to age-rating systems) and local and international tax systems.

Ubisoft continually monitors regulatory changes in the various countries in which it operates and is careful to comply with current rules and practices. To this end, the Group has implemented a number of internal control procedures to ensure that it complies with all relevant regulations.

a) The collection and processing of personal data

Ubisoft ensures that it complies with applicable regulations in terms of collecting, using, storing and transferring personal data relating to players, its partners and its employees. In particular, it ensures that only information strictly necessary for its business purposes is collected. The Group includes the same rules relating to security and control in all agreements with its partners. Ubisoft takes the utmost care in collecting personal data from children under 13 and has established parental consent procedures.

Despite all of these measures and a strong determination to protect players, its partners and its employees, there are still risks inherent in the collection and processing of personal data. Risks of fraud, piracy and flaws in IT system security in particular could result in the loss and/or theft of confidential data and legal action being taken by those involved.

Furthermore, regulations on the processing of personal data are constantly changing and Ubisoft cannot rule out any impact that these changes may have on its activity. By way of example, the European Court of Justice (ECJ) recently declared that the *"Safe Harbor"* agreement established by the United States was invalid, on the grounds that the United States does not offer adequate levels of protection for transferred personal data. Similarly, the ECJ also ruled invalid the European data retention regulation (Directive 2006/24/EC) on the grounds of infringement of the right to a private life. Ubisoft strives to mitigate these challenges and regulatory changes by implementing measures that are as close as possible to current policies and practices – but of course cannot guarantee that these changes will not affect its activity.

b) Information confidentiality

Ubisoft endeavors to protect the confidentiality of all information shared within the Group. In this regard, it works hard to raise employee and partner awareness on this matter. Internal rules on the dissemination and protection of information are established according to the level of confidentiality. Specific procedures are implemented to ensure that confidential information is only distributed to or accessible by authorized persons who require it for their work ("need to know"principle), in conjunction with encryption and segmentation procedures, internal control procedures and, where appropriate, specific confidentiality agreements, etc.

Despite all of these precautions, the risk of disclosure of confidential information may not be completely ruled out and could naturally have a detrimental effect on the Company.

c) Consumer protection

Ubisoft ensures that it complies with applicable regulations relating to consumer protection, in particular the information given to consumers on the rules of use and content of games, the classification of games in accordance with the age-rating systems of PEGI (Pan European Game Information) in Europe and ESRB (Entertainment Software Rating Board) in the United States. Committed to protecting its players and complying with video game industry practices and policies, the Group is actively involved in the work of numerous bodies: the ISFE (Interactive Software Federation of Europe), SELL *(Syndicat des éditeurs de logiciels de loisirs)* in France, and the ESA (Entertainment Software Association) in the United States and Canada.

Notwithstanding these measures and precautions, a risk of breaching consumer protection laws still exists.

d) Policies supporting the sector

The Group benefits from public policies that support the sector, particularly in France, Canada, the United Kingdom and Singapore. Under these policies, Ubisoft benefits from substantial grants and any change in government policy could have a significant impact on the Company's production costs and profitability. As a result, Ubisoft ensures that it regularly renegotiates these agreements so as to limit, as much as possible, any risks associated with a change in public policies. The amount and geographical distribution of the grants are detailed in Note 20 to the consolidated financial statements.

e) Fiscal policies

The modification of fiscal rules, tax rates and regulations in terms of transfer prices are important risk factors for the Group. Ubisoft strives to anticipate these risks and limit the impact thereof through the continuous monitoring of possible developments.

RISKS ASSOCIATED WITH ADMINISTRATIVE AND LEGAL PROCEEDINGS

There are no government, legal or arbitration proceedings pending that are likely to have or that, over the past twelve months, have had a material impact on the Group's financial position or profitability.

The Group is subject to regular tax inspections by the tax authorities in the countries where it is present. Current tax audits are detailed in Note 11 to the consolidated financial statements.

3.1.2.3 Market risks

FINANCIAL RISKS

In the course of its business, the Group is exposed to varying degrees of financial risk (foreign-exchange, financing, liquidity, interest-rate), counterparty risk and equity risk.

Group policy consists of:

- minimizing the impact of its exposure to market risks on both its results and, to a lesser extent, its balance sheet;
- tracking and managing this exposure centrally whenever regulatory and monetary circumstances allow;
- using derivatives for hedging purposes only.

The risk management policy is described in the section on the Treasury Department in section 3.1.3.3 "Control activities" of the Chairman's internal audit report. Additional information and figures on exposure to these different risks are also detailed in Note 15 to the consolidated financial statements.

Foreign exchange risk

In light of its international presence, the Group may be exposed to exchange-rate fluctuations, in the following three circumstances in particular:

- in the course of its operating activities: sales and operating expenses of Group subsidiaries are largely denominated in local currency. However, some transactions such as license agreements and intercompany invoicing are denominated in another currency. The operating margin of the subsidiaries concerned may therefore be exposed to fluctuations in exchange rates involving their operational currency;
- in the course of its financing activities: in line with its policy of centralizing risks, the Group has to manage financing and cash in various currencies;
- during the process of translating the accounts of its subsidiaries from foreign currencies into euros: operating profit (loss) from continuing operations may be generated in currencies other than the euro. As a result, fluctuations in foreign currency exchange rates against the euro may have an impact on the Group's income statement. These fluctuations also affect the carrying amount of assets and liabilities denominated in foreign currencies and appearing in the consolidated balance sheet.

The Group first uses natural hedges provided by transactions in the other direction (development costs in foreign currency offset by royalties from subsidiaries in the same currency). The parent company uses foreign currency borrowings, forward sales or foreign-exchange options to hedge any residual exposures and non-commercial transactions (such as intercompany loans in foreign currencies).

The sensitivity of Group earnings to changes in the value of its main currencies is described in Note 15 to the consolidated financial statements.

IMPACT OF A +/- 1% FLUCTUATION IN THE MAIN CURRENCIES ON SALES AND OPERATING INCOME

Currency	Impact on sales (1)	Impact on operating income (1)
USD	6,120	2,748
GBP	1,104	809
CAD	681	(1,352)

(1) In thousands of euros for the 2015/2016 financial year

IMPACT OF A +/- 1% FLUCTUATION IN THE MAIN CURRENCIES ON GOODWILL AND BRANDS

Currency	Impact on operating income (1)
USD	389
GBP	543
CAD	67

(1) In thousands of euros for the 2015/2016 financial year

Financing and liquidity risk

In the course of its operating activities, the Group has no recurrent or significant debts. Operating cash flows are generally sufficient to finance operating activities and organic growth. However, the Group issued bonds and implemented a commercial paper program as part of the diversification of its finance sources and may need to increase its debt by using credit lines to finance merger and acquisition activities.

Moreover, to finance temporary requirements related to the increase in working capital during especially busy periods, as at

March 31, 2016, the Group had a €250 million syndicated loan, €12 million in loans, €60 million in bilateral credit lines and other bank credit facilities totaling €78 million, and had issued €60 million in bonds, a Schuldschein loan for €200 million, and €15 million in commercial paper (as part of a program for a maximum amount of €300 million).

The Group's liquidity risk is mainly induced by payment flows on derivatives and is therefore not material.

Interest-rate risk

Interest-rate risk is mainly incurred through the Group's interest-bearing debt. This debt is essentially euro-denominated and centrally managed. Interest-rate risk management is primarily designed to minimize the cost of the Group's borrowings and reduce exposure to this risk. For this purpose, the Group uses primarily fixed-rate loans for its long-term financing needs and variable-rate loans to finance specific needs relating to increases in working capital during particularly busy periods.

As at March 31, 2016, the Group's debt included bonds, a Schuldschein loan, loans, commercial paper and bank overdrafts, which were essentially used to finance the significant year-end working capital requirements relating to the highly seasonal nature of the business.

The sensitivity of debt to a change in interest rates is described in Note 15 to the consolidated financial statements.

COUNTERPARTY RISK

The Group is exposed to counterparty risk – mostly banking-related – in the course of its financial management. The aim of the Group's banking policy is to focus on the creditworthiness of its counterparties and thus reduce its risks.

RISK TO THE COMPANY'S SHARES

In accordance with its share buyback policy and under the authorization granted by the General Meeting, the Company may decide to buy back its own shares. The fluctuations in the price of shares bought in this way have no impact on the Group's results. In the consolidated financial statements, own shares are deducted from equity at cost of sale.

As at March 31, 2016, the Company held 3,647,838 own shares with a value of €80,992 thousand.

The shares are currently assigned to the following objectives:

- market-making and liquidity of Company shares under an agreement signed with Exane BNP: these purchases are made under the terms of a market-making agreement that complies with all applicable regulations, and are designed to ensure the liquidity of purchases and sales of shares. The Company has allocated €1.5 million for the implementation of this agreement;
- cancellation under legally prescribed conditions;
- retention for delivery at a later date in exchange or as payment for external operations; and/or
- employee stock ownership.

3.1.3 INTERNAL CONTROL AND RISK MANAGEMENT

This section is based on information and control methods reported by the various parties involved in internal control within Ubisoft and its subsidiaries, as well as the internal audit work performed at the request of the general management.

3.1.3.1 Definition and objectives of internal control and risk management

DEFINITION OF INTERNAL CONTROL

Ubisoft has drawn up this section in accordance with the reference framework of the AMF (initially published in January 2007, and updated and revised in July 2010) and the principles of the application guide. The Group also uses this reference framework to improve its internal control procedures.

Under this framework, internal control is defined as a system designed to ensure:

- compliance with laws and regulations;
- application of the instructions and policies set down by the general management;
- proper functioning of the Company's internal processes, particularly those involving the security of its assets;
- reliability of the financial information published.

With a view to achieving each of these objectives, Ubisoft has defined and implemented its general principles of internal control that, for the most part, are based on the guidelines set out in the COSO (Committee of Sponsoring Organisation of the Treadway Commission) report published in 1992 and updated in 2013, as well as on the internal control reference framework and recommendations published by the AMF.

This system also aims to help the Company maintain control over its activities, the efficiency of its operations and efficient use of its resources, while enabling it to adequately take into account significant operational, financial or compliance risks. Therefore, the internal control system plays a key role in conducting and monitoring its activities.

Since 2007, Ubisoft has used a proactive approach in order to continuously assess the adequacy and effectiveness of its internal control system. The internal control system has continued to adapt to the constraints and specific features of the Group and its subsidiaries, and to changes in its external environment. The creation of an Audit Committee on November 20, 2013 strengthened this approach.

However, the Group is aware that the internal control system cannot provide an absolute guarantee that the Company's objectives will be met and that all the potential risks it may face will be controlled.

DEFINITION OF RISK MANAGEMENT

Risk management is a tool for Company management that serves to:

- create and preserve the value, assets and reputation of the Company;

- secure the Company's decision-making and processes to help it achieve its objectives;
- promote consistency of actions with Company values;
- involve Company employees in a common vision of the principal risks.

The risk management system is a component of internal control. It allows the Company to anticipate and identify the key internal or external risks that could pose a threat and prevent the Company from achieving its objectives.

3.1.3.2 Organization of internal control

The internal control system relies on a solid foundation of autonomy and collaboration within the Group's teams, encouraging the alignment of goals, resources and mechanisms deployed. It is based on the clear identification of goals and responsibilities, a human resources policy ensuring that resources and skill levels are sufficient, information systems and tools that are adapted to each team and/or subsidiary. Each subsidiary is responsible for implementing the relevant strategies to achieve these objectives, although the monitoring and verification of the internal control system and risk management is highly centralized by the operational departments.

The internal control systems of each subsidiary include both the application of Group procedures and the definition and application of procedures specific to each business line in terms of its organization, culture, risk factors and operational characteristics. With regard to the parent company, Ubisoft monitors the existence and adequacy of internal control systems and specifically the accounting and financial procedures implemented by fully consolidated entities.

ORGANIZATION

The key parties involved in the internal control system are as follows:

- **general management:** The general management is responsible for managing all of the Group's activities and deals specifically with aspects relating to Group strategy and development. As part of its role, the general management is responsible for establishing the procedures and mechanisms employed to ensure both the functioning and monitoring of the internal control system. Internal control was strengthened by the creation of an Audit Committee in 2013;
- **the Board of Directors assisted by the Audit Committee since November 20, 2013:** The Board of Directors has defined governance regulations in its internal rules specifying the role of the Board of Directors assisted to this end by its committees; the Audit Committee in particular, established on November 20, 2013, is responsible for ensuring the quality of internal control. The Audit Committee ensures that the Group has reliable procedures that enable the internal control system and the risk identification, assessment and management system to be monitored;
- **the Group's managers and employees:** the major policies and goals are determined by the general management in each area in consultation with Group general management and are passed on to the subsidiaries. Each subsidiary has its own general management and management team and is responsible for implementing the strategies designed to ensure that these goals are achieved;
- **operational management:** in collaboration with general management, operational managers are involved in setting the key accounting, finance, legal, tax, IT and human resources policies, and supporting the subsidiaries with their roll-out. Specific visits are made to the subsidiaries in order to carry out audits and training and to make recommendations so as to ensure that the internal control system is satisfactory.

  These procedures are presented in detail under "Control activities";
- **the finance and accounting teams:** present in all Group subsidiaries, they are responsible for performing analysis and control functions, including budgeting and the preparation of the financial statements.

CLEAR GOALS AND RESPONSIBILITIES

The division of powers and responsibilities is clearly defined by the organization charts.

In order to enable the various operational teams to achieve their goals, temporary and permanent operational and banking authorizations are granted. These are frequently reviewed by the Treasury Department assisted by the Administration Department and are updated to reflect any changes in roles and responsibilities. General management defines the rules for delegating power to subsidiaries.

Consequently, at an individual level, each major subsidiary has local internal control procedures (delegation of bank signing authority, verification of day-to-day transactions, segregation of duties between the signatory and the person preparing the payment, limitation of payments by check to guarantee effective fraud prevention, etc.).

Similarly, budgetary goals are defined annually by the general management and monitored in each subsidiary by the accounting and finance teams. Business performance is monitored by management audit teams: at subsidiary level, these teams provide relevant cost analyses to operational managers so that they can make the necessary management decisions. This information is periodically reported in a standard format and is consolidated by head office teams, who analyze the differences between objectives and actual performance.

HUMAN RESOURCES POLICY

HR policy is key to the internal control system and its effectiveness. HR teams at each of the subsidiaries are responsible for establishing and implementing the policy, programs and systems required to meet recruitment goals set at Group level, while ensuring the development of employees' skills and potential.

These teams also ensure compliance with local regulations and apply the Group's policies on improving collective and individual

performance through regular appraisals, development plans, appropriate training, stock options, employee share subscription plans, etc.

ADAPTED SOLUTIONS AND OPERATING METHODS

The IT teams provide the different business lines with solutions that are adapted to their activities. They define, implement and operate these solutions. The range of solutions used includes commercial software as well as tools developed internally. This range is constantly evolving in line with the ever increasing requirements in managing and analyzing information, while ensuring compliance with the security standards in place at Ubisoft.

Similarly, each subsidiary and team strives to continuously improve processes and documentation. This also involves frequently reviewing and updating procedures to ensure uniform application. These procedures are made available to the relevant teams through collaborative tools developed by the Group.

Procedures associated with the preparation of accounting and financial information are described in section 3.1.3.3.

3.1.3.3 Control activities

In addition to the risk management system, the Group has many control processes at all levels of the Company. Operational departments at head office play a crucial role in ensuring that subsidiaries' initiatives comply with Group guidelines and providing support for risk management, especially when local teams lack sufficient expertise.

The centralized organization of these support functions enables consistent dissemination of the major policies and goals of the general management:

- **the Financial Planning Department** monitors the Company's performance using operational monitoring based on monthly reports from all Group subsidiaries. It also coordinates meetings between the general management and the operational and finance departments at which the various reporting indicators are reviewed and the differences between actual performance and initial forecasts are analyzed, enabling the quarterly, interim, annual and multiannual forecasts to be fine-tuned on the basis of actual figures and market outlooks as received from local and operational teams. The financial controllers monitor the whole financial reporting cycle and constantly query subsidiaries on their performance levels, earnings and business activity. They then define and distribute the financial objectives for the current financial year. The Financial Planning Department also carries out a biannual in-depth review of the multiannual forecasts, ensuring consistency with the strategic decisions made by the Group. For these purposes, the Financial Planning Department regularly performs an alignment of management processes and improves its management tools, in addition to establishing defined management standards with the Information Systems Department so as to provide a common, clear language for all employees to work with;
- **the role of the Consolidation Department** is to monitor standards, to define the Group's accounting policies, to produce and analyze the consolidated financial statements and to prepare the accounting and financial information. This department is the main point of contact with the Statutory Auditors during annual and half-yearly audits.

  The IFRS accounting standards applicable to the Group are identified by the Consolidation Department and systematically distributed via the online accounting policies manual accessible by all accounting and financial services. Technical monitoring is carried out by the team that organizes and manages the updating process via instructions and/or training.

  The Consolidation Department centralizes all expertise on the preparation and analysis of the Group's monthly, interim and annual consolidated financial statements. It audits the accounting information received from subsidiaries, checks its compliance with the accounting policies manual and performs reconciliations to ensure the standardization of procedures. A detailed report is sent to the management team each month so that the Group's performance may be monitored and analyzed. It ensures compliance with applicable standards and regulations so as to provide a true picture of the Group's business activities and position;
- **the Treasury Department** arranges foreign exchange derivative contracts and coordinates cash flow management at French and foreign subsidiaries, in particular by overseeing the dissemination of cash pooling solutions and cash flow projections. It checks the suitability and compatibility of exchange rate and liquidity risk management policies, as well as the financial information published. It also manages off-statement of financial position commitments (bank guarantees relating to purchase financing, comfort letters, share price guarantees, deposits, etc.). It centralizes and verifies the authorization granted to a limited number of employees, who are exclusively authorized by the general management to handle certain financial transactions – subject to pre-defined thresholds and authorization procedures – and helps implement tools to ensure effective control (double signature procedure, secure payment mechanisms, frequently updated authorization and signature system, controlled IT access, etc.);
- acquisitions are managed by the **Acquisitions Department,** which reports to the Finance Department in close collaboration with the Legal Department. The Acquisitions Department examines and assesses the strategic interest of the planned total or partial takeover of a company and submits the relevant proposal to the general management, which makes the final decision. No Group subsidiary can make this decision on its own;
- **the Legal Departments** are specialists in all legal business matters and particularly in acquisition law, company law, contract law, tax law, employment law and intellectual property law. They are responsible for developing innovative legal solutions that comply with current regulations in the various countries in which Ubisoft operates. Working in close partnership with the operational teams, the lawyers work upstream to identify the best strategy, to assess and manage risks and to provide support in implementing said solutions. The legal teams provide support to all subsidiaries with regard to their legal issues and are involved at every stage of their projects (from concept and production to marketing and distribution). They coordinate external growth operations, prepare and implement strategies and contractual relations (particularly in the development of

new products, the hiring of new staff in France or abroad, and negotiations with new partners). They manage the portfolio of industrial property, handle any disputes and continually monitor regulatory changes in the various countries in which Ubisoft operates;

- **the Tax Department** assists and advises the Group's French and foreign companies with the analysis of the tax aspects of their projects. In coordination with the various internal departments, it ensures the Group's tax security by organizing risk prevention, identification and management. It implements the Group's transfer price policy;
- **the Information Systems Department** is involved in selecting IT solutions, ensures their consistency, and monitors their technical and functional compatibility. The IT Department monitors the progress of IT projects and ensures that they are compatible with requirements, existing systems, budgets, etc. An annual review of medium-term projects has been put in place. This is periodically revised to take account of developments within the Company, priorities and constraints.

  The Risk Security and Management Department is responsible for ensuring and organizing the protection of Ubisoft activities, which include but are not limited to the security of applications, information systems, online games, human resources and property. The team has also established rules and control measures with the aim of preventing and managing risks. These internal policies and procedures are reviewed regularly, circulated and adapted to maximize their efficiency.

INTERNAL CONTROL OF THE PREPARATION OF FINANCIAL AND ACCOUNTING INFORMATION

The internal control procedures relating to the preparation and processing of financial and accounting information are mainly implemented by the various accounting and finance departments.

Financial statement preparation and consolidation processes

The financial statements of each subsidiary are drawn up, under the responsibility of their manager, by the local accounting departments, which ensure compliance with country-specific tax and regulatory constraints. These financial statements are subject to a limited review for the interim financial statements of the key subsidiaries and a complete audit carried out by the auditors for the majority of the subsidiaries at the year-end.

Reporting of accounting information, in standardized monthly reports, is carried out on the basis of a schedule established by the Consolidation Department and approved by the Administration Department. Each subsidiary must apply existing Group procedures to the recording of accounting data for monthly reporting, interim and annual financial statements and quarterly forecasts.

The reporting of subsidiaries is established according to the accounting policies of the Group, which are formalized in a Group policies manual distributed to all the subsidiaries. The consolidation statements are subject to an audit or a limited review with regard to this Group accounting policies manual.

The subsidiaries' accounting information is uploaded, reconciled and then consolidated in a central software solution, HFM from Hyperion, under the responsibility of the Consolidation Department. This software supports automatic verification and consistency checking of flows, the balance sheet, specific line items in the income statement, etc. It also allows fast, reliable data reporting and is designed to make the consolidated financial statements secure.

The Company has taken measures to shorten the process of preparing the consolidated financial statements and to make it more reliable. For example, the Consolidation Department has drawn up procedures, which are updated periodically, enabling subsidiaries to optimize understanding and effectiveness of the solutions, and to guarantee the standardization of published accounting and financial data:

- drawing up a Group chart of accounts;
- implementing automatic mapping between the corporate financial statements and the consolidated financial statements;
- drawing up a user manual for the consolidation statement;
- drawing up a consolidation manual;
- drawing up an accounting policies manual.

The Consolidation Department also carries out ongoing monitoring so as to track and anticipate changes to the regulatory framework applicable to Group companies.

Organization of information systems

With a view to continually improving its information system and ensure the integrity of accounting and financial data, the Company invests in implementing and updating IT solutions and procedures to meet the requirements and constraints both of the local teams and of the Group.

Most of the subsidiaries are integrated in PeopleSoft – Oracle for the accounting and management of operational flows (procurement, manufacturing, logistics, etc.). This centralized application, which uses a single database, allows the sharing of frameworks and transaction formats (product database, customer and supplier files, etc.). This ERP was installed as an attempt to respond to issues relating to growth of Ubisoft's activity.

With a view to integrating and automating accounting and financial solutions, the Group implements PeopleSoft – Oracle in its new subsidiaries. The computerization of data exchange (interfaces between accounting systems and the consolidation system, daily integration of banking entries, automated payment issuing, etc.) optimizes and improves processing and guarantees greater reliability of accounting processes.

The consolidation and management forecasting applications are used by all Group companies, providing an exhaustive and standardized view of business activities, and accounting and financial data. They thus help improve the effectiveness of information processing.

Similarly, special attention is paid to the security of IT data and processing. The Risk Security and Management Department is constantly working with IT to improve levels of control to ensure:

- availability of online services and systems;
- data availability, confidentiality, integrity and traceability;
- protection of online services from unauthorized access;
- monitoring of the network against internal and external threats;
- data security and recovery.

These systems are housed in our internal data centers. Security audits are carried out both upstream and downstream within the context of our quality audit to ensure the security of the information system.

Accounting and financial information validation procedures

Ubisoft's accounting and financial information is prepared by the Administrative Department under the supervision of the Chairman and Chief Executive Officer, with the Board of Directors responsible for final approval, based on a presentation by the Audit Committee.

The consolidated financial statements are subject to a limited review as at September 30 and an audit as at March 31 by the Group's auditors. The Administrative Department works in constant collaboration with the Statutory Auditors to coordinate the year-end process and to anticipate significant accounting treatments.

One-off assignments during the financial year such as pre-closing reviews prior to each interim and annual closing date make it possible to forecast and assess specific accounting issues in advance. This systematic review eases finalization at the balance sheet date and reduces the time needed to prepare the consolidated financial statements.

At international level, the audit of the financial statements in certain subsidiaries is carried out by the KPMG network, co-auditor for the holding company. Their local representative does everything required of him in the respective country as regards Statutory Auditors. This organization helps to standardize audit procedures.

The Group announces its sales on a quarterly basis and its earnings every six months.

The Consolidation Department checks and delivers the accounting information included in the Group's financial releases that relate to the consolidated financial statements.

External financial information management process

The Financial Communications Department distributes the financial information required for the Group's strategy to be understood to shareholders, financial analysts, investors, etc.

All financial and strategic releases are reviewed and approved by the general management. Financial information is published in strict compliance with market regulations and in keeping with the principle of equal treatment of shareholders.

3.1.3.4 Ongoing supervision of the internal control system

The introduction of an overall formalized approach to internal control thus allows:

- the quality of controls in subsidiaries to be understood, particularly by means of:
  - evaluating the efficient utilization of resources (human, material or financial),
  - justifying investments and expenditure,
  - ensuring that activities carried out locally are in line with Group strategy and guidelines;
- the improvement of operational and financial practices by means of corrective and optimization initiatives to remedy shortcomings;
- effective monitoring of compliance with these procedures and controls.

The focus for the 2015/2016 financial year was on the review of payment-related processes:

- identification and review of procedures in place in certain subsidiaries as part of Ubisoft's internal control;
- support in the drafting of additional procedures;
- auditing of key processes in certain subsidiaries;
- verification of the implementation of action plans following the audits carried out during previous years.

The objective is to ensure the correct application of recommendations and guidelines established within the Group.

3.1.3.5 Insurance and risk coverage

The insurance management policy falls under the general scope of risk management. It aims to protect the Group and its staff against the consequences of certain potential and identified events that could have an impact on it or them.

So as to take advantage of its international presence, Ubisoft combines the standardized coverage of global risks with the specific management of local risks.

The main insurance programs coordinated by the Group relate to:

- **commercial liability insurance:** since 2013, this worldwide program offers coverage for:
  - operations liability,
  - product liability – including the removal of goods,
  - professional liability.

  This program provides standardized and coordinated coverage for all Ubisoft subsidiaries;
- **transport and storage insurance:** the Group acts as a service platform offering arranged coverage, up to a maximum limit. All European and Canadian subsidiaries are covered;
- **civil liability insurance for corporate officers:** this is in place to cover any claims made against de jure or de facto executives, as well as defense and ancillary costs;
- **customer credit insurance:** to protect itself against the risk of default, the Group has taken out a comprehensive policy that pools risks to which a large majority of the sales and marketing subsidiaries (1) have subscribed;
- **property damage and trading loss insurance:** this type of insurance is managed directly by local subsidiaries so as to take account of the specific nature of their businesses and any local insurance opportunities;

(1) Representing 58% of Group sales Group as at the end of March 2016

- **specific coverage** such as vehicle and health insurance, employee pension funds and coverage for business travel or expatriates. These are managed locally in accordance with requirements and local regulations.

Through these programs, the Group aims to offer comprehensive and extensive coverage for risks and pays particular attention to the financial conditions offered.

Total premiums paid on insurance policies valid during the financial year ended March 31, 2016 amounted to €1,256 thousand excluding credit insurance.

3.1.4 FURTHER INFORMATION

3.1.4.1 Procedures for attending General Meetings

All shareholders have the right to attend General Meetings under legally prescribed conditions. Information on access, attendance and voting at General Meetings appears in Articles 7 and 13 of the Company's Articles of Association. Details can be found in section 6.1.2 of the Registration Document. This information is provided again in the notice of meeting and the convening notice published by the Company before any General Meeting.

3.1.4.2 Information on the structure of the capital/information referred to in Article L. 225-100-3 of the French Commercial Code

Information on the structure of the capital and information referred to in Article L. 225-100-3 of the French Commercial Code (factors likely to have an impact in the event of a public offering) can be found in section 6 of this Registration Document.

3.1.4.3 Principles and rules applicable to the calculation of compensation and other benefits received by corporate executive officers

The relevant information can be found in section 3.2 of this Registration Document.

3

3.2 Compensation of corporate officers

This section was prepared with the help of the Compensation Committee.

3.2.1 COMPENSATION PAID TO DIRECTORS

Directors' fees

In consideration – very partial – of the responsibilities assumed and also the time spent preparing Board and/or committee meetings and actively participating therein, directors receive directors' fees consisting of a fixed component and a variable component.

CRITERIA/BREAKDOWN

Maximum amount of €450k (General Meeting 11/20/13)							
Board of Directors		Audit Committee		Compensation Committee		Appointments Committee	
Fixed	Variable According to attendance (A) [1]	Fixed Chairman	Variable [4] Members	Fixed Chairman	Variable [4] Members	Fixed Chairman	Variable [4] Members
Maximum per year and per director: €40k							
40% [1] (€16k/year)	60% [1] (€24k/year)						
50% in April [2] (€8k) 50% in October [3] (€8k)	If A < 50% - €0 If A ≥ 50% and < 75% - €12k If A ≥ 75% - €24k	€15,000 per year	€2,500 per meeting	€5,000 per year	€2,500 per meeting	€2,500 per year	€1,000 per meeting

(1) Board meeting of 10/19/2015: amount of €40,000 to remain unchanged but variable and fixed components to be amended to 60% and 40% respectively, with effect from 04/01/2015 (previously 50%-50%)

(2) Compensation for the period between April 1 and September 30

(3) Compensation for the period between October 1 and March 31

(4) Amount capped at four meetings per year

AMOUNTS PAID FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

	Board of Directors		Audit Committee		Compensation Committee		Appointments Committee		
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	TOTAL
Yves Guillemot	€16,000	€24,000							€40,000
Claude Guillemot	€16,000	€24,000							€40,000
Michel Guillemot	€16,000	€24,000							€40,000
Gérard Guillemot	€16,000	€24,000							€40,000
Christian Guillemot	€16,000	€24,000							€40,000
Estelle Métayer	€16,000	€24,000			€5,000	€10,000 (2)			€55,000
Didier Crespel	€16,000	€24,000	€15,000	€10,000 (1)				€3,000	€68,000
Laurence Hubert-Moy	€16,000	€24,000		€10,000 (1)		€10,000 (2)	€2,500	€3,000 (3)	€65,500
Pascale Mounier	€16,000	€24,000							€40,000

TOTAL DIRECTORS' FEES PAID DURING FY2016 **€428,500**

(1) Audit Committee: four meetings held during FY2016
(2) Compensation Committee: seven meetings held during FY2016
(3) Appointments Committee: three meetings held during FY2016

3.2.2 COMPENSATION PAID TO CORPORATE EXECUTIVE OFFICERS

The compensation paid to corporate executive officers (Chairman and Chief Executive Officer and Executive Vice Presidents) is set by the Board of Directors and based on a proposal from the Compensation Committee, which bases its recommendation on benchmark studies of large firms and/or companies operating in the same business sector, or industries facing the same economic, technological and competitive challenges. However, it is worth noting that compensation practices vary considerably depending on the country of origin and legal structure of competitors.

The compensation of corporate executive officers takes into account the relevant recommendations of the AFEP-MEDEF Code as well as Ubisoft's corporate values and culture. The Company therefore intends to implement the compensation tools and systems that are best able to promote sustainable performance, a long-term vision and the sharing of business risk, notably through investment in the share capital, while ensuring that the compensation granted is consistent with that of Group employees (including that of the Executive Committee in particular) and that the compensation systems are in line with the values of the Group.

3.2.2.1 Compensation of the Chairman and Chief Executive Officer

After researching shareholder expectations in terms of transparency of information, the Compensation Committee has decided to provide more details on the quantitative and qualitative criteria and on the calculation methods used for the annual variable compensation of the Chairman and Chief Executive Officer.

Below, the information from the 2015 "Say on Pay" table is compared to that from the 2016 table *(see 3.2.4.1)*.

Due to the fact that the exceptional compensation component introduced during the financial year ended March 31, 2015 was not offered during the past financial year, there is no comparison to be made in this regard.

Annual variable compensation of the Chairman and Chief Executive Officer	
2015 Registration Document information	2016 Registration Document information
Annual variable compensation was introduced with effect from April 1, 2014. It is based on quantitative and qualitative criteria ♦ **Quantitative criteria:** 20% or 40% of fixed compensation, contingent on achieving a cumulative level of EBIT and sales ♦ **Qualitative criteria:** 20% maximum of fixed compensation. The breakdown of the qualitative criteria and the expected level of achievement of the quantitative criteria, precisely calculated and predefined, cannot be disclosed without revealing confidential information about the Group's strategy	Short-term variable compensation based on quantitative and qualitative criteria: ♦ **Quantitative criteria:** 80% maximum of fixed compensation, proportional to the rate of achievement Minimum €160 million 0% Target €200 million 51% Maximum €239 million 80% ♦ **Qualitative criteria:** 20% maximum of fixed compensation 1. Digital progress (10% maximum of fixed compensation): increased downloads and in-game revenue Minimum 0% Target 10% Maximum 10% 2. Employee satisfaction rate (10% maximum of fixed compensation) based on the bi-annual satisfaction survey: ability to motivate and retain employees Minimum 0% Target 10% Maximum 10%

Furthermore, the Compensation Committee, where appropriate, wanted to provide more details on the quantitative and/or qualitative criteria associated with the annual variable and annual exceptional compensation of the Chairman and Chief Executive Officer for the financial year ended March 31, 2015. It should be noted that the cumulative total of these two compensation components must not exceed 100% of the annual fixed compensation.

Annual variable compensation of the Chairman and Chief Executive Officer	
2015 Registration Document information	Additional information
♦ **Quantitative criteria:** 20% or 40% of fixed compensation, contingent on achieving a cumulative level of EBIT and sales ♦ **Qualitative criteria:** 20% maximum of fixed compensation. The breakdown of the qualitative criteria and the expected level of achievement of the quantitative criteria, precisely calculated and predefined, cannot be disclosed without revealing confidential information about the Group's strategy	♦ **Quantitative criteria:** ♦ 20% maximum of the fixed compensation if: - EBIT ≥ €100 million, and - sales ≥ €1.2 billion ♦ 40% maximum of the fixed compensation if: - EBIT ≥ €150 million, and - sales ≥ €1.4 billion ♦ **Qualitative criteria:** 20% maximum of fixed compensation ♦ Presentation to the Board of Directors of a 5-year strategic plan (1/3 of the 20%) including in particular: - core values and strategic targets - strategic risks and opportunities - target markets and customer segments - analysis of the competition (current and future) - a strategic action plan focused on 3 main areas (core business, the development of new markets and options for the future) ♦ Digital progress (1/3 of the 20%) compared to N-1 ♦ Employee satisfaction: to be assessed based on teams of "key people" for which the turnover rate must not exceed a specific percentage (1/3 of the 20%)

Annual exceptional compensation of the Chairman and Chief Executive Officer	
Exceptional compensation was introduced with effect from April 1, 2014. It is subject to achieving a predefined level of EBIT. Every 1% increment in EBIT unlocks an additional 10% of fixed compensation. The aggregate amount of exceptional compensation and annual variable compensation is capped at 100% of fixed compensation.	Every additional 1% increment in EBIT representing 10.7% of sales unlocks 10% of the fixed compensation

COMPARATIVE BASIS

The Chairman and Chief Executive Officer's compensation should be considered in relation to the practices of similar groups to Ubisoft. For this, the Compensation Committee relied on a comparative study by Tower Watson, an independent firm specializing in the subject and commissioned by the Ubisoft Group Human Resources Department, as well as on benchmark studies of the compensation of Chairmen and Chief Executive Officers in Canada and Europe (Spencer Stuart, IFA and Ernst & Young).

The Tower Watson study focused on all components of compensation (fixed, variable and long-term incentives) paid in 2013 to the Chairmen and CEOs of around 20, mostly SBF120, companies. These companies were selected based on their business sector, global footprint and size, measured in terms of sales, workforce and market capitalization. The panel included companies in the entertainment sector, high-tech industries and the media, with sales in the region of €1 billion (the "Study").

Based on the study's outcome, the compensation of Mr. Yves Guillemot appeared to be below the market average, both for the annual fixed component and for long-term incentives, while the annual variable component was non-existent. The Compensation Committee decided to introduce an annual variable compensation and an exceptional compensation for the 2014-2015 financial year in order to partly address this situation. With regard to the past financial year, the Compensation Committee retained the principle of an annual variable compensation but not that of exceptional compensation. However, no changes were made to the maximum overall amount that may be granted (100% of the annual fixed compensation).

SUMMARY TABLE OF COMPENSATION OWED OR PAID TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

Year to March 31, 2016				
Gross fixed compensation	Annual variable compensation (1)	Exceptional compensation (2)	Performance shares (3) (accounting valuation)	Directors' fees
€500,004	145,000 (3)	N/A	€617,965	€40,000

(1) Subject to quantitative and qualitative criteria
(2) Subject to achieving a predefined level of EBIT
(3) Subject to internal and share price performance conditions

BREAKDOWN

The compensation of Mr. Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2016, comprises the following components:

Annual compensation

- **an annual fixed compensation**

  The gross annual fixed compensation of the Chairman and Chief Executive Officer has remained unchanged since 2008 at €500,004;

- **an annual variable compensation the target value of which is set at 100% of the fixed compensation** based on the achievement of the criteria defined below. Entitlement is also conditional upon the achievement of a minimum level of performance (the threshold) defined in accordance with an index based on a sample of comparable companies (threshold of the weighted average EBIT of the MSCI World Small Cap Information Technology Index) as at March 31, 2016.

Criteria type	% of the variable	Criteria description	Weighting		
			Minimum	Target	Maximum
Quantitative	80% (Maximum €400k)	Contingent on an average annual Group EBIT	€160 million 0%	€200 million 51%	€239 million 100%
Qualitative	20% (Maximum €100k)	1. Digital progress (change in downloads and in-game revenue)	0%	10%	10%
		2. Employee satisfaction rate (based on a biannual satisfaction survey: ability to motivate and retain employees)	0%	10%	10%

A long-term variable compensation

which for the past financial year was paid as a grant of performance shares ("AGAP" preference shares)

General Meeting Board of Directors	Number	Period durations	Performance conditions	
			Internal over 3 financial years	Share price over 5 years
General Meeting 09/23/2015 (21st resolution) Board of Directors 12/16/2015	1,333 AGAP [1]	**Vesting:** 3 years	based on a target average Group EBIT (the "Target") The final percentage will depend on the threshold reached if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% Target = 50% if EBIT < 80% = 0%	♦ Increase ≥ 50% of the floor price [4] ♦ If increase < 50%: each 1% increase will entitle the holder to 0.6 ordinary share
		Retention: 2 years		
	39,990 ordinary shares [2] [3]	**Conversion:** 1 year		

(1) Subject to the achievement of internal performance conditions assessed over three financial years

(2) Parity: 1 preference share entitles the holder to 30 ordinary shares subject to the achievement of share price performance conditions over 5 years

(3) The percentage to be retained in registered form until the end of service has been set at 5% on the basis of a proposal from the Compensation Committee

(4) Average price over the 20 trading days preceding the Board of Directors' meeting granting the shares

The details of the performance conditions and the expected levels of achievement, precisely calculated and predefined, cannot be disclosed without revealing confidential information about the Group's strategy over the coming three years.

The overall assessment of performance conditions over three financial years for the free preference shares and over four years for the share purchase and/or subscription options means that dilution can be adapted based on the actual increase in share price performance value recorded by the shareholder over a period of five years. If preference shares are not converted due to the share price performance observed over five years, these shares are canceled.

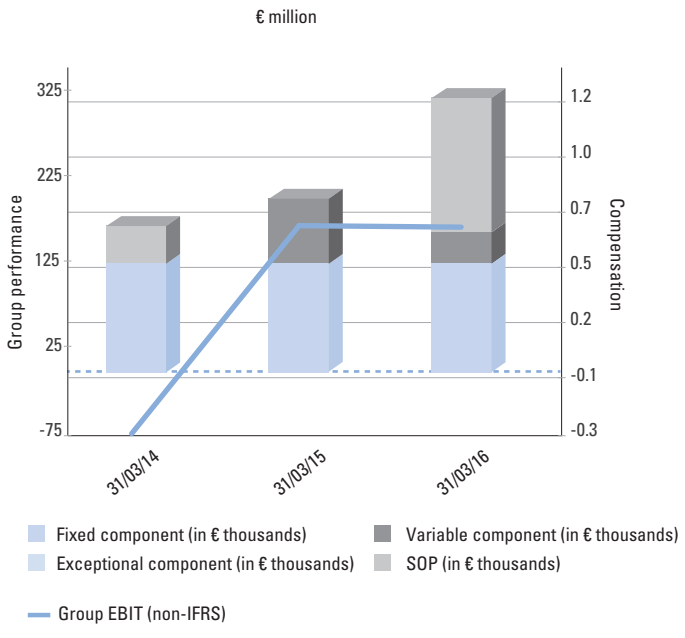
The Chairman and Chief Executive Officer uses no hedging instruments.

Directors' fees

As a director, the Chairman and Chief Executive Officer also receives directors' fees *(see section 3.2.1 above — Compensation paid to directors)*.

COMPARISON TABLES

BREAKDOWN AND CHANGES IN THE OVERALL COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER BASED ON THE GROUP'S PERFORMANCE



3.2.2.2 Compensation of Executive Vice Presidents

COMPARATIVE BASIS

No comparative study was carried out for the compensation of Executive Vice Presidents.

Summary table of compensation owed or paid to the Executive Vice Presidents for the financial year ended March 31, 2016

	Gross fixed compensation	Stock options (accounting valuation)	Directors' fees
Claude Guillemot	€62,496	€109,125	€40,000
Michel Guillemot	€24,000	€109,125	€40,000
Gérard Guillemot	€86,902 (1)	€109,125	€40,000

(1) Subject to exchange rate being the equivalent of US$97,000

	Gross fixed compensation	Performance shares (accounting valuation)	Directors' fees
Christian Guillemot	€62,496	€77,420	€40,000

BREAKDOWN

Annual fixed compensation

Corporate executive officer	Annual gross compensation	
Claude Guillemot	€62,496	Compensation unchanged since June 1, 2008
Michel Guillemot	€24,000	Compensation unchanged since February 1, 2011
Gérard Guillemot	€86,902 (1)	Compensation unchanged since January 1, 2011
Christian Guillemot	€62,496	Compensation unchanged since June 1, 2008

(1) Subject to exchange rate being the equivalent of US$97,000

Long-term variable compensation

which for the past financial year was paid as a grant subscription options (SOP) or preference shares (AGAP)

SOP granted during the financial year ended March 31, 2016					
Corporate officer	General Meeting Board of Directors	Number	Price for the financial year	Exercise period	Internal performance conditions assessed over 4 financial years
Claude Guillemot	General Meeting 09/23/15 (23rd resolution) Board of Directors 12/16/15	**12,500** (1)	**€26.85** (2)	**From 05/19 until 12/15/20**	based on a target average Group EBIT (the "Target") The final percentage will depend on the threshold reached if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0%
Michel Guillemot		**12,500** (1)	**€26.85** (2)		
Gérard Guillemot		**12,500** (1)	**€26.85** (2)		

(1) The percentage to be retained in registered form until the end of service has been set at 5% on the basis of a proposal from the Compensation Committee
(2) Subject to the achievement of internal performance conditions assessed over four financial years

The details of the performance conditions and the expected levels of achievement, precisely calculated and predefined, cannot be disclosed without revealing confidential information about the Group's strategy over the coming four years.

The cumulative assessment over four years is mainly due to the specific nature of the industry, in view of the highly seasonal nature of the release of games, R&D investment projects that span several years, as well as unforeseen events that can affect the product release schedule. It also encourages decision-making aimed at creating long-term value, rather than on an annual basis.

AGAP granted during the financial year ended March 31, 2016					
Corporate officer	General Meeting Board of Directors	Number	Period durations	Performance conditions: internal assessed over 3 financial years	Performance conditions: share price over 5 years
Christian Guillemot	General Meeting 09/23/15 (21st resolution) Board of Directors 12/16/15	167 AGAP (1) 5,010 ordinary shares (2) (3)	**Vesting:** 3 years **Retention:** 2 years **Conversion:** 1 year	based on a target average Group EBIT (the "Target") The final percentage will depend on the threshold reached if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0%	♦ Increase ≥ 50% of the floor price (4) ♦ If increase < 50%: each 1% increase will entitle the holder to 0.6 ordinary share

(1) Subject to the achievement of internal performance conditions assessed over three financial years

(2) Parity: 1 preference share entitles the holder to 30 ordinary shares subject to the achievement of share price performance conditions over 5 years

(3) The percentage to be retained in registered form until the end of service has been set at 5% on the basis of a proposal from the Compensation Committee

(4) Average price over the 20 trading days preceding the Board of Directors' meeting granting the shares

The details of the performance conditions and the expected levels of achievement, precisely calculated and predefined, cannot be disclosed without revealing confidential information about the Group's strategy over the coming three years.

The overall assessment of performance conditions over three financial years for the free preference shares (compared to the four-year assessment period for the share purchase and/or subscription options) is due to the five-year share price performance criteria, meaning that dilution can be adapted based on the actual increase in share price performance value recorded by the shareholder over a period of five years. If preference shares are not converted due to the share price performance observed over five years, these shares are canceled.

The Executive Vice Presidents do not use hedging instruments.

3.2.3 REPORTS ON THE ALLOCATION OF OPTIONS OR FREE SHARES

Reports required by Articles L. 225-184 and L. 225-197-4 of the French Commercial Code.

This section includes all the reports required by the French Commercial Code, along with the tables recommended by the AFEP-MEDEF Code, or by the AMF in its publications on information on the compensation of corporate executive officers that should appear in the Registration Document.

3.2.3.1 Principles and rules used for the allocation of options or free shares

Long-term incentive plans are a fundamental component of the Ubisoft business culture and its compensation policy.

They effectively help to:

- foster entrepreneurial spirit, which has always been one of the fundamental reasons for Ubisoft's performance;
- retain, incentivize, reward and promote the medium and long-term commitment of the Group's executives, key managers and talent through their involvement in the Group's development and their contribution to its growth;
- boost the competitiveness of the Group's employee compensation.

3.2.3.2 Allocations during the financial year ended March 31, 2016

During the past financial year, the Board of Directors, following authorization from the General Meeting, granted the share subscription options (SOP) and/or the ordinary free shares (AGA) and/or the preference shares (AGAP) detailed below.

Beneficiary category	General Meeting (Resolution) Board of Directors	Number of beneficiaries Number granted	Period durations (exercise, vesting, retention, conversion)	Performance conditions
Employees and/or corporate officers of subsidiaries	09/24/12 (18th) 09/23/15	89 beneficiaries 273,100 SOP €17.94	**Exercise period:** 4 years 25% per year at the end of the year in which they are granted	N/A
	07/01/14 (15th) 09/23/15	1,543 beneficiaries 970,220 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
		23 beneficiaries 3,839 AGAP (115,170 ordinary shares (2))	**Vesting period:** 3 years **Retention period:** 2 years **Conversion period:** 1 year	100%: individual performance conditions (1) assessed over 3 years
				100%: share price performance conditions assessed over 5 years (2)
	09/23/15 (20th) 10/19/15	32 beneficiaries 143,833 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	09/23/15 (20th) 03/03/16	64 beneficiaries 179,100 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
Executive Committee	09/24/12 (18th) 09/23/15	1 beneficiary 55,000 SOP €17.94	**Exercise period:** 4 years 25% per year at the end of the 1st year	N/A
	07/01/14 (16th) 09/23/15	1 beneficiary 867 AGAP (26,010 ordinary shares (2))	**Vesting period:** 3 years **Retention period:** 2 years **Conversion period:** 1 year	100%: internal performance conditions (3) assessed over 3 financial years (7)
				100%: share price performance conditions assessed over 5 years (2)
	09/23/15 (20th) 10/19/15	2 beneficiaries 40,000 AGA	**Vesting period:** 4 years	100%: internal performance conditions (4) assessed over 4 financial years (7)
Corporate executive officers of the Company	09/23/15 (21st) 12/16/15	2 beneficiaries 1,500 AGAP (45,000 ordinary shares (2))	**Vesting period:** 3 years **Retention period:** 2 years **Conversion period:** 1 year	100%: internal performance conditions (5) assessed over 3 financial years (7)
				100%: share price performance conditions assessed over 5 years (2)
	09/23/15 (23rd) 12/16/15	3 beneficiaries 37,500 SOP Price: €26.85	**Exercise period:** From May 2019 until December 15, 2020	100%: internal performance conditions (6) assessed over 4 financial years (7)

(1) Individual performance targets linked to the beneficiary's contribution

(2) Parity: 1 preference share entitles the holder to 30 ordinary shares subject to the achievement of share price performance conditions at the end of the retention period for the preference shares:

- *if increase ≥50% of the floor price (average price over the 20 trading days preceding the Board of Directors' meeting granting the shares): 1 preference share will entitle the holder to 30 ordinary shares;*
- *if increase < 50%: each 1% increase will entitle the holder to 0.6 ordinary share*

(3) Internal performance conditions: 60% contingent upon achieving a predefined average level of Group EBIT over three financial years (Group operating profit from continuing operations before share-based payments) and 40% contingent upon achieving a predefined average level of Group sales over three financial years

(4) Internal performance conditions: 60% contingent upon achieving a predefined average level of Group EBIT over four financial years (Group operating profit from continuing operations before share-based payments) and 40% contingent upon achieving a predefined average level of Group sales over four financial years

(5) Internal performance conditions: 100% contingent upon achieving a predefined average level of Group EBIT over three financial years (Group operating profit from continuing operations before share-based payments)

(6) Internal performance conditions: 100% contingent upon achieving a predefined average level of Group EBIT over four financial years (Group operating profit from continuing operations before share-based payments)

(7) Acquisition or start of the financial year from the May following the last financial year offering confirmation of the achievement of the internal performance conditions described in 3, 4, 5 and 6

Plans are automatically canceled in the event of termination of employment or corporate office (except in the event of disability, death, departure or retirement). Furthermore, in the event of a change in control of the company Ubisoft Entertainment SA within the meaning of Article L. 233-3 of the French Commercial Code, the share purchase and/or subscription option plans (the "Options") and the free share plans (the "Shares"), with the exception of those relating to Corporate Executive Officers, immediately cease to be contingent upon a) the beneficiaries being, on the date of exercise of the Option(s) or change in ownership of the Shares, employees or corporate officers of the Group and b) the achievement of the performance conditions, where applicable.

3.2.3.3 Corporate Executive Officers

EXERCISE OF OPTIONS BY THE CORPORATE EXECUTIVE OFFICERS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2016

Options exercised during the financial year between April 1, 2015 and March 31, 2016			
Corporate officer	Number of options exercised [2]	Exercise price	Plan number Plan expiry date
Yves Guillemot	0	0	N/A
Claude Guillemot	0	0	N/A
Michel Guillemot	0	0	N/A
Christian Guillemot	10,112 [1]	€6.77	n° 24 [2] 04/27/11 – 04/26/16
Michel Guillemot	0	0	N/A

(1) 5% to be retained in registered form until the expiry/termination of office

(2) Purchase options

HISTORY OF FREE PREFERENCE SHARE GRANT PLANS OR OPTION PLANS IN FAVOR OF CORPORATE EXECUTIVE OFFICERS

Free preference share grant

The first plan of this kind was introduced during this financial year *(see 3.2.3.2)* and as such there is no history on this plan.

Share purchase and/or subscription option plans

General Meeting	09/25/06	07/04/07	09/22/08	07/10/09	07/02/10	09/24/12	09/23/15
Board of Directors Plan number	04/26/07 (n° 14)	06/27/08 (n° 17)	05/12/09 (n° 19)	04/29/10 (n° 22) [4]	04/27/11 (n° 24)	03/17/14 (n° 27)	12/16/15 (n° 31)
Price	€17.45 [1] [2]	€27.35 [1] [2]	€14.75 [2]	€9.91 [2]	€6.77 [2]	€11.92	€26.85
Exercised	0	0	0	0	10,112	0	0
Originally granted	151,680 [2]	139,648 [2]	125,392 [2]	120,336 [2]	111,232 [2] [3] [6]	100,000	37,500
Balance (03/31/2016)	0	0	0	0	101,120	85,000 [5]	37,500
Performance conditions	N/A	N/A	N/A	100% Internal conditions (cumulative): sales and profitability [4]	100% Internal conditions (cumulative): sales and profitability	100%: Internal conditions (average EBIT over 4 financial years/% threshold reached) of which 25%: collective performance conditions	100%: Internal conditions (average EBIT over 4 financial years/% threshold reached)

(1) Two-for-one stock split effective on November 14, 2008

(2) Subscription price and number, adjusted following the issuance of share subscription warrants on April 10, 2012 (Articles L. 225-181 and L. 288-99 of the French Commercial Code)

(3) Board of Directors' meeting of March 9, 2012: change in designation of 417,000 options from subscription options to purchase options

(4) This plan expired early on May 15, 2014, the date of the Compensation Committee's assessment that the cumulative sales and profitability performance conditions had not been met

(5) 25% of the grant in favor of the Chairman and Chief Executive Officer subject to collective performance conditions: The Compensation Committee determined on June 26, 2014 that the collective performance condition had not been met and subsequently canceled 25% of the grant made to the Chairman and Chief Executive Officer

(6) On May 12, 2016, all of the options on this plan that expired on April 26, 2016 were exercised by the Corporate Executive Officers

3.2.3.4 Stock options granted to and exercised by the ten employee grantees other than executive officers who received or exercised the largest number of options

Subscription options granted between April 1, 2015 and March 31, 2016			
	Options granted during the financial year ended 03/31/16 to the ten employees other than executive officers who received the largest number of options	Average weighted price	Plan number / Expiry date
Complete information for all Group companies combined	126,100	€17.94	n° 30 / 09/22/2020

3.2.3.5 Summary of free share plans valid as at March 31, 2016

Date of General Meeting	09/24/12	09/24/12	09/24/12	09/24/12	06/27/13	06/27/13	06/27/13	06/27/13	06/27/13
Date of Board meeting	10/19/12	02/08/13	05/14/13	06/17/13	10/09/13	10/29/13	02/11/14	03/17/14	07/01/14
Performance conditions	(1)	(1)	(1)	(1)	(1)	(1) (2)	(1)	(1)	(1)
Number of beneficiaries	1,231	74	68	48	3	1,298	1	60	1,135
Corporate officers									
Yves Guillemot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Claude Guillemot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michel Guillemot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gérard Guillemot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Christian Guillemot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Type of shares	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary
Vesting period + retention period	4+0 or 2+2 (7)	4+0	4+0	4+0	4+0	4+0	4+0	4+0	4+0
Vesting date of the shares	10/20/14 10/19/16	02/08/17	05/15/17	06/19/17	10/09/17	10/30/17	02/12/18	03/19/18	07/02/18
End date of the retention period	10/19/16	02/08/17	05/15/17	06/19/17	10/09/17	10/30/17	02/12/18	03/19/18	07/02/18
End date of the conversion period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total number of shares granted initially	742,870	316,500	160,900	223,163	40,000	694,900	10,000	268,200	572,898
Cumulative number of shares canceled	88,560 (9)	25,500	17,200	12,360	0	84,122	0	7,000	52,830
Balance at 03/31/16	363,040	291,000	143,700	210,803	40,000	610,778	10,000	261,200	520,068

(1) 100% subject to individual performance targets linked to the beneficiary's contribution (Plan of 09/23/2015: not applicable to one beneficiary subject to internal performance conditions (see (4)) (Plan of 10/19/2015: not applicable to 2 beneficiaries subject to internal performance conditions (see (4))

(2) Plan of 10/29/2013: 25% of the grant (41 beneficiaries) subject to collective performance conditions. On June 26, 2014, the Compensation Committee determined that these criteria had not been met, which resulted in the Board of Directors canceling 7,032 of the 28,075 free shares granted at its meeting on July 1, 2014

(3) Share price conditions to be met at the end of the retention period of the preference shares:

- *increase ≥50% of the floor price (average price over the 20 trading days preceding the Board of Directors' meeting granting the shares): 1 preference share will entitle the holder to 30 ordinary shares;*
- *if increase <50%: each 1% increase will entitle the holder to 0.6 ordinary share*

(4) Internal performance conditions: 60% contingent upon the achievement of a predefined average level of Group EBIT over three financial years (operating profit from continuing operations before share-based payments) and 40% contingent upon the achievement of a predefined average level of Group sales over three financial years (three eligible beneficiaries under the Plan of 12/16/2014 and 1 eligible beneficiary under the Plan of 09/23/2015)

	Options exercised during the financial year ended 03/31/16 by the ten employees other than executive officers who exercised the largest number of options	Average weighted price	Plan number Expiry date
			23, 24, 25, 26 and 28
Complete information for all Group companies combined	571,900	€6.83	06/29/15 04/26/16 10/18/17 10/28/18 09/23/19

07/01/14	07/01/14	07/01/14	07/01/14	07/01/14	07/01/14	09/23/15	09/23/15	09/23/15
09/24/14	09/24/14	12/16/14	12/16/14	09/23/15	09/23/15	10/19/15	12/16/15	03/3/16
(1)	(1) (3)	(1)	(3) (4)	(1)	(1) (3) (4)	(1) (5)	(3) (6)	(1)
7	328	48	3	1,543	24	34	2	64
N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,333 (8) 39,990 (3)	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	167 (8) 5,010 (3)	N/A
ordinary	preference (8)	ordinary	preference (8)	ordinary	preference (8)	ordinary	preference (8)	ordinary
4+0	3+2	4+0	3+2	4+0	3+2	4+0	3+2	4+0
09/24/18	09/25/17	12/17/18	12/18/17	09/23/19	09/24/18	10/21/19	12/17/18	03/03/20
09/24/18	09/24/19	12/17/18	12/17/19	09/23/19	09/23/20	10/21/19	12/16/20	03/03/20
N/A	09/24/20	N/A	12/17/20	N/A	09/23/21	N/A	12/16/21	N/A
10,710	13,095 (8) 392,850 (3)	242,600	2,409 (8) 72,270 (3)	970,220	4,706 (8) 141,180 (3)	183,833	1,500 (8) 45,000 (3)	179,100
0	355 (8) 10,650 (3)	10,000	0	19,276	0	0	0	0
10,710	12,740 (8) 382,200 (3)	232,600	2,409 (8) 72,270 (3)	950,944	4,706 (8) 141,180 (3)	183,833	1,500 (8) 45,000 (3)	179,100

(5) Internal performance condition: 60% contingent upon the achievement of a predefined average level of Group EBIT over four financial years (operating profit from continuing operations before share-based payments) and 40% contingent upon the achievement of a predefined average level of Group sales over four financial years (two eligible individuals under the Plan of 10/19/2015) – no individual performance conditions (1)

(6) Internal performance condition: 100% contingent upon achieving a predefined average level of Group EBIT over three financial years (Group operating profit from continuing operations before share-based payments)

(7) Two-year retention period for beneficiaries of French subsidiaries

(8) 1 preference share could entitle the holder to 30 ordinary shares, subject to achieving the share price conditions (3), with the application, where appropriate, of a proportional and linear sliding scale

(9) Creation on October 20, 2014 of 291,270 shares with a two-year retention period (7)

3.2.3.6 Summary of subscription option and share purchase plans valid as at March 31, 2016

Plan	Plan 24		Plan 25
General Meeting	07/02/10		09/24/12
Board of Directors	04/27/11		10/19/12
Number of beneficiaries	1,337		129
Number granted	3,256,413 [1] [2]		936,970
of which corporate executive officers			
Yves Guillemot	70,784 [1] [2]		N/A
Claude Guillemot	10,112 [1] [2]		N/A
Michel Guillemot	10,112 [1] [2]		N/A
Gérard Guillemot	10,112 [1] [2]		N/A
Christian Guillemot	10,112 [1] [2]		N/A
Opening date	04/27/12		10/19/13
Expiry date	04/26/16		10/18/17
Subscription or purchase price	€6.77 [1]	France	€6.37
		World	€6.65
Exercise terms	25% per year from 04/27/12 Corporate officers: May 2015 [3] [4]		25% per year from 10/19/13
Number of options exercised between allocation and 03/31/16	2,435,285		366,114
Number of options canceled or void since allocation	337,921		20,625
Number of options remaining at 03/31/16	483,207		550,231

(1) Subscription price and number, adjusted following the issuance of share subscription warrants on April 10, 2012 (Articles L. 225-181 and L. 288-99 of the French Commercial Code)

(2) Board of Directors' meeting of March 9, 2012: change in designation of the 417,000 subscription options originally granted (421,705 [1]), or a balance at March 9, 2012 of 410,750 options converted into purchase options (415,384 [1])

(3) For the corporate officers, the performance conditions to be met are spread over four financial years and based on the cumulative separate financial statements to March 31. Corporate officers may exercise their options only once the Compensation Committee has confirmed that the performance conditions have been met following the approval of the financial statements in the May of the fourth year, i.e. Plan 24: May 2015/Plan 27: May 2018/Plan 31: May 2019

Plan 26	Plan 27	Plan 28	Plan 29	Plan 30	Plan 31
09/24/12	09/24/12	09/24/12	09/24/12	09/24/12	09/24/12
10/29/13	03/17/14	09/24/14	12/16/14	09/23/15	12/16/15
62	5	116	3	90	3
798,125 [5]	100,000	665,740	62,200	328,100	37,500
N/A	60,000 [5] [6]	N/A	N/A	N/A	N/A
N/A	10,000 [6]	N/A	N/A	N/A	12,500 [6]
N/A	10,000 [6]	N/A	N/A	N/A	12,500 [6]
N/A	10,000 [6]	N/A	N/A	N/A	12,500 [6]
N/A	10,000 [6]	N/A	N/A	N/A	N/A
10/29/14	May 2018 [4]	09/24/15	12/16/15	09/23/16	12/16/15
10/28/18	03/16/19	09/23/19	12/15/19	09/22/20	12/15/20
France €9.547 World €8.830	€11.92 (no discount)	€12.92	€14.22	€17.940	€26.85 (no discount)
25% per year from 10/29/14	Corporate officers: May 2018 [3]	25% per year from 09/24/15	25% per year from 12/16/15	25% per year from 09/23/16	Corporate officers: May 2019 [3]
96,739	0	73,700	1,500	0	0
61,000	15,000 [5]	26,125	0	3,000	0
640,386	85,000	565,915	60,700	325,100	37,500

(4) At its meeting on May 12, 2015, the Compensation Committee confirmed that the internal performance conditions to be met by corporate executive officers had been achieved on the basis of a cumulative sales and profitability target over four financial years (March 31, 2012, 2013, 2014 and 2015)

(5) 25% of the grant was subject to collective performance conditions: Plan of 10/29/2013 (41 beneficiaries)/ Plan of 03/17/2014: Yves Guillemot – The non-achievement of these conditions was recorded by the meeting of the Compensation Committee on June 26, 2014 and resulted in the cancellation by the Board of Directors on July 1, 2014 of 51,250 of the 205,000 options granted on October 29, 2013 and 15,000 of the 60,000 options granted on March 17, 2014

(6) 100% of the grant is contingent upon the fulfillment of performance conditions based on average EBIT assessed over four financial years. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives

3.2.4 SUMMARY TABLES (COMPENSATION OF CORPORATE EXECUTIVE OFFICERS)

In accordance with Article L. 225-102-1, paragraphs 1 and 2 of the French Commercial Code, below is a breakdown of the total compensation and benefits in kind paid to corporate officers during the financial year. This section includes all information required by the French Commercial Code, along with the tables recommended by the AFEP-MEDEF Code and by the AMF Recommendation on December 22, 2008 relating to information on corporate officers' compensation that should appear in registration documents.

3.2.4.1 Say on Pay: compensation of Corporate Executive Officers submitted for shareholder approval

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Year to March 31, 2016	**Amounts or accounting valuation submitted for a vote**	**Presentation**
Fixed gross annual compensation	€500,004	Compensation in force since June 1, 2008
Annual variable compensation	€145,000	Short-term variable compensation based on quantitative and qualitative criteria: ♦ **Quantitative criteria**: 80% maximum of fixed compensation, proportional to the rate of achievement Minimum €160 million 0% Target €200 million 51% Maximum €239 million 80% ♦ **Qualitative criteria**: 20% maximum of fixed compensation. 1. Digital progress (10% maximum of fixed compensation): increased downloads and in-game revenue Minimum 0% Target 10% Maximum 10% 2. Employee satisfaction rate (10% maximum of fixed compensation) based on the bi-annual satisfaction survey: ability to motivate and retain employees Minimum 0% Target 10% Maximum 10%
Deferred variable compensation	N/A	The principle of a deferred variable compensation is not envisaged
Multi-annual variable compensation	N/A	The principle of a multi-annual variable compensation is not envisaged
Annual exceptional compensation	N/A	The principle of exceptional compensation was not retained for the financial year ended March 31, 2016
Stock options	N/A (accounting valuation)	No stock options were granted to Yves Guillemot during this financial year

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Year to March 31, 2016	Amounts or accounting valuation submitted for a vote	Presentation
Performance shares	€617,965 (accounting valuation)	Grant of 1,333 preference shares (21st resolution of the General Meeting of September 23, 2015) 1 preference share could entitle the holder to 30 ordinary shares subject to the achievement of share price performance conditions over 5 years (i.e. a maximum of 39,990 ordinary shares) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of the separate financial statements for the financial years ended March 31, 2017, 2018 and 2019. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives. if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0% Share price conditions to be met over 5 years (end of the retention period of the preference shares): ♦ increase ≥ 50% of the floor price (average price over the 20 trading days preceding the Board of Directors' meeting granting the shares): 1 preference share entitles the holder to 30 ordinary shares ♦ if increase < 50%: each 1% increase entitles the holder to 0.6 ordinary share
Other long-term compensation components (redeemable equity warrants, equity warrants, etc.)	N/A	No allocation of long-term compensation components was carried out
Directors' fees (gross)	€40,000	€40k in total Fixed: 40% is paid in two equal instalments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable: 60% paid in March prorated in accordance with the Board members' attendance at the meetings held during the financial year within the following proportions: ♦ less than 50% attendance at Board meetings: no payment of the variable component; ♦ between 50% and 75% attendance at Board meetings: payment of half of the variable component; ♦ over 75% attendance at Board meetings: payment of the entire variable component.
Benefits in kind	N/A	Yves Guillemot is not eligible for benefits in kind
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Yves Guillemot is not eligible for a supplementary pension scheme

Claude Guillemot, Executive Vice President		
Compensation components due or granted Year to March 31, 2016	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€62,496	Compensation in force since June 1, 2008
Annual variable compensation	N/A	The principle of an annual variable compensation is not envisaged
Deferred variable compensation	N/A	The principle of a deferred variable compensation is not envisaged
Multi-annual variable compensation	N/A	The principle of a multi-annual variable compensation is not envisaged
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	€109,125 (accounting valuation)	Grant of 12,500 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of the separate financial statements for the financial years ended March 31, 2017, 2018, 2019 and 2020. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives. if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0%
Performance shares	N/A	No performance shares were granted to Claude Guillemot during the financial year
Other long-term compensation components (redeemable equity warrants, equity warrants, etc.)	N/A	No allocation of long-term compensation components was carried out
Directors' fees (gross)	€40,000	€40k in total Fixed: 40% is paid in two equal instalments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable: 60% paid in March prorated in accordance with the Board members' attendance at the meetings held during the financial year within the following proportions: ♦ less than 50% attendance at Board meetings: no payment of the variable component; ♦ between 50% and 75% attendance at Board meetings: payment of half of the variable component; ♦ over 75% attendance at Board meetings: payment of the entire variable component
Benefits in kind	N/A	Claude Guillemot is not eligible for benefits in kind
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Claude Guillemot is not eligible for a supplementary pension scheme

Michel Guillemot, Executive Vice President		
Compensation components due or granted Year to March 31, 2016	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€24,000	Compensation in force since February 1, 2011
Annual variable compensation	N/A	The principle of an annual variable compensation is not envisaged
Deferred variable compensation	N/A	The principle of a deferred variable compensation is not envisaged
Multi-annual variable compensation	N/A	The principle of a multi-annual variable compensation is not envisaged
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	€109,125 (accounting valuation)	Grant of 12,500 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of the separate financial statements for the financial years ended March 31, 2017, 2018, 2019 and 2020. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives. if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0%
Performance shares	N/A	No performance shares were granted to Michel Guillemot during the financial year
Other long-term compensation components (redeemable equity warrants, equity warrants, etc.)	N/A	No allocation of long-term compensation components was carried out
Directors' fees (gross)	€40,000	€40k in total Fixed: 40% is paid in two equal instalments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable: 60% paid in March prorated in accordance with the Board members' attendance at the meetings held during the financial year within the following proportions: ♦ less than 50% attendance at Board meetings: no payment of the variable component; ♦ between 50% and 75% attendance at Board meetings: payment of half of the variable component; ♦ over 75% attendance at Board meetings: payment of the entire variable component.
Benefits in kind	N/A	Michel Guillemot is not eligible for benefits in kind.
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Michel Guillemot is not eligible for a supplementary pension scheme

Gérard Guillemot, Executive Vice President		
Compensation components due or granted Year to March 31, 2016	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€86,902 (1)	Compensation in force since January 1, 2011 (with foreign exchange gains/losses)
Annual variable compensation	N/A	The principle of an annual variable compensation is not envisaged
Deferred variable compensation	N/A	The principle of a deferred variable compensation is not envisaged
Multi-annual variable compensation	N/A	The principle of a multi-annual variable compensation is not envisaged
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	€109,125 (accounting valuation)	Grant of 12,500 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of the separate financial statements for the financial years ended March 31, 2017, 2018, 2019 and 2020. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives. if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0%
Performance shares	N/A	No performance shares were granted to Gérard Guillemot during the financial year
Other long-term compensation components (redeemable equity warrants, equity warrants, etc.)	N/A	No allocation of long-term compensation components was carried out
Directors' fees (gross)	€40,000	€40k in total Fixed: 40% is paid in two equal instalments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable: 60% paid in March prorated in accordance with the Board members' attendance at the meetings held during the financial year within the following proportions: ♦ less than 50% attendance at Board meetings: no payment of the variable component; ♦ between 50% and 75% attendance at Board meetings: payment of half of the variable component; ♦ over 75% attendance at Board meetings: payment of the entire variable component.
Benefits in kind	N/A	Gérard Guillemot is not eligible for benefits in kind
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Gérard Guillemot is not eligible for a supplementary pension scheme

(1) Subject to exchange rate being the equivalent of US$97,000

Christian Guillemot, Executive Vice President		
Compensation components due or granted Year to March 31, 2016	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€62,496	Compensation in force since June 1, 2008
Annual variable compensation	N/A	The principle of an annual variable compensation is not envisaged
Deferred variable compensation	N/A	The principle of a deferred variable compensation is not envisaged
Multi-annual variable compensation	N/A	The principle of a multi-annual variable compensation is not envisaged
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	N/A (accounting valuation)	No stock options were granted to Christian Guillemot during the financial year
Performance shares	€77,420 (accounting valuation)	Grant of 167 preference shares (21st resolution of the General Meeting of September 23, 2015) 1 preference share could entitle the holder to 30 ordinary shares subject to the achievement of share price performance conditions over 5 years (i.e. a maximum of 5,010 ordinary shares) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of the separate financial statements for the financial years ended March 31, 2017, 2018 and 2019. The final percentage of grant will depend on thresholds to be reached set out according to a percentage of achievement of the cumulated objectives. if EBIT ≥ Target = 100% if EBIT ≥ 90% of Target and < Target = 70% if EBIT ≥ 80% of Target and < 90% of Target = 50% if EBIT < 80% = 0% Share price conditions to be met over 5 years (end of the retention period of the preference shares): ♦ increase ≥ 50% of the floor price (average price over the 20 trading days preceding the Board of Directors' meeting granting the shares): 1 preference share entitles the holder to 30 ordinary shares; ♦ if increase < 50%: each 1% increase entitles the holder to 0.6 ordinary share.
Other long-term compensation components (redeemable equity warrants, equity warrants, etc.)	N/A	No allocation of long-term compensation components was carried out
Directors' fees (gross)	€40,000	€40k in total Fixed: 40% is paid in two equal instalments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable: 60% paid in March prorated in accordance with the Board members' attendance at the meetings held during the financial year within the following proportions: ♦ less than 50% attendance at Board meetings: no payment of the variable component; ♦ between 50% and 75% attendance at Board meetings: payment of half of the variable component; ♦ over 75% attendance at Board meetings: payment of the entire variable component.
Benefits in kind	N/A	Christian Guillemot is not eligible for benefits in kind.
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Christian Guillemot is not eligible for a supplementary pension scheme

3.2.4.2 Standardized tables in accordance with AMF recommendations

The tables below combine the compensation and benefits of any kind due and/or paid to corporate officers by (i) the Company and (ii) the companies controlled by the Company in which the position is held, within the meaning of Article L. 233-16 of the French Commercial Code, it being specified that the Company is not controlled by any other company within the meaning of Article L. 233-16.

The total gross compensation paid by the Company to corporate executive officers during the financial year amounted to 881 thousand euros.

During the 2015/2016 financial year, members of the Board of Directors received 429 thousand euros in directors' fees.

No commitments have been made by the Company towards its corporate officers in relation to their termination or change in responsibilities.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

TABLE 1 SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND SHARES GRANTED TO EACH CORPORATE EXECUTIVE OFFICER

	03/31/16		03/31/15	
Yves Guillemot, Chairman and Chief Executive Officer	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	645,004	-	800,004	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year	-	-	-	-
Valuation of performance shares granted during the financial year [2] [3]	617,965	-	-	-
TOTAL	**1,262,969**	**-**	**800,004**	**-**

	03/31/16		03/31/15	
Claude Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	62,496	-	62,496	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year [2] [3]	109,125	-	-	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**171,621**	**-**	**62,496**	**-**

	03/31/16		03/31/15	
Michel Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	24,000	-	24,000	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year [2] [3]	109,125	-	-	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**133,125**	**-**	**24,000**	**-**

(1) Details given in Table 2 below, "Summary of the compensation"

(2) Details 3.2.2.1 (Chairman and Chief Executive Officer) and 3.2.2.2 (Executive Vice Presidents)

(3) IFRS fair value at the award date

Gérard Guillemot, Executive Vice President	03/31/16 Ubisoft	03/31/16 Other companies	03/31/15 Ubisoft	03/31/15 Other companies
Compensation due for the financial year [1]	86,902 [4]	-	79,431 [4]	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year [2] [3]	109,125	-		-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**196,027**	-	**79,431**	-

Christian Guillemot, Executive Vice President	03/31/16 Ubisoft	03/31/16 Other companies	03/31/15 Ubisoft	03/31/15 Other companies
Compensation due for the financial year [1]	62,496	-	62,496	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year	-	-	-	-
Valuation of performance shares granted during the financial year [2] [3]	77,420	-	-	-
TOTAL	**139,916**	-	**62,496**	-

(1) Details given in Table 2 below, "Summary of the compensation"
(2) Details 3.2.2.1 (Chairman and Chief Executive Officer) and 3.2.2.2 (Executive Vice Presidents)
(3) IFRS fair value at the award date
(4) Subject to exchange rate being the equivalent of US$97,000

TABLE 2 SUMMARY OF THE COMPENSATION OF CORPORATE EXECUTIVE OFFICERS PAID BY THE ISSUER AND BY ANY OTHER COMPANY (ARTICLE L. 233-16 OF THE FRENCH COMMERCIAL CODE)

Yves Guillemot Chairman and Chief Executive Officer		03/31/16		03/31/15	
		Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]
Gross fixed compensation before tax		500,004	500,004	500,004	500,004
Annual variable compensation		-	145,000	-	300,000
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	20,000	20,000
	Variable component [3]	24,000	24,000	20,000	20,000
Benefits in kind		-	-	-	-
TOTAL		**540,004**	**685,004**	**540,004**	**840,004**

Claude Guillemot Executive Vice President		03/31/16		03/31/15	
		Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]
Gross fixed compensation before tax		62,496	62,496	62,496	62,496
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	20,000	20,000
	Variable component [3]	24,000	24,000	20,000	20,000
Benefits in kind		-	-	-	-
TOTAL		**102,496**	**102,496**	**102,496**	**102,496**

Michel Guillemot Executive Vice President		03/31/16		03/31/15	
		Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts due *(in €)* [2]
Gross fixed compensation before tax		24,000	24,000	24,000	24,000
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	20,000	20,000
	Variable component [3]	24,000	24,000	20,000	20,000
Benefits in kind		-	-	-	-
TOTAL		**64,000**	**64,000**	**64,000**	**64,000**

(1) All compensation paid to Corporate Executive Officers for their duties over the year

(2) Compensation granted to Corporate Executive Officers for their duties over the year, whatever the date of payment

(3) 40% fixed and 60% variable with effect from April 1, 2015 (previously 50%/50%)

Gérard Guillemot Executive Vice President		03/31/16 Amounts paid *(in €)* [1]	03/31/16 Amounts due *(in €)* [2]	03/31/15 Amounts paid *(in €)* [1]	03/31/15 Amounts due *(in €)* [2]
Gross fixed compensation before tax		86,902 [4]	86,902 [4]	79,431 [4]	79,431 [4]
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	20,000	20,000
	Variable component [3]	24,000	24,000	10,000	10,000
Benefits in kind		-	-	-	-
TOTAL		**126,902**	**126,902**	**109,431**	**109,431**

Christian Guillemot Executive Vice President		03/31/16 Amounts paid *(in €)* [1]	03/31/16 Amounts due *(in €)* [2]	03/31/15 Amounts paid *(in €)* [1]	03/31/15 Amounts due *(in €)* [2]
Gross fixed compensation before tax		62,496	62,496	62,496	62,496
Variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	20,000	20,000
	Variable component [3]	24,000	24,000	20,000	20,000
Benefits in kind		-	-	-	-
TOTAL		**102,496**	**102,496**	**102,496**	**102,496**

(1) All compensation paid to Corporate Executive Officers for their duties over the year

(2) Compensation granted to Corporate Executive Officers for their duties over the year, whatever the date of payment

(3) 40% fixed and 60% variable with effect from April 1, 2015 (previously 50%/50%)

(4) Subject to exchange rate being the equivalent of US$97,000

TABLE 3 DIRECTORS' FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE CORPORATE OFFICERS

	03/31/16		03/31/15	
Corporate executive officer	Directors' fees Ubisoft	Other compensation	Directors' fees Ubisoft	Other compensation
Estelle Métayer				-
Fixed component [3]	25,000 [1]	-	25,000 [1]	-
Variable component [3]	30,000 [2]	-	30,000 [2]	-
TOTAL	**55,000**	**-**	**55,000**	**-**
Laurence Hubert-Moy			-	-
Fixed component [3]	26,000 [1]	-	20,417 [1]	-
Variable component [3]	39,500 [2]	-	41,000 [2]	-
TOTAL	**65,500**	**-**	**60,417**	**-**
Pascale Mounier				-
Fixed component [3]	20,000	-	20,000	-
Variable component [3]	20,000	-	20,000	-
TOTAL	**40,000**	**-**	**40,000**	**-**
Didier Crespel				-
Fixed component [3]	31,000 [1]	-	35,000 [1]	-
Variable component [3]	37,000 [2]	-	31,000 [2]	-
TOTAL	**68,000**	**-**	**66,000**	**-**

(1) Including the fixed component received as Chairman/Chairwoman of the Compensation, Audit or Appointments Committee (pro rata from the date of appointment: Laurence Hubert-Moy (from February 5, 2015 to March 31, 2015)

(2) Including the variable component received as committee members (pro rata from the date of appointment – 2014/2015: Didier Crespel and Laurence Hubert-Moy (from February 5, 2015 to March 31, 2015 (Appointments Committee))

(3) 40% fixed and 60% variable with effect from April 1, 2015 (previously 50%/50%)

COMPENSATION AND BENEFITS OWED DUE TO CORPORATE OFFICERS LEAVING OFFICE

	Corporate office combined with employment contract		Supplementary pension scheme		Compensation or benefits due or likely to be due as a result of individuals leaving or changing positions		Compensation relating to a non-compete clause	
Name	Yes	No	Yes	No	Yes	No	Yes	No
Yves Guillemot Chairman and Chief Executive Officer		✔		✔		✔		✔
Claude Guillemot Executive Vice President		✔		✔		✔		✔
Michel Guillemot Executive Vice President		✔		✔		✔		✔
Gérard Guillemot Executive Vice President		✔		✔		✔		✔
Christian Guillemot Executive Vice President		✔		✔		✔		✔

3.3 Statutory auditors' report on the report of the Chairman of the Board of Directors of Ubisoft Entertainment SA

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French commercial code on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and it is provided solely for the convenience of English speaking readers.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

As Statutory Auditors of Ubisoft Entertainment SA and in accordance with Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Board of Directors of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended March 31, 2016.

It is the Chairman's responsibility to prepare and submit for the approval of the Board of Directors a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code, particularly as regards corporate governance.

It is our responsibility:

- to report our observations concerning the information contained in the Chairman's report, with regard to the internal control and risk management procedures used for preparing and processing accounting and financial information; and
- to certify that the report contains the other information required by Article L. 225-37 of the French Commercial Code, but not to verify the accuracy of that other information.

We conducted our audit in accordance with the professional standards applicable in France.

INFORMATION CONCERNING INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND TREATMENT OF ACCOUNTING AND FINANCIAL INFORMATION

The professional standards require that we plan and perform the audit to assess the accuracy of the information concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the Chairman's report. These procedures consist notably of:

- reviewing the internal control and risk management procedures for preparing and processing accounting and financial information underlying the information presented in the Chairman's report as well as in existing documentation;
- reviewing the background work carried out in order to produce the information and the existing documentation;
- determining if any material shortcomings in internal control procedures for preparing and processing accounting and financial information identified during our audit have been appropriately disclosed in the Chairman's report.

On the basis of our audit, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We certify that the report of the Chairman of the Board of Directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Rennes, June 20, 2016

KPMG Audit
Division of KPMG S.A.

Vincent Broyé
Partner

MB Audit

Roland Travers
Partner

3.4 Auditors

Names	Date of original appointment	Expiration of current term
Primary auditor: **KPMG SA represented by Mr. Vincent Broyé** Parc Edonia, Rue de la Terre-Victoria CS 46806 F-35768 Saint Grégoire Cedex	2003	2019
Alternate auditor: **KPMG AUDIT IS** Parc Edonia, Rue de la Terre-Victoria CS 46806 F-35768 Saint Grégoire Cedex	2013	2019
Primary auditor: **MB AUDIT represented by Mr. Roland Travers** 23, rue Bernard-Palissy 35000 RENNES	2010	2016
Alternate auditor: **Mr. Sébastien Legeai** Rocade de l'Aumaillerie – BP 70255 35302 Fougères Cedex	2010	2016

Professional fees of the Statutory Auditors and members of their networks

(Document prepared in compliance with Article L. 222-8 of the AMF's General Regulation)

Professional fees for the period between: April 1, 2014 to March 31, 2016 are detailed in section 5.1.7. of the **Financial statements** section.

4 Corporate social responsibility

4.1 METHODOLOGY NOTE ON EMPLOYEE-RELATED, ENVIRONMENTAL AND SOCIAL REPORTING 78
4.1.1 Indicator framework 78
4.1.2 Reporting period 78
4.1.3 Scope of reporting 78
4.1.4 Change in method/ conditions compared with the previous year 78
4.1.5 Reporting principle 79
4.1.6 Methodological clarifications of the indicators 79
4.1.7 Methodological limits of the indicators 80

4.2 EMPLOYEE-RELATED INDICATORS 80
4.2.1 Employment 80
4.2.2 Diversity and inclusion 82
4.2.3 Skills development 85
4.2.4 Well-being and social dialogue 86
4.2.5 Promotion of and compliance with the fundamental conventions of the international labour organization 89

4.3 ENVIRONMENTAL INDICATORS 89
4.3.1 General environmental policy 89
4.3.2 Adapting to climate change 90
4.3.3 Sustainable use of resources 92
4.3.4 Pollution prevention 94
4.3.5 Preserving and developing biodiversity 95
4.3.6 Fight against food waste 95

4.4 SOCIETAL INDICATORS 96
4.4.1 Developing long-term relationships with stakeholders 96
4.4.2 Encouraging local development 96
4.4.3 Partnership with our local communities 97
4.4.4 Sponsorship actions 98
4.4.5 Subcontractors and suppliers 99
4.4.6 Fair operating practices 100
4.4.7 Other actions taken to protect human rights 100

4.5 INDEPENDENT THIRD PARTY'S REPORT 100

4.1 Methodology note on employee-related, environmental and social reporting

4.1.1 INDICATOR FRAMEWORK

Ubisoft based its framework on:

- the new regulatory requirements in France established or reinforced by Article 225 of the Grenelle II law and its implementing decree *(Decree No. 2012-557 of April 24, 2012, on corporate transparency obligations regarding employee-related and environmental matters);*
- the G3 guidelines of the Global Reporting Initiative (GRI), a multiparty organization, which prepares a framework of sustainable-development reporting indicators that are internationally recognized and whose purpose is to develop globally applicable directives for reporting on companies' economic, environmental and social performance.

4.1.2 REPORTING PERIOD

Reporting periods differ depending on CSR themes. These break down as follows:

CSR data	Reporting periods	
	04/01/15 – 03/31/16 (12 months)	01/01/15 – 12/31/15 (12 months)
Employee-related	✔	
Environmental		✔
Social		✔

4.1.3 SCOPE OF REPORTING

The scope used for CSR reporting is the Group, which is defined as all fully consolidated companies.

However, some indicators are only available for a limited scope. Where this is the case, and in the interests of consistency, the reporting scope is defined as follows:

- ***employee-related indicators*** (1): companies outside France > 100 employees and French companies (2) ;
- ***environmental indicators*** (3): non-French sites > 25 employees and French sites (2).

Where appropriate, the scope covered is always indicated, giving the companies/sites concerned and/or their representativeness as a percentage of the Group's headcount.

Employee-related reporting covers all of the Group's subsidiaries, with the exception of the Canadian subsidiary Hybride Technologies Inc. (93 employees), not currently integrated in the Group's human resources scope of reporting.

4.1.4 CHANGE IN METHOD/CONDITIONS COMPARED WITH THE PREVIOUS YEAR

- ***Change in the scope of reporting*** linked to employee-related indicators for which information is only available for a limited scope:

Scope of reporting	04/01/15 – 03/31/16	04/01/14 – 03/31/15
Companies outside France	> 100 employees	> 200 employees
French companies	100%	100%
% staff taken into account	92.04%	83.80%

- ***Change in environmental indicators*** following the carbon audit carried out in early 2015, reflecting the materiality matrix generated.
  - For greenhouse gas emissions *(see section 4.3.2),* the indicator for business trips has been updated to measure their carbon footprint in a meaningful way: until 2014, business trips (by air/rail) were only monitored based on quantity, and were defined as an order comprising return and multiple-destination journeys. In 2015, this was done more accurately by identifying the number of single journeys and the annual distance covered for each type.
  - For consumables *(see section 4.3.3.2),* the indicator used until 2014 was internal paper consumption. This indicator was replaced in 2015 by materials consumption (plastic, cardboard, etc.) for the video game production business and ancillary products (action figures, etc.), which is a more accurate reflection of the Ubisoft Group's carbon footprint.

As a result of these changes, information is supplied in the event of material impact on the comparability of CSR data with data reported the previous financial year.

(1) The scope defined in this way covered 92.04% of Ubisoft Group staff at the end of March 2016

(2) Scope defined on the basis of Ubisoft Group staff at the end of September 2015

(3) The scope defined in this way covered 97.8% of Ubisoft Group staff at the end of March 2016

4.1.5 REPORTING PRINCIPLE

The Group's Administration Department, in conjunction with the Sustainable Development Department, is responsible for steering and coordinating CSR reporting. It has therefore drawn up a reporting protocol that:

- defines a list of quantitative and qualitative indicators and their correspondence to the GRI framework;
- specifies the definitions of indicators so that they are uniform for the whole Group and leave no room for interpretation;
- specifies the methods for collecting and calculating indicators;
- specifies the scope used.

This protocol serves as a reference for the Sustainable Development Department in charge of collecting and consolidating data. To that end, its role is to:

- tell its local representatives or contacts what information they need to collect;
- ensure that the information collected is available, uniform and documented;
- check the completeness, consistency and plausibility of data, notably by analyzing the main changes compared with the previous period;
- ensure that the absence of data collection has been justified and explained.

Once the collected data have been validated and consolidated, the Administration Department gets involved, making sure that the reporting protocol was followed and checking the plausibility of the data.

The Sustainable Development Department then drafts this section of the Annual Report, focusing on CSR indicators as a whole.

Specifications on the methods for collecting data

- As regards **employee-related** indicators, these are collected:
  - either directly, using the Business Object reporting tool, which makes it possible to exploit data from the human resources management software program (HRTB) used by all the Group's subsidiaries;
  - or using a qualitative and quantitative questionnaire designed to supplement data not available in the HRTB.

The human resources indicators collected in this manner conform to the definitions defined jointly by the Human Resources Department and the Administration Department, as indicated in the reporting protocol.

- Data for **environmental and social indicators** is collected from:
  - each site, using a qualitative and quantitative questionnaire prepared in line with the reporting protocol;
  - cross-functional departments for the collection of global data at Group level.

Consolidation and verification

The subsidiaries submit their employee-related, environmental and social data to the Sustainable Development Department in charge of collecting and ensuring the consistency of data.

On the basis of all the consolidated data, the Administration Department conducts various controls (analytical data review, consistency checks, spot checks on documentation, etc.) to validate the information published.

4.1.6 METHODOLOGICAL CLARIFICATIONS OF THE INDICATORS

As regards employee-related data

- Staff are defined as all employees registered at the end of the period, regardless of the type of employment (full- or part-time), with an open-ended or fixed-term contract. Casual workers, seasonal workers, freelancers, the self-employed, interns, those on work-study contracts, sub-contractors and temporary workers are not included.
- A hire is defined as any individual who joins the workforce during the period in question. Fixed-term contract renewals are not included in new hires.
- The male-female pay ratio, based on the total workforce, is calculated by level of responsibility within each subsidiary for which both men and women are represented. This ratio is weighted by the corresponding headcount, then consolidated by country.
- To determine the number of training hours, consideration is given to training activities undertaken on site by an internal or external trainer, attendance at specialist conferences included in the training plan, and e-learning with an automated system for monitoring completed sessions. Other training such as other e-learning courses, team meetings, etc. is therefore excluded. Furthermore, only training hours relating to sessions undertaken and completed during the financial year are taken into account, irrespective of their duration. Logged training hours also include training given to employees present during the period but who had left the Group as of the reporting date.
- In order to determine the number of employees trained, an employee who takes part in several training programs is only counted once.
- A manager is defined as someone who is hierarchically responsible for at least one person (also including interns not counted as staff).
- A top manager is defined as a member of the Executive Committee, a Director reporting directly to the Executive Committee, or an officer of a subsidiary.

As regards environmental data

The reporting includes data on the environmental impact of consumables used by the Group's main suppliers to manufacture games and ancillary products.

- CO_2 emissions from electricity consumption are determined based on emission factors supplied by the French Environment and Energy Management Agency (ADEME), or in some cases by local energy suppliers. Emissions from raw materials and travel are calculated based on emission factors supplied by the independent expert who performed the carbon audit in early 2015, using the same methodology.
- In terms of water consumption, information is not usually available for sites where consumption is included in the rental charge. As a result, comprehensive information cannot be obtained for the reporting scope.

4.1.7 METHODOLOGICAL LIMITS OF THE INDICATORS

The indicators may present methodological limits due to:

- a lack of standardization in national/international definitions and legislation;
- the representativeness of the measurements and estimates made;
- the practical methods of collecting and entering information.

4.2 Employee-related indicators

Ubisoft brings together creative minds to develop original games in a friendly environment. Each employee has the possibility of growing and getting ahead, surrounded by people who are passionate about their particular field of work. The teams' constant creativity is expressed not only in the development of new games but also in the day-to-day work environment.

4.2.1 EMPLOYMENT

4.2.1.1 Dynamic growth in Ubisoft Group headcount

Attracting, developing and retaining the finest talent in the industry is one of the key factors determining Ubisoft's success. The Group is committed to providing the resources that its teams need in order to progress, learn and develop their skills and expertise. This enables the best games of the future to be created, today. With 8,993 employees in game development, Ubisoft is one of the leading figures in the video game industry and every year wins numerous awards for its teams' creative abilities.

At the end of March 2016, Ubisoft had 10,667 employees compared with 9,790 at the end of March 2015. In the 2015/2016 financial year, the headcount therefore increased by 877 employees, i.e. up 9%. This increase was attributable to:

- the need to recruit the people and skills necessary for the Group's growth;
- the integration of new entities within the Group (Lyon studio – 90 people).

The breakdown of staff by business line, employment type and gender remains unchanged over the period.

Staff	03/31/16	03/31/15
Total staff (1)	10,667	9,790

(1) Total headcount excluding the Canadian subsidiary Hybrid Technologies Inc. (93 employees), not currently integrated in the Group's human resources scope of reporting

Breakdown of staff by business line	03/31/16	%	03/31/15	%
Production	8,993	84.3%	8,254	84.3%
Business	1,674	15.7%	1,536	15.7%

Breakdown of staff by employment type	03/31/16	%	03/31/15	%
Full-time employment	10,545	98.9%	9,700	99.1%
Part-time employment	122	1.1%	90	0.9%

Male/female staff	03/31/16	%	03/31/15	%
Women	2,158	20.2%	1,937	19.8%
Men	8,509	79.8%	7,853	80.2%

4.2.1.2 A growing company

Ubisoft is a growing company that manages a high volume of recruitments each year.

These primarily relate to production activities (85% at the end of March 2016, compared with 82% at the end of March 2015).

	03/31/16	03/31/15
Total number of hires	2,619	1,856
Redundancies/dismissals	135	190

In order to stimulate its recruitment policy, Ubisoft has an active policy of supporting young people during, or in addition to, their initial training. During the year under review, 681 interns and apprentices completed an enriching and empowering professional experience at a Ubisoft company, compared with 728 during the previous year. These internships are instructive and act as a springboard for joining the Group where 28.9% of interns were offered a job.

Particular attention is paid to recruiting young talent as they represent the next in line at the Company against a backdrop of strong growth. Ubisoft provides them with a career path with a high level of input and genuine learning opportunities.

Ubisoft offers targeted programs:

- launched in 2014, the ***Graduate Program*** received its second intake during the year. The program has been expanded to include three key businesses for games development. The aim is to integrate young talent into fast-growing areas of the business and offer them a two-year training pathway, a year of which will be spent in a studio abroad. Each graduate has a specific mentoring program with a dedicated mentor and takes part in skills development and sharing sessions. This format improves knowledge transfer and makes it easier for graduates to adopt the culture and practices of the business;
- several sites have teamed up with local universities or organizations to train future developers and artists and create a talent pool for the Group:
  - ***summer schools*** are held at the San Francisco and Bucharest sites, for example. In Bucharest, summer schools give students the opportunity to work on all the different aspects of a project. The best trainee is ultimately offered a position with the company. In the same vein, the Halifax studio in Canada holds two ***Tech Summer Camps*** at the Discovery Center science museum. A technical director and artistic director from the studio teach code and 3D,
  - the Montreal subsidiary continued its partnership with The National Theatre School of Canada (École nationale de théâtre du Canada – ENT), opening the doors of its motion capture studio to students in their final year of studies. Ubisoft offers them the chance to gain a specialist qualification which can further their career prospects within the gaming industry,
  - similarly, the 5th Ubisoft Game Lab Competition, organized by the Montreal studio in partnership with 10 universities, sets its sights on identifying the best graduates from specialized courses (computer engineering, design, visual arts, 3D animation, etc.) and inspiring the next generation of video game professionals by rewarding undergraduate students (1).

(1) In total, CAD 22,000 in grants were awarded to the winning teams (equivalent to €14,000 at the end of March 2016). All participants are also eligible for 10 courses offered by the Montreal studio. Since its first year, the competition has attracted more than 400 students

4.2.1.3 An average age that reflects the video game industry as a whole

Age pyramid	03/31/16 Staff	03/31/16 %	03/31/15 Staff	03/31/15 %
< 20 years	22	0.2%	3	0.0%
20-29 years	3,733	35.0%	3,291	33.6%
30-39 years	5,035	47.2%	4,823	49.3%
40-49 years	1,704	16.0%	1,527	15.6%
50-59 years	159	1.5%	131	1.3%
≥ 60 years	14	0.1%	15	0.2%
TOTAL	**10,667**		**9,790**	
Average age	**33.50**		**33.30**	

The average age at the Ubisoft Group is 33.5. The average age was largely unchanged due to the combined effects of increasing staff seniority and a significant rise in the number of hires over the year, mainly in the younger age groups.

This average age is in line with the young age of the video game industry as a whole and the fact that the skills needed to develop games are often linked to the most innovative technologies.

All ages are represented in the Group's staff, with 82.2% of employees in the 20-39 age bracket.

4.2.1.4 Seniority up slightly

Average seniority within the Group was up slightly, reaching 5.28 years at the end of March 2016, compared with 5.16 years at the end of March 2015.

To ensure that its staff always get the right support, Ubisoft gives special consideration to employee wellness, with a bespoke human resources policy and a friendly, collaborative work environment. Talent retention programs are implemented each year, mostly in the form of employee share ownership.

Seniority by age bracket (in years)	03/31/16	03/31/15
< 20 years	0.41	0.17
20-29 years	2.36	2.44
30-39 years	5.72	5.55
40-49 years	9.88	9.31
50-59 years	11.06	10.59
≥ 60 years	7.07	6.1
Average seniority within the Group	**5.28**	**5.16**

4.2.2 DIVERSITY AND INCLUSION

The diverse range of professional profiles at Ubisoft is inherent to the creativity and innovation the Company needs to stay at the forefront of innovation and technology. The process of creating a video game brings together teams with very different backgrounds and training to produce the best game possible. The Group encourages an inclusive work environment through cultural, gender and age diversity. This helps teams to improve their understanding of consumers' expectations and to respond to consumers' needs throughout the world. The diversity of profiles is a source of creativity, fostering an outward-looking approach and encouraging personal development.

A Group-wide awareness-raising campaign on "unconscious bias" has been launched, starting with an e-learning module on the subject. Initiatives are being rolled out at the various Ubisoft sites, such as the following three examples: the publication of "Employment Equity" guidelines in Toronto, aimed at employing more people from disadvantaged communities; employee engagement in Sweden, with an inclusive approach to diversity; the support of the San Francisco subsidiary for diversity and acceptance of LGBT communities [1], by sponsoring the LGBT Film Festival and GaymerX.

4.2.2.1 Measures taken to encourage gender equality

At the end of March 2016, the Group was composed of 20.2% women and 79.8% men. This distribution, like that of the wider gaming industry, reflects the production roles which tend to attract men and account for 84.3% of the Ubisoft workforce *(see 4.2.1.1)*.

(1) LGBT: Lesbian, gay, bisexual and transgender

Breakdown of men/women in total headcount	03/31/16 Women	03/31/16 Men	03/31/15 Women	03/31/15 Men
Total	20.2%	79.8%	19.8%	80.2%
Production	17.4%	82.6%	16.8%	83.2%
Business	35.3%	64.7%	35.7%	64.3%

Women in management	03/31/16	03/31/15
% of women in top management [1] [3]	26.1%	29.9%
% of women in management [2] [3]	23.3%	22.6%

(1) A top manager is defined as a member of the Executive Committee, a Director reporting directly to the Executive Committee or an officer of a subsidiary
(2) A manager is defined as someone who is hierarchically responsible for at least one person (also including interns not counted as staff)
(3) Number of women in (top) management as a percentage of the total employees in (top) management

Employment	03/31/16	03/31/15
Female hire rate [1]	23.6%	22.4%

(1) Number of women hired as a percentage of the total number of hires

With 23.3% of women managers and 26.1% of women in top management, the percentage of women in management is higher than the average percentage of women in the Group. This reflects equal treatment in the development process and the Group's ability to provide an inclusive work environment.

In terms of equal opportunities, the human resources policy is designed to ensure equal access to learning and development opportunities, as well as fair pay for equal skills and performance.

One of the challenges facing the Group is how to reflect the diversity of players, an increasing proportion of whom are women. At the end of March 2016, actions were under way to increase the number of women hired.

In France, Ubisoft has introduced an equal opportunities action plan. This seeks to hire more women in an industry where they are underrepresented, for example by fostering relationships with schools and universities to encourage women to apply for jobs. It also offers better support for parents, either in the form of remuneration or in terms of personal guidance, for example by interviewing staff before they go on parental leave and on their return to work.

In Montreal [1] and San Francisco [2], the "Diversity" committees set up two years ago continue to focus on gender equality.

Other local initiatives are also implemented in different areas:

- the Quebec and Montreal sites foster gender diversity by recruiting on social media, encouraging women to apply for certain jobs such as programming. The French sites comply with their gender equality commitments by raising awareness among internal or external recruiters and managers;
- in terms of communication, the Montreal Diversity Committee organizes discussion groups and conferences on the role of women in industry and teams (Diversity Thursday, UDC lecture [3], forum on diversity initiatives, etc.). Externally, the committee promotes diversity by encouraging female employees to share their stories with the public (support for Montreal Girl Geek). The studio also strives to represent diversity in its communications. For example, it posted a photo on social media of women in the studio for Women's Day on March 8;
- in terms of leadership, promoting the professional development of women is an issue raised by the San Francisco Diversity Committee. The Women Leadership Forum was set up to provide support and guidance for women through various activities, for example by hosting a round table discussion on personal experiences, screening the "Miss Representation" documentary, and organizing a leadership workshop;
- in terms of training, partnerships are also being developed externally to encourage women to explore programming and code: for example, the Montreal and Toronto studios are each working respectively with the Pixelles and Ladies Learning Code associations.

Men and women are given the same level of access to training and skills development, even more so than in the previous year.

(1) 2,700 employees at the end of March 2016
(2) 430 employees at the end of March 2016
(3) UDC: Ubisoft Developers Conference, the company's largest annual event for sharing expertise

Training	03/31/16 Women	03/31/16 Men	03/31/15 Women	03/31/15 Men
Training rate by gender [1]	65%	58%	55%	49%

(1) Number of women (men) trained as a percentage of the average female (male) headcount

The male-female pay ratio, at an equivalent contribution level, is 103% for teams with a full-time, open-ended or fixed-term contract within the Group.

Pay	03/31/16	03/31/15
Male-female pay ratio [1]	103%	103%

(1) The male-female pay ratio is calculated for business lines in which both men and women are represented and are employed under full-time, open-ended or fixed-term contracts. It is determined based on the male/female ratio for each level of responsibility at each subsidiary, weighted by the corresponding headcount

The Group continues to ensure equal treatment of men and women. To that end, indicators were defined at Group level to identify the areas in which action is needed to promote gender equality.

4.2.2.2 Cultural diversity

Ubisoft is present in 30 countries across all continents. With 94 different nationalities [1], Ubisoft cultivates the cultural diversity required for a good understanding of the gamer and improved adaptation of games to cultural differences.

Breakdown of staff by geographic region	03/31/16	%	03/31/15	%
Americas	4,052	37.99%	3,929	40.13%
EMEA/Pacific	6,615	62.01%	5,861	59.87%
TOTAL	**10,667**	**100%**	**9,790**	**100%**
Number of countries	30		30	

4.2.2.3 Measures taken to help disabled people find employment

The employment rate of disabled persons [2] within the Group is 0.27%.

Most of these employees are employed at sites with disabled access.

Furthermore, the Group's main sites [3] have developed partnerships to promote employment and the employability of people with disabilities: first as part of the recruitment process to identify applications from people with disabilities, and second by using several companies from the protected and adapted work sector for office supply contracts and recycling initiatives.

Employment of disabled persons [1]	03/31/16	03/31/15
Number of disabled workers at the end of the period	29	21
Employment rate of disabled persons	0.27%	0.25%

(1) Information determined from companies outside of France > 100 employees and French companies (accounting for 92.04% of Group employees at the end of March 2016)

(1) Information based on 96.33% of the Group's workforce at the end of March 2016

(2) The definition of "disabled worker" used for this indicator is the definition used by the national legislation in each country or, failing that, the definition used by ILO Convention 159

(3) Applies to the French, Montreal and Bucharest sites, accounting for 60.4% of the Group's workforce at the end of March 2016

4.2.3 SKILLS DEVELOPMENT

Ubisoft recruits talented people who are passionate and proud of the brands created or acquired by the Ubisoft Group and have the technical skills and expertise required for the specific characteristics of the video game industry. Responsibility, initiative, innovation and creativity are the skills sought. Team players are vital to the Group's business and the capacity to work as a team is now an added focus of team development.

Training	03/31/16	03/31/15
% of payroll spent on training [1] [2]	0.76%	0.94%
Training expenditure	€3,418,148	€3,802,581
TOTAL NUMBER OF EMPLOYEES TRAINED	**6,090**	**4,836**
of which employees trained in health and safety	101	249
% of average headcount trained	59.56%	50.03%
TOTAL NUMBER OF TRAINING HOURS	**115,653**	**100,579**
Average duration of training (in hours) per employee trained	19	20.8

(1) Total expenditure on training as a percentage of payroll

(2) Does not include virtual training, which forms an integral part of the Group's training opportunities

E-learning via the LMS	03/31/16	03/31/15
Number of e-learning modules accessible to all employees	293	233

Skill-sharing between sites through mobility	03/31/16	03/31/15
Number of international mobility (short- or long-term assignments)	197	259

Training expenditure accounted for just under 0.8% of payroll. 6,090 employees took at least one training course in 2015/2016, i.e. just under 60% of the Group's average headcount, compared with 50% in the previous year. This increase reflects Ubisoft's commitment to supporting its teams' development.

4.2.3.1 A training policy adapted to the challenges of the sector

The entertainment sector demands constant technological innovation and skills development. Inevitably, training is a major priority in order to keep pace with these changes. The industry is becoming increasingly digital, particularly in recent years, spawning a direct connection with consumers.

Training is primarily given in-house. It can be organized locally by subsidiaries, or internationally at Ubisoft Academies, which offer intensive, advanced training courses for experienced professionals. On-the-job learning also ensures that teams remain at the forefront of their respective fields.

During the year, Ubisoft focused on providing digital skills training for staff. A new academy was also launched in 2015 to foster closer ties with consumers. The pilot session of the program, which will be rolled out in 2016, has helped to align the core competencies of staff with operational requirements and create opportunities for sharing and discussion among internal talent from different backgrounds.

Ubisoft also encourages private study and has an e-learning policy for technical, managerial and behavioral skills, implemented via a Group training platform so that employees can benefit from bespoke continuous development. The platform offers a range of e-learning courses, which are continually enriched with internal and external content.

Employees with more than a year of seniority are given an annual appraisal, i.e. 87% of the headcount in 2015/2016, up slightly on the previous financial year. The annual appraisal is an important moment in the year for each employee. Each manager reviews the performance of his or her teams and contributes to the development of their skills. This appraisal also makes it possible to prepare for the year ahead in terms of targets and an individual development plan.

The Group currently offers numerous possibilities for advancement in France and abroad, within specific fields and cross-functional roles. During the year under review, 197 international mobility assignments took place. International mobility takes place initially to support business needs, but also responds to a genuine objective to support employees' development by providing them with an international perspective. These mobility assignments encourage multicultural exchanges and contribute to collaborative work.

4.2.3.2 Encouraging a collaborative approach within the teams

Collaboration is an inherent part of Ubisoft's business and the majority of games are developed as a result of multi-studio collaboration. A culture of knowledge-sharing is essential to the performance of the teams and Ubisoft focuses on tapping into and transferring expertise, as well as on improving individual and collective ways of working.

For example, around a hundred people attended workshops designed to foster collaboration, especially in production, where some managers have been trained in multi-studio collaboration. In addition, a network of internal trainers is being developed to support teams and foster best practice locally.

International networking events to share best practices are also held several times a year between experts. These are held over several days and take the form of presentations and round tables, during which experts are invited to discuss various subjects relating to new trends, tools and best practices to be adopted during game production.

To boost access to internal events, Ubisoft has extended its broadcast system, to transmit in-house conferences live to as wide an audience as possible, while allowing interaction with the presenter. Around 3,600 people benefited from a series of conventions given during the largest annual gathering organized for the sole purpose of sharing expertise. Discussion groups on the internal web portal keep the dialogue going after the events are over. In addition, these are increasingly being recorded so that they can be shared with teams to facilitate knowledge transfer.

The Group focuses on employees' digital experience by standardizing and simplifying access to information and internal collaboration sites. Ubisoft organizes and structures key information so as to facilitate the access to, and sharing of, such information within the teams. All internal sites can be accessed via a single portal, with a company search engine, internal directory, information streams and discussion groups. In addition, a whole catalogue of tools facilitating exchange and collaboration (such as a collaborative work space, instant messaging, web and video conferencing, etc.,), as well as a dedicated support team, are at the teams' disposal for day-to-day support.

4.2.3.3 A compensation policy aimed at recognizing performance

Ubisoft's compensation policy aims to recognize skills, stimulate creativity, encourage employees' performance and retain talent.

Annual salary increases are dependent on the individual, the level of performance they have achieved and the skill they display in their position. Close attention is paid to ensuring that the compensation policy is in line with market practices.

Employee share ownership is another excellent way for Ubisoft to let employees participate in the Company's success. Capital increases reserved for employees regularly take place. During the year, two capital increases reserved for employees were proposed, with a 15% discount on the share price, in France and seven other countries. As at the end of March 2016, total registered shares held by employees or indirectly through an FCPE (Company mutual fund) amounted to 1.7% of the capital.

Medium-term compensation is also granted to the top performing employees in order to ensure loyalty. This takes the form of stock options or preference or free share grants. All plans combined, as at the end of March 2016, around 17.9% of the Group's employees received such options or grants.

The elements relating to wage costs are presented in more detail in the financial statements *(see section 5.1.6, Note 20 "Personnel expenses").*

4.2.4 WELL-BEING AND SOCIAL DIALOGUE

Ubisoft is a group that makes the well-being of its teams one of the pillars of its global strategy. The work environment and the organization of working hours play a fundamental role in this area.

4.2.4.1 A friendly work environment

Ubisoft strives to develop a friendly and pleasant environment in all of its subsidiaries, with a range of workspaces adapted to the needs of each individual (meeting rooms, relaxation areas, cafeterias). According to the latest in-house survey carried out in 2015 (1), 97% of employees think that "the work environment is fun and friendly" and 79% say they "feel comfortable in their work space (workstation, space, light, noise, etc.)". The good work environment is the aspect most frequently mentioned by staff in the blank comments field of the questionnaire.

Wherever possible the Group also endeavors to have an open-plan layout to encourage face-to-face communication. In all, 92.5% of employees believe that their "direct managers are accessible and available when they need them".

Lastly, Ubisoft encourages corporate events. Each subsidiary organizes annual social events, concerts and friendly competitions as a way for employees to socialize.

(1) In 2015, 74.4% employees took part in the internal survey

4.2.4.2 Organization of flexible working hours

Group policy, although complying with local legislation, provides employees with a certain amount of flexibility when it comes to organizing their working hours.

In this same spirit, the Ubisoft Group introduced a flextime policy, primarily focusing on flexible arrival and departure times for employees. Employees can therefore adapt their hours to suit their personal constraints, while still putting in their weekly hours. This policy, which has been introduced by the majority of subsidiaries, contributes to the well-being of the teams as well as to individual work-related autonomy.

Furthermore, because Ubisoft's business is highly seasonal, sustained game pre-launch periods sometimes entail adjustments in working conditions and additional support for teams (mandatory breaks, provision of meals, massages, etc.).

4.2.4.3 Monitoring absenteeism rates

Number of days of employee absence by reason [1]	03/31/16	%	03/31/15	%
Illness (all reasons)	33,848	36%	38,234	48%
Occupational accident [2]	152	0%	337	0%
Maternity, paternity and parental leave	23,016	24%	18,133	23%
Leave for family events and personal reasons	35,730	38%	22,710	28%
Other	1,860	2%	926	1%
TOTAL	**94,606**	**100%**	**80,340**	**100%**
Group absenteeism rate linked to occupational accidents and illnesses [3]	1.34		1.70	
Average number of days' absence per employee	9.2		8.8	

(1) Days of absence are defined in working days

(2) Occupational accident = fatal and non-fatal accidents occurring during or due to work, according to local practices. Occupational accidents are only recognized if they have been reported to the relevant authorities and are being dealt with by said authorities

Please note that days of absence relating to occupational accidents are restricted to companies outside of France > 100 employees and French companies (accounting for 92.04% of Group employees at the end of March 2016), unlike other types of absence. The impact of this restriction on the absenteeism rate is considered to be minor

(3) Calculation method = total number of days of absence over the scope used/sum of theoretical number by company of days worked without these absences

At the end of March 2016, the average number of days' absence per employee was 9.2, compared with 8.8 in the previous year. The change is due to a combination of the following:

- an increase in the number of days' absence linked to parenting and family events. Ubisoft supports parents by implementing specific policies on leave. To ensure equal opportunities and employee wellness, these policies apply to both men and women;
- conversely, absenteeism due to illness has declined, averaging 3.3 days per person per year at the end of March 2016. This type of absenteeism is low-level and is not a major issue for Ubisoft.

4.2.4.4 Supporting health and safety in the workplace

Promoting the well-being of its teams also means being attentive to the health and safety of its employees across the board.

As at the end of March 2016, the changes in indicators relating to health and safety in the workplace broke down as follows:

Health and safety in the workplace [1]	03/31/16	03/31/15
Number of occupational accidents with time off [2]	17	21
Number of fatal accidents	0	0
Frequency rate of occupational accidents with time off [3]	1.116	1.406
Severity rate of occupational accidents with time off [4]	0.010	0.0225
Number of occupational illnesses [5]	5	1

(1) For this indicator, occupational accidents and illnesses are only recognized if they have been reported to and are being dealt with by the relevant authorities

(2) Occupational accident = fatal and non-fatal accidents occurring during or due to work, according to local practices. Scope = companies outside of France > 100 employees and French companies (accounting for 92.04% of Group employees at the end of March 2016)

*(3) Number of occupational accidents with time off/total per company (average annual headcount * theoretical number of annual hours worked per employee) x 1,000,000*

*(4) Number of days lost per occupational accident/total per company (average annual headcount * theoretical number of annual hours worked per employee) x 1,000*

(5) Occupational illness recognized according to applicable local legislation

At the end of March 2016, the frequency and severity of occupational illness and accidents – which remain consistently low in number – were down from the previous year.

Various local initiatives exist to prevent health risks or facilitate access to healthcare professionals:

- ***medical check-ups supplied free or for a reduced fee or eligible for reimbursement*** are available at some sites. The Montreal studios [1] have a clinic which is open five days a week. The clinic is not just for use by employees, but is also open to their families for medical consultations. Employees at the Bucharest studio [2] also have access to an on-site doctor four days a week. More generally speaking, health prevention initiatives, led by health professionals, have been implemented at other Ubisoft subsidiaries;
- ***training courses focusing on health and safety*** are organized every year in France. 101 employees were trained in 2015/2016; In addition, wellness events and programs are also organized: the Toronto studio holds a "wellness week", while the Red Storm studio in the United States came up with the "Body, Mind, Soul" program;
- ***a hotline*** [3] manned by psychologists helps relieve stress and provides greater support for those who need it. The German subsidiary Blue Byte GmbH also offers its staff ***preventive health screenings*** to detect and reduce anxiety and obesity (Cardio Stress Test, Body Fat Analysis), along with counseling and coaching if necessary;
- ***access to gyms and courts*** is a key feature of Ubisoft's well-being policy that almost all Ubisoft Group sites offer. ***Massages*** are also organized at some sites on a regular basis;
- ***a serve-yourself fruit bowl*** helps to protect the health of our teams. Generally speaking, healthy nutrition is encouraged via workshops (Toronto) or nutritional consultations which aim to offer advice on adopting better eating habits or a healthier lifestyle (Blue Byte GmbH).

4.2.4.5 Constructive industrial relations

Management-employee dialogue is based on exchange and collaboration as part of a close relationship with staff. It is led by employee representatives in countries where this is a legal requirement.

In France, staff are represented by works councils, single employee representative bodies, health and safety committees and union representatives in companies where local regulations require them to be appointed. Within this framework, employee representatives and management meet regularly to discuss the operation, development and strategy of French companies.

Finally, collective agreements negotiated with employee representatives are still in place, in a bid to involve staff in the performance of the business (incentives/profit-sharing).

COLLECTIVE AGREEMENTS AND BREAKDOWN BY SUBJECT

	03/31/16	03/31/15
Number of collective agreements [1]	7	7
Breakdown by subject:		
Compensation	*7*	*7*
Other subjects	*0*	*0*

(1) The scope of this indicator is worldwide, but as the concept of the collective agreement comes from French legislation, it is hard to emulate on an international level which is why foreign subsidiaries are not represented for this indicator

Furthermore, for the last 16 years, Ubisoft has conducted a worldwide opinion poll of all its employees every two years. The poll serves a dual purpose: to gauge support for and understanding of the Group's strategy, and to canvass the opinion of staff on key issues such as employee wellness, career management, teamwork and communication. The results are published within the Group via the internal social network as a way to engage in a direct discussion with employees and draw up targeted action plans.

Lastly, the corporate social network encourages interaction at all levels of the Group. This widely used platform is accessible to all employees. It encourages the exchange of information and provides a forum for commenting on a variety of issues, such as new developments in the video game industry or sharing best practice.

(1) Accounting for 23.05% of the Group's workforce at the end of March 2016

(2) Accounting for 13.71% of the Group's workforce at the end of March 2016

(3) Introduced at the French and Montreal sites, which accounted for 47.5% of the Group's workforce at the end of March 2016

4.2.5 PROMOTION OF AND COMPLIANCE WITH THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANIZATION

4.2.5.1 Respect for freedom of association and the right to collective bargaining

Ubisoft respects freedom of association and the right to collective bargaining *(see section 4.2.4.5.)*.

Employees in France are covered under the Syntec collective agreement. This agreement regulates the working conditions of employees and related social-security regimes.

4.2.5.2 Elimination of discrimination in employment and occupation

To make the best games on the market, Ubisoft gathers talented employees from different backgrounds and professional profiles *(see section 4.2.2)*. For this reason, the Group recruits varied professional profiles and endeavors to combat discrimination, in all its forms. Ubisoft is vigilant when it comes to management and hiring practices, and has implemented several initiatives promoting diversity *(see section 4.2.2.1)*.

4.2.5.3 Abolition of forced or compulsory labor and effective abolition of child labor

Given the nature of the Group's business (intellectual services) and the countries where it operates, Ubisoft is not affected by this issue. Ubisoft employees must be highly qualified, which effectively precludes child labor. However, where this is a sensitive issue locally, Ubisoft takes steps to clearly state its commitment towards the effective abolition of child labor. In Pune, for example, the Indian subsidiary has organized a display intended for staff. In addition, the last audit of a factory manufacturing ancillary products in China confirmed that it was compliant with ILO rules.

4.3 Environmental indicators

4.3.1 GENERAL ENVIRONMENTAL POLICY

4.3.1.1 General organization

The Sustainable Development Department set up in 2014 has the specific task of assessing the Group's environmental impact. It is responsible for leading and coordinating the action plans identified. The carbon audit carried out in early 2015 by an external service provider identified the main sources of the Group's energy expenditure *(see section 4.3.2, "Adapting to climate change")*. The results were then used to define environmental priorities and launch employee awareness initiatives.

In addition, the IT purchasing policy is centralized at Group level. This means that more powerful hardware can be chosen without compromising on energy efficiency.

Conversely, environmental performance management is currently decentralized. Each subsidiary implements its own actions in accordance with local regulations and depending on the level of interest and involvement of its employees.

An internal survey is carried out every year at each site to evaluate the environmental policies, programs and indicators employed.

Data on the Group's environmental impact solely covers its direct video game production and publishing activities.

4.3.1.2 Informing and training employees

In 2015, employee awareness campaigns were rolled out across the Group, facilitated by the launch in December of an internal website dedicated [1] to environmental issues.

At the same time, employee awareness and/or training initiatives were organized locally by each subsidiary. By the end of December 2015, the number of sites that had conducted employee awareness campaigns on sustainable development issues had risen sharply. A total of 21 sites [2] took part in this type of initiative in 2015, compared with 10 [3] in 2014. Such campaigns place special emphasis on the need to reduce energy consumption linked to the use of IT and lighting.

(1) Targeting the Group's entire workforce at the end of March 2016

(2) Accounting for 45.1% of the Group's workforce at the end of March 2016

(3) Accounting for 16.7% of the Group's workforce at the end of March 2015

The actions implemented can be both **specific**, targeting computer and electrical equipment, as well as water and paper consumption, or **generalist,** encompassing broader topics to engage staff with the issue of global warming, or recommending everyday actions that can be taken to reduce their environmental impact:

- at the end of 2015, the Group launched an internal website to educate and encourage employees to adopt simple everyday habits to help protect the environment. Employees can complete a questionnaire on the website to assess their carbon footprint, as well as share best practices that can be used at work, in the office and when traveling on business. A "Green" community has been set up on the Ubisoft internal network to make environmental practices more relevant to everyday life;
- in 2015, the Montreal studio created a "Ubisoft and the environment" page on its external website, to showcase the actions taken to reduce its environmental footprint. These notably include responsible waste management, promotion of sustainable mobility practices, and a responsible procurement policy. The studio has introduced a comprehensive recycling system on site, incorporating both waste sorting and composting. Similarly, the "Castle" project *(see section 4.3.3.1)* has resulted in several eco-friendly communications. It provides a fertile ground for the development of initiatives to reduce the studio's environmental footprint and to offer a comfortable work environment for employees;
- the Sofia studio is continuing to make new employees aware of environmental issues by including an environment section in the induction pack given to new arrivals. This places particular emphasis on the recycling system in place at the studio;
- many sites have more targeted campaigns, focusing for example on switching off lights and computers when leaving the office, following strict waste-sorting guidelines, or cutting back on printing.

In 2015, all staff had thus been made aware of environmental issues, while 45.3% of them had received some form of local communication.

4.3.1.3 Preventing environmental risks and pollution

Ubisoft's definition of environmental risk is based on the GRI definition contained in the G3 guidelines [1].

The Group's own activities do not present any significant industrial and environmental risks since the Group does not manufacture the video games (and associated ancillary products) it publishes and distributes. Nevertheless, the Group remains alert to regulatory changes in countries where it is present.

The Group's main expenses and initiatives relating to environmental protection are presented in greater detail in the "Pollution prevention" and "Sustainable use of resources" sections of this report.

4.3.1.4 Provisions and guarantees

The Group currently has no knowledge of any industrial or environmental risk.

Ubisoft did not record any provision, purchase any insurance to cover potential environmental risks, or pay any compensation in this regard during the financial year.

4.3.2 ADAPTING TO CLIMATE CHANGE

Due to the nature of its business activities and the location of its sites, Ubisoft is not directly affected by the consequences of climate change.

Despite this, Ubisoft is conscious of environmental issues and is keen to include climate action in its long-term strategy and day-to-day activities.

To measure its environmental footprint and define the measures to be put in place to reduce greenhouse gas emissions, at the end of January 2015 the Ubisoft Group hired an external service provider to carry out a carbon audit [2]. The audit estimated its carbon emissions at 68,000 metric tons of CO_2 equivalent. The approach used was both quantitative – measuring the carbon footprint according to the latest standards (Bilan Carbone® and GreenHouse Gas Protocol®) – and semi-quantitative, measuring other environmental impacts in terms of resources (energy, water, raw materials) and toxicity.

The main sources of greenhouse gas emissions from Ubisoft's business are as follows:

- the manufacture, shipment to warehouses and distribution of video game cases/DVDs and ancillary products, activities that have been subcontracted by the Group (indirect impact – *see section 4.3.3.2*);
- business travel by employees and events organized by the Group *(see above);*
- from energy consumed, buildings, heating and air conditioning systems and, primarily, IT equipment, including servers *(see section 4.3.3.1);*
- consumables such as paper, ink cartridges, office supplies *(see section 4.3.3.2);*
- bought-in services (indirect impact).

The Group is already endeavoring to take steps *(see section 4.3.1.2)* to minimize greenhouse gas emissions, which are among the major causes of global climate change.

(1) "An environmental risk refers to the possibility of incidents or accidents occurring that are caused by the activities of a company, which may have harmful and significant repercussions for the environment. Environmental risk is measured by considering the probability of occurrence of an event (risk) and the level of danger"

(2) Source: Greenflex "Ubisoft Environmental Assessment" report, February 4, 2015

The building refurbishments carried out in France and as part of the "Castle" project in Montreal *(see section 4.3.2.1)* will contribute to the fight against global warming. These are aimed at reducing CO_2 emissions, mainly through using low-emission paint and materials, hiring local suppliers and replacing the harmful gases used in some air conditioning systems and which damage the ozone layer.

In addition, Group policy seeks to limit the environmental impact of business trips, one of the main sources of greenhouse gas emissions.

Due to the Group's international scale, employees frequently have to travel to other sites. Consequently, the Group seeks to optimize travel wherever possible.

The following measures are favored:

- efficient management of employees' appointments so that their travel is limited to the absolute minimum (policy of reducing travel);
- choosing the least expensive and most environmentally friendly means of transport;
- videoconferencing (Breeze, Life Size) or conference calls (Skype Entreprise) and other collaborative systems.

In 2015, the number of business trips totaled 32,024 (1) representing a distance of 80,496,000 km (or the equivalent of 17,242 metric tons of CO_2).

The term "trip" is now defined as a single journey, whereas in 2014 it corresponded to an order, comprising return and multiple-destination journeys. These break down as follows:

Number of trips per year and by type	2015	2014
Plane	22,385	10,539
Train	9,639	4,982
TOTAL	**32,024**	**15,521**

Number of thousands of km covered in trips per year and by type	2015	2014
Plane	77,229	N/A
Train	3,267	N/A
TOTAL	**80,496**	

The increase in the number of trips from the previous year is mainly due to the revised definition of this indicator (see section 4.1.4), which has been updated to measure the carbon impact associated with travel more accurately.

The vast majority of sites have a travel policy that encourages employees to prioritize the most environmentally friendly methods of transport.

- for example, the train is the preferred method of transport in France and Germany for domestic journeys. In Germany, Deutsche Bahn guarantees the use of 100% "green" electricity for members of the "Bahn Corporate" program;
- partnerships with green companies have been set up or are in the pipeline (e.g. in France with Navendis, a cost-effective and green chauffeur service, or in Montreal with a taxi firm that uses electric vehicles);
- cycling is a recommended alternative to motorized transport. In France, Ubisoft has joined forces with the ADA group under the brand "Holiday Bikes", where employees who are traveling on business can rent a bike to get from the hotel to the Ubisoft office.

Using public transport and carpooling also help to reduce emissions. For example, Singapore and Kiev encourage employees to use public transport, while several subsidiaries encourage car sharing whenever possible, for example by organizing joint travel between Quebec and Montreal, or shared taxis in Singapore. Optimizing long-distance journeys is also a factor at several sites, including EMEA headquarters, which schedules its business meetings to coincide with international conferences where several hundred delegates will already be attending.

The Malmö studio in Sweden has a carbon offset scheme for air travel. This counterbalances unavoidable emissions generated by the business by funding projects to reduce greenhouse gas emissions, reflecting a growing awareness and commitment to take action to protect the environment.

The use of communication tools also helps to optimize and reduce travel. Consequently, the Group has made widespread use of web conferencing by systematically fitting new workstations with webcams and microphones. Furthermore, the vast majority of sites now have rooms equipped with video/audio-conferencing equipment. In France, new employees are made aware of video-conferencing facilities during their induction.

(1) Information gathered from non-French sites > 25 employees and French sites, accounting for 97.8% of the Group's workforce at the end of March 2016

4.3.3 SUSTAINABLE USE OF RESOURCES

4.3.3.1 Energy consumption and use of renewable energies

Ubisoft only measures electricity as an energy source, as other energy sources are negligible compared with electricity.

In 2015, the Group measured consumption of 35,165 thousand kWh (i.e. the equivalent of 6,233 metric tons of CO_2), broken down as follows:

	Canada [1]	France	Romania	China	United States	Other countries	Total	metric tons of CO_2 [2]
Consumption [3] in thousands of kWh in 2015	15,278	7,070	3,282	1,755	1,407	6,369	35,165	6,233
Consumption [4] in thousands of kWh in 2014	16,180	6,286	2,677	1,603	1,472	5,716	33,934	5,744

(1) Data for the Montreal and Toronto sites (not including Quebec or Halifax)

(2) Data calculated on the basis of emission factors provided by ADEME, or by local energy suppliers where appropriate

(3) Data for 48 sites accounting for 93.7% of the Group's workforce at the end of March 2016

(4) Information for the previous year corrected and based on 41 sites accounting for 91% of the Group's workforce at the end of March 2015

A significant percentage of the electricity used by the Ubisoft Group comes from renewable energies, which helps to limit its carbon impact. More specifically, the Montreal studio (for which electricity consumption is nearly 41% of total consumption measured by the Group) and the Quebec studio [1] are powered by electricity supplied by Hydro-Québec, 99% of whose production comes from hydroelectric dams. A total of 31 sites source more than 10% of their electricity from renewable energy [2]. Therefore, over 52% of the electricity used by the Group in 2015 was from renewable energy.

The 3.6% rise in electricity consumption at the end of 2015 as compared with the previous year was mainly due to a combination of the following:

- a significant reduction in consumption, mainly at the Montreal site, where refurbishments have been carried out;
- a rise in consumption due to extended premises and an increase in workforce at some sites (particularly in Romania and France), as well as the installation of new physical and virtual servers to meet the needs of the growing digital and online business.

The countries with the highest consumption, such as Canada and France, include the power consumption of energy-intensive server rooms.

Server room consumption *(in thousands of kWh)*	2015	2014	Variation
Montreal	4,387	3,313	32.4%
Paris	2,610	2,260	15.5%
TOTAL	**6,997**	**5,573**	**25.5%**

Power consumption is closely monitored in these rooms. To **cut back on the energy consumed by servers,** the Group's largest server rooms use "freecooling" technology. This technique consists of using the outside air to cool the room, thereby reducing the overall energy consumption of the infrastructures. In 2015, the Paris server room was also fitted with an Optimized Management Interface (OMI by Schneider), to regulate the air conditioning system in real time and thus optimize power consumption. These facilities must ensure that business growth does not impact energy consumption.

At the same time, the vast majority of Group servers are virtual, given that a virtual server consumes approximately 10 times less electricity than a physical server with the same configuration. In 2015, the Group continued to invest in virtual servers in the Paris and Montreal server rooms to keep the virtualization rate above 80%.

In 2015, the Group continued to identify and encourage measures to reduce overall energy consumption. These initiatives are decentralized and vary depending on the site. Some have chosen to limit their consumption, while others have adapted their installations to use less power.

- Many sites have already introduced measures to ***limit or optimize the consumption*** of their air conditioning and lighting systems:
  - simple day-to-day actions are also important as they avoid wasting electricity. To this end, employees are, for example,

(1) The Montreal and Quebec studios accounted for 28.2% of the Group's workforce at the end of March 2016

(2) Examples: Sweden: 100%, Romania: 54%, Germany: 38%, Spain: 27%, France: 14%

encouraged to switch of their IT equipment when leaving their place of work. Several sites also power down computers automatically;

- the vast majority of air conditioning and lighting systems are shut down over the weekend. Some sites have movement sensors or systems that switch off lights when not in use, so that lighting can be adjusted to suit employees' needs. Some sites also have temperature regulation systems or have put in place a policy to turn off the air-conditioning system using a timer system.

♦ Other sites are investing in ***optimizing their installations to reduce consumption:***

- the refurbishment of buildings and associated heating and air conditioning systems is a major sustainable development challenge.

  In 2015 French sites continued to upgrade their air conditioning and heating systems to reduce energy consumption and to replace systems using chlorodifluoromethane gas (R22), which is 1,810 times more harmful to the ozone layer than CO_2. This work will be completed in 2016. In addition, software has been installed to monitor consumption and optimize system operation.

  In Montreal, the large-scale "Castle" project for the renovation of part of the real estate portfolio of the subsidiary "Ubisoft Entertainment Inc.", which began in 2014, will introduce energy-saving systems over a period of three to four years. At the end of 2015, the main improvements were to lighting, ventilation and air conditioning systems: LED and fluorescent lighting has been installed, together with a new automated lighting management system for more efficient control over zoning and lighting programs. The air distribution system has also been refurbished to improve workspace ventilation and temperatures, which are adjusted depending on the levels of natural light;

- the use of low-energy light bulbs is widespread across the Group. In 2015, 13 sites (1) opted for LED lighting due to its energy-efficient properties and longer life, thereby reducing the environmental impact of lighting. The introduction of this type of lighting is expected to continue;

- a green electricity contract was signed in late 2015 for French sites, helping them get involved in renewable energy generation. The feasibility of installing rooftop solar panels at a French studio is also under consideration;

- Carbon offsetting can also boost energy efficiency: for example, the site of the subsidiary Future Games of London is certified as carbon-neutral.

4.3.3.2 Use and management of consumables

The carbon audit carried out in early 2015 measured the carbon footprint resulting from **consumables** used by our suppliers to manufacture standard products (physical video game media such as cases, DVDs, etc.) and non-standard products (ancillary products such as action figures, etc.). This outsourced activity has an indirect impact for Ubisoft. The tonnages and CO_2 equivalent of raw materials used break down as follows by product type:

	Tonnages and metric tons of CO_2e by product and material										
	ABS (1)		PVC		Cardboard		Paper		Polycarbonate		Total
	t	metric tons of CO_2	t	metric tons of CO_2	t	metric tons of CO_2	t	metric tons of CO_2	t	metric tons of CO_2	metric tons of CO_2
Non-standard	16	38	87	212	418	569					820
Standard							555	854	2,644	7,509	8,363
TOTAL											**9,183**

ABS: acrylonitrile butadiene styrene, a thermoplastic polymer

The digitization of the video games industry has led to a structural decline in the production of physical games media each year, and thus in the consumption of plastics and other raw materials used. For the past few years, video game manuals have also tended to be in digital format, further reducing paper consumption.

Similarly, efforts to reduce consumption of **paper and ink cartridges** continued in 2015, notably by electronic payslip and billing management (2), with duplex or black and white default printer settings. Furthermore, 33 sites (3) have opted to use recycled or certified paper, which in some cases is 100% recycled or certified (FSC or PEFC).

(1) Accounting for 31.7% of the Group's workforce at the end of March 2016

(2) On 40 sites accounting for 86.2% of the Group's workforce at the end of March 2016. Ubisoft therefore saved almost 1.5 million sheets in 2015

(3) Representing 63.0% of the Group's workforce at the end of March 2016, compared with 21 sites the previous period representing 53.6% of the workforce at the end of March 2015

4.3.3.3 Water consumption and supply

Taking into account the Group's business activities, it only uses water for domestic purposes.

In 2015, water consumption [1], as measured by the Group, stood at 49.034 m³ compared with 35.904 m³ the previous year. This trend is due to the extended scope, changes in premises and expansion of the workforce. This consumption represents approximately 7.7 m³ of water per employee per year in 2015, compared with 7 m³ in 2014.

Several measures have been taken to reduce the volume of water consumed, such as adjusting taps and lavatories to use less water or upgrading facilities. These measures are accompanied at some sites by raising awareness to encourage employees to limit their consumption.

In addition, as water is supplied directly by local water distribution networks, the Group therefore complies with applicable national regulations regarding supply.

4.3.3.4 Land use

The Group has a limited impact in relation to land use due to the vertical installation of its sites, which are mainly located in urban areas.

4.3.4 POLLUTION PREVENTION

4.3.4.1 Waste management and disposal

The Group has identified four categories of waste linked to its business activities:

- computer hardware;
- paper;
- products that cannot be sold on distribution platforms (marketing, promotional items, etc.);
- other consumables (batteries, ink cartridges, green waste, etc.).

- ***Computer hardware:*** Ubisoft actively recycles/sorts computer hardware waste [2].

  Except in a few countries where services of this kind are not available, the sites manage the disposal of their computer equipment by calling on external service providers, specialist organizations or outside companies.

  Computer equipment is recycled by companies specialized in the dismantling of such equipment and for which a recovery, disassembly and recycling contract has been signed. These activities, involving the processing of electrical and electronic waste and the cleanup of monitors, are carried out in compliance with the applicable laws and standards.

  Some of these specialized companies, particularly in San Francisco, donate computers to registered charities.

  To a lesser extent, IT equipment that has reached the end of its useful life is donated to schools or associations, or is sold directly to employees to be reused. In Montreal, the proceeds of these sales are then given to the "Breakfast Club" [3].

  The Montpellier studio has opted for a "green" and social approach. It sends its equipment to a vocational rehabilitation association, which recovers and reconditions computer hardware as part of a scheme to protect the environment [4]. The computers are then distributed to people in social and financial difficulty, as well as to non-profit organizations.

- ***Paper:*** most sites recycle or sort used paper for recycling (40 sites [5] counted in 2015).

  Having been made aware of the ecological impact of paper consumption, the sites take advantage of municipal or government programs to recycle their paper through waste sorting at their premises or collection areas or by outsourcing to specialist companies as in Canada, the United States and France.

- ***Products that cannot be sold:*** sites are directly responsible for scrapping at distribution platforms. This is organized by suppliers or sites' warehouse managers. The various destruction tasks (grinding or compacting) are carried out under the supervision of official bodies and are outsourced to external companies to be recycled, burnt or buried.

  The Australian subsidiary in Sydney has devised a noteworthy scheme: it outsources the destruction of its product inventory to a company that recycles the products as granules. In addition, the funds raised by the subsidiary from the sale of its posters are also donated to the Starlight Foundation, a charity for sick children [6].

- ***Other consumables:*** most sites have collection points for recycling and sorting waste. These collection points are generally situated in offices, communal areas or at the entrance to each floor.

  Several subsidiaries have placed various recycling bins in prominent locations, labeled by type of waste.

(1) Information based on 33 sites accounting for 64.6% of the Group's workforce at the end of March 2016, compared with 54.6% at the end of March 2015

(2) 41 sites, accounting for 82.9% of the Group's workforce at the end of March 2016, recycle or sort computer hardware waste

(3) The "Breakfast Club" provides a healthy and balanced breakfast each morning, as well as education on healthy eating. In 2015, the donation of CAD 50,000 (equivalent to €34,000 at the end of March 2016) meant that 303 children were able to have breakfast every day for a year. Over seven years, Ubisoft Montreal has donated a total of CAD 724,000, providing daily breakfasts for 626 children a year on average. – see section 4.4.3

(4) Between August and October 2015, the Montpellier studio returned 90 workstations and 40 monitors

(5) Representing 87.9% of the Group's workforce at the end of March 2016, compared with 36 sites in 2014 representing 80.7% of the Group's workforce at the end of March 2015

(6) In 2015, AUD 30,000 were raised (equivalent to €20,000 at the end of March 2016)

Several studios have also undertaken "green" cup initiatives or invested in cups and dishes. In San Francisco, for example, paper cups been replaced with compostable containers.

In Montreal, the Castle project involves recycling demolition materials: 90% of dry materials (wood, brick, cement) are sorted and recycled at special depots in the Montreal area. The incineration of these materials produces biomass, the second largest source of renewable energy in the world, which is then sold to several Hydro-Québec operators supplying homes in Montreal. Throughout the first two phases of the project, 100% of the metals collected (such as copper) were recycled.

Lastly, the Group's sites have declared that they do not produce any waste that is classed as hazardous (1) and that they comply with waste processing standards according to applicable local legislation.

4.3.4.2 Other forms of pollution: organoleptic nuisances, emissions into the air, water and soil

Due to the nature of Ubisoft's core business, the likelihood of the Group producing organoleptic nuisances or air, water or soil emissions is very low. In fact:

- waste issued by the Group is not classed as hazardous (1) according to applicable legislation;
- the Group is not concerned by accidental spills (2), given its activity;
- water is only used for domestic purposes.

In contrast, the Group's transport activities, generated by the distribution of physical video games, are responsible for a certain amount of air pollution as a result of greenhouse gas emissions *(see section 4.3.2)*.

4.3.5 PRESERVING AND DEVELOPING BIODIVERSITY

All Ubisoft sites are located in urban areas. Consequently, none of the sites are located in or beside protected areas or areas that are rich in biodiversity.

The Ubisoft Group indirectly contributes to protecting biodiversity by consuming recycled materials where possible, such as paper *(see section 4.3.3.1)*. Using recycled materials helps to reduce demand for virgin materials and save the world's natural reserves.

In the UK, the Future Games of London subsidiary has developed a partnership with the movement "Fin Free", which campaigns for the protection of sharks, a subject linked to one of the mobile games developed by the studio. In Sweden, the Massive studio (Malmö) is continuing to support biodiversity by donating to organizations campaigning for the protection of wildlife in Africa and by setting up a beehive on its terrace.

4.3.6 FIGHT AGAINST FOOD WASTE

The Ubisoft Group is committed to preventing food waste. However, given the nature of its business and since there is no company cafeteria at its main sites (Montreal, Bucharest and French sites), it only deals with a minor amount of food waste (3).

(1) Apart from some WEEE, classified as such

(2) According to the GRI definition: "Accidental release of a hazardous substance that can affect human health, land, vegetation, water bodies, and ground water"

(3) These sites accounted for over 60% of the Group's workforce at the end of March 2016

4.4 Societal indicators

4.4.1 DEVELOPING LONG-TERM RELATIONSHIPS WITH STAKEHOLDERS

The Group considers all people and organizations directly or indirectly affected by the Company's business activities to be stakeholders.

Ubisoft engages in dialogue with each stakeholder to foster a positive long-term and mutually beneficial relationship. The Group's decentralized organization can be adapted to each local situation. On this basis, the main methods of dialogue with these stakeholders are presented below:

Stakeholder	Methods of dialogue
Customers	♦ Online communication (for online games) ♦ Consumer get-togethers (focus groups) ♦ Publication of information about our products ♦ Networking events during promotional tours
Suppliers	♦ Buyer/supplier meetings ♦ Supplier selection process
Shareholders and investors	♦ Telephone conferences for presentation of results, meetings and plenary meetings
Employees	♦ Biannual employee satisfaction surveys ♦ Dialogue with employee representation bodies (if applicable)
Research and development centers	♦ Collaborative approach, creation of and participation in R&D programs, university chairs and professional integration associations
Communities, NGOs	♦ Social programs ♦ Partnerships with local NGOs and/or non-profits
State, public organizations, etc.	♦ Participation in working groups and local and international organizations on the challenges facing our industry

4.4.2 ENCOURAGING LOCAL DEVELOPMENT

Entertaining and enriching the life of its gamers is an integral part of the Ubisoft Group's mission. As a company which is firmly rooted in its local environment, Ubisoft prioritizes local job creation and initiatives primarily aimed at learning through gaming and access to technologies.

In 2015, 38 subsidiaries [1] were involved in partnership and/or sponsorship initiatives, an increase of 22% in the number of sites involved compared with the previous year.

Employment and regional development

Ubisoft contributes to the development of local employment primarily by creating jobs due to the fact that it uses very few subcontractors and by choosing to set up its business in neighborhoods that are ripe for regeneration. For example, the Canadian production studios are located in two strategic neighborhoods which, just a few years ago, were very run down. Siting the business in Mile End in Montreal in 1997 and in the Saint-Roch area of Quebec in 2005 has had a significant impact on the urban fabric of these neighborhoods. Today, the fact that there are a large number of employees in these areas generates significant economic, social and cultural energy.

At the end of March 2016, local employees accounted for 81.2% of the workforce, more or less the same as in the previous financial year [2].

In line with its diversity policy, the Ubisoft Group also encourages multiculturalism within its subsidiaries by locally recruiting different nationalities and sending employees on international mobility assignments *(see section 4.2.3.1)*. This only happens in the case of rare skills not available locally.

Among the initiatives that contribute to local economic development, the Montreal studio, in Canada, supports young entrepreneurs through targeted actions and the Malmö studio, in Sweden, is involved in a collective promoting return to work:

- in Canada, the Ubisoft Montreal "Les créatifs ♥ le futur Mtl inc." project aims to encourage entrepreneurship within the creative technology sector in Montreal. The studio has joined forces with the Montréal Inc. Foundation to seek out and bring together partner companies to commit to offering support to young entrepreneurs for an 18-month period, in the form of coaching in different fields via their employees (development, human resources, marketing, communications, legal, etc.).

(1) Accounting for 95.7% of the Group's workforce at the end of March 2016

(2) Local employees represented 81.1% of the Group's workforce at the end of March 2015

Ubisoft Montreal provided support to Heddoko which specializes in the manufacture of "smart" garments associated with motion capture technology. The studio is also a founding member of "La Gare", a collaborative workspace. As such, it provides financial support to enable start-ups and entrepreneurs to rent space by the year;

- in Sweden, the Massive studio contributes to the local "Good Malmö" initiative, involving around a hundred local entrepreneurs. This government-backed organization aims to support unemployed young people in their search for work. Along with other entrepreneurs, Massive sponsors an unemployed person by offering a year's employment, as well as providing moral support and help with finding a permanent position.

4.4.3 PARTNERSHIP WITH OUR LOCAL COMMUNITIES

Following on from the initiatives undertaken in 2014, Ubisoft remains committed to ***acquiring the skills demanded by new technologies and the video games industry.*** Partnership initiatives – implemented in association with local schools, NGOs or government agencies – are tailored to local issues to further the development of local communities.

Among the many initiatives carried out in 2015, the Montreal and Bucharest studios offer **learning pathways** to support young people and introduce them to new technologies early on: these include teaching young people to code, organizing video game development competitions for middle-school students, and offering internships to young graduates.

In November 2015, Ubisoft Montreal launched the CODEX program. This consists of a variety of initiatives catering for all educational backgrounds. The idea is to promote video games as a source of motivation and learning, which in turn will shape the next generation of technical creatives in Quebec.

Working in tandem with 17 partners, Ubisoft Montreal supports 12 projects aimed at stimulating and switching young minds on. Below are some examples:

- "Kids Code Jeunesse" teaches programming to Canadian children;
- "Academos" provides career guidance and support to 14- to 30-year-olds;
- "Fusion Jeunesse" encourages high-school students to design a video game with the help of Ubisoft mentors;
- "One-day internships" teach young people about the careers available in the video game industry;
- the Ubisoft Game Lab Competition gives undergrad students 10 weeks in which to deliver a playable 3D video-game prototype based on a brief received from a panel of experts from Ubisoft Montreal.

As part of this program, Ubisoft Montreal has committed to invest more than CAD 8 million over five years, including more than a thousand hours a year of mentoring by Ubisoft employees.

For its part, the Bucharest studio offers different courses to students and graduates in association with various universities.

- "Gamecelerator" is a project in partnership with the "Junior Achievement Romania" organization. Working in teams, teenage gaming enthusiasts are given the task of designing a video game. They are supervised by Ubisoft developers, who explain the challenges facing the industry and help develop the pupils' technical and business skills. Last year, the prize consisted of three weeks spent developing their game at the studio.
- "Diplodocus" allows future graduates to be mentored by studio employees for their final degree project.
- "Boot camp": recently launched, this scheme gives student interns the opportunity to develop their technical skills. They get the chance to spend a year working on Ubisoft projects under the supervision of their mentors. The best candidates are ultimately offered a job.

In addition, an increasing number of partnerships are being developed with educational establishments (universities, high schools) and research centers in order to:

- **raise awareness about new technologies,** particularly at conferences, by explaining the mechanisms contributing to the creation and development of video games. These events are mostly open to the public. Ubisoft organized presentations involving developers to give people insights and answer their questions, the aim being to make the industry more accessible and demonstrate the growing importance of digital and innovation.

  In the United States, the Red Storm studio has undertaken several initiatives with its partners to raise awareness of new technologies among local communities:

  - it took part in a round table discussion on the animation process and the importance of mathematics and science at the STEAM Carnival [1],
  - presentation of the Virtual Reality development in partnership with RTP 180 [2],
  - and attended a conference organized by "Innovate Raleigh" to present the video games industry and its career opportunities;
- **share the expertise of our teams:**
  - by developing the content of educational programs with its partners:

    Several studios have joined forces with universities and colleges to incorporate new technologies and the art of gaming into teaching and learning.

(1) STEAM Carnival seeks to inspire the next generation of creators, visionaries, innovators and inventors

(2) Research Triangle Park 180 is an event that brings enthusiasts together to discuss innovation and technology

In Singapore, a tripartite collaboration between the DigiPen Institute of Technology Singapore, the Singapore Workforce Development Agency (WDA) and the Ubisoft studio in Singapore was launched. This collaboration, which began in October 2009, consists of a 10-month training program with three different areas of specialization (Programming, Game Design and Art).

In Chengdu, a groundbreaking collaboration between the Sichuan Conservatory of Music (SCM) and the studio was launched two years ago. The Ubi-Classroom is an educational program for SCM students, designed to open up the world of artistic production by sharing experiences with the studio's artists. With around 180 participants, the program was a remarkable success. Plans are under way to organize a second edition.

In the United States, Red Storm also used its university network to give courses on video game development. Students from North Carolina University were taught about the challenges involved in game production,

- by participating in research work:

The Quebec studio has partnered with the University of Laval to develop the project FUN ii (Intelligent Interaction). The aim is to develop video games that adapt in real time to the emotions and physiological reactions of players, offering them an unparalleled entertainment experience.

More specifically, Ubisoft Montreal made a five-year commitment, until the end of 2015, to contribute to funding a research program on artificial intelligence at the University of Montreal. The Canadian subsidiary makes an annual contribution of CAD 200,000 (1).

The Toronto studio is working with Sheridan and its SIRT program (2) on a research project to develop movement sensors and virtual reality cameras.

4.4.4 SPONSORSHIP ACTIONS

An initiative known as "Sharing More Than Games" was launched 12 years ago. This program provides management and other support for individual solidarity initiatives, both local efforts and those that are broader-based, within the Ubisoft Group. The scope of this program fits in with Ubisoft's core business and values: **promoting access to education, culture and leisure for people from disadvantaged backgrounds.** In this context, the "Ubisoft Charity Jam" held in 2015 saw 18 Ubisoft subsidiaries take part in four days of streaming involving children and young adults. Subsidiaries have also organized local collections to raise money for the 17 charities selected by Ubisoft employees.

Most ***sponsorship actions implemented by the subsidiaries are decentralized.*** These actions share the goal of promoting **inclusion and education** through enjoyment.

A wide range of local initiatives have been launched: some focus on health and disability, while others are geared towards diversity and integration.

- Some Ubisoft brands are committed to philanthropic causes with actions related to game content:
  - in Canada, after working for several years on **Far Cry 4,** a game largely inspired by Nepal and its people, staff at Ubisoft Montreal found themselves deeply affected by the earthquake in April 2015. They raised more than CAD 75,000 for the Canadian Red Cross, which provided support and medical assistance on site;
  - in the United States, the **Just Dance** team in San Francisco has been involved in several initiatives revolving around physical wellbeing and culture.
    - In January 2016, an in-house dance competition was held to raise money for the Special Olympics,
    - since November, *Just Dance* 2016 and VH1 Save The Music have held an inter-school competition to promote music education in schools,
    - in December 2015, the studio invited the American singer Jason Derulo to Children's Hospital Los Angeles, getting the children to dance with *Just Dance,*
    - the game is also a "SHAPE America" partner, a major national program committed to empowering all children to lead healthy and active lives through health and physical education programs;
  - in the UK, Future Games of London offers free advertisements in its mobile game Hungry Shark® to Oceana, an organization focused on protecting the world's oceans. It obtained 109,000 signatures for the protection of sea turtles, far exceeding its goal of 70,000 signatures.
- Local schemes aim to promote ***diversity and the integration*** of children, young students or people from vulnerable communities:
  - several sites, in partnership with local charities, have organized studio visits for children from disadvantaged backgrounds to show them how a video game is developed. The Quebec studio gave this opportunity to children from the "Carrefour des Enfants de Saint Malo" charity, and the Spanish subsidiaries to children from the association "Aldeas Infantiles",
  - other sites donate computer hardware or Ubisoft action figures, such as the Red Storm studio in the United States, in partnership with the "Toys for Tots" charity, which collects toys still in their original packaging to distribute to children in need. Likewise, in France, any unused action figures are sent to the "Dons solidaires" social enterprise, which works with other French non-profits to distribute games kits for children in hospital or with disabilities. Computers and game consoles have also been donated to the "Citoyens agités" charity, which is committed

(1) Equivalent to €136,000 at the end of March 2016

(2) Screen Industries Research and Training Center is a production studio and a research laboratory for exploring digital image capture and creation processes for movies, television and video games

to promoting education, secularism, community spirit and acceptance of other people and cultures,

- various studios formed partnerships in 2015 to encourage women and the LGBT community to get involved in the technology sector *(see section 4.2.2, "Diversity and inclusion").*

- Other programs are mainly aimed at supporting ***health and disability*** via initiatives for children and adults.
  - For several years now, Ubisoft Montreal has subsidized the "Breakfast Club", which provides children with a healthy and balanced breakfast each morning as well as teaching them about healthy eating. In 2015 staff raised CAD 50,000, enabling 303 children to have breakfast every day for a year. Over seven years, Ubisoft Montreal has donated a total of CAD 724,000, providing daily breakfasts for 626 children a year on average,
  - in Australia, Ubisoft's Sydney teams continued their partnership with the Starlight Foundation. This foundation aims to provide children in hospital with happy and entertaining places in which to stay. As part of the Charity Jam, AUD 31,500 was donated in 2015. This donation will be used to pay for medical equipment and facilities. Staff also enabled young people receiving palliative care to spend an afternoon playing video games,
  - in China, the Chengdu studio organized a day in a specialist school to get children dancing with *Just Dance,*
  - in France, in partnership with the "Petits Princes" association, children with disabilities visited the Montpellier and Paris studios to learn about the different stages of designing a game. All French studios also took part in the Charity Jam for this organization,
  - in Romania, the collaboration with the "Light into Europe" association has for the past few years involved Ubisoft employees in training guide dogs for the blind and visually impaired in order to acclimatize them to a working environment.

4.4.5 SUBCONTRACTORS AND SUPPLIERS

4.4.5.1 Considering employee-related and environmental issues in the purchasing policy

Purchasing policies are coordinated at a central level and implemented locally to ensure that the sourcing process is impartial and to encourage healthy competition. Global framework agreements have been phased in to take into account operational challenges and the critical nature of purchasing.

The purchasing department has extended its scope to ensure that purchasing is consistent throughout the Group. A new version of the internal website was launched at the end of 2015, providing greater transparency for the rules governing the purchasing process. The Group's code of ethics has been specifically designed to protect Ubisoft from conflicts of interest and to ensure that purchases are fair and proper.

Subsidiaries may adapt their approach in view of particular CSR issues. For example, the Australian subsidiary prioritizes partners involved in sustainable development actions by incorporating criteria such as the use of biodegradable packaging or even the minimization of transport. France and Germany include a specific sustainable development clause in their calls to tender which requires their service providers to confirm their commitment to environmental protection.

The majority of the studios and sites state that they systematically favor partners who give the best guarantees in terms of environmental and social commitment at the same budget and level of service.

4.4.5.2 Considering the employee-related and environmental responsibility of suppliers and subcontractors

Ubisoft is committed to the social responsibility of its suppliers, particularly in terms of the employment of disadvantaged persons. The Group invites its suppliers, during tenders carried out in France, to submit any information demonstrating their involvement in prioritizing/encouraging the employment of disadvantaged persons.

Ubisoft also strives to use suppliers who are environmentally conscious.

Nearly all production facilities of Ubisoft's assemblers in the EMEA region are ISO 9001 certified, which means that they comply with the "Safety and quality" process, or ISO 14001 certified, relating specifically to the environment. Of these suppliers, Ubisoft's main logistics partner is even further committed to an environmental approach: also ISO 50001 certified for its energy management system and a Sony "Green Partner", this partner also ensures that its suppliers comply with legal requirements regarding prohibited substances.

Like the Montreal and Quebec studios, several sites have introduced a supplier selection policy, incorporating environmental, employee-related or ethical selection criteria in tenders:

- the Sydney subsidiary outsources its logistics services and maintenance of its premises to companies that have adopted an environmental policy;
- in Montreal, as part of the "Castle" project *(see section 4.3.2.1),* the choice of furniture was outsourced to a company committed to a responsible procurement approach, based solely in Quebec and some of whose facilities are already ISO 14001 certified. Recycled and recyclable materials are used in its product design.

4.4.5.3 Outsourcing

As part of its video game production, publishing and distribution business, Ubisoft mainly outsources services pertaining to IT support, external/freelance development and related activities.

In 2015, this accounted for 17% of the Group's external purchases and charges.

4.4.6 FAIR OPERATING PRACTICES

4.4.6.1 Preventing corruption

The Group is working on defining clear guidelines to prevent corruption, whether in the form of fraud, conflicts of interest or money laundering. However, some procedures do already exist.

Each site has a formal expenditure process that defines the principles for authorizing and signing off on expenditure depending on the amount involved. In the case of the most significant purchase flows, these processes are realized directly within tools, such as "Peoplesoft", for purchases relating to the production of finished products, or "Mint", for marketing purchases.

Anti-corruption procedures can also take several forms:

- implementation of tender procedures that systematically require at least three supplier tenders to be received above a certain purchasing threshold (Quebec), or that require several approval levels in order to validate tenders (Singapore, Newcastle, Pune);
- validation of all expenditure by the studio director (Pune, Barcelona);
- nomination of an individual dedicated to monitoring money laundering (in line with the local legislative system) – (Romania, Bulgaria);
- official Purchasing codes of ethics drawn up and implemented by the Group to protect it from corruption. These codes of ethics refer to the guidelines (fairness, impartiality, integrity, legality, loyalty, honesty) and illustrate situations that may give rise to conflicts of interest and Ubisoft's policy with regard to buyers (refusing gifts from suppliers above a certain amount).

4.4.6.2 Consumer health and safety

The Group is committed to earning players' trust in its games. Ubisoft has maintained its commitment to consumer health and safety through its involvement with video game industry trade associations such as SELL in France and the PédaGoJeux website.

During the life cycle of a game, the production and distribution teams work closely with ratings and consumer protection organizations, the most important of which are:

- PEGI (Pan European Game Information) for Europe;
- ESRB (Entertainment Software Rating Board) for the United States;
- OFLC (Office of Film and Literature Classification) or COB for Australia;
- USK (Unterhaltungssoftware Selbstkontrolle – in English, Entertainment Software Self-Regulation) for Germany;
- CERO (Computer Entertainment Rating Organization) for Japan.

Through these independent organizations, consumers are informed about the nature of the products and their recommended age based on classification systems designed to guarantee clear and transparent labeling of the video game content according to its age rating.

Products in France also include a warning notice regarding epilepsy risk, in accordance with the decree of April 23, 1996. Some "first-party" suppliers also request that information regarding similar risks is relayed on their packaging or in notices attached to products. This is the case for Sony and Microsoft.

4.4.7 OTHER ACTIONS TAKEN TO PROTECT HUMAN RIGHTS

Actions taken to protect human rights are listed in this report under anti-discrimination initiatives *(see sections 4.2.2 and 4.2.3.3)*, compliance with the ILO conventions *(see section 4.2.5)* and the various examples of partnerships or sponsorships which aim to foster the inclusion of disadvantaged persons *(see sections 4.4.2* and *4.4.3)*.

4.5 Independent third party's report

This is a free translation into English of one of the auditors, appointed independent third party, on the employee-related, environmental and social information issued in French and it is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Ubisoft Entertainment SA, the appointed independent third party, accredited by COFRAC under number 3-1049 (1), we hereby present our report on the consolidated employee-related, environmental and social information for the year ended Marc 31, 2016, set forth in the management report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

(1) The scope of which is available at www.cofrac.fr

RESPONSIBILITY OF THE COMPANY

The Board of Directors of Ubisoft Entertainment SA is responsible for preparing a management report including CSR information provided for in Article R. 225-105-1 of the French Commercial Code, prepared according to the reporting protocol used by the company (hereinafter "the Repository"), summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, our professional code of ethics and the provisions of Article L. 822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures that aim to ensure compliance with ethical rules, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE AUDITOR

Based on our work, our responsibility is to:

- certify that the required CSR information is presented in the management report or, in the event of an omission, that an explanation is provided pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- express a conclusion of moderate assurance on the fact that CSR information, taken as a whole, are presented fairly, in all material respects, in accordance with the Repository (Reasoned opinion on the fairness of CSR Information).

Our audit called upon the expertise of five individuals and took place over a three-week period between December 2015 and June 2016. We called upon the assistance of our CSR experts in performing our audit.

We carried out the work described below in accordance with professional standards applicable in France and the Decree of May 13, 2013 determining the conditions under which the independent third party conducts its mission and, on the reasoned opinion on fairness, to international standard ISAE 3000 (1).

4

1. Attestation of completeness of CSR Information

NATURE AND SCOPE OF WORK

Based on our interviews with the heads of the relevant departments, we familiarized ourselves with the overview of the guidelines on sustainable development in relation to the social and environmental consequences of the Company's activities, its societal commitments and, where appropriate, any related initiatives or programs.

We compared the CSR information presented in the management report with the list provided for in Article R. 225-105-1 of the French Commercial Code.

If any consolidated information was missing, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR information covered the scope of consolidation, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code with the limits specified in the methodology notes contained in paragraph 4 of the management report.

IN CONCLUSION

On the basis of this work and taking into account the above-mentioned limitations, we certify that the management report contains the required CSR information.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

2. Reasoned opinion on the fairness of the CSR information

NATURE AND SCOPE OF WORK

We conducted a dozen or so interviews with individuals responsible for preparing the CSR Information by liaising with the departments in charge of the information collection process and, where relevant, the internal control procedures and risk management in order to:

- assess the appropriateness of the Repository with respect to its relevance, completeness, reliability, neutrality, understandability, taking into account, where appropriate, industry best practices;
- verify the implementation of a process to collect, compile, process and control the completeness and consistency of CSR information and obtain an understanding of internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and extent of our tests and controls depending on the nature and importance of CSR information in relation to the characteristics of the Company, the social and environmental challenges of its business activities, its sustainable development guidelines and best industry practices.

For CSR information we considered most important [1]:

- at the level of the parent entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions). We implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and data consolidation and verified its consistency and its similarity with the other information contained in the management report;
- with respect to the representative sample [2] of sites that we selected based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and to identify any omissions. We performed detailed tests on the sampling to verify the calculations and reconcile data documents. The sample selected represents 30% of the workforce and between 21% and 56% of the environmental quantitative information presented.

For other consolidated CSR information, we assessed its consistency in light of our knowledge of the Company.

Finally, we assessed the relevance of any explanations as to why certain information was incomplete or missing.

We believe that the sampling methods and sizes that we selected using our best professional judgement make it possible for us to express an opinion of moderate assurance; a higher level of assurance would have required a more extensive review. Because of the use of sampling techniques as well as others inherent limits in the operation of any information and internal control system, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

IN CONCLUSION

Based on this work, we did not identify any material misstatement likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the framework.

Paris – La Défense and Rennes, June 20, 2016

KPMG S.A.

Anne Garans
Partner
Climate Change and Sustainable Development Department

Vincent Broyé
Partner

(1) Employee-related indicators: Total number and distribution by age, gender, geographic area, type of contract and business line, number of hires, number of redundancies/dismissals, number of days' absence, percentage of women in management, total number of training hours.
Environmental indicators: electricity consumption, greenhouse gas emissions from electricity consumption.
Social quantitative indicator: Percentage of local employees registered at the end of the period.
Qualitative information:
Employee-related: Anti-discrimination policy;
Environmental: How the Company is organized to take into account environmental issues and any environmental assessment and certification procedures; Prevention, recycling and disposal of waste; Energy consumption and measures taken to improve energy efficiency and the use of renewable energies;
Social: Territorial, economic and social impact of the Company's activities: in relation to employment and regional development, on neighboring or local communities; Partnership or sponsorship initiatives; Measures taken to protect consumer health and safety

(2) Ubisoft Montpellier and Ubisoft Divertissements Inc. Canada

5 Financial statements

5.1 CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2016 104
5.1.1 Balance sheet 104
5.1.2 Consolidated income statement 105
5.1.3 Statement of comprehensive income 105
5.1.4 Consolidated table of change in equity 106
5.1.5 Cash flow statement 107
5.1.6 Notes to the consolidated financial statements 108
5.1.7 Professional fees of the statutory auditors and members of their networks 151

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 152

5.3 SEPARATE FINANCIAL STATEMENTS OF UBISOFT ENTERTAINMENT SA FOR THE YEAR ENDED MARCH 31, 2016 154
5.3.1 Balance sheet 154
5.3.2 Income statement 155
5.3.3 Cash flow statement 156
5.3.4 Notes to the separate financial statements 157

5.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS 180

5.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS 182

5.6 UBISOFT (PARENT COMPANY) RESULTS FOR THE PAST FIVE FINANCIAL YEARS 183

5.1 Consolidated financial statements as at March 31, 2016

5.1.1 BALANCE SHEET

Assets

(in € thousands)	Notes	Net 03/31/16	Net restated * 03/31/15
Goodwill	1	106,194	129,906
Other intangible assets	2	647,602	572,225
Property, plant and equipment	3	83,946	80,984
Non-current financial assets	4	4,339	4,162
Deferred tax assets	23	122,193	135,051
Non-current assets		**964,274**	**922,328**
Inventory and work in progress	5	19,374	18,425
Trade receivables	6	419,577	23,904
Other receivables	7	100,985	113,855
Current financial assets	8	13,780	4,919
Current tax assets	23	41,464	12,380
Cash and cash equivalents	9	461,375	656,661
Current assets		**1,056,555**	**830,144**
TOTAL ASSETS		**2,020,829**	**1,752,472**

Liabilities

(in € thousands)	Notes	03/31/16	03/31/15 restated *
Capital		8,710	8,478
Premiums		215,125	180,515
Consolidated reserves		701,267	703,378
Consolidated earnings		93,408	86,849
Total equity	**10**	**1,018,510**	**979,220**
Provisions	11	8,888	7,497
Employee benefit liabilities	12	6,618	5,430
Non-current financial liabilities	14	277,383	275,739
Deferred tax liabilities	23	47,648	48,944
Non-current liabilities		**340,537**	**337,610**
Current financial liabilities	14	228,218	183,226
Trade payables	16	206,246	94,919
Other liabilities	17	213,807	149,874
Current tax liabilities	23	13,511	7,623
Current liabilities		**661,782**	**435,642**
TOTAL LIABILITIES		**2,020,829**	**1,752,472**

* *The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

5.1.2 CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes		03/31/16	%		03/31/15 restated *	%
Sales	**18**		**1,393,997**	**100%**		**1,463,753**	**100%**
Cost of sales			(305,065)			(337,073)	
Gross profit			**1,088,932**	**78%**		**1,126,680**	**77%**
R&D costs	19		(509,779)			(580,554)	
Marketing costs	19		(305,735)			(284,965)	
Administrative and IT costs	19		(117,296)			(100,311)	
Operating profit (loss) from continuing operations			**156,122**	**11%**		**160,850**	**11%**
Current operating income before stock-based compensation		169,040			170,459		
Stock-based compensation		(12,918)			(9,609)		
Operating profit (loss) from continuing operations		**156,122**			**160,850**		
Other non-current operating income and expenses	21		(19,334)			(21,717)	
Operating profit (loss)			**136,788**	**10%**		**139,133**	**10%**
Interest on borrowings			*(8,429)*			*(5,322)*	
Income from cash			*989*			*556*	
Net borrowing cost			(7,440)			(4,766)	
Result from foreign-exchange operations			(5,168)			1,159	
Other financial expenses			(3,666)			(1,764)	
Other financial income			2,548			6,085	
Net financial income	**22**		**(13,726)**	**-1%**		**712**	**0%**
Total income tax	23		(29,654)	-2%		(52,996)	-4%
INCOME FOR THE PERIOD **			**93,408**	**7%**		**86,849**	**6%**
Earnings per share – Continuing operations	**24**						
Basic earnings per share *(in €)*			0.86			0.81	
Diluted earnings per share *(in €)*			0.82			0.77	

* *The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

** *The profit (loss) for the period is entirely attributable to equity holders*

5.1.3 STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	03/31/16	03/31/15 restated *
Net income for the period	**93,408**	**86,849**
Items reclassified subsequently under profit or loss **	**(11,688)**	**54,871**
Foreign exchange gains and losses on foreign operations	(26,127)	61,244
Effective part of the change in fair value of cash flow hedges	22,663	(10,279)
Tax on other comprehensive income reclassified subsequently under profit or loss	(8,225)	3,906
Items not reclassified subsequently under profit or loss	**-**	**(850)**
Actuarial gains and losses on post-employment obligations	(39)	(1,109)
Tax on other comprehensive income	5	375
Other income not subject to tax	34	(116)
Total other comprehensive income	**(11,688)**	**54,021**
INCOME FOR THE PERIOD ***	**81,720**	**140,870**

* *The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

** *See details in Note 10*

*** *The profit (loss) for the period is entirely attributable to equity holders*

5.1.4 CONSOLIDATED TABLE OF CHANGE IN EQUITY

(in € thousands)	Capital	Premiums	Consolidated reserves	Hedging reserve	Fair value reserve	Own shares	Foreign exchange gains and losses	Earnings for the period	Total equity
POSITION AT 03/31/14	**8,200**	**337,250**	**577,166**	**(947)**	**-**	**436**	**(46,532)**	**(65,525)**	**810,048**
Net income								86,849	86,849
Other comprehensive income			(850)	(6,373)	-		61,244		54,021
Profit (loss)			**(850)**	**(6,373)**	**-**		**61,244**	**86,849**	**140,870**
Allocation of consolidated profit (loss) in N-1		(184,120)	118,595					65,525	-
Change in the share capital of the parent company	278	17,776	97						18,151
Options on ordinary shares issued		9,609							9,609
Sales and purchases of own shares						542			542
POSITION AT 03/31/15 RESTATED *	**8,478**	**180,515**	**695,008**	**(7,320)**	**-**	**978**	**14,712**	**86,849**	**979,220**
Net income								93,408	93,408
Other comprehensive income				14,439			(26,127)		(11,688)
Profit (loss)				**14,439**			**(26,127)**	**93,408**	**81,720**
Allocation of consolidated profit (loss) in N-1			86,849					(86,849)	-
Change in the share capital of the parent company	232	21,692	(78,355)						(56,431)
Options on ordinary shares issued		12,918							12,918
Sales and purchases of own shares						1,083			1,083
POSITION AT 03/31/16	**8,710**	**215,125**	**703,502**	**7,119**	**-**	**2,061**	**(11,415)**	**93,408**	**1,018,510**

** The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

5.1.5 CASH FLOW STATEMENT

(in € thousands)	Notes	03/31/16	03/31/15 restated *
Cash flows from operating activities			
Consolidated profit (loss)		93,408	86,849
Net amortization and depreciation on property, plant and equipment and intangible assets	1/2/3	462,800	510,963
Net provisions	4/5/6/11/12	449	3,201
Cost of stock-based compensation	13	12,918	9,609
Gains/losses on disposals		104	64
Other income and expenses calculated		24,335	(15,534)
Income tax expense	23	29,654	52,996
Cash flows from operating activities		**623,668**	**648,148**
Inventory	5	(11)	3,007
Customers	6	(402,877)	53,783
Other assets (excluding deferred tax assets)	7/8/9	(30,588)	(23,503)
Suppliers	16	116,466	(5,292)
Other liabilities (excluding deferred tax liabilities)	14/17	61,635	34,294
Change in WCR linked to operating activities		**(255,375)**	**62,289**
Current income tax expense		(27,586)	(56,362)
Total cash flow generated by operating activities **		**340,707**	**654,075**
Cash flows from investing activities			
Payments for internal and external developments ***	2/3	(489,464)	(421,683)
Payments for other intangible assets and property, plant and equipment	2/3	(42,499)	(56,244)
Proceeds from the disposal of intangible assets and property, plant and equipment	2/3	67	122
Payments for the acquisition of financial assets	4	(34,391)	(23,709)
Refund of loans and other financial assets	4	34,115	23,373
Changes in scope ****		358	(3,188)
Cash used from investing activities		**(531,814)**	**(481,329)**
Cash flow from financing activities			
New finance leases contracted	14	-	10,142
New borrowings	14	234,540	622,195
Accrued interest	14	14	88
Refund of finance leases	14	(891)	(291)
Refund of borrowings	14	(230,216)	(466,578)
Funds received from shareholders in capital increases		21,924	18,054
Sales/purchases of own shares		(77,272)	639
Associated current accounts		258	(260)
Cash generated by (used in) financing activities		**(51,643)**	**183,989**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(242,750)**	**356,735**
Cash and cash equivalents at the beginning of the period	9	505,215	115,610
Foreign exchange losses/gains		(6,777)	32,870
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD * **		**255,688**	**505,215**
* *The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*		-	-
** *Including interest paid*		*(8,414)*	*(5,587)*
*** *Including changes linked to guaranteed, unpaid commitments*		*1,478*	*(985)*
**** *Including cash in companies acquired and disposed of*		*371*	-

5.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Company presenting the consolidated financial statements 109

Financial year highlights 109

Changes in the consolidation scope 109

Declaration of compliance 110

Accounting principles and measurement methods 111

Scope of consolidation 121

Notes to the balance sheet 122
Note 1 Goodwill 122
Note 2 Other intangible assets 123
Note 3 Property, plant and equipment 125
Note 4 Non-current financial assets 126
Note 5 Inventory and work in progress 126
Note 6 Trade receivables 127
Note 7 Other receivables 127
Note 8 Current financial assets 127
Note 9 Cash and cash equivalents 128
Note 10 Equity 128
Note 11 Provisions and contingent liabilities 129
Note 12 Employee benefit liabilities 130
Note 13 Payments based on equity instruments 131
Note 14 Current and non-current financial liabilities 134
Note 15 Information on the management of financial risks 135
Note 16 Trade payables 140
Note 17 Other liabilities 140

Notes to income statement 140
Note 18 Sales 140
Note 19 Operating expenses by destination 141
Note 20 Operating expenses by type 141
Note 21 Other non-current operating income and expenses 143
Note 22 Net financial income 143
Note 23 Income tax and deferred taxes 143
Note 24 Earnings per share 147

Other notes 147
Note 25 Segment reporting 147
Note 26 Related party transactions 148
Note 27 Off-balance sheet commitments 149
Note 28 Staff 150
Note 29 Events after the reporting period 150

The notes and tables that follow are presented in thousands of euros, unless expressly stated otherwise.

COMPANY PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

Ubisoft Entertainment is domiciled in France at 107, avenue Henri-Fréville, 35207 Rennes.

The consolidated financial statements for the year ended March 31, 2016 cover Ubisoft Entertainment SA and its subsidiaries (collectively referred to as "the Group").

The financial statements were approved by the Board of Directors, which authorized their publication on May 12, 2016. They will be presented for approval at the General Meeting to be held on September 29, 2016.

FINANCIAL YEAR HIGHLIGHTS

September 2015: Sale of €37.6 million in receivables under the factoring agreement

The factoring agreement relating to the Canadian Credit Multimedia titles, concluded between BNC and Ubisoft Entertainment Inc., allowed for the assignment of receivables of €37.6 million in the first half of the year.

November 2015: Subscription of a new credit line

Ubisoft Entertainment SA subscribed a new €10 million bilateral credit line with a one-year term. This credit line complies with the same covenants as the syndicated loan.

December 2015: Arrangement of a €5 million loan agreement

Ubisoft Entertainment SA has taken out a €5 million loan, the final repayment date of which is December 31, 2018. The loan is intended to finance capital goods.

March 2016: Sale of €24.7 million in receivables under the factoring agreement

The factoring agreement relating to the Canadian Credit Multimedia titles, concluded between BNC and Ubisoft Entertainment Inc., allowed for the assignment of receivables of €24.7 million in the second half of the year.

2016: Share buyback

At March 31, 2016, 3,488,214 shares had been bought back over the previous 12 months for the sum of €79.3 million.

CHANGES IN THE CONSOLIDATION SCOPE

October 2015: Acquisition of the Ivory Tower studio

On October 5, 2015, Ubisoft acquired full ownership of the French studio, Ivory Tower SAS, and its subsidiary, Ivory Art & Design SARL, the creator of the successful racing game, *The Crew*.

The profit from this acquisition on favorable terms was €1,708 thousand and was generated by the difference between the acquisition value of the Ivory Tower shares and the assets and liabilities identified at October 5, 2015. The following assets and liabilities were recognized upon initial consolidation:

(in € thousands)	03/31/16
Net assets and liabilities acquired	1,716
Profit from the acquisition on favorable terms	1,708
Fair value of the consideration transferred	8
Cash acquired	371

Mergers

April 2015: merger of Ubisoft Music Inc. with Ubisoft Entertainment Inc.

April 2015: merger of Ubisoft Studio Saint-Antoine Inc. with Ubisoft Entertainment Inc.

April 2015: merger of THQ 9275-8309 Québec Inc. with Ubisoft Entertainment Inc.

April 2015: merger of Ubisoft LLC. with Redstorm Entertainment Inc.

These mergers have no impact on the consolidated financial statements.

Opening of subsidiaries

June 2015: Ubisoft L.A. Inc. in the United States.

September 2015: Ubisoft Création SAS in France.

DECLARATION OF COMPLIANCE

The consolidated financial statements for the financial year ended March 31, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2016, as adopted by the European Union.

Only those standards approved by the European Commission and published in its official journal prior to March 31, 2016, and which have been mandatory since April 1, 2015, have been applied by the Group to its consolidated financial statements for the financial year ended March 31, 2016. No standard or interpretation whose application does not become mandatory until after March 31, 2016 has been applied early to the consolidated financial statements for the financial year ended March 31, 2016.

The IFRS standards as adopted by the European Union differ in some ways from the IFRS standards published by the IASB. However, the Group has made sure that the financial information presented would not have been substantively different if it had applied IFRS standards as published by the IASB.

Standards, amendments and interpretations adopted by the European Union and mandatory for financial years beginning on or after January 1, 2015

- IFRIC 21 – Levies charged by public authorities;
- Amendment to IAS 19 – Employee benefits;
- Annual improvements to IFRS 2010/2012;
- Annual improvements to IFRS 2011/2013.

Details of the impacts of IFRIC 21 on the Group's financial statements are provided in section 5.1.6.

The annual improvements to IFRS applicable to financial years beginning on or after January 1, 2015 had no material impact on the Group's financial statements.

Standards, amendments and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union, but only mandatory for financial years beginning on, or after January 1, 2015 and not early adopted by the Group

Ubisoft has not opted for an early application of the new standards, amendments or interpretations published at March 31, 2016 (adopted or being adopted by the European Union) and presented below:

Standards		Consequences for the Group
Annual Improvements 2012/2014	Improvements to International Financial Reporting Standards	The "annual improvements" of the IASB amended a number of existing standards. The application date within the European Union is not yet known.
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operations. (applicable to financial years beginning on or after January 1, 2016)	This text clarifies the accounting for acquisitions of an interest in a joint operation which constitutes a business within the meaning of IFRS 3 – Business combinations. This text shall have no effect on the Group's consolidated financial statements.
Amendment to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization (applicable to financial years beginning on or after January 1, 2016)	This text states that the amortization base must correspond with the consumption of future economic benefits and that an amortization method based on revenues is inappropriate.
Amendment to IAS 16 and IAS 41	Agriculture – Bearer plants; (applicable to financial years beginning on or after January 1, 2016)	This text amends the accounting of bearer biological assets. Under this amendment, these assets come under the scope of IAS 16. This text shall have no effect on the Group's consolidated financial statements.
Amendment to IAS 27	Equity method in separate financial statements (applicable to financial years beginning on or after January 1, 2016)	This text aims to allow entities to use the equity method in the accounting of investments in subsidiaries, joint ventures and associates in their separate financial statements. This text shall have no effect on the Group's consolidated financial statements.

Standards, amendments and interpretations published by the International Accounting Standards Board (IASB) and not yet adopted by the European Union

Ubisoft does not expect their application to have any material impact, with the exception of IFRS 15, the potential impact of which is currently under analysis.

Standards		Consequences for the Group
IFRS 9	Financial instruments (applicable to financial years beginning on or after January 1, 2018)	IFRS 9 outlines a unique method for determining whether a financial asset must be measured at amortized cost or at fair value, a single, forward-looking expected loss impairment model and a reformed approach to hedge accounting.
IFRS 15	Revenue from contracts with customers (applicable to financial years beginning on or after January 1, 2,018)	This standard specifies the principles for the recognition of revenue that relates to contracts entered into with customers and provides a 5-step model to be applied to the recognition of financial years beginning on or such revenue. This standard presents the basic principle of recognizing revenue to depict the transfer of control of goods or services to a customer, for an amount which reflects the consideration to which the entity expects to be entitled in exchange for said goods or services. The new standard will also require additional information to be provided in the Notes. The impacts of this new standard are currently under analysis.
Amendment to IAS 1	Disclosure initiative – (applicable to financial years beginning on or after January 1, 2016)	Amendments to IAS 1 are intended to clarify provisions on: ♦ the application of the concept of materiality; ♦ the exercise of professional judgment.
Amendment to IAS 7	Disclosure initiative – (applicable to financial years beginning on or after January 1, 2017)	Amendments introduce additional sections to the standard. Entities shall make the following disclosures regarding changes in liabilities included in financing activities: ♦ changes arising from cash flow from financing; ♦ changes arising from obtaining or losing control of subsidiaries or other businesses; ♦ the effect of changes in foreign currency exchange rates or fair value.
Amendment to IAS 12	Recognition of deferred tax assets for unrealized losses – (applicable to financial years beginning on or after January 1, 2017)	The published amendments aim to clarify provisions for the recognition of deferred tax assets related to debt instruments measured at fair value, in response to diversity in practice.
IFRS 16	Leases (applicable to financial years beginning on or after January 1, 2019)	This standard results in a fairer presentation of lessee's assets and liabilities by eliminating the distinction between operating and finance leases. It provides a new definition of the term "lease".
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	The aim of these amendments is to reduce discrepancies between the provisions of IFRS 10 and IAS 28 (2011) relating to the sale or contribution of assets between an investor and its associate or joint venture. The principle consequence of these amendments is that the gain or loss from a transfer must be recognized in full, when the transaction relates to a business within the meaning of IFRS 3 (whether a subsidiary or not). Partial gain or loss is recognized when the transaction relates to assets that do not constitute a business within the meaning of IFRS 3, inclusive of subsidiaries.

5

ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

Comparability of financial statements

Change in consolidation method, measurement and presentation

First-time adoption of IFRIC 21

IFRIC 21 – Levies charged by public authorities was adopted for the first time for the financial year ended on March 31, 2016. IFRIC 21 provides guidance on when to recognize liabilities for levies imposed by a public authority in application of tax legislation, accounted for in accordance with IAS 37 and resulting in the immediate and full recognition of taxes upon occurrence of the obligating event as provided for in tax legislation.

IFRIC 21 was applied retrospectively, resulting in the restatement of equity in comparative financial information. The impact on equity was €(0.2) million at March 31, 2015. At March 31, 2016, the impact on operating profit (loss) and on income tax was immaterial.

No change in method

N/A.

Change in estimation

N/A.

Other items affecting comparability of financial statements

N/A.

Preparation bases

Measurement bases

The consolidated financial statements were prepared using the historical cost method, with the exception of the following assets and liabilities, which were measured at fair value: derivatives, financial instruments held for trading and available-for-sale financial assets.

Operating and presentation currency

The consolidated financial statements are presented in euros, which is the parent company's operating currency. All financial data presented in euros are rounded to the nearest thousand.

Use of estimates

Preparation of consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the application of the accounting methods and the amounts recognized in the financial statements.

These estimates and the underlying assumptions are established and reviewed continuously on the basis of past experience and other factors considered reasonable in light of the circumstances. They therefore serve as a basis for the calculation of the carrying amounts of assets and liabilities that cannot be obtained from other sources. Actual values may differ from estimates.

Both the estimates presenting a significant risk of changes in future years and the judgments made by the management when applying IFRS, and likely to have a significant impact on the financial statements, are presented in the following notes:

Estimate		Key sources of estimation
Changes in the consolidation scope	Main acquisitions, disposals and changes in consolidation scope	Where appropriate, presentation of the main valuation methods and assumptions used when identifying intangible assets on business combinations and Earn-Out assessment.
Consolidation principles	Impairment losses	Main assumptions used to determine the recoverable value of assets with indefinite useful lives.
Consolidation principles	Depreciation on commercial software	Future sales projections used to calculate expected cash flows.
Note 12	Employee benefits	Discount rate, inflation, return on plan assets and wage growth.
Note 13	Payments in shares	Model and underlying assumptions used to determine fair values.
Note 11	Provisions	Underlying assumptions made to appraise and estimate risks.
Note 18	Sales	The assumptions used for reserves and returns made on sales are based on expected inventory sell-off on the 6 to 12 months after closing and where applicable, potential reductions in the unit selling price granted by the Company.
Note 23	Corporation tax	Assumptions used to recognize deferred tax assets and methods of applying tax legislation.

The accounting methods outlined below were applied:

- on a permanent basis to all periods presented in the consolidated financial statements;
- consistently by all Group entities.

Consolidation principles

Subsidiaries

A subsidiary is defined as an entity controlled by Ubisoft Entertainment SA.

Control of an entity is based on three criteria:

- power over the entity, i.e. the ability to manage the activities that have the most impact on its profitability;
- exposure to the variable returns of the entity, which may be positive (e.g. dividends or any other economic benefit), or may be negative; and
- the relationship between the power and these returns, i.e. the ability to exercise power over the entity in such a way as to influence the returns achieved.

In practice, the companies in which the Group directly or indirectly owns the majority of voting rights, conferring upon it the power to manage their operational and financial policies, are generally considered controlled and thus consolidated according to the full consolidation method.

In order to determine control, Ubisoft Entertainment performs an in-depth analysis of the established governance arrangements and an analysis of the rights held by other shareholders.

Ubisoft consolidates special purpose entities in which the Company does not hold a direct or indirect interest but that it controls in substance.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained to the date at which such control ends.

If necessary, the accounting methods of subsidiaries are amended to align them with those adopted by the Group.

Associates

Associates are entities over which Ubisoft Entertainment SA exercises significant influence on the financial and operational policies but no control. The consolidated financial statements include the Group share in the total amount of profits and losses recognized by the associates, using the equity accounting method, starting from the date when significant influence is exercised to the date at which such influence ends.

As at March 31, 2016, all companies of the Group are fully consolidated.

Transactions eliminated in the consolidated financial statements

Statement of financial position amounts and income and expenses resulting from intra-group transactions are eliminated during the preparation of the consolidated financial statements.

Gains resulting from transactions with associates are eliminated for the Group's percentage interest in the company.

Losses are eliminated in the same way as gains, but only to the extent that they are not indicative of impairment.

Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated by applying the exchange rate prevailing on the date of the transaction.

At the closing date, all monetary assets and liabilities denominated in foreign currencies (excluding derivatives) are translated into euros at the closing exchange rate. Any resulting foreign exchange gains and losses are recorded in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

Derivatives are measured and recognized in accordance with the methods described in the note on financial instruments.

TRANSLATION INTO EUROS OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The operating currency of Ubisoft's foreign subsidiaries is their local currency, in which they record most of their transactions. The assets and liabilities of Group companies whose operating currency is not the euro are translated into euros at the exchange rate prevailing at the end of the accounting period.

The income and expenses of these companies, along with their cash flows, are translated at the average exchange rate over the year. Differences arising from this translation are recognized directly in consolidated equity, as a separate item under "foreign exchange gains and losses".

Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are considered to belong to the foreign entity and are therefore expressed in the entity's operating currency. They are translated at the closing rate prevailing at the end of the accounting period.

Upon disposal of a foreign subsidiary, the relevant translation reserves recognized in other comprehensive income are recorded under profit and loss.

The Group does not operate in countries suffering from hyperinflation.

Goodwill

Business combinations are accounted for under the purchase method by acquisition date, i.e. the date on which control is transferred to the Group.

Acquisitions since January 1, 2010

For acquisitions made since January 1, 2010, the Group assesses goodwill at the acquisition date as:

- the fair value of the consideration transferred;
- ***plus*** the amount recorded for any non-controlling interest in the acquired company;
- ***plus*** the fair value of any previously held equity in the acquired company, if the business combination is achieved in stages;
- ***less*** the net carrying amount (usually at fair value) for assets acquired and liabilities assumed.

When the difference is negative, a gain for the acquisition on favorable terms is recognized immediately in income.

The consideration transferred excludes amounts relating to the settlement of pre-existing relationships. These amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those related to the issuance of debt or equity securities that the Group supports the fact of a business combination are expensed as incurred.

Any contingent consideration to be paid is recognized at fair value at the acquisition date. The contingent consideration classified as equity is not remeasured and its settlement is recorded in equity. However, for a consideration classified under liabilities, subsequent changes in the fair value of the contingent consideration are recorded in profit or loss.

When rights to share-based payment (replacement award) shall be given in exchange for rights held by employees of the acquired company (rights granted by the acquired company) and are attributable to past service, then all or part of the amount of human replacement buyer is included in the measurement of the transferred business combination. To assess this amount, the Group compares the values based on the market, acquisition date, replacement awards and rights granted by the acquired business and determining the

proportion of services rendered to the date of the merger in relation to services future remains to be returned.

If an entity is disposed of, related goodwill will be taken into account when determining the loss or gain resulting from this sale.

Impairment methods

Goodwill on the statement of financial position of the Group may be associated with the acquisition of:

- sales and marketing subsidiaries operating in a given geographical area;
- production subsidiaries;
- production subsidiaries that also release its developments.

These are not amortized but are subject to impairment tests at least once a year and each time impairment indicators are identified.

As the recoverable amount of this goodwill cannot be determined individually, the Group has identified for each of them the smallest group of assets (cash generating unit – CGU) generating cash inflows that are independent of other group assets:

- for goodwill of ***sales and marketing subsidiaries:*** CGU is the geographical area in which the sales and marketing subsidiary operates;
- for goodwill of ***production subsidiaries:*** CGU corresponds to all production activity (internal studios) and publishing activity (parent company) assets, these two activities being interdependent;
- for goodwill of ***production/sales and marketing subsidiaries:*** the CGU corresponds to the subsidiary in question. Some games have their own market due to their history within the Group. Developments are, in the main, made by the acquired entity which also provides sales and marketing. Acquired companies generating independent cash inflows involved the following businesses:
  - Free-to-Play,
  - Mobile,
  - Film.

The new CGUs are linked to the growth in mobile and free-to-play business and the practical implementation of film projects.

The recoverable value of the CGU is the higher of fair value minus cost of sale (net fair value) and its value in use. The estimated value is defined as the sum of projected cash flows with CGU discounted based on a business plan at five years to which the asset belongs (including goodwill), and the terminal value determined by projection to infinity of normative future cash flows.

When the recoverable value is less than the carrying amount of related assets of the CGU concerned (including goodwill), an impairment loss is recognized. This is irreversible when it relates to goodwill.

The business plans used for each CGU being tested for impairment are based on assumptions made by management of the Group in terms of variation of sales, level of profitability, and in particular foreign exchange. These are considered reasonable and consistent with market data available at the time of preparation of the Group's financial statements.

The discount rate applied to future cash flows is common to all CGU given the interdependence within the Group, publishing, production and distribution activities on the one hand, and country risk comparable in the main distribution areas of the Group (North America and Western Europe). It corresponds to the estimate (updated annually) by the Group's management of the weighted average cost of capital based on available industry data, especially with regard to the financing structure (gearing) and beta coefficient on the equity market risk premium. It stood at 8.14% at March 31, 2016, (against 8.47% at March 31, 2015).

Regarding the current distribution of the Group's activities, the allocation of goodwill by CGU and the overall risk premium attached to the Group included in the discount rate, the use of a single rate for all CGUs was considered sufficient for the impairment test.

The terminal value applied for each CGU being tested for impairment corresponds to capitalization to infinity of normative cash flows at the weighted average cost of capital less the perpetuity growth rate. The perpetuity growth rate used differs according to the CGU.

Brands

All brands are recognized at their fair value in accordance with IFRS 3 on business combinations or IAS 38 on the acquisition of intangible assets.

Depreciation, amortization and value impairment methods

Given the Group brand development policy, most of the brands operated by the Group have an indefinite life. As a result, they are not amortized but are subject to an impairment test annually and each time impairment indicators are identified.

Impairment tests consist of comparing the net carrying amount of brands with their recoverable value estimated using the royalties method or with market value. The royalties method consists of discounting, at a rate of 8.14% *(see description of discount rates above),* on a five-year horizon, potential royalties that would come back to the Group if it conceded rights to use the brand to a third party, taking into account sales forecasts of games based on the sphere of the brand itself, and taking into account a residual value resulting from the perpetuity growth rate of the normative cash flow from royalties.

However, in some cases, the projections regarding the use of a brand may not be accurate enough in the medium and/or long-term. In this case, the brand in question is depreciated over the useful life expected by management.

With regard to brands with a fixed useful life, no impairment test is conducted in the absence of any indication of impairment.

Other intangible assets

Other intangible assets include:

- commercial software developments;
- external software developments;
- engines and tools;
- information system developments;
- office software.

Accounting and subsequent valuation

The intangible assets of companies included in the scope of consolidation are recorded at their net carrying amount (historical acquisition cost less cumulated amortization and impairment losses).

In accordance with IAS 38 – Intangible assets, items are only recognized as non-current assets where the cost can be determined reliably and it is likely that they will generate future economic benefits.

No borrowing costs are included in the costs of property, plant and equipment.

Commercial software and external software developments (commercial software)

Development costs of commercial software (video games), whether outsourced to Group subsidiaries or externally, are recognized in "in-house software and external software development in production" as development progresses. Once they are released, these costs are transferred to the "released in-house software" or "released external software developments" accounts.

Commitments made under license agreements are recognized for the amount specified in the agreement including the portion not yet paid.

Depreciation, amortization and value impairment methods

Within the context of IAS 38, the Group is requested to periodically revise its amortization periods based on the observed useful life.

Furthermore, the Group performs impairment tests at the end of each financial year, or whenever indication of impairment appears.

These tests involve comparing the net carrying amount of assets to their recoverable value – which is the higher of fair value minus costs of sale, and value in use – estimated on the basis of the current net value of future cash flows generated by their use.

When the fair value of intangible assets (excluding goodwill) increases over a financial year, and the recoverable value exceeds the asset's carrying amount, any impairment recognized during previous years will be written back into profit or loss.

The depreciation and impairment methods used for the various types of intangible assets are as follows:

Types of non-current assets	Depreciation method	Asset impairment method with a fixed useful life
Commercial software developments	1 to 3 years, straight-line, starting on the commercial release date	At the end of each financial year and for each software program, expected cash flows are calculated (over a maximum period of 2 years). When these flows are below the net accounting value of the software, impairment is recognized.
External developments	Depending on quantities sold and royalty rates indicated in contracts or on the duration of the contract	
Engines and tools	3 years, straight-line	No impairment test in the absence of any indication of impairment.
Information system developments	Straight-line, 3 or 5 years	
Acquired brands	No amortization due to indefinite useful life	Impairment tests are carried out on brands at the end of each financial year or more frequently if there are indications of loss in value. The recoverable value of brands is defined using the royalty method to forecast revenue associated with the brand tested (taking a final value into account). Impairment is recognized when this value is below the net accounting value.
Office software	Straight-line, 1 or 3 years	No impairment test in the absence of any indication of impairment.

Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost (purchase price plus incidental expenses) minus rebates, discounts, and any investment subsidies granted.

Property, plant and equipment are then recorded at their net carrying amount (historical acquisition cost less cumulated amortization and impairment losses) at the time of their inclusion into the scope of consolidation.

No borrowing costs are included in the costs of property, plant and equipment.

Given the type of assets held, no component was identified.

The depreciation method used, throughout the Group, is straight-line and the depreciation periods used for the various types of non-current assets are as follows:

Type of asset	Period *(in years)*
Buildings	15 to 25
Fixtures and fittings	10
Office furniture	10
Transport equipment	5
Equipment	5
Computer hardware	3

According to international standard IAS16, the Group is led to periodically revise its durations depreciation based on the observed useful life.

No impairment test is performed in the absence of any indication of impairment.

Non-current assets acquired under finance leases

Leases that transfer practically all risks and benefits inherent in ownership of the asset are classified as finance leases.

Non-current assets financed via finance leases are restated in the consolidated financial statements so as to reflect the position that would have existed if the Company had used borrowed funds to acquire the assets directly.

The amount recognized on the asset side is equal to the fair value of the asset leased or, if this value falls below the present value of the minimum lease payments, the fair value minus accumulated depreciation and impairment. Costs associated with the establishment of the agreement are incorporated in the asset input value in the balance sheet.

Investments in associates

Investments in associates include the Group's share of the equity held in companies accounted for under the equity method, together with any related goodwill.

Inventory and work in progress

Inventory is valued using the weighted average cost method.

The gross value of inventory is measured at the lower of acquisition cost and net realizable value.

The acquisition cost is the purchase price plus incidental expenses.

Net realizable value is the estimated sale price in the normal course of business minus estimated completion costs and estimated selling costs, which include marketing and distribution costs.

No borrowing costs are included in the cost of inventory.

Impairment is recorded when the likely net realizable value falls below the carrying amount. Reversals of impairment on inventory are recorded as a reduction in the amount of inventory expensed during the financial year in which the reversal occurs.

Financial assets and liabilities

Financial assets include:

- non-current investments of non-consolidated companies;
- short-term and long-term loans and advances;
- trade receivables;
- derivatives with a positive market value;
- investment securities;
- cash.

Financial liabilities include:

- bank borrowings, equity and bonds;
- commercial paper;
- obligations relating to finance lease agreements;
- other financing (current account advances);
- bank overdrafts and short-term loans;
- derivatives with a negative market value;
- trade payables.

Financial assets and liabilities are presented as "non-current", except those with a maturity of less than 12 months from the year-end date. These are presented as "current assets", "cash equivalents" or "current liabilities" depending on the circumstances.

Bank overdrafts are included in cash and cash equivalents as they are an integral part of the Company's cash management. They are presented in liabilities, but are also offset against cash in the cash flow statement.

Recognition and measurement of financial assets (excluding derivatives)

In accordance with IAS 39 – Financial instruments: recognition and measurement, financial assets are broken down into four categories:

1. ***assets held to maturity*** (securities granting entitlement to fixed or determinable payments on set dates, and which the Group is able and intending to hold to maturity);
2. ***loans and receivables*** (non-derivative financial assets subject to fixed or determinable payments, and which are not listed on an active market);
3. ***held-for-trading assets*** (investments or securities bought and held primarily with a view to a short-term resale);
4. ***available-for-sale assets*** (all financial assets not recognized in one of the three previous categories).

Classification depends on the nature and objective of each financial asset, and is determined when first recognized.

The breakdown of financial assets by category is as follows:

Assets held to maturity

The Group has no financial assets in this category.

Loans and receivables

- Loans and advances

  They include security deposits.

  Loans and advances are recognized at amortized cost using the effective interest rate method. These assets are tested for recoverable value, carried out whenever there are objective indicators (third party financial position) that the recoverable value of these assets would be lower than their carrying amount, and or least on each closing date.

- Grants

  In some countries, video game production operations qualify for public grants.

  These grants are presented in the accounts of the studios as a reduction in R&D costs, and in the parent company accounts as a reduction in the assets corresponding to the development of the benefiting commercial software.

  Any claims on the public body which awarded the grant are classified as loans and receivables as per IAS 39.

  The Group analyzed the competitive employment tax credit (CICE) as an operating subsidy within the scope of IAS 20 to the extent that the tax credit meets the definition of government assistance under IAS 20.3. An accrual has been recorded in respect of eligible wages paid during the current financial year and presented as a reduction in employee benefits expenses allocated to related destinations in the income statement *(see Note 20)*.

- Trade receivables

  Trade and other receivables linked to operating activity are recorded at fair value – in most cases the same as nominal value – minus any loss of value recorded in a special impairment account. As receivables are due in under a year, they are not discounted.

  If there is any indication that these assets could be impaired, they will be analyzed primarily on the following criteria: age of the receivable, third party's financial position, negotiation of a payment schedule, guarantees received and loan insurance.

  The difference between the carrying amount and recoverable value is recorded as operating income. Impairment may be reversed if the asset regains its value in future. Reversals are recognized in the same item as provisions. Impairment is deemed permanent when the receivable itself is considered to be permanently irrecoverable and written off.

Held-for-trading assets

- Cash and cash equivalents

  Cash and cash equivalents include cash on hand and deposit accounts with maturity generally under three months which can be easily liquidated or sold on very short notice, can be converted into cash and present negligible risks of change in value. Short-term investments are measured at net asset value at each statement of financial position date. Changes in this market value are recognized in financial profit or loss.

  Bank overdrafts repayable on demand are an integral part of the Group's cash management, and are included in "Cash and cash equivalents" for the purposes of the cash flow statement.

Available-for-sale assets

- Non-current investments

  These include the Group's equity in companies that are not consolidated due to a lack of control or significant influence.

  Shares held in a listed company are recorded in the statement of financial position at their fair value, determined on the basis of the share price on the closing date. Changes in fair value are recognized directly in other comprehensive income, except when there is a significant or prolonged drop in fair value.

  In accordance with IAS 39 – Financial instruments: recognition and measurement, if there is a significant or prolonged decline in the value of a share to below its cost that results in a material latent loss, impairment is recognized in financial income.

Recognition and measurement of financial liabilities (excluding derivatives)

Borrowings and other financial liabilities

This category includes borrowings and bank overdrafts.

Bank borrowings and other financial liabilities are measured at amortized cost calculated using the effective interest rate. Financial interests accrued on borrowings are included in "Current financial liabilities" in the balance sheet.

Trade payables and other liabilities are recorded at amortized cost.

Cash flows linked to short-term recoverable amounts are not discounted. Long-term flows are discounted whenever the impact is significant.

Recognition and measurement of financial derivatives

The Group holds financial derivatives exclusively to manage its exposure to foreign exchange risks. To this end, Ubisoft Entertainment SA hedges these risks with forward sale contracts and currency options.

Derivatives are initially recorded at fair value; associated transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value while resulting changes are recorded using the principles outlined below.

Cash flow hedging

The Group applies hedge accounting (Cash Flow Hedge model) for transactions in US dollars, Canadian dollars and Pound sterling. Management believes this method better reflects its hedging policy in the financial statements.

Hedge accounting applies if:

- the hedging relationship is clearly defined and documented on the date it is established;
- the effectiveness of the hedging relationship is proven from the outset and for as long as it lasts.

Application of cash flow hedge accounting has the following consequences:

- the effective hedging portion of the change in the fair value of the hedging instrument is recognized in other comprehensive income, as the hedged item does not appear on the balance sheet;
- the ineffective portion of the change in fair value is recognized in financial income.

When the hedging instrument no longer meets the criteria for hedge accounting, reaches maturity, is sold, canceled or exercised, hedge accounting is no longer applied. The profit or loss accumulated is held in others items of comprehensive income until the completion of the planned transaction. When the hedged item is a non-financial asset, the profit or loss accumulated is removed from other comprehensive income and included in the initial cost. In other cases, related profits and losses that have been recognized directly in other comprehensive income are reclassified under profit or loss for the period in which the hedged item impacts the result.

Other derivatives

Derivatives for which documentation on the hedging relationship does not meet the requirements of IAS 39 are not referred to as accounting hedges. Changes in the fair value of these instruments are recognized on the income statement in accordance with IAS 39. The same goes for certain types of derivatives (options) that are not eligible for hedge accounting.

The fair value of assets, liabilities and derivatives is determined on the basis of market prices at the closing date.

Hierarchy and levels of fair value

In accordance with IFRS 7 (revised), financial assets and liabilities measured at fair value have been classified according to the fair value levels specified by the standard:

- ***Level 1:*** the fair value corresponds to the market value of instruments listed on a deep market;
- ***Level 2:*** the fair value is measured on the basis of observable inputs;
- ***Level 3:*** the fair value is measured on the basis of non-observable inputs.

Note 15 specifies the fair value level for each category of assets and liabilities measured at fair value.

The Group did not carry out any transfers between levels 1 and 2 during the financial year.

The Group does not hold any assets or liabilities measured at fair value under level 3.

Employee benefits

Post-employment obligations

Ubisoft contributes to pension, medical and termination benefit plans in accordance with the laws and practices of each country. These benefits can vary depending on a range of factors, including seniority, salary and payments to compulsory general plans.

These plans may be either defined contribution plans or defined benefit plans:

- with regard to ***defined contribution plans,*** the pension supplement is determined by the total capital that the employee and the Company have paid into external funds. The expenses correspond to contributions paid during the period. The Group has no subsequent obligations to its employees. For Ubisoft, this generally involves public retirement plans and specific defined-contribution plans;
- with regard to ***defined benefit plans,*** the employee receives a fixed pension benefit from the Group, determined on the basis of several factors, including age, length of service and compensation level. Such plans are used by the Group in France, Italy, Japan and India.

The employer's future obligations are measured on the basis of an actuarial calculation called the "projected unit credit method", in accordance with each plan's operating procedures and the information provided by each country. This method involves determining the value of likely discounted future benefits of each employee at the time of his/her retirement. In accordance with the revised IAS 19 standard, actuarial gains and losses are recognized in other comprehensive income.

The discount rate is determined on the basis of market rates for high-quality corporate bonds (IBBOX AA10+ rate, the average of the last 12 months of AA rated corporate bonds over 10 years or more).

Payments based on equity instruments

Stock option plans provide an additional incentive for employees to improve the Group's performance by allowing them to purchase a stake in the Company (stock options, free shares, Group savings scheme).

In accordance with IFRS 2, stock-based compensation of equity instruments are recognized as personnel expenses in return:

- for consolidated reserves when they are settled by transfer of shares to the beneficiaries, and the fair value of the instrument assessed at the date of grant;
- for a liability when they are settled in cash, whose liability is remeasured at fair value at each statement of financial position date.

This expense is spread over the vesting period, assuming presence on the vesting date and possibly performance conditions attached.

- ***Stock options plans:*** compensation is recognized in income over the vesting period; however, the straight-line method is not used given the vesting terms set out in the various Ubisoft plan regulations; Ubisoft uses a binomial model to estimate the value of such instruments. This method is based on assumptions updated on the valuation date, such as estimated volatility of the security concerned, a risk-free discount rate, the estimated dividend rate and the likelihood of staff remaining in the Group and fulfilling performance conditions until they can exercise their rights.
- ***Group employee savings plan:*** the accounting expense is equal to the discount granted to employees, i.e. the difference between the share subscription price and the share price at the date of the grant. This expense is recognized immediately on the plan subscription date.
- ***Free share grants settled in shares:*** the cost of this compensation is recognized in income over the vesting period, allowing for the vesting terms.
- ***Free share grants settled in cash:*** this compensation is recognized over the vesting period of the rights. The accounting expense depends on the value of the share on Euronext Paris and contingent upon attendance and performance conditions.
- ***Free preference share grants settled in shares:*** this compensation is recognized over the vesting period of the rights. The accounting expense depends on the value of the share on Euronext Paris and contingent upon attendance and performance conditions.

The dilutive effect of stock option plans and free share grants when the unwinding of the instrument involves the issue of Ubisoft shares and the vesting period is in progress, is reflected in the calculation of diluted earnings per share.

Provisions

A provision is recorded when:

- the Company has a current obligation (legal or implicit) resulting from a past event;
- it is likely that an outflow of resources (without consideration) representing economic benefits will be required to settle the obligation;
- the amount of the obligation can be measured reliably.

If these conditions are not met, no provision is recorded.

Revenues

Sale of games

Revenues are recognized:

- on the date the products are delivered to the distributor for content sold retail;
- on the date on which the downloadable content (DLC) is made available.

This revenue is recorded as the completed sales less the provision for returns and estimated price protection programs.

Under the terms of its contracts with customers, the Group does not have to accept returns, but it may exchange products sold to certain customers. Furthermore, the Group may grant reductions or price protection programs to certain customers, at its discretion. In this case, the Group's management estimates the amount of future credit notes and records a provision as a reduction in sales.

Licenses

The Group may issue licenses in return for a guaranteed minimum royalty. This royalty is recorded in revenue when the significant rewards and risks attached to the goods have been transferred to the buyer.

Additional revenue on sales above the guaranteed minimum royalty is recorded as and when the sales are completed.

Services

Revenue corresponding to development and publishing services on behalf of third parties includes royalties and other remuneration which are regarded as acquired and recognized in sales as and when the service is rendered.

R&D costs

This item includes all research and development costs for production teams including salaries and other compensation (retirement, payments based on equity instruments, etc.), operating costs, incidental costs, and other significant research and development costs (royalties, depreciation on tools). This item includes depreciation on commercial software.

Marketing costs

This item includes all sales and marketing costs, with the exception of editorial marketing costs which are included under research and development costs.

Administrative and IT costs

This item includes all the expenses of the administrative and IT teams.

Current operating income and operating income

Operating income includes all revenues and costs directly linked to Group activities, whether these revenues and costs are recurrent or resulting from one-off decisions or operations. Extraordinary items, defined as revenues and expenses that are unusual in their frequency, nature and/or amount, belong to operating income. Current operating income is equal to operating income before inclusion of items whose amount and/or frequency are unpredictable by nature.

The Group believes that presenting the "Current operating income" sub-total separately on the income statement makes it easier to understand the recurrent operating performance and provides

readers of the financial statements with useful information in order to analyze this performance.

Financing costs and other financial income and expenses

The cost of net financial debt includes income and expenses linked to cash and cash equivalents, interest expenses on borrowings which include the sale of investment securities, creditor interest and the cost of ineffective currency hedging.

Other financial income and expenses include the sale of non-consolidated securities, capital gains or losses on disposals and impairment of financial assets (other than trade receivables), income and expenses linked to the discounting of assets and liabilities, and foreign exchange gains and losses on unhedged items.

The impact on profit and loss of measuring financial instruments used in the management of foreign exchange risks is recognized in operating income.

Income tax

Income tax (income or expense) includes the current tax expense (or income) and deferred tax expense (income). Tax is recognized in profit or loss, unless it relates to items that are recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

Current tax

Current tax is the estimated amount of tax owed on taxable income for an accounting period. It is determined using the tax rates applicable at the closing date.

Deferred tax

Deferred income tax is measured using the statement of financial position liability method for all temporary differences between the carrying amount of the assets and liabilities and their tax basis.

The following situations do not lead to recognition of deferred tax:

- the recognition of an asset or liability in a transaction that is not a business combination and which affects neither accounting profit nor taxable profit;
- temporary differences linked to subsidiary holdings insofar as these are unlikely to be reversed in the foreseeable future.

Measurement of deferred tax assets and liabilities depends on the way in which the Group expects to recover or settle the carrying amount of the assets and liabilities using the tax rates applicable at the statement of financial position date.

A deferred tax asset is only recognized where it is likely that the Group will have future taxable income against which the asset may be utilized. Otherwise, deferred tax assets are reduced to the extent that it is no longer likely that sufficient taxable income will be available.

The impact of possible changes in tax rates on previously recorded deferred tax is recognized in profit or loss except where it relates to an item recognized in other comprehensive income.

Deferred tax is shown in the statement of financial position separately from current tax assets and liabilities and is classified as a non-current item.

Deferred tax relating to tax loss carry forwards is capitalized when it is likely that it will be utilized within a reasonable timeframe, assessed on the basis of tax forecasts.

Methods of calculating earnings per share

Earnings per share

Basic earnings per share are equal to earnings divided by the weighted average number of shares in circulation minus treasury shares.

Diluted earnings per share

Diluted earnings per share are equal to:

- net income before dilution, plus the after-tax amount of any savings in financial expenses resulting from the conversion of the diluting instruments; divided by
- the weighted average number of ordinary shares in circulation, minus treasury shares, plus the number of shares that would be created as a result of the conversion of instruments convertible into shares and the exercise of rights.

Segment reporting

The operating segments reported correspond to the publication/production activities and to geographical areas of distribution at which operational decisions are made.

SCOPE OF CONSOLIDATION

As at March 31, 2016, 63 entities were consolidated (62 entities as at March 31, 2015).

Only significant entities are presented in the table below. The significance of entities is assessed according to their contribution to capitalized production costs and their contribution to Group sales. Other subsidiaries and special purpose entities whose contribution is not significant are not included in this list.

Company	Country	Percentage control	Percentage of capital	Method	Business
Ubisoft Entertainment SA	France	Parent company	Parent company	FC	
Ubisoft Ltd	United Kingdom	100%	100%	FC	Distribution
Ubisoft Inc.	United States	100%	100%	FC	Distribution
Ubisoft GmbH	Germany	100%	100%	FC	Distribution
Ubisoft Srl	Romania	100%	100%	FC	Production
Ubisoft Entertainment Inc.	Canada	100%	100%	FC	Production/ Distribution
Ubisoft France SAS	France	100%	100%	FC	Distribution
Shanghai Ubi Computer Software Co. Ltd	China	100%	100%	FC	Production
Ubisoft EMEA SAS	France	100%	100%	FC	Distribution
Ubisoft Production Internationale SAS	France	100%	100%	FC	Production
Ubisoft Toronto Inc.	Canada	100%	100%	FC	Production
Ubisoft Montpellier SAS	France	100%	100%	FC	Production
Ubisoft Paris SAS	France	100%	100%	FC	Production
Ubisoft Entertainment Sweden AB	Sweden	100%	100%	FC	Production

FC = Full consolidation

The closing date of the annual accounting period for consolidated companies is March 31. Certain companies use December 31 as their closing date, but draw up financial statements for the period from April 1 to March 31 for the purposes of consolidated reporting.

Changes in scope

Scope changes and their impact on the comparability of financial statements are described in paragraph 5.1.6.

NOTES TO THE BALANCE SHEET

NOTE 1 GOODWILL

Goodwill	Opening balance	Increase	Decrease	Changes in scope	Foreign exchange gains and losses	Closing balance
Net	129,906	-	(20,777)	-	(2,935)	106,194
NET AT 03/31/16	**129,906**	**-**	**(20,777)**	**-**	**(2,935)**	**106,194**
NET AT 03/31/15	**138,335**	**-**	**(19,154)**	**-**	**10,725**	**129,906**

The change in goodwill, at constant exchange rates, can be attributed to impairments recognized as a result of impairment tests on March 31, 2016 *(See Note 21)*.

The net carrying amount of goodwill as at March 31, 2016 is allocated as follows:

CGU	At 03/31/15 Gross	Increase	Decrease	Foreign exchange gains and losses	At 03/31/16 Gross
Publishing/production	**59,606**			**(1,410)**	**58,196**
Distribution	**26,537**		**(8,817)**	**(202)**	**17,518**
Distribution Germany	12,718		(6,929)		5,789
Distribution France	10,103				10,103
Distribution Switzerland	1,972		(1,888)	(84)	-
Distribution Canada	1,744			(118)	1,626
Production/distribution	**43,763**			**(1,323)**	**42,440**
TOTAL	**129,906**	**-**	**(8,817)**	**(2,935)**	**118,154**

CGU	At 03/31/15 Impairment	Increase	Decrease	Foreign exchange gains and losses	At 03/31/16 Impairment
Publishing/production	**-**				**-**
Distribution	**-**	**10,279**	**(8,817)**		**1,462**
Distribution Germany	-	6,929	(6,929)		-
Distribution France	-	1,462			1,462
Distribution Switzerland	-	1,888	(1,888)		-
Distribution Canada	-				-
Production/distribution	**-**	**10,498**			**10,498**
TOTAL	**-**	**20,777**	**(8,817)**		**11,960**

Impairment tests of goodwill

The result of impairment tests on goodwill attached to the most significant CGUs is detailed in the table below:

Type of CGU or group of CGUs tested	Measurement method	Discount rate	Perpetuity growth rate	Carrying amount as at 03/31/16 *(in € millions)*	Recoverable value *(in € millions)*
Publishing/production	**DCF**	**8.14%**	**1.5%**	**58**	**384**
Distribution					
Distribution Germany	DCF	8.14%	1%	6	6
Distribution France	DCF	8.14%	1%	10	9
Distribution Canada	DCF	8.14%	1%	2	21
Production/distribution	**DCF**	**8.14%**	**[1% to 1.5%]**	**43**	**96**

Sensitivity of recoverable amounts

On the basis of foreseeable events to date, the Group considers that potential changes in the assumptions described in Note 5.1.6 "Impairment testing of non-current assets" would not lead to a surplus in the carrying amount compared with the recoverable value.

The table below shows the discount rate and EBIT changes required for an impairment to be recognized for material CGUs not impaired at March 31, 2016:

Type of CGU or group of CGUs tested	Discount rate leading to an impairment	EBIT growth rate leading to an impairment
Publishing/production	**10.16%**	**-11.0%**
Production/distribution	**57.47%**	**-83.7%**

NOTE 2 OTHER INTANGIBLE ASSETS

Non-current assets	At 03/31/16 Gross	Depreciation and amortization	At 03/31/16 Net	At 03/31/15 Net
Released commercial software	813,715	700,243	113,472	63,988
Released external software developments	72,646	64,354	8,292	10,996
Commercial software in production	397,318	29,992	367,326	351,560
External software developments in progress	28,977	6,017	22,960	28,494
Office software	64,017	45,785	18,232	19,665
Other intangible assets in progress	5,121	-	5,121	5,667
Brands	77,675	1,538	76,137	81,124
Released movies	15,922	13,922	2,000	1,196
Movies in production	34,009	-	34,009	9,353
Other	467	414	53	182
TOTAL	**1,509,867**	**862,265**	**647,602**	**572,225**

Non-current assets	Opening balance	Increase	Decrease	Reclassification of software in progress	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	697,688	51,818	(318,977)	383,207	-	-	(21)	813,715
Released external software developments	119,459	4,549	(49,268)	16,643	(17)	(18,720)	-	72,646
Commercial software in production	398,728	381,520	-	(383,207)	-	5,512	(5,235)	397,318
External software developments in progress	28,494	21,803	-	(16,643)	-	(4,677)	-	28,977
Office software	60,927	3,194	(3,648)	-	4,840	211	(1,507)	64,017
Other intangible assets in progress	5,667	4,376	(78)	-	(4,840)	-	(4)	5,121
Brands	82,441	-	(10)	-	-	-	(4,756)	77,675
Movies being marketed	10,952	(222)	(1,626)	-	6,818	-	-	15,922
Movies in production	9,353	31,474	-	-	(6,818)	-	-	34,009
Other	808	-	(334)	-	-	-	(7)	467
TOTAL AT 03/31/16	**1,414,517**	**498,512**	**(373,941)**	**-**	**(17)**	**(17 674)**	**(11,530)**	**1,509,867**
TOTAL AT 03/31/15	**1,395,323**	**433,403**	**(426,861)**	**-**	**(161)**	**-**	**12,814**	**1,414,517**

The increase in commercial software in production of €381,520 thousand and in released commercial software of €51,818 thousand can be explained by the capitalized production costs of €433,788 thousand, and foreign exchange losses of €(450) thousand. Reclassifications between accounts result mainly from the transfer of intangible assets in progress and from the acquisition of Ivory Tower SAS during the year.

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	633,700	344,302	(318,977)	41,241	-	(23)	700,243
Released external software developments	108,463	22,783	(49,268)	(17)	(17,607)	-	64,354
Commercial software in production	47,168	24,065	-	(41,241)	-	-	29,992
External software developments in progress	-	6,017	-	-	-	-	6,017
Office software	41,262	9,293	(3,628)	-	171	(1,313)	45,785
Brands	1,317	231	(10)	-	-	-	1,538
Movies being marketed	9,756	5,792	(1,626)	-	-	-	13,922
Other	626	111	(316)	-	-	(7)	414
TOTAL AT 03/31/16	**842,292**	**412,594**	**(373,825)**	**(17)**	**(17 436)**	**(1,343)**	**862,265**
TOTAL AT 03/31/15	**796,800**	**468,244**	**(426,860)**	**-**	**(4)**	**4,112**	**842,292**

No intangible assets are used to secure any borrowings.

Sensitivity of recoverable amounts of other assets with indefinite useful lives (brands)

On the basis of foreseeable events to date, the Group considers that potential changes in the assumptions described in Note 5.1.6 "Impairment testing of non-current assets" would not lead to a surplus in the carrying amount compared with the recoverable value.

The recoverable value of brands is nine times their carrying amount.

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Non-current assets	At 03/31/16 Gross	Cumulative depreciation and amortization	At 03/31/16 Net	At 03/31/15 Net
Land	1,710	-	1,710	1,715
Buildings	12,341	1,729	10,612	11,334
Fixtures and fittings	55,235	24,752	30,483	25,360
Computer hardware and furniture	117,770	85,684	32,086	31,513
Development kits	24,878	18,213	6,665	8,637
Transport equipment	311	177	134	170
Non-current assets in progress	2,256	-	2,256	2,253
TOTAL	**214,501**	**130,555**	**83,946**	**80,983**

Non-current assets	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Land	1,715	-	-	-	-	(5)	1,710
Buildings	12,456	7	-	-	-	(122)	12,341
Fixtures and fittings	47,146	8,065	(2,036)	4,058	121	(2,119)	55,235
Computer hardware and furniture	105,560	19,508	(3,958)	1,012	712	(5,064)	117,770
Development kits	25,313	1,805	(1,698)	-	-	(542)	24,878
Transport equipment	469	42	(196)	-	-	(4)	311
Non-current assets in progress	2,252	5,501	-	(5,385)	1	(113)	2,256
TOTAL AT 03/31/16	**194,911**	**34,928**	**(7,888)**	**(315)**	**834**	**(7,969)**	**214,501**
TOTAL AT 03/31/15	**147,079**	**43,539**	**(8,687)**	**(2)**	**(27)**	**13,009**	**194,911**

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Buildings	1,122	648	-	-	-	(41)	1,729
Fixtures and fittings	21,786	6,010	(1,990)	(178)	97	(973)	24,752
Computer hardware and furniture	74,046	18,982	(3,959)	(200)	581	(3,766)	85,684
Development kits	16,676	3,678	(1,698)	22	-	(465)	18,213
Transport equipment	298	77	(196)	-	-	(2)	177
TOTAL AT 03/31/16	**113,928**	**29,395**	**(7,843)**	**(356)**	**678**	**(5,247)**	**130,555**
TOTAL AT 03/31/15	**90,339**	**23,565**	**(8,501)**	**5**	**(31)**	**8,551**	**113,928**

Property

Ubisoft owns the land and building occupied by its Hybride Technologies Inc. subsidiary in Canada, at 111 Chemin de la gare, Piedmont, Quebec, and the first floor of the building at 8, rue de Valmy, Montreuil-sous-Bois, France.

No property, plant or equipment is used to secure any borrowings.

As at March 31, 2016, no impairment test was performed because there was no indicator of impairment of property, plant and equipment.

NOTE 4 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets	At 03/31/16 Gross	Cumulative impairment	At 03/31/16 Net	At 03/31/15 Net
Equity investments in non-consolidated companies	-	-	-	3
Deposits and sureties	4,232	-	4,232	4,053
Other non-current receivables	107	-	107	106
TOTAL	**4,339**	**-**	**4,339**	**4,162**

Non-current financial assets	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Equity investments in non-consolidated companies	3	-	-	-	(3)	-	-
Deposits and sureties	4,053	759	(483)	-	32	(129)	4,232
Other non-current receivables	106	33,632	(33,632)	-	-	1	107
TOTAL AT 03/31/16	**4,162**	**34,391**	**(34,115)**	**-**	**29**	**(128)**	**4,339**
TOTAL AT 03/31/15	**3,621**	**23,709**	**(23,428)**	**(16)**	**-**	**277**	**4,162**

The change in other non-current receivables primarily reflects purchases and sales of own shares held under the liquidity agreement.

NOTE 5 INVENTORY AND WORK IN PROGRESS

Inventory and work in progress	Opening balance	Changes in inventory (profit or loss)	Changes in scope	Foreign exchange gains and losses	Closing balance
Goods	25,883	5	-	(1,129)	24,759
TOTAL AT 03/31/16	**25,883**	**5**	**-**	**(1,129)**	**24,759**
TOTAL AT 03/31/15	**25,179**	**(3,007)**	**-**	**3,711**	**25,883**

Provisions	Opening balance	Provisions/ Reversals	Changes in scope	Foreign exchange gains and losses	Closing balance
Goods	7,458	(1,818)	-	(255)	5,385
TOTAL AT 03/31/16	**7,458**	**(1,818)**	**-**	**(255)**	**5,385**
TOTAL AT 03/31/15	**3,836**	**2,799**	**-**	**823**	**7,458**

NOTE 6 TRADE RECEIVABLES

Trade receivables and other receivables	Opening balance Gross	Movement	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance Gross
Trade receivables	25,296	402,877	(59)	(23)	(7,994)	420,097
TOTAL AT 03/31/16	**25,296**	**402,877**	**(59)**	**(23)**	**(7,994)**	**420,097**
TOTAL AT 03/31/15	**74,471**	**(53,783)**	**(25)**	**(433)**	**5,066**	**25,296**

Provisions	Opening balance	Provisions	Reversals	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Trade receivables	1,392	327	(1,117)	(59)	-	(23)	520
TOTAL AT 03/31/16	**1,392**	**327**	**(1,117)**	**(59)**	**-**	**(23)**	**520**
TOTAL AT 03/31/15	**1,151**	**877**	**(674)**	**(25)**	**-**	**63**	**1,392**

Trade receivables are due in less than one year.

The analysis of credit risk appears in Note 15.

NOTE 7 OTHER RECEIVABLES

	03/31/16			03/31/15
Other receivables	Gross	Impairment	Net	Net
Advances and prepayments received	1,889	-	1,889	1,985
VAT	47,235	-	47,235	31,178
Grants receivable	28,736	-	28,736	57,320
Other tax and employee-related receivables	1,936	-	1,936	2,674
Other	399	-	399	2,942
Prepaid expenses	20,790	-	20,790	17,756
TOTAL	**100,985**	**-**	**100,985**	**113,855**

All other receivables are due in less than one year.

An amount of receivables under grants receivable in the amount of €42.4 million was deconsolidated following the signing of the factoring agreement regarding the Canadian Credit Multimedia titles (€19.9 million as at March 31, 2015). The contractual terms of the factoring agreement allow Ubisoft to transfer all the risks and rewards relating to the 85% share of these receivables held, including the risk of default of the assigned debtor. Consequently, 85% of these grants were derecognized as at March 31, 2016.

NOTE 8 CURRENT FINANCIAL ASSETS

	03/31/16			03/31/15
Current financial assets	Gross	Impairment	Net	Net
Foreign exchange derivatives *	13,780	-	13,780	3,870
Stock futures	-		-	1,049
TOTAL	**13,780**	**-**	**13,780**	**4,919**

* *Foreign exchange derivatives: Foreign exchange derivatives whose market value at the year-end is positive are reported at fair value (level 2, IFRS 7 hierarchy), (see analysis in Note 15)*

NOTE 9 CASH AND CASH EQUIVALENTS

	03/31/16	03/31/15
Cash and bank balances	422,123	423,969
Investments of less than 3 months *	39,252	232,692
TOTAL	**461,375**	**656,661**

* *UCITS measured at fair value (level 1, IFRS 7 hierarchy)*

The amounts presented in cash and cash equivalents are immediately available to the Group and have a negligible risk of changes in value.

The change in net cash breaks down as follows:

	03/31/16	03/31/15
Cash and cash equivalents	461,375	656,661
Bank overdrafts	(205,687)	(151,445)
CASH AND CASH EQUIVALENTS ON THE CASH FLOW STATEMENT *	**255,688**	**505,215**

* *See section 5.1.5*

NOTE 10 EQUITY

Capital

As at March 31, 2016, the capital of Ubisoft Entertainment SA was €8,710,056 divided into 112,387,818 shares with a nominal value of €0.0775.

Each share gives rights to ownership of the corporate assets and the liquidation dividend equal to the proportion of the share capital that it represents.

Voting rights double those conferred on other shares, based on the proportion of the share capital they represent, are granted to all fully paid-up shares that are shown to have been registered in the name of the same shareholder for at least two years.

In the event of a share capital increase via the capitalization of reserves, earnings or issue premiums, this right is also conferred at the date of issue on registered shares granted free of charge to a shareholder on the basis of old shares that enjoyed this right.

NUMBER OF UBISOFT ENTERTAINMENT SA SHARES:

AT 04/01/15	**109,396,612**
Option exercises	2,549,595
Free share grants	128,195
Group savings scheme	134,116
Reserved capital increase	179,300
AT 03/31/16	**112,387,818**

The maximum number of shares to be created is 7,283,147:

- 2,634,721 through the exercising of stock options;
- 4,648,426 through the allocation of free shares.

The details of stock options and free shares are given in Note 13.

Translation reserve

The translation reserve includes all Foreign exchange gains and losses resulting from the translation of the financial statements of foreign subsidiaries since January 1, 2004.

The foreign exchange gains and losses in "Equity attributable to owners of the Company" ranged from €15 million to €(11) million, between March 31, 2015 and March 31, 2016. This change is due primarily to the following currencies:

Currency	Closing rate 03/31/16	Closing rate 03/31/15	Impact
USD	1,1385	1,0759	(9,959)
CAD	1,4738	1,3738	(7,924)
GBP	0,79155	0,7273	(5,783)
CNY	7,3514	6,6710	(1,104)
AUD	1,4807	1,4154	(401)
Other			(956)
TOTAL			**(26,127)**

Hedging reserve

The hedging reserve includes the effective part of the cumulative net change in the fair value of cash flow hedge instruments attributable to hedged transactions that have not yet materialized.

AT 03/31/15	**(7,320)**
Gains/losses on cash flow hedging	
Foreign exchange hedges	*10,857*
Deferred tax	*(3,738)*
Reclassification under profit or loss	
Foreign exchange hedges	*11,807*
Deferred tax	*(4,487)*
AT 03/31/16	**7,119**

The portion reclassified under profit or loss is recognized under current operating income.

Own shares

Occasionally, in accordance with the legal framework, the Group buys its own shares on the market.

As at March 31, 2016, the Company held 3,647,838 own shares:

- liquidity agreements: 45,800 shares valued at €1,224 thousand (down €152 thousand on March 31, 2015);
- treasury shares in the process of being canceled: 1,248,214 shares valued at €20,040 thousand;
- employee stock ownership: 113,824 shares valued at €475 thousand (down €787 thousand on March 31, 2015);
- shares held with a view to possible acquisitions: 2,240,000 shares valued at €59,253 thousand.

They are recognized as a deduction from equity, for an amount of €80,992 thousand (€78,355 thousand increase compared with March 31, 2015) and are valued at an average price of €22.20.

Dividends

As at March 31, 2016, no dividend was paid in respect of 2014/2015 earnings.

5

NOTE 11 PROVISIONS AND CONTINGENT LIABILITIES

	Opening balance	Provisions	Reversals (used provision)	Reversals (unused provision)	Changes in scope	Foreign exchange gains and losses	Closing balance
Provision for tax risk	5,317	-	-	-	-	(361)	4,956
Provision for other financial risks	2,042	688	(237)	-	-	(147)	2,346
Other provisions for risks	138	1,542	(91)	-	-	(3)	1,586
TOTAL AT 03/31/16	**7,497**	**2,230**	**(328)**	**-**	**-**	**(511)**	**8,888**
TOTAL AT 03/31/15	**4,304**	**3,704**	**(1,089)**	**-**	**(14)**	**592**	**7,497**

The Canadian company Ubisoft Entertainment Inc. is currently being audited for its transfer pricing policies. Discussions are ongoing between Canadian and French authorities to avoid the potential issue of double taxation of the Ubisoft Group. In the 2014/2015 financial year, an inspection notice was received for the years FY09 to FY13. This tax inspection was still in progress at March 31, 2016 and, to date, Ubisoft Entertainment Inc. has not received any related proposals for tax increases. The non-prescribed period which will likely lead to a tax increase dates back to the year ended on March 31, 2003 (FY03). At March 31, 2016, a provision of €4,858 thousand was maintained in the absence of any change in the proceedings since the close of the financial year ended on March 31, 2015.

The provision for other financial risks of CAD$3.3 million at Ubisoft Entertainment Inc. relates to the risk on the Canadian Credit Multimedia titles.

Other provisions for risks relate to commercial disputes in progress.

Contingent liabilities

Tax audits underway for which proposed adjustments have been received:

- Ubisoft International SAS for the period from April 1, 2008 to March 31, 2012: the Company fully contests the proposed income tax adjustment and consequently no provision has been recognized in the financial statements;
- Ubisoft Entertainment India Pvt. Ltd (India) for the period from April 1, 2009 to March 31, 2012. The Company contests all the proposed adjustments relating to the transfer pricing policy and consequently no provision has been recognized in the financial statements.

Tax audits underway for which no proposed adjustments have been received:

- Ubisoft Entertainment SA and Ubisoft International SAS for the period from April 1, 2012 to March 31, 2015; the audit began in March 2016 and, to date, primarily relates to the Company's income tax;
- Ubisoft Montpellier SAS for the period from April 1, 2011 to March 31, 2014; the audit began in January 2015 and, to date, primarily relates to the Company's income tax.

These tax audits are unrelated to each other. Furthermore, it is not possible to predict when the inspections are due to end.

NOTE 12 EMPLOYEE BENEFIT LIABILITIES

	Opening balance	Provisions	Change in other comprehensive income	Reversals	Foreign exchange gains and losses	Changes in scope	Closing balance
Provisions for post-employment benefits	5,430	1,251	39	(84)	(24)	6	6,618
TOTAL AT 03/31/16	**5,430**	**1,251**	**39**	**(84)**	**(24)**	**6**	**6,618**
TOTAL AT 03/31/15	**3,715**	**626**	**1,109**	**(50)**	**30**	**-**	**5,430**

Assumptions

	Japan		Italy		France		India	
	03/31/16	03/31/15	03/31/16	03/31/15	03/31/16	03/31/15	03/31/16	03/31/15
Wage growth	2.87%	2%	3% and 4.9%	2%	1.5% to 2%	1.5% to 2%	10%	10%
Discount rate	1.78%	1.81%	1.78%	1.81%	1.78%	1.81%	7.90%	9.30%
Average remaining working life	17.01 years	26.16 years	22.85 and 30.89 years	25.92 years	31.35 years	31.63 years	33.17 years	33.34 years

Death rate assumptions are based on published statistics and tables.

The definition of and principles for measurement and recognition of these benefit liabilities are presented in section 5.1.6 Consolidation principles – Employee benefits.

An increase of 50 basis points in the discount rate would result in a fall of 10.2% in the amount of the benefit liability.

A decrease of 50 basis points in the discount rate would result in a rise of 11.6% in the amount of the benefit liability.

NOTE 13 PAYMENTS BASED ON EQUITY INSTRUMENTS

Impact on the financial statements:

EQUITY AT 03/31/15	**99,426**
Personnel costs	**12,918**
Stock options	*1,574*
Free share grants	*10,197*
Group savings scheme	*1,147*
EQUITY AT 03/31/16	**112,344**

The impact of these stock-based compensation payments on reserves corresponds to all equity instruments issued by Ubisoft as at March 31, 2016 *(see section 5.1.4)*.

Stock options

The fair value of share subscription or purchase options, subject to satisfaction of presence and performance requirements for corporate officers and a presence requirement for employee beneficiaries, is estimated and fixed at the grant date. The expense is recognized over a four-year vesting period, but is not straight-line given the vesting terms.

Subscription options

	23rd plan		24th plan		25th plan	
Total number of shares granted	3,123,939 *		3,256,413 *		936,970	
Start of exercise period	06/30/11		04/27/12		10/19/13	
Expiry date of options	06/29/15		04/26/16		10/18/17	
Strike price of options	€7.02	€6.32	€6.77	€6.77	€6.37	€6.65
	France	World	France	World	France	World
Maturity *(in years)*	5		5		5	
Volatility	30%		30%		30%	
Risk-free interest rate	1.54%		2.72%		0.35%	
Estimated dividend rate	0%		0%		0%	
Annual turnover rate	5%		5%		5%	
Fair value of options after stock split *(in €/share)*	€1.29	€1.13	€1.85	€1.31	€1.79	€1.28
	France	World	France	World	France	World
Options at April 1, 2015	831,644		1,793,731		739,935	
Options granted during the period	-				-	
Options exercised during the period	827,062		1,411,870		184,329	
Options cancelled during the period	4,582		11,972		5,375	
Options outstanding at March 31, 2016	-		369,889		550,231	

* *Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012*

	26th plan		27th plan	28th plan	29th plan	30th plan	31st plan	Total
Total number of shares granted	798,125		100,000	665,740	62,200	328,100	37,500	
Start of exercise period	10/29/14		May 2018	09/24/15	12/16/15	09/23/16	May 2019	
Expiry date of options	10/28/18		03/16/19	09/23/19	12/15/19	09/22/20	12/15/20	
	€9.54	€8.83	€11.92	€12.92	€14.22	€17.94	€26.85	
Strike price of options	France	World						
Maturity *(in years)*	5		5	5	5	5	5	
Volatility	30%		30%	42%	42%	42%	42%	
Risk-free interest rate	0.75%		0.50%	0.50%	0.15%	0.13%	0.13%	
Estimated dividend rate	0%		0%	0%	0%	0%	0%	
Annual turnover rate	5%		0%	5%	5%	5%	5%	
	€1.98	€1.69	€2.90	€4.29	€4.62	€4.35	€8.73	
Fair value of options after stock split *(in €/share)*	France	World						
Options at April 1, 2015	699,270		85,000	663,240	62,200	-		4,875,020
Options granted during the period	-					328,100	37,500	365,600
Options exercised during the period	51,134		-	73,700	1,500	-	-	2,549,595
Options cancelled during the period	7,750		-	23,625	-	3,000	-	56,304
Options outstanding at March 31, 2016	640,386		85,000	565,915	60,700	325,100	37,500	2,634,721

The average price of options exercised during the period was €6.98.

Purchase options (1)

	24th plan
Total number of shares granted (2)	421,705
Start of exercise period	04/27/12
Expiry date of options	04/26/16
Strike price of options (2)	€6.77
Purchase options at April 1, 2015 (2)	322,989
Purchase options granted during the period	-
Number of purchase options exercised during the period	209,165
Purchase options granted during the period	506
Purchase options outstanding at March 31, 2016	113,318

(1) 417,000 subscription options (of the 3,220,748 options granted) changed into purchase options following a decision made by the Board of Directors on March 9, 2012
(2) Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012

Free share grants settled in cash

In the first half of the 2012/2013 financial year, Ubisoft decided to give its employees free shares settled in cash, assessed in terms of changes in the value of the share on Euronext Paris and contingent upon attendance and performance conditions.

	Phantom plan
Grant date	07/02/12
Maturity – vesting period *(in years)*	3 years
Total number of shares granted	61,000
Total number of shares acquired	56,000
Fair value of shares at the acquisition date	€16,225
Total expense over the vesting period	€908,600
Expense recognized over the financial year	€53,446

Free share grants settled in shares

Free share grants, which are subject to performance conditions, are locked in for a two, three, or four year period following the grant date. As the shares granted are ordinary shares in the same category as the old shares that comprise the Company's share capital, employee shareholders receive dividends and voting rights on all their shares at the end of the vesting period.

The employee benefit expense corresponds to the value of instruments received by the beneficiary, which is equal to the value of shares being received, with the discounted value of dividends expected over the vesting period being zero.

	03/31/12	03/31/13	
Grant date	06/24/11	10/19/12	02/08/13
Maturity – vesting period *(in years)*	4 years	4 years	4 years
Fair value of the instrument in € per share	€6.42	€6.76	€7.6
Percentage of operating targets reached	100%	100%	100%
Number of instruments as at April 1, 2015	128,195 (1)	397,180	297,000
Number of instruments granted during the period	-	-	-
Number of cancelled instruments during the period	-	34,140	6,000
Number of instruments exercised during the period	128,195	-	-
Number of instruments as at March 31, 2016	-	363,040	291,000

(1) Number adjusted following issuance of share subscription warrants on April 10, 2012

	03/31/14					
Grant date	05/14/13	06/17/13	10/09/13	10/29/13	02/11/14	03/17/14
Maturity – vesting period *(in years)*	4 years	4 years	4 years	4 years	4 years	4 years
Fair value of the instrument in € per share	€8.6	€10.3	€10.55	€8.92	€11.40	€12.51
Percentage of operating targets reached	100%	100%	100%	100%	100%	100%
Number of instruments as at April 1, 2015	146,300	220,833	40,000	653,588	10,000	263,200
Number of instruments granted during the period	-	-	-	-	-	-
Number of cancelled instruments during the period	2,600	10,030	-	42,810	-	2,000
Number of instruments exercised during the period	-	-	-	-	-	-
Number of instruments as at March 31, 2016	143,700	210,803	40,000	610,778	10,000	261,200

	03/31/15				
Grant date	07/01/14	09/24/14	09/24/14	12/16/14	12/16/14
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years
Fair value of the instrument in € per share	€13.52	€12.71	€7.45	€14.17	€8.38
Percentage of operating targets reached	100%	100%	100%	100%	100%
Number of instruments as at April 1, 2015	558,818	10,710	391,530	242,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of cancelled instruments during the period	38,750	-	9,330	10,000	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2016	520,068	10,710	382,200	232,600	72,270

	03/31/16					Total
Grant date	09/23/15	09/23/15	10/19/15	12/16/15	03/03/16	
Maturity – vesting period *(in years)*	4 years	3 years	4 years	3 years	4 years	
Fair value of the instrument in € per share	€18.29	€11.61	€24.92	€15.45	€26.81	
Percentage of operating targets reached	100%	100%	100%	100%	100%	
Number of instruments as at April 1, 2015	-	-	-	-	-	3,432,224
Number of instruments granted during the period	970,220	141,180	183,833	45,000	179,100	1,519,333
Number of cancelled instruments during the period	19,276	-	-	-	-	174,936
Number of instruments exercised during the period	-	-	-	-	-	128,195
Number of instruments as at March 31, 2016	950,944	141,180	183,833	45,000	179,100	4,648,426

Group savings scheme

Ubisoft also offers Group savings schemes, which allow workers to acquire Ubisoft shares as part of reserved capital increases. Employees acquire these shares with a maximum discount of 15% versus the average opening price over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

The difference between the share subscription price and the share price on the grant date (the same as the plan's announcement date) constitutes the benefit awarded to beneficiaries. This estimated expense is fixed on the grant date and recognized immediately as remuneration for past services.

The retention period is five years for French employees.

	03/31/16		03/31/15
Grant date	07/21/15	04/02/15	07/15/14
Subscription price *(in €)*	€12.18	€14.22	€8.89
Data at date of announcement to employees:			
Share price *(in €)*	16.41	17.46	13.80
Number of shares subscribed	134,116	179,300	211,142
Fair value of the benefit in € per share	**4.23**	**3.24**	**4.91**

NOTE 14 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	03/31/16	03/31/15
Bank borrowings	268,830	266,289
Borrowings resulting from the restatement of finance-leases	8,553	9,450
Non-current financial liabilities	**277,383**	**275,739**
Bank borrowings	4,090	2,261
Commercial papers	15,000	15,000
Bank overdrafts and short-term loans	205,207	151,024
Accrued interest	480	421
Borrowings resulting from the restatement of finance-leases	900	895
Foreign exchange derivatives *	2,541	13,625
Current financial liabilities	**228,218**	**183,226**
TOTAL	**505,601**	**458,965**
Fixed-rate debt	137,354	114,503
Variable-rate debt	368,247	344,462

* *Measured at fair value (level 2, IFRS 7 hierarchy). The fair value hierarchy was unchanged from March 31, 2015*

NOTE 15 INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS

In the course of its business, the Group may be exposed to varying degrees of interest-rate, foreign exchange, financing, liquidity, counterparty and credit risks. The Group has put in place a policy for managing these risks, which is described below.

Interest-rate risk

Interest-rate risk is mainly incurred through the Group's interest-bearing debt. It is essentially euro-denominated and centrally managed. Interest-rate risk management is primarily designed to minimize the cost of the Group's borrowings and reduce exposure to this risk. For this purpose, the Group uses primarily fixed-rate loans for its long-term financing needs and variable-rate loans to finance specific needs relating to increases in working capital during particularly busy periods. The Schuldschein type loan of €200 million is a mix of variable rates and fixed rates.

As at March 31, 2016, the Group's gross debt was primarily comprised of fixed rate Euro PP type bonds, a Schuldschein loan with a mix of variable and fixed rates, loans, commercial papers and bank overdrafts, intended essentially to finance the high year-end working capital requirements relating to the highly seasonal nature of the business.

Analysis of variable-rate net debt's sensitivity to interest-rate risk

The Group's exposure to a change in interest rates on net debt is presented in the following table:

Liabilities	Type of rate	Rate	Nominal	Interest p.a.	Change of 1%	Difference
Net cash from bank overdrafts	Variable	0.01%	216,610	23	2,189	2,169
Investment securities	Variable	0.33%	39,251	129	521	392
Committed line of credit	Variable	0.00%	(5,000)	-	(50)	(50)
TOTAL			**255,861 ***	**152**	**2,661**	**2,511**

* *Excluding accrued interest and finance lease borrowing*

Liquidity risk

As at March 31, 2016, the Group had financial debt of €503 million and net cash (including liquid assets and short-term investment securities) of €(42) million.

	03/31/16	03/31/15
Financial liabilities excluding derivatives	(503,059)	(445,341)
Cash	422,123	423,969
Net investment securities	39,252	232,692
NET CASH	**(41,684)**	**211,320**

To finance temporary requirements related to the increase in working capital during especially busy periods, as at March 31, 2016, the Group had a €250 million syndicated loan, €12 million in loans, €60 million in bilateral credit lines and other bank credit facilities totaling €78 million, and had issued €60 million in Euro PP bonds, a Schuldschein loan for €200 million, and €15 million in commercial paper (as part of a program for a maximum amount of €300 million).

The Group implemented cash agreements allowing centralized management at parent bank level of the bank accounts of the majority of Group companies.

Covenants

Under the terms of the syndicated loan, bilateral credit lines and the Schuldschein loan, the Company is required to comply with certain financial ratios (covenants).

The covenants are as follows:

	2015/16	2014/15
Net debt restated for assigned receivables/equity restated for goodwill <	0.80	0.80
Net debt restated for assigned receivables/EBITDA <	1.5	1.5

All covenants are calculated on the basis of the consolidated annual financial statements under IFRS.

As at March 31, 2016, the Company is in compliance with all these ratios and expects to remain so during the 2016/2017 financial year.

Other borrowings are not governed by covenants.

Analysis of financial liabilities by maturity

	03/31/16		Schedule			
	Carrying amount	Total contractual cash flows [1]	< 1 year	1 to 2 years	3 to 5 years	> 5 years
Current and non-current financial liabilities						
Bank borrowings	287,920	287,920	19,090	2,437	266,262	131
Borrowings resulting from the restatement of finance-leases	9,453	9,453	900	863	2,545	5,145
Trade payables	206,246	206,246	202,910	1,167	1,868	301
Other operating liabilities [2]	213,807	213,807	207,737	3,437	633	2,000
Current tax liabilities	13,511	13,511	13,511	-	-	-
Cash liabilities	205,687	205,687	205,687	-	-	-
Derivative liabilities						
Non-hedge derivatives	2,541	179,625	179,625			
TOTAL	**939,165**	**1,116,249**	**829,460**	**7,904**	**271,308**	**7,577**

(1) Liabilities are presented at the closing exchange rate, while variable-rate interest is calculated based on the closing spot rate
(2) Others operating debts at more than one year are mainly related to the deferred payments of consideration transferred as part of business combinations

Foreign exchange risk

The Group is exposed to foreign exchange risk on its cash flows from operating activities and on its investments in foreign subsidiaries. The percentage of sales generated outside of the euro currency area is 76%.

The Group only hedges its exposures on operating cash flows in the main significant foreign currencies (US dollar, Canadian dollar and Pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.

The Group first uses natural hedges provided by transactions in the other direction (development costs in foreign currency offset by royalties from subsidiaries in the same currency). The parent company uses foreign currency borrowings, futures or foreign exchange options to hedge any residual exposures and non-commercial transactions (such as inter-company loans in foreign currencies).

Derivatives for which documentation on the hedging relationship does not meet the requirements of IAS 39 are not referred to as accounting hedges.

As at March 31, 2016, foreign exchange transactions denominated in Canadian dollars, US dollars and Pound sterling meet the cash flow hedging requirements under IAS 39.

Hedging commitments are made by the parent company's treasury department in France. No hedging is taken out at subsidiaries in France or abroad.

The Group uses foreign currency derivatives, measured at fair value, only with standard banking institutions. These are top tier banking institutions. Also, given the seasonal nature of the Group's business activities, there is a limited number of open positions at the statement of financial position date. As a result, the credit value adjustment (entity's own risk) is deemed to be immaterial.

At closing, the fair value of foreign exchange derivatives is as follows:

	03/31/16						03/31/15					
	USD	CAD	GBP	SGD	JPY	SEK	USD	CAD	GBP	DKK	JPY	SEK
Hedging *	4,886	5,510	3,211				(12,263)	1,734	(1,114)			
Swap												
Net foreign exchange options												
QUALIFYING FOREIGN EXCHANGE HEDGING DERIVATIVES	**4,886**	**5,510**	**3,211**	**-**	**-**	**-**	**(12,263)**	**1,734**	**(1,114)**	**-**	**-**	**-**
Hedging *	(2,243)	(27)	(94)	37	(58)	18	1,704	154		(3)	20	13
Net foreign exchange options												
NON-HEDGE FOREIGN EXCHANGE DERIVATIVES	**(2,243)**	**(27)**	**(94)**	**37**	**(58)**	**18**	**1,704**	**154**	**-**	**(3)**	**20**	**13**

** Mark-to-market, level 2 in the hierarchy of fair value under IFRS 7*

The amount of ineffective derivative instruments qualifying for hedge accounting under IAS 39 is recognized in financial income.

Exposure to foreign exchange risk

(in thousands of currency units)	USD	GBP	CAD	AUD
Net position before hedging *	491,692	112,102	(265,933)	48,669
Futures contracts	(121,300)	(32,100)	200,000	(8,000)
Net position after hedging	370,392	80,002	(65,933)	40,669

* *Transaction position brought about by any operation triggering a payment or future earnings*

Credit and counterparty risk

Exposure to credit risk

Credit risk reflects the risk of financial loss to the Group in the event that a customer or counterparty to a financial instrument may fail to meet its contractual obligations. This risk is mainly incurred on trade receivables and investment securities.

The Group's exposure to credit risk is mainly influenced by customer-specific factors. The statistical profile of customers, notably including the risk of bankruptcy for each sector of activity and country in which customers operate, has no real influence on credit risk.

Given the large number of customers in many different countries, and their presence in the mass retail sector, the Company considers the counterparty risk on trade accounts to be limited.

Ubisoft's largest customer, the North America distribution zone, accounts for 12% of Group sales excluding tax. The top 5 account for 42.5% and the top 10 for 60%.

Moreover, in order to protect itself against the risk of arrears, the Group's main subsidiaries, which generate approximately 58% of Group sales, are all covered by credit insurance.

At closing, the maximum credit risk exposure, represented by the carrying amount of financial assets, was as follows:

		03/31/16			03/31/15
	Notes	Carrying amount	Provisions	Net carrying amount	Net carrying amount
Trade receivables	6	420,097	520	419,577	23,904
Other current trade receivables	7	100,985	-	100,985	113,855
Foreign exchange derivatives	8	13,780	-	13,780	3,870
Stock futures	8	-	-	-	1,049
Current tax assets		41,464	-	41,464	12,380
Cash and cash equivalents	9	461,375	-	461,375	656,661

A provision for bad debts is recognized following an individual analysis of trade receivables due at the statement of financial position date.

Exposure to counterparty risk

All cash must remain highly liquid by limiting capital risk exposure as much as possible. This should therefore be invested in products with a high degree of security, very low volatility and a negligible risk of changes in value. All instruments in which the Group invests meet the requirements of IFRS 7. For instance, some prudential rules must be respected for the Group's cash investments:

- never hold more than 5% of a fund's assets;
- never invest more than 20% of total cash in the same vehicle.

The Group diversifies its investments with top tier counterparties and monetary instruments with less than three months' maturity.

As at March 31, 2016, investments consisted of UCITS, deposit accounts and interest-bearing accounts.

Securities risk

Risk to the Company's shares

Own shares are held under a market-making and liquidity agreement signed with Exane BNP. These purchases are made under the terms of a market-making agreement that complies with all applicable regulations, and are designed to ensure the liquidity of purchases and sales of shares.

The Company allocated €1.5 million for the implementation of this agreement.

400,000 shares were purchased on the market (assigned to employee shareholdings) under the 6th resolution of the General Meeting of June 30, 2011.

The implementation of the share buyback program authorized by the Extraordinary General Meetings on July 1, 2014 and September 23, 2015 allowed for the acquisition of 3,488,214 shares.

As at March 31, 2016, the Company held 3,647,838 own shares with a value of €80,992 thousand. Own shares are deducted from equity at cost of sale.

Transfers of financial assets

Transferred financial assets not derecognized in their entirety

Factoring agreements on unvested rights under the CTMM (partially derecognized)

In March 2011, the production subsidiary Ubisoft Entertainment Inc. concluded a factoring agreement for claims relating to the unvested rights of Investissement Québec under the so-called "CTMM" grant.

The risks associated with these receivables are transferred to the counterparty of the factoring agreement; the receivables are derecognized from the statement of financial position of the Group.

Following an amendment made in March 2014, Ubisoft Entertainment Inc. receives 85% of the sale price of the receivables transferred at the transfer date. The remaining 15% is collected at the time of actual payment of the grant by Investissement Québec, the counterparty of the factoring agreement. As the risks and benefits associated with 15% of transferred receivables were retained by the Group, a portion of 15% of outstanding claims relating to unvested rights of the organization Investissement Québec under the so-called "CTMM" grant remains on the Group's balance sheet.

(in € millions)	Factoring agreement on the "CTMM" grant – Ubisoft Entertainment Inc.
Nature of the assets transferred	Claim on a government agency on the right to receive a government grant
Nature of the risks and rewards of ownership of the transferred assets	Default risk Risk of late payment
Total carrying amount of assets before the initial transfer	€49.9 M
Carrying amount of assets still recognized	€7.5 M
Carrying amount of the associated liabilities	N/A
Nature of the relationship between the transferred assets and associated liabilities	N/A
Restrictions on use of the assets transferred arising from the transfer	Legal ownership of the debt transferred to the counterparty

Financial assets derecognized in their entirety

In December 2013, the British and German sales and marketing subsidiaries concluded a factoring agreement on trade receivables from subsidiaries domiciled in their respective countries.

The risks associated with these receivables are transferred to the counterparty of the factoring agreement; the receivables are fully derecognized from the statement of financial position of the Group.

However, these two subsidiaries operate a collection service on behalf of the counterparty, a service that is constitutive of the continuing involvement of the Group in trade receivables transferred under these factoring contracts.

(in € millions)	Factoring agreement on trade receivables – Germany	Factoring Agreement on trade receivables – United Kingdom
Nature of the assets transferred	Trade receivables relating to the subsidiary in Germany	Trade receivables relating to the subsidiary in the United Kingdom
Nature of continued involvement	Collection service on behalf of the counterparty	Collection service on behalf of the counterparty
Nature of representative assets/ liabilities in continued involvement	N/A	N/A
Carrying amount of representative assets/liabilities in continued involvement	N/A	N/A
Fair value of representative assets/ liabilities in continued involvement	N/A	N/A
Maximum exposure under continued involvement	N/A	N/A
Compensation received under the collection service	N/A	N/A
Remaining commitment related to continuing involvement on receivables transferred at the closing date	€37.5 M	€24.9 M
Maturity of assets representing continued involvement	N/A	N/A

Reconciliation by accounting class and category

	Notes	IFRS 7 hierarchy	03/31/16 Amortized cost	03/31/16 Fair value	03/31/15 Amortized cost	03/31/15 Fair value
Assets recognized at fair value						
Foreign exchange derivatives	8	2		13,780		3,870
Stock futures	8			-		1,049
Equity investments in non-consolidated companies	4	2		-		3
Net investment securities	9	1		39,252		232,692
Assets recognized at amortized cost						
Trade receivables	6		419,577		23,904	
Other trade receivables	7		100,985		113,855	
Current tax assets			41,464		12,380	
Deposits and sureties	4		4,232		4,053	
Other non-current receivables	4		107		106	
Cash	9		422,123		423,969	
Liabilities recognized at fair value						
Foreign exchange derivatives	14	2		(2,541)		(13,625)
Liabilities recognized at amortized cost						
Borrowings	14		(503,059)		(445,341)	
Trade payables	16		(206,246)		(94,919)	
Other operating liabilities	17		(213,807)		(149,874)	
Current tax liabilities			(13,511)		(7,623)	

No changes in the fair value hierarchy have been carried out in the measurement of assets and liabilities at fair value over the past year.

NOTE 16 TRADE PAYABLES

Trade payables	At 03/31/15 Gross	Cash flows from operating activities (result)	Reclassifications	Changes in scope	Foreign exchange gains and losses	At 03/31/16 Gross
Suppliers	93,609	118,145	-	(2,115)	(4,500)	205,139
Amounts due to suppliers of non-current assets	1,310	(202)	-	-	(1)	1,107
TOTAL AT 03/31/16	**94,919**	**117,943**	**-**	**(2,115)**	**(4,501)**	**206,246**
TOTAL AT 03/31/15	**93,643**	**(6,277)**	**-**	**14**	**7,539**	**94,919**

"Trade payables" includes commitments made under license agreements including the portion not yet paid.

At March 31, 2016, these outstanding commitments stood at €17,611 thousand compared with €16,120 thousand the previous year.

As these debts are short-term and do not bear interest, a change in interest rates does not represent a significant interest-rate risk.

NOTE 17 OTHER LIABILITIES

	03/31/16	03/31/15 *
Advances and prepayments received	194	-
Employee-related liabilities	99,819	95,044
Other tax liabilities	47,677	16,106
Other liabilities	24,125	21,555
Deferred income	41,992	17,169
TOTAL	**213,807**	**149,874**

** Restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

Other liabilities mainly include:

- earn out to be paid for the following acquisitions: €3.9 million for Related Designs Software GmbH, €7.8 million for Future Games of London Ltd;
- incentive rental income and rental debt at Ubisoft Entertainment Inc. for €10.1 million.

Deferred income mainly comprises €34 million in deferred income on revenue from digital sales recognized from the moment that the digital content is made available on download platforms.

NOTES TO INCOME STATEMENT

NOTE 18 SALES

(in € millions)	03/31/16	03/31/15
Retail	947	1,081
Digital	447	383
TOTAL	**1,394**	**1,464**

At current exchange rates, sales have fallen by 4.8%; at constant exchange rates, the drop is 10.7%.

NOTE 19 OPERATING EXPENSES BY DESTINATION

R&D costs, which account for 36.6% of sales (€510 million) compared with 39.7% in 2014/2015 (€580 million), are falling. This was mainly due to the launch of 4 AAA titles in 2015/2016 compared with 5 in 2014/2015 as well as to the launch of two titles (*Tom Clancy's The Division* and *Far Cry Primal* at the end of the financial year).

The increase in SG & A expenses, which total €423 million (30.3% of sales) against €385 million (26.3% of sales) in 2014/2015, relates to:

- variable marketing expenses, stable at €217.3 million (15.6% of sales) compared with €206 million (14.1%) in 2014/2015, which had benefited from the commitment of a portion of marketing expenditure for *Watch Dogs* in 2013/2014;
- increasing structural costs of €205.7 million (14.8% of sales), compared with €179 million (12.2% of sales) for 2014/2015.

NOTE 20 OPERATING EXPENSES BY TYPE

Personnel costs

	03/31/16	03/31/15
Salaries	503,279	459,777
Payroll taxes	118,927	106,797
Wage subsidies	(98,071)	(80,511)
Stock-based compensation *	12,918	9,609
TOTAL	**537,053**	**495,672**

* *See breakdown in Note 13*

The Group had total expenses of €20,478 thousand on its defined contribution plans.

Grants and tax credits presented as a reduction in personnel costs are as follows:

Country	Type	03/31/16	03/31/15
Canada			
	Multimedia credit	52,318	47,230
	Research tax credit *	9,749	4,753
	Other *	12,926	13,791
France			
	Research, video game, CICE, audiovisual and other tax credits	12,732	7,628
Singapore			
	Economic Development Board tax credit	4,991	4,639
United -Kingdom			
	Video game tax credit	1,495	1,128
	Other	227	
Abu Dhabi	Two Four 54	2,686	867
Other		947	475
TOTAL		**98,071**	**80,511**

* *The payment of certain grants and tax credits is contingent upon the generation of taxable income*

Amortization and provisions

	03/31/16				
	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Amortization of intangible assets	412,594	-	405,634	23	6,937
Released commercial software	*344,302*	-	*344,302*	-	-
Commercial software in production	*24,065*	-	*24,065*	-	-
External developments	*28,800*	-	*28,800*	-	-
Office software	*9,293*	-	*2,444*	*23*	*6,826*
Brands	*231*	-	*231*	-	-
Movies being marketed	*5,792*	-	*5,792*	-	-
Other	*111*	-	-	-	*111*
Amortization and depreciation of property, plant and equipment	29,395	457	21,205	2,079	5,654
Buildings	*648*	-	*164*	-	*484*
Fixtures and fittings	*6,010*	*391*	*3,826*	*238*	*1,555*
Computer hardware and furniture	*18,982*	*66*	*13,524*	*1,782*	*3,610*
Development kits	*3,678*	-	*3,678*	-	-
Transport equipment	*77*	-	*13*	*59*	*5*
TOTAL DEPRECIATION AND AMORTIZATION 03/31/16	**441,989**	**457**	**426,839**	**2,102**	**12,591**
TOTAL DEPRECIATION AND AMORTIZATION 03/31/15	**491,810**	**32**	**476,057**	**1,393**	**14,328**

	03/31/16				
	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Provisions for trade receivables	(790)	-	-	(790)	-
Provisions for risks and charges	1,902	-	451	-	1,451
Provisions for post-employment liabilities	1,167	-	681	191	295
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/16	**2,279**	**-**	**1,132**	**(599)**	**1,746**
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/15	**401**	**-**	**14**	**308**	**79**

NOTE 21 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

	03/31/16	03/31/15
Goodwill	(19,103)	(19,154)
Brands	(231)	(2,563)
TOTAL	**(19,334)**	**(21,717)**

Other non-current operating income and expenses include:

- depreciation on goodwill and brands recognized further to a review of operating activities on March 31, 2016;
- the proceeds of an acquisition on favorable terms.

As those expenses are non-recurring and relevant, they are presented as non-current expenses.

NOTE 22 NET FINANCIAL INCOME

	03/31/16	03/31/15
Income from cash	989	556
Interest on borrowings	(8,429)	(5,322)
Net borrowing cost	**(7,440)**	**(4,766)**
Foreign exchange gains	93,407	103,647
Foreign exchange losses	(98,575)	(102,489)
Result from foreign-exchange operations	**(5,168)**	**1,159**
Other financial income	2,548	6,085
Financial income	**2,548**	**6,085**
Other financial expenses *	(3,666)	(1,764)
Financial expenses	**(3,666)**	**(1,764)**
TOTAL	**(13,726)**	**712**

* *Other financial expenses include an expense of €3.3 million related to earn-out revaluation after the Business Combination's evaluation period*

NOTE 23 INCOME TAX AND DEFERRED TAXES

Analysis of tax expenses/savings

	03/31/16	03/31/15
Current tax	(27,586)	(56,362)
Deferred tax	(2,068)	3,366
TOTAL	**(29,654)**	**(52,996)**

There are three tax consolidation groups:

- in France, the tax group includes all French companies, with the exception of those created and acquired during the financial year. As at March 31, 2016, the tax group's loss carryforwards totaled €575,879 thousand, including €516,699 thousand in accelerated depreciation relating to the application of Article 236 of the CGI (French General Tax Code) for software development expenses;
- in the United States, the tax group includes three companies: Ubisoft LA Inc., Redstorm Entertainment Inc. and Ubisoft Inc. As at March 31, 2016, the tax group generated a current income tax expense of €2,698 thousand;
- in the United Kingdom, the tax group includes four companies: Ubisoft Ltd, Ubisoft Reflections Ltd, Future Games of London Ltd and Ubisoft CRC Ltd. As at March 31, 2016, the tax group generated a current income tax expense of €9,720 thousand.

Deferred tax relating to the operations of the French tax group is recognized at the tax rate applicable to the parent company (34.43%).

Deferred tax relating to the operations of the Group abroad is recognized at the tax rate applicable in each country over the financial years in which their use is expected.

Reconciliation between the theoretical income tax liability and the recognized income tax liability

	03/31/16
Profit (loss) for the period	93,408
Total income tax	(29,654)
Consolidated income, excluding tax, profit from associates and income from discontinued activities	123,062
Theoretical tax (34.43%)	**42,374**
Payments of tax deferred from previous years:	
Impact of changes in the rate on the tax basis	*(4,332)*
Other	*(134)*
Impact of permanent differences between net income and consolidated earnings:	
Cancellation of provisions for impairment	*5,331*
Cancellation of studio margin	*(1,971)*
Additional pay IFRS 2	*2,365*
Other permanent differences	*469*
Impact of permanent differences between net income and taxable income:	1,424
Taxation of foreign companies at different tax rates	(8,447)
Other adjustments	
Adjustments on the previous financial year	*(394)*
Impact of tax consolidation	*(301)*
Tax credits	*(6,884)*
Other	*154*
TOTAL INCOME TAX	**29,654**
REAL TAX RATE	**24.10%**

Deferred tax

Breakdown by nature of tax on the statement of financial position and income statement

	03/31/15 *	Change in income	Change in other comprehensive income	Foreign exchange losses/ gains	Other reclassifications	03/31/16
Intangible assets						
Elimination of margin on intangible assets	*8,164*	*2,219*			*84*	*10,467*
Capitalized losses and tax credits						
Losses	*30,756*	*(8,589)*		*(20)*		*22,147*
Investment tax credit	*56,286*	*8*		*(3,861)*	*1,893*	*54,326*
Hedging derivatives	5,177	(4,278)				899
Other						
Temporary tax differences	*30,989*	*2,886*		*(1,565)*	*(501)*	*31,809*
Other consolidation adjustments	*3,679*	*(1,139)*	*5*			*2,545*
TOTAL DEFERRED TAX ASSETS	**135,051**	**(8,893)**	**5**	**(5,446)**	**1,476**	**122,193**
Intangible assets						
Brands	*(5,769)*	*4,034*				*(1,735)*
Other intangible assets	*(90)*	*90*				-
Tax credits	(34,962)	(363)		2,383		(32,942)
Hedging derivatives	(1,633)	4,949	(8,225)			(4,909)
Other	(6,490)	(1,885)		313		(8,062)
TOTAL DEFERRED TAX LIABILITIES	**(48,944)**	**6,825**	**(8,225)**	**2,696**	**-**	**(47,648)**
TOTAL NET DEFERRED TAXES	**86,107**	**(2,068)**	**(8,220)**	**(2,750)**	**1,476**	**74,545**

* *Restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")*

Breakdown by expiry of net deferred taxes

	Deferred tax assets		Deferred tax liabilities	
(in € thousands)	Short term	Long term	Short term	Long term
Group tax loss France	20,378			
Losses of other subsidiaries	55	1,714		
Elimination of margin on intangible assets	6,978	3,489		
Investment tax credit		54,326		(32,942)
Provision for post-employment liabilities		2,060		
Temporary differences and other consolidation adjustments	29,305	3,392	(5,368)	(6,293)
Brands				(1,735)
Other	419	77	(581)	(729)
TOTAL	**57,135**	**65,058**	**(5,949)**	**(41,699)**

	03/31/16
Short-term net deferred taxes	51,186
Long-term net deferred taxes	23,359
TOTAL	**74,545**

Deferred tax assets

Taxes on capitalized/non-capitalized losses

(in € thousands)	03/31/16 Capitalized losses	03/31/16 Non-capitalized losses	03/31/16 Total	03/31/15 Capitalized losses	03/31/15 Non-capitalized losses	03/31/15 Total
Tax group France *	20,378	-	20,378	26,855	-	26,855
Other subsidiaries France	1,425	1,265	2,690	1,498	441	1,939
Hybride Technologies Inc.	198		198	274	-	274
Ubisoft Studio Saint Antoine Inc.	-	-	-	1,030	-	1,030
Ubisoft GmbH	-	-	-	366	-	366
Other	146	175	321	733	398	1,131
TOTAL	**22,147**	**1,440**	**23,587**	**30,756**	**839**	**31,595**

* *Deferred tax on accelerated depreciation has been reclassified under loss carryforwards*

Deferred income tax assets are recognized if their recovery is likely, particularly when taxable profit is expected during the period of validity of the deferred tax assets.

The forecast period used to determine the recovery time on capitalized losses is four to seven years, a period which is considered reasonable by management. The entire loss carryforwards of the French tax group over the past year remains therefore capitalized as at March 31, 2016.

Because of a transfer price policy implemented by the Group, the distribution companies and companies fulfilling support functions systematically report operating profits. Similarly, the studios invoice salaries with a margin that includes their overheads.

The use of tax losses is not limited in time.

Investment tax credits

	03/31/16	03/31/15
Capitalized investment tax credit	54,326	56,286
TOTAL	**54,326**	**56,286**

Ubisoft Entertainment Inc. benefits from tax credits contingent upon the generation of taxable income. These tax credits recoverable on future income taxes have a life of 20 years. The future use of these tax credits is subject to tax planning at the local level and at the Group level. They are recognized as assets of the Group since their recoverability horizon is reasonable.

The Group shall ensure that, at each annual accounting period, the deferred tax assets relating to tax losses and tax credits recoverable only by deduction from future tax, shall be recovered within a reasonable timeframe based on its estimates of future taxable income. The assumptions used for tax planning are consistent with those of the business plans made by management of the Group for the implementation of impairment testing of intangible assets with indefinite lives.

Deferred tax liabilities

Grants and tax credits

Ubisoft Entertainment Inc. benefits from multimedia credits and investment tax credits. These credits are taxable during the year of their receipt or use, but are recognized on a financial year basis. The Company recognizes a future tax liability for this item.

Accelerated depreciation (Article 236 of the French General Tax Code – CGI)

As permitted under the provisions of Article 236 of the French General Tax Code, Ubisoft Entertainment SA opted to immediately expense software development costs where design started during the period. At March 31, 2016, the provision for commercial software was €147.2 million and a €7.3 million reversal was recognized for external software. In accordance with IAS 12, the cancellation of the accelerated tax depreciation generates a deferred tax liability, which is then classified under loss carryforwards.

NOTE 24 EARNINGS PER SHARE

NET EARNINGS FROM CONTINUING OPERATIONS AT MARCH 31, 2016	**93,408**
Weighted average number of shares in circulation	108,131,113
Dilutive shares	6,067,116
Stock options	*1,418,690*
Free share grants	*4,648,426*
Weighted average number of shares after exercise of the rights on dilutive instruments	114,198,228
DILUTED EARNINGS PER SHARE FROM ORDINARY SHARES AS AT MARCH 31, 2016	**0.82**

OTHER NOTES

NOTE 25 SEGMENT REPORTING

In accordance with IFRS 8, the Group produces segment reports.

The operating segments reported correspond to (i) the publishing/production activities (ii) the geographical areas of distribution at which operational decisions are made. The breakdown by geographic region is given for two segments, according to the distribution of the Group's assets:

- EMEA distribution zone (corresponding to APAC zone and Europe);
- North America distribution zone (including Central and Latin America).

	03/31/16				03/31/15 [1]			
	Publishing/ Production	Distribution EMEA	Distribution North America	Group	Publishing/ Production	Distribution EMEA	Distribution North America	Group
Sales	**64,352**	**671,503**	**658,142**	**1,393,997**	**52,257**	**743,512**	**667,984**	**1,463,753**
Cost of sales	(2,382)	(160,659)	(142,024)	(305,065)	(2,783)	(188,765)	(145,525)	(337,073)
Gross profit	**61,970**	**510,844**	**516,118**	**1,088,932**	**49,474**	**554,747**	**522,459**	**1,126,680**
R&D costs	(499,008)	(1,167)	(161)	(500,336)	(572,106)	(1,329)	(98)	(573,533)
Marketing costs	(22,432)	(132,085)	(149,929)	(304,446)	(19,415)	(137,188)	(127,453)	(284,056)
Administrative and IT costs	(61,307)	(27,355)	(26,448)	(115,110)	(50,321)	(25,932)	(22,379)	(98,632)
Cross-sectoral [2]	656,615	(334,361)	(322,254)		734,098	(378,963)	(355,135)	-
Current operating income before stock-based compensation	**135,838**	**15,876**	**17,326**	**169,040**	**141,730**	**11,335**	**17,394**	**170,459**
Stock-based compensation [3]	(12,918)	-	-	(12,918)	(9,609)	-	-	(9,609)
OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS	**122,920**	**15,876**	**17,326**	**156,122**	**132,121**	**11,335**	**17,394**	**160,850**

(1) The consolidated financial statements at March 31, 2015 were restated for the impacts of IFRIC 21 (See section 5.1.6 "Comparability of financial statements")

(2) The parent company invoices subsidiaries for a contribution in the form of royalties to defray development costs (amortization of commercial software and external software development, royalties, etc.)

(3) Expenses linked to stock-based compensation are recognized by the parent company but relate to employees in all geographic regions

Other items in the income statement, particularly other operating income and expenses, financial income and expenses and taxes, and in the balance sheet are not monitored segment by segment and are considered to relate to the Group as a whole and in a general way.

NOTE 26 RELATED PARTY TRANSACTIONS

Compensation of corporate officers of the Company and of the controlling and/or controlled companies

Messrs. Guillemot are remunerated for their positions as CEO and Executive Vice Presidents. This involves a fixed compensation element – whereby it should be noted that the Compensation Committee has proposed to the Board of Directors to attach to the compensation of the CEO, with effect from April 1, 2014, a short-term variable compensation element based on quantitative (factoring in EBIT and sales) and/or qualitative criteria and extraordinary compensation after achieving an operating income objective. With regard to the past financial year, the Compensation Committee retained the principle of an annual variable compensation but not that of extraordinary compensation.

They do not have employment contracts.

The 21st and 23rd resolutions of the General Meeting of September 23, 2015 authorize the Board of Directors to allocate free preference shares and/or ordinary share purchase and/or subscription options to corporate executive officers of the Company. Corporate executive officers in receipt of the award under the 21st resolution cannot receive the award under the 23rd resolution and vice versa. The awards under these two resolutions are subject to the fulfillment of internal performance (subscription options and preference shares) and share price performance (preference shares) conditions.

The amount of the total gross compensation payable to corporate executive officers during the year by companies controlled by the Company within the meaning of IAS 24.16, was €881 thousand.

Corporate executive officers are not eligible for any severance or non-compete indemnity, They no longer benefit from a supplementary pension scheme by virtue of their position within the Company.

Compensation of corporate officers

In consideration – very partial – of the responsibilities assumed and also the time spent preparing Board and/or committee meetings and actively participating therein, directors receive directors' fees consisting of a fixed component and a variable component.

The General Meeting of November 20, 2013 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €450 thousand.

During the 2015/2016 financial year, members of the Board of Directors received €429 thousand in directors' fees.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

	03/31/16	03/31/15
Short-term benefits (1)	1,310	1,441
Post-employment benefits	N/A	N/A
Other long-term benefits	N/A	N/A
Compensation for termination of employment contract	N/A	N/A
Stock-based compensation (2)	182	139
TOTAL	**1,492**	**1,580**

N/A: not applicable

(1) Includes fixed and variable compensation, benefits in kind and directors' fees recognized for the financial year

(2) This is the expense for the financial year for share-based payments calculated in accordance with IFRS 2

Section 3.2 of this annual report contains a detailed description of the pay and benefits granted to the corporate executive officers of the Group.

No loans or advances were made to the Company's directors under Article L. 225-43 of the French Commercial Code.

Related party transactions

The main relationships of the parent company with its subsidiaries relate to:

- production subsidiaries billing the parent company for development costs based on the progress of their projects;
- the parent company invoicing sales and marketing subsidiaries for a contribution to development costs;
- the implementation of cash agreements allowing for centralized management at parent company level of the bank accounts of the majority of the Group companies.

The other significant related party transactions are:

- licenses invoiced to Gameloft SA for €334 thousand over the financial year;
- the amounts invoiced in respect of development contracts by Longtail Studios Inc. totaling €(805) thousand. The payable balance at the statement of financial position date is €(695) thousand.

Ubisoft Entertainment SA has not bought back treasury shares from related parties.

No transactions exist with the corporate executive officers, with the exception of their remuneration for their duties as Chief Executive Officer and Executive Vice President.

Transactions made by the Company with associated parties are concluded according to normal market conditions.

There are no other significant transactions with related parties.

NOTE 27 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments related to Company financing

Summary

Type	Description	03/31/16	03/31/15
Commitments given by Ubisoft Entertainment SA			
Financial guarantees		85,367	96,312
Commitments received by Ubisoft Entertainment SA			
Lines of credit received and not utilized		310,000	310,000
Foreign exchange hedges		607,256	454,690

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/16
Commitments given			
Financial guarantees			**85,367**
Ubisoft Entertainment Inc.	Loan guarantee	05/01/17	35,000
Ubisoft Ltd	Payment guarantee for acquisition price of shares in Future Games of London Ltd	12/31/16	10,107
Commitments received			
Lines of credit received and not utilized			**310,000**
Syndicated loan		07/09/19	250,000
Committed lines of credit		10/06/16	10,000
Committed lines of credit		07/23/17	15,000
Committed lines of credit		04/30/19	35,000

Leases

Finance leases

Initial value	Amortization	Net amount	Lease payments made	Remaining lease payments -1 year	Remaining lease payments +1 year	Residual value
11,561	863	10,723	1,054	1,048	9,311	-

The finance leases relate to two pieces of land and buildings and to transport equipment.

Operating leases

These primarily include €27,646 thousand in property leases, none of which exceed ten years.

Other commitments

The Group has no other material off-statement of financial position commitments.

NOTE 28 STAFF

Permanent staff broke down as follows at March 31, 2016:

	03/31/16	03/31/15
Americas	4,052	3,929
EMEA/Pacific	6,615	5,861
TOTAL	**10,667**	**9,790**

The average headcount in 2015/2016 was 10,225.

NOTE 29 EVENTS AFTER THE REPORTING PERIOD

N/A.

5.1.7 PROFESSIONAL FEES OF THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

(Document prepared in compliance with Article L. 222-8 of the AMF's General Regulation)

	MB Audit			
	Amount (excluding tax)		%	
(in € thousands)	2015/2016	2014/2015	2015/2016	2014/2015
Audit				
♦ Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	112	110	79%	79%
♦ Fully consolidated subsidiaries	29	29	20%	21%
♦ Other verifications and services directly related to the auditor's work				
♦ Issuer	-	-	-	-
♦ Fully consolidated subsidiaries	1	-	1%	-
Subtotal	**142**	**139**	**100%**	**100%**
Other services rendered by the networks of the fully consolidated subsidiaries				
♦ Legal, tax, social	-	-	-	-
♦ Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
TOTAL	**142**	**139**	**100%**	**100%**

	KPMG			
	Amount (excluding tax)		%	
(in € thousands)	2015/2016	2014/2015	2015/2016	2014/2015
Audit				
♦ Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	231	239	31%	37%
♦ Fully consolidated subsidiaries	505	401	67%	61%
♦ Other verifications and services directly related to the auditor's work				
♦ Issuer	18	15	2%	2%
♦ Fully consolidated subsidiaries	-	-	-	-
Subtotal	**754**	**655**	**100%**	**100%**
Other services rendered by the networks of the fully consolidated subsidiaries				
♦ Legal, tax, social	-	-	-	-
♦ Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
TOTAL	**754**	**655**	**100%**	**100%**

5.2 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

Pursuant to the assignment entrusted to us by your General Meeting, we hereby present our report for the financial year ended March 31, 2016, with regard to:

- the audit of the consolidated financial statements of Ubisoft Entertainment SA, as attached to this report;
- the basis for our assessment;
- the specific verification required by law.

The consolidated financial statements were approved by the Board of Directors. It is our task to express an opinion on these financial statements on the basis of our audit.

1. OPINION REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with accepted professional standards in France. These standards require due diligence in order to ascertain with reasonable certainty that the consolidated financial statements contain no material misstatements. An audit consists in verifying, on a test basis or by means of other methods of selection, elements to the amounts and information contained in the financial statements. It also involves assessing the accounting principles applied, the significant estimates used and the overall presentation of the financial statements. It is our view that the elements that we collected are sufficient and adapted to base our opinion.

We hereby certify that, from the standpoint of IFRS standards as adopted in the European Union, the consolidated financial statements give a true and fair view of the assets, financial position and results of the group comprising the consolidated persons and entities.

Without calling into question the opinion expressed above, we wish to draw your attention to the "Comparability of financial statements" note in the Accounting principles and measurement methods section of the notes to the consolidated financial statements which sets out the impacts of IFRIC 21 on levies.

2. BASIS FOR ASSESSMENT

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code regarding the basis for our assessment, we call to your attention the following items.

Commercial software and external software developments (commercial software)

The section relating to "Other intangible assets" in the "Accounting principles and measurement methods" note to the consolidated financial statements describes the accounting principles for the valuation and depreciation of commercial software and external developments.

Our work consisted of assessing the information and assumptions on which these estimates are based, checking the calculations made by the Group, comparing the accounting estimates of previous periods with reality and reviewing the approval procedures of these estimates by the management.

Goodwill and other intangible assets with indefinite lives

At the end of each period, the Company systematically performs impairment tests on goodwill and assets with indefinite useful lives and also assesses whether there is any indication of impairment losses in respect of other intangible assets, in accordance with the methods described in the "Goodwill" and "Brands" sections of the "Accounting principles and measurement methods" note to the consolidated financial statements. We have examined the procedures for conducting these impairment tests, as well as the assumptions used, and verified that the note mentioned above provide appropriate information.

Provisions and contingent liabilities

The "Provisions and contingent liabilities" section of the notes to the consolidated financial statements describes disputes between the Group and certain tax administrations, in France or abroad.

As part of our assessment of the significant estimates used by your Group, we have examined the position of the Group, and where appropriate, consultations with lawyers and tax advisors and we are confident that the "Provisions and contingent liabilities" section of the notes to the consolidated financial statements provides appropriate information.

Deferred tax assets

The "Deferred tax assets" section of the notes to the consolidated financial statements describes the accounting principles for the recognition and measurement of deferred tax assets whose recoverability is dependent on the existence of future profits.

Our work consisted in assessing the data and assumptions on which management estimates are based, to discuss the modalities of implementation of these estimates and verify that the note mentioned above provides appropriate information.

Our assessments were made within the context of our audit of the consolidated financial statements as a whole, and therefore provided a basis for the opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATION

We have also carried out the specific verification required by law of the information provided in the Management report of the Group.

We have no matters to report regarding the accuracy of this information and its consistency with the consolidated financial statements.

Statutory Auditors

Rennes, June 20, 2016

KPMG Audit Division of KPMG S.A.	**MB Audit**
Vincent Broyé Partner	**Roland Travers** Partner

5.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2016

5.3.1 BALANCE SHEET

Assets

(in € thousands)	Notes	Gross	Depreciation and amortization	03/31/16 Net	03/31/15 Net
Intangible assets	1	1,345,252	804,062	541,190	396,747
Property, plant and equipment	2	12,619	5,247	7,372	5,661
Non-current financial assets	3	414,489	6,975	407,514	326,914
Non-current assets		**1,772,360**	**816,284**	**956,076**	**729,322**
Advances and prepayments made	4	15,820		15,820	20,882
Trade receivables	5	392,901		392,901	128,190
Other receivables	6	129,511		129,511	96,340
Investment securities	10	39,726		39,726	228,912
Cash	10	209,449		209,449	256,326
Current assets		**787,407**		**787,407**	**730,650**
Prepaid expenses and deferred charges	11	16,567		16,567	15,959
TOTAL ASSETS		**2,576,334**	**816,284**	**1,760,050**	**1,475,931**

Liabilities

(in € thousands)	Notes	03/31/16	03/31/15
Capital		8,710	8,478
Premiums		99,889	78,197
Reserves		848	727
Retained earnings		150,580	
Earnings for the period		(105,306)	150,700
Regulated provisions		517,376	377,471
Equity	**13**	**672,097**	**615,573**
Provisions	14	74,175	47,856
Borrowings (1) (2)	15	357,667	339,531
Other financial liabilities	15	440,964	371,944
Trade payables		204,654	76,612
Fiscal and social liabilities		9,455	6,992
Liabilities on non-current assets		390	75
Other liabilities	16	121	13,365
Liabilities		**1,013,251**	**808,519**
Prepaid expenses and deferred charges	17	527	3,983
TOTAL LIABILITIES		**1,760,050**	**1,475,931**
(1) Including current portion of borrowings		*92,667*	*74,531*
(2) Including current bank credit facilities and bank credit balances		*91,239*	*73,098*

5.3.2 INCOME STATEMENT

(in € thousands)	Notes	03/31/16 (12 months)	03/31/15 (12 months)
Production for the period	18	1,199,870	1,100,316
Other operating income and reinvoiced costs	19	367,923	285,320
Total operating income		**1,567,794**	**1,385,636**
Other purchases and external expenses	20	775,020	550,519
Taxes and duties		4,617	2,460
Personnel costs		1,072	1,387
Other expenses		905	685
Depreciation, amortization and provisions	21	732,569	702,047
Total operating expenses		**1,514,183**	**1,257,098**
OPERATING INCOME		**53,611**	**128,538**
Other interest received [1]		7,788	2,726
Reversals of provisions and reinvoiced costs		1,898	1,018
Foreign exchange gains		81,923	89,702
Net proceeds on sale of investment securities		110	100
Total financial income		**91,719**	**93,546**
Provisions		27,966	46,601
Other interest paid [2]		7,980	5,419
Foreign exchange losses		80,653	90,748
Total financial expenses		**116,598**	**142,768**
NET FINANCIAL INCOME	**22**	**(24,879)**	**(49,222)**
NET INCOME FROM CONTINUING OPERATIONS		**28,732**	**79,316**
NON-RECURRING ITEMS	**23**	**(139,200)**	**97,125**
NET INCOME BEFORE TAX		**(110,468)**	**176,441**
Income tax	24	(5,162)	25,741
PROFIT (LOSS) FOR THE PERIOD		**(105,306)**	**150,700**
(1) Including income relating to associated companies		*6,604*	*2,488*
(2) Including expenses relating to associated companies		*1,517*	*1,744*

5.3.3 CASH FLOW STATEMENT

(in € thousands)	Notes	03/31/16	03/31/15
Cash flows from operating activities			
Earnings		(105,306)	150,700
Net depreciation and amortization of property, plant and equipment and intangible assets	19-21	397,852	444,920
Changes in provisions	22-23	166,193	(52,461)
(Gains) losses on disposal of non-current assets		20	-
Net cash from operation		**458,759**	**543,159**
Trade receivables	5	(264,711)	(58,374)
Advances and prepayments made		(2,053) (1)	(4,966)
Other assets		(34,474)	(46,600)
Trade payables		126,534 (2)	(25,442)
Other liabilities		(14,236)	8,931
Total changes in working capital		**(188,940)**	**(126,451)**
Net cash generated by operating activities		**269,819**	**416,708**
Cash flows from investment activities			
Acquisitions of intangible assets	1	(532,543) (3)	(347,270)
Acquisitions of property, plant and equipment	2	(2,762)	(1,351)
Acquisitions of equity investments	3	(309)	(66)
Acquisitions of other non-current financial assets	3	(134,905)	(41,046)
Proceeds from the disposal of non-current assets		-	3,238
Repayment of loans and other financial assets	3	55,699	40,927
Net cash used by investment activities		**(614,820)**	**(345,568)**
Cash flows from financing activities			
Capital increase	13	222	229
Increase in issue premium	13	21,702	17,825
New medium-term borrowings		234,014	623,088
Repayment of medium-term borrowings		(229,863)	(466,300)
Deferred expenses		(43)	(1,991)
Change in current accounts		64,765	148,830
Net cash generated by financing activities		**90,797**	**321,681**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(254,204)**	**392,821**
Net cash position at beginning of the fiscal year	10	412,140	19,319
Net cash position at end of the fiscal year	10	157,936	412,140

1) Including €(1,166) thousand linked to commitments guaranteed but not paid in advance and prepayments made
(2) Including €1,823 thousand linked to commitments guaranteed but not paid in trade payables
(3) Including €2,989 thousand linked to commitments guaranteed but not paid in intangible assets

5.3.4 NOTES TO THE SEPARATE FINANCIAL STATEMENTS

CONTENTS

Financial year highlights 158

Comparability of financial statements 158

Accounting rules and methods 158

Notes to the balance sheet 161
Note 1 Intangible assets 161
Note 2 Property, plant and equipment 162
Note 3 Non-current financial assets 163
Note 4 Advances and prepayments made 163
Note 5 Trade receivables 164
Note 6 Other receivables 164
Note 7 Statement of receivables and liabilities by maturity 165
Note 8 Accrued income 166
Note 9 Accrued expenses 166
Note 10 Investment securities and cash 166
Note 11 Prepaid expenses and deferred charges 167
Note 12 Related party transactions 167
Note 13 Equity 167
Note 14 Provisions in the balance sheet 171
Note 15 Borrowings 172
Note 16 Other liabilities 172
Note 17 Prepaid expenses and deferred charges 172

Notes to income statement 173
Note 18 Production for the period 173
Note 19 Other operating income and reinvoiced costs 173
Note 20 Other purchases and external expenses 174
Note 21 Depreciation, amortization and provisions 174
Note 22 Net financial income 174
Note 23 Non-recurring items 175
Note 24 Corporation tax 175

Other information 176
Note 25 Financial commitments and other information 176
Note 26 Staff 177
Note 27 Management compensation 177
Note 28 Contingent assets and liabilities 178
Note 29 Events after the reporting period 178
Note 30 Subsidiaries and shareholdings (March 31, 2016) 178

FINANCIAL YEAR HIGHLIGHTS

Duration of the financial year

The financial year is a 12-month period from April 1, 2015 to March 31, 2016.

Acquisition/Creation of subsidiaries

October 5, 2015, acquisition of full ownership of the French studio, Ivory Tower SAS, and its subsidiary, Ivory Art & Design SARL, the creator of the successful racing game, *The Crew*.

September 1, 2015: formation of Ubisoft Création SAS in France.

Disposals and contribution of shares

N/A.

Financing

November 2015: Subscription of a new credit line

Ubisoft Entertainment SA subscribed a new credit line of €10 million (maturing in October 2016).

December 2015: Arrangement of a €5 million loan agreement

Ubisoft Entertainment SA took out a €5 million loan, the final repayment date of which is December 31, 2018. The loan is intended to finance capital goods.

2016: Share buyback

At March 31, 2016, 3,488,214 shares had been bought back over the previous 12 months for the sum of €79.3 million.

COMPARABILITY OF FINANCIAL STATEMENTS

Change in estimation

N/A.

Items affecting comparability

N/A.

ACCOUNTING RULES AND METHODS

General principles

Ubisoft Entertainment SA's annual financial statements have been prepared in accordance with the ANC's accounting regulation N° 2014-03 approved by the decree of September 8, 2014.

General accounting conventions were applied in accordance with the principle of financial prudence and the following basic rules: going-concern assumption; continuity of accounting methods from one financial year to the next, matching principle, fair presentation, consistency and accuracy, and in accordance with the general rules governing the preparation and presentation of annual financial statements.

The basic method used to measure items in the financial statements was historical cost.

The accounting methods applied are consistent with industry practice.

Intangible assets

Intangible assets include:

- commercial software developments;
- external software developments;
- engines and tools;
- information system developments;
- acquired brands;
- office software;
- goodwill.

Accounting and subsequent valuation

Commercial software and external software developments

Commercial software and external software developments are capitalized when they meet the definition of an asset as per CRC regulation 2004-06 and are valued at production cost.

Development costs, whether they are subcontracted to Group studios or made externally, are recognized as subcontracting expenses and transferred to "Intangible assets in progress" via a capitalized production costs account.

On their release date, the development costs recognized as "Intangible assets in progress", as development progresses, are transferred to "Released commercial software" or "Released external software developments" for amortization.

Brands

Any brands acquired are recognized at cost.

Depreciation, amortization and value impairment methods

Types of non-current assets	Depreciation method	Impairment method
Commercial software developments	1 to 3 years, straight-line, starting on the commercial release date	At the end of each financial year and for each software program, expected cash flows are calculated (over a maximum period of 2 years). When these flows are below the net accounting value of the software, impairment is recognized.
External developments	According to the sold quantities and the royalty rates specified in the contracts	
Engines and tools	3 years, straight-line	No impairment test in the absence of any indication of impairment.
Information system developments	5 years, straight-line	
Acquired brands	No amortization due to indefinite useful life	Impairment tests are carried out on brands at the end of each financial year or more frequently if there are indications of loss in value. The recoverable value of brands is defined using the royalty method to forecast revenue associated with the brand tested (taking a final value into account). Impairment is recognized when this value is below the net accounting value.
Goodwill	No amortization due to indefinite useful life	At the end of each financial year, expected cash flows are calculated using the 5-year business plan When these flows are below the net accounting value of the software, impairment is recognized.
Office software	1 year, straight-line	No impairment test in the absence of any indication of impairment.

According to the regulations on depreciation and impairment of assets, the Group is requested to periodically revise its depreciation periods based on the observed useful life.

Provisional data is updated using a rate based on a valuation of the average cost of capital, which stood at 8.14% at March 31, 2016, against 8.47% at March 31, 2015.

Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost (purchase price plus incidental expenses) minus rebates and discounts.

Given the type of assets held, no component was identified.

The depreciation method used is straight-line and the depreciation periods used for the various types of non-current assets are as follows:

Type of asset	Period *(in years)*
Buildings	20
Fixtures and fittings	10
Office furniture	10
Equipment	5
Computer hardware	3

Non-current financial assets

Equity investments are valued at their historical cost plus all related acquisition costs. Any additional payments are recognized in the acquisition price as soon as they can be measured with sufficient reliability.

If the value of the securities exceeds their value of use, depreciation is recognized for the difference.

The value of use is assessed at the end of each financial year based on the net assets (or the restated net assets) of the subsidiary in question at that date, the market capitalization at the statement of financial position date if the company is listed and/or its medium-term earnings prospects. If applicable, the provisional data utilized are updated using a rate based on a valuation of the average cost of capital, which stood at 8.14% at March 31, 2016.

Own shares are valued at the lower of cost or market value (average of the last 20 trading sessions).

Deposits and sureties are recognized on the basis of the amounts paid.

Advances and prepayments made

Advances and prepayments primarily involve distribution and reproduction rights (licenses) acquired from other software publishers. License agreements commit Ubisoft to an amount of guaranteed royalties. This amount is registered in the statement of financial position under “Advances and prepayments made”, whether or not it has been paid at the closing date. The guaranteed amounts are recognized in the income statement on the basis of the agreements signed with software publishers (either by the unit or based on gross profit or on revenue) or amortized on a straight-line basis for agreements with fixed royalty payments (flat fees).

At the end of the financial year, the net accounting value is compared with sales projections on the basis of the terms and conditions of the agreement. If they are insufficient, depreciation is recognized.

Receivables

Receivables are valued at their par value. Impairment is recorded when the inventory value of a receivable is below its par value and/or when collection difficulties are clearly identified at the closing date.

Foreign currency transactions

Foreign currency transactions are recognized based on daily exchange rates, except those that have been hedged, which are then recognized at the hedging rate.

Liabilities, receivables and cash denominated in foreign currencies are converted at rates prevailing on March 31, 2016, except those that have been hedged, which are converted at the hedging rate.

Unrealized gains and losses on receivables and liabilities are recognized in the statement of financial position as foreign exchange gains and losses and a provision for foreign-exchange risk is recorded if conversion reveals the existence of unrealized losses.

Conversion rate adjustments on cash and current accounts in foreign currencies are immediately recognized as foreign exchange income/loss.

Foreign exchange hedges

Ubisoft uses financial derivatives to reduce its exposure to market risks linked to movements in exchange rates.

For purposes of the hedging thus established, income and expenses on financial derivatives are recognized as financial income and are offset against the income and expenses arising on the hedged items.

The transactions attached to hedging derivatives (mostly USD, GBP and CAD) are recognized in operating income at the hedging rate. The difference between the historical rate of the hedged transaction and the relevant hedging rate is recognized in financial income.

Investment securities

Investment securities consist of interests in mutual funds and short-term investments and are measured at the lower of cost or market value.

Provisions

Provisions are recognized where risks and charges have a clearly defined purpose but are not certain to arise, made likely by events that have occurred or are in progress.

Provisions mainly correspond:

- to provisions for exchange losses recognized, if applicable, up to the negative fair value of the non-hedge foreign exchange derivatives;
- to provisions to cover subsidiaries' negative equity.

Regulated provisions

Regulated provisions relate only to the accelerated depreciation on:

- acquisition costs incorporated in the cost price of equity investments. These costs are deducted in tax terms over five years by means of accelerated tax depreciation;
- development expenditure of software. The Company decided to adopt immediate deductibility of expenditure for the development of software according to Article 236 of the CGI (French General Tax Code).

Borrowings and financial liabilities

Borrowings are recognized under liabilities according to their payment dates. Unused agreements at the statement of financial position date are listed in the off-statement of financial position commitments.

Costs related to the issue of loans are broken down over the term of the loan in question.

NOTES TO THE BALANCE SHEET

NOTE 1 INTANGIBLE ASSETS

(in € thousands)	Gross	Depreciation and amortization	03/31/16 Net	03/31/15 Net
Released commercial software	854,467	738,728	115,739	63,792
Released external software developments	30,983	27,299	3,684	3,181
Commercial software in progress	419,282	24,801	394,481	299,250
External software developments in progress	18,206	6,017	12,189	15,115
Brands and operating licenses	10,148	221	9,927	10,158
Other	12,166	6,996	5,170	5,250
TOTAL	**1,345,252**	**804,062**	**541,190**	**396,747**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	723,258	51,716	(316,021)	395,514	854,467
Released external software developments	65,305	2,536	(32,913)	(3,945)	30,983
Commercial software developments in progress	346,131	462,876	-	(389,725)	419,282
External software developments in progress	15,115	16,593	-	(13,502)	18,206
Brands and operating licenses	10,299	-	(151)	-	10,148
Other	11,059	1,810	(703)	-	12,166
TOTAL 03/31/16	**1,171,168**	**535,532**	**(349,787)**	**(11,659)**	**1,345,253**
TOTAL 03/31/15	**1,289,029**	**342,212**	**(460,073)**	**-**	**1,171,168**

The €514,592 thousand increase in commercial software is solely the result of capitalized production.

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	659,465	354,742	(316,021)	40,542	738,728
Released external software developments	62,124	15,695	(32,913)	(17,607)	27,299
Commercial software developments in progress	46,881	18,462	-	(40,542)	24,801
External software developments in progress	-	6,017	-	-	6,017
Brands and operating licenses	141	231	(151)	-	221
Other	5,809	1,874	(687)	-	6,996
TOTAL 03/31/16	**774,420**	**397,021**	**(349,772)**	**(17,607)**	**804,062**
TOTAL 03/31/15	**787,114**	**444,141**	**(456,835)**	**-**	**774,420**

The decrease in commercial software and external software developments is explained primarily by the removal from assets of software for which the net accounting value is zero at the year-end.

NOTE 2 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Gross	Depreciation and amortization	03/31/16 Net	03/31/15 Net
Buildings	765	126	639	678
Fixtures and fittings	10,674	4,436	6,238	4,135
Transport equipment	48	19	29	7
Computer hardware and furniture	1,132	666	466	213
Non-current assets in progress	-	-	-	628
TOTAL	**12,619**	**5,247**	**7,372**	**5,661**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	765	-	-	-	765
Fixtures and fittings	8,426	176	(768)	2,840	10,674
Transport equipment	20	28	-	-	48
Computer hardware and furniture	786	346	-	-	1,132
Non-current assets in progress	628	2,212	-	(2,840)	-
TOTAL 03/31/16	**10,625**	**2,762**	**(768)**	**-**	**12,619**
TOTAL 03/31/15	**9,379**	**1,351**	**(105)**	**-**	**10,625**

Depreciation and amortization	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	87	39	-	-	126
Fixtures and fittings	4,291	913	(768)	-	4,436
Transport equipment	13	6	-	-	19
Computer hardware and furniture	573	93	-	-	666
TOTAL 03/31/16	**4,964**	**1,051**	**(768)**	**-**	**5,247**
TOTAL 03/31/15	**4,291**	**778**	**(105)**	**-**	**4,964**

NOTE 3 NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Gross	Impairment	03/31/16 Net	03/31/15 Net
Equity investments	332,945	6,975	325,970	324,576
Other non-current investments	80,518	-	80,518	1,372
Deposits and sureties	1,026	-	1,026	966
TOTAL	**414,489**	**6,975**	**407,514**	**326,914**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Closing balance
Equity investments	332,536	409	-	332,945
Other non-current investments	1,377	134,840	(55,699)	80,518
Deposits and sureties	966	65	(5)	1,026
TOTAL 03/31/16	**334,879**	**135,314**	**(55,704)**	**414,489**
TOTAL 03/31/15	**334,694**	**41,112**	**(40,927)**	**334,879**

The change in other non-current investments reflects purchases and sales of own shares held under the liquidity agreement and share buyback programs *(See breakdown in 5.3.4.1)*.

Provisions	Opening balance	Increase	Decrease	Closing balance
Equity investments	7,960	-	(985)	6,975
Other non-current investments	5	-	(5)	-
TOTAL 03/31/16	**7,965**	**-**	**(990)**	**6,975**
TOTAL 03/31/15	**4,235**	**3,844**	**(114)**	**7,965**

The increase in the provisions for impairment of equity investments is due to the decline in the value in use of the companies' securities.

NOTE 4 ADVANCES AND PREPAYMENTS MADE

The sum of €15,820 thousand in "Advances and prepayments made" is primarily comprised of guaranteed advances on license agreements which break down as follows:

(in € thousands)	03/31/16	03/31/15
Net at opening	**20,809**	**12,167**
New guarantees	7,597	17,300
Reclassifications	(5,948)	-
Depreciation and amortization	7,088	8,658
NET AT YEAR-END	**15,370**	**20,809**

NOTE 5 TRADE RECEIVABLES

(in € thousands)	Gross	Impairment	03/31/16 Net	03/31/15 Net
Trade receivables	136,358	-	136,358	40,707
Related accounts	256,543	-	256,543	87,483
TOTAL	**392,901**	**-**	**392,901**	**128,190**

"Trade receivables" basically consists of intra-group receivables.

The increase in trade receivables was related to the launch of two major titles in the 4th quarter of this financial year.

Customer payment terms

Pursuant to the provisions of Articles L. 441-6-1 p.1 and D. 441-4 of the French Commercial Code, the Company's trade receivables at the close of the last two financial years by due date breaks down as follows:

	Receivables by contractual due date			
Due date	Total trade receivables: 0 to 30 days	Total trade receivables: 31 to 60 days	Total trade receivables: 61 to 90 days	Total
At 03/31/16	136,912	4	-	136,916 *
At 03/31/15	35,607	2,869	1,318	39,795 *

* *Before discount to the closing rate*

NOTE 6 OTHER RECEIVABLES

(in € thousands)	Gross	Impairment	03/31/16 Net	03/31/15 Net
Suppliers – credit notes to receive	17,400	-	17,400	7,543
Government (VAT credit, tax)	40,646	-	60,646	7,108
Partner current account advances	71,449	-	71,449	81,676
Other miscellaneous debtors	16	-	16	13
TOTAL	**129,511**	**-**	**129,511**	**96,340**

The change in partner current account advances corresponds to the advances made to subsidiaries to finance their specific business needs.

The change in the "Government" line item mainly corresponds to prepayments of tax in the financial year.

NOTE 7 STATEMENT OF RECEIVABLES AND LIABILITIES BY MATURITY

Statement of receivables at March 31, 2016

(in € thousands)	Gross amount	>1 year	>1 year
Receivables on non-current assets	**1,026**		
Other non-current financial assets	1,026	-	1,026
Receivables on current assets	**551,572**		
Advances and prepayments made	15,820	15,820	-
Trade receivables	392,901	392,901	-
Government (VAT credit, sundry)	40,646	40,646	-
Group and associates	71,449	71,449	-
Other miscellaneous debtors	17,416	17,416	-
Prepaid expenses	13,340	13,340	-
TOTAL	**552,598**	**551,572**	**1,026**

Statement of liabilities at March 31, 2016

(in € thousands)	Gross amount	>1 year	>1 year
Bonds	61,329	1,329	60,000
Bank borrowings and debts	296,338	91,338	205,000
Other borrowings and financial liabilities	440,964	436,535	4,429
Trade payables	204,654	203,178	1,476
Fiscal and social liabilities	9,455	9,455	-
Other liabilities	121	121	-
Liabilities on non-current assets	390	390	-
TOTAL	**1,013,251**	**742,346**	**270,905**

Supplier payment terms

Pursuant to the provisions of Articles L. 441-6-1 p.1 and D. 441-4 of the French Commercial Code, the Company's trade payables at the close of the last two financial years by due date breaks down as follows:

	Liabilities by contractual due date		
Due date	Total trade payables: 0 to 30 days	Total trade payables: 31 to 60 days	Total
At 03/31/16	134,072	147	134,219 *
At 03/31/15	9,940	283	10,223 *

* *Before discount to the closing rate*

NOTE 8 ACCRUED INCOME

	03/31/16	03/31/15
Associated company – credit notes to receive	17,400	7,543
Income not yet invoiced *	256,543	87,483
Interest receivable on current accounts	12	57
Interest receivable from banks	301	273
TOTAL	**274,256**	**95,356**

** Mainly relate to transactions with subsidiaries*

The increase in income not yet invoiced was related to the launch of two major titles in the 4th quarter of this financial year.

NOTE 9 ACCRUED EXPENSES

	03/31/16	03/31/15
Bank charges payable	243	255
Interest accrued on current accounts	77	103
Trade payables, invoices to receive *	70,928	66,195
Credit notes to issue *	121	13,235
Fiscal and social liabilities	392	1,768
TOTAL	**71,761**	**81,556**

** Mainly relate to transactions with subsidiaries*

NOTE 10 INVESTMENT SECURITIES AND CASH

Type	Gross value	Fair value	Provision	Net amount
UCITS	39,251	39,252	-	39,251
Own shares *	475	3,141	-	475
TOTAL	**39,726**	**42,393**	**-**	**39,726**

** 113,824 of the 400,000 shares acquired on the market and allocated to cover the stock option plan authorized by the Board of Directors on March 9, 2012*

The cash breakdown is as follows:

	03/31/16	03/31/15
Investment securities	39,726	228,912
Cash	209,449	256,326
Bank overdrafts and short-term loans	(91,239)	(73,098)
TOTAL	**157,936**	**412,140**

The net change in cash and cash equivalents was mainly due to the launch of two major titles in the 4th quarter of this financial year.

NOTE 11 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Prepaid expenses	12,209	13,340	(12,209)	13,340
Credit line issuance costs	1,834	-	(438)	1,396
Loan issuance costs	1,406	43	(301)	1,148
Foreign exchange gains and losses (assets)	510	683	(510)	683
TOTAL 03/31/16	**15,959**	**14,066**	**(13,458)**	**16,567**
TOTAL 03/31/15	**13,126**	**14,709**	**(11,876)**	**15,959**

NOTE 12 RELATED PARTY TRANSACTIONS

Three main categories are identified:

- relationships between the parent company and its subsidiaries the main transactions of which relate to:
  - production subsidiaries billing the parent company for development costs based on the progress of their projects,
  - the parent company invoicing sales and marketing subsidiaries for a contribution to development costs,
  - the implementation of cash agreements allowing for centralized management at parent company level of the bank accounts of the majority of the Group companies;
- transactions with corporate officers.
  - Five of the Company's corporate officers hold management roles for which they also receive compensation and are granted stock options. Information relating to these transactions is detailed in Note 27;
- the other significant related party transactions are:
  - the amounts invoiced in respect of development contracts by Longtail Studios Inc. totaling €(646) thousand.

At the end of March 2016, trade payables totaled €(542) thousand.

NOTE 13 EQUITY

Statement of changes in equity

			Capital increase			Regulated provisions		
(in € thousands)	03/31/15	Allocation of 2013/2015 earnings	cash contribution	by deduction from premiums	Earnings for the period	Provisions	Reversal	03/31/16
Capital	8,478	-	222	10	-	-	-	8,710
Premiums	78,197	-	21,702	(10)	-	-	-	99,889
Legal reserve	727	120	-	-	-	-	-	847
Retained earnings	-	150,580	-	-	-	-	-	150,580
Earnings for the period	150,700	(150,700)	-	-	(105,306)	-	-	(105,306)
Regulated provisions	377,471	-	-	-	-	318,594	(178,689)	517,376
TOTAL	**615,573**	**-**	**21,924**	**-**	**(105,306)**	**318,594**	**(178,689)**	**672,097**

Capital

At the end of March 2016, Ubisoft Entertainment SA's capital of €8,710,055.90 was comprised of 112,387,818 shares.

Number of Ubisoft Entertainment SA shares

AT 04/01/15	**109,396,612**
Option exercises	2,549,595
Free share grants	128,195
Group savings scheme	134,116
Reserved share capital increase	179,300
AT 03/31/16	**112,387,818**

The maximum number of shares to be created is 7,283,147:

- 2,634,721 through the exercise of stock options;
- 4,648,426 through the allocation of free shares.

Stock options

The conditions of exercise, subject to satisfaction of attendance and performance requirements for corporate officers and to the satisfaction of attendance requirements for employee beneficiaries of stock option plans, are as follows:

Subscription options

	23rd plan		24th plan		25th plan		26th plan	
Total number of shares granted	3,123,939 (1)		3,256,413 (1)		936,970		798,125	
Start of exercise period	06/30/11		04/27/12		10/19/13		10/29/14	
Expiry date of options	06/29/15		04/26/16		10/18/17		10/28/18	
Strike price of options	€7.02 (1) (France)	€6.32 (1) (World)	€6.77 (1) (France)	€6.77 (1) (World)	€6.37 (France)	€6.65 (World)	€9.54 (France)	€8.83 (World)
Options at April 1, 2015	831,644 (1)		1,793,73 (1)		739,935		699,270	
Options granted during the period	-		-		-		-	
Options exercised during the period	827,062		1,411,870		184,329		51,134	
Options cancelled during the period	4,582		11,972		5,375		7,750	
Options outstanding at March 31, 2016	-		369,889		550,231		640,386	

(1) Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012

	27th plan	28th plan	29th plan	30th plan	31st plan	Total
Total number of shares granted	100,000	665,740	62,200	328,100	37,500	
Start of exercise period	May 2018	09/24/15	12/16/15	09/23/16	12/16/16	
Expiry date of options	03/16/19	09/23/19	12/15/19	09/22/20	12/15/20	
Strike price of options	€11.92	€12.92	€14.22	€17.94	€26.85	
Options at April 1, 2015	85,000	663,240	62,200	-	-	4,875,020
Options granted during the period	-	-	-	328,100	37,500	365,600
Options exercised during the period	-	73,700	1,500	-	-	2,549,595
Options cancelled during the period	-	23,625	-	3,000	-	56,304
Options outstanding at March 31, 2016	85,000	565,915	60,700	325,100	37,500	2,634,721

The Company has not recognized a liability as the exercise of stock options involves the creation of new shares.

Purchase options

	24th plan
Total number of shares granted (1)	421,705
Start of exercise period	04/27/12
Expiry date of options	04/26/16
Strike price of options (1)	€6.77
Purchase options at April 1, 2015 (1)	322,989
Purchase options granted during the period	-
Number of purchase options exercised during the period	209,165
Purchase options granted during the period	506
Purchase options outstanding at March 31, 2016	113,318

(1) Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012

The Company has not recorded a liability because the exercise price exceeds the cost of shares allocated to plan coverage.

Free share grants settled in cash

In the first half of the 2013 financial year, Ubisoft decided to allocate to its employees a Phantom plan, which is assessed based on the development of the value of the share on Euronext Paris and is contingent upon compliance with the attendance and performance conditions.

	Phantom plan
Grant date	02/07/12
Maturity – vesting period	3 years
Total number of shares granted	61,000
Total number of exercisable shares	56,000
Total expense over the vesting period	€908,600
Total expense recognized at the closing date	€53,446

Free share grants settled in shares

Free share grants, which are subject to performance conditions, are locked in for a two, three, or four year period following the grant date.

As the shares granted are ordinary shares in the same category as the old shares that comprise the Company's share capital, employee shareholders receive dividends and voting rights on all their shares at the end of the vesting period.

	03/31/12	03/31/13	
Grant date	06/24/11	10/19/12	02/08/13
Maturity – vesting period *(in years)*	4 years	4 years	4 years
Number of instruments as at April 1, 2015 (1)	128,195	397,180	297,000
Number of instruments granted during the period	-	-	-
Number of cancelled instruments during the period	-	34,140	6,000
Number of instruments exercised during the period	128,195	-	-
Number of instruments as at March 31, 2016	-	363,040	291,000

(1) Number adjusted following issuance of share subscription warrants on April 10, 2012

	03/31/14					
Grant date	05/14/13	06/17/13	10/09/13	10/29/13	02/11/14	03/17/14
Maturity – vesting period *(in years)*	4 years	4 years	4 years	4 years	4 years	4 years
Number of instruments as at April 1, 2015	146,300	220,833	40,000	653,588	10,000	263,200
Number of instruments granted during the period	-	-	-	-	-	-
Number of cancelled instruments during the period	2,600	10,030	-	42,810	-	2,000
Number of instruments exercised during the period	-	-	-	-	-	-
Number of instruments as at March 31, 2016	143,700	210,803	40,000	610,778	10,000	261,200

	03/31/15				
Grant date	07/01/14	09/24/14	09/24/14	12/16/14	12/16/14
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years
Number of instruments as at April 1, 2015	558,818	10,710	391,530	242,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of cancelled instruments during the period	38,750	-	9,330	10,000	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2016	520,068	10,710	382,200	232,600	72,270

	03/31/16					Total
Grant date	09/23/15	09/23/15	10/19/15	12/16/15	03/03/16	
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years	
Number of instruments as at April 1, 2015	-	-	-	-	-	3,432,224
Number of instruments granted during the period	970,220	141,180	183,833	45,000	179,100	1,519,333
Number of cancelled instruments during the period	19,276	-	-	-	-	174,936
Number of instruments exercised during the period	-	-	-	-	-	128,195
Number of instruments as at March 31, 2016	950,944	141,180	183,833	45,000	179,100	4,648,426

Group savings scheme

Ubisoft also offers Group savings schemes to allow workers in France and abroad to acquire Ubisoft shares as part of reserved capital increases. Workers acquire these shares with a maximum discount of 15% versus the average opening price over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

The retention period is five years for French employees.

	03/31/16		03/31/15
Grant date	07/21/15	04/02/15	07/15/14
Subscription price *(in €)*	€12.18	€14.22	€8.89
Number of shares subscribed	134,116	179,300	211,142

Own shares

As at March 31, 2016, the Company held 3,647,838 own shares.

Number of shares in portfolio:	
♦ Liquidity agreements	45,800
♦ Share buyback program	3,488,214
♦ Coverage of purchased stock options	113,824

NOTE 14 PROVISIONS IN THE BALANCE SHEET

			Reversals		
	03/31/15	Provisions	Provision used	Provision unused	03/31/16
Provisions for risks					
For foreign exchange risks	395	2,923	395	-	2,923
For subsidiary risks	47,461	24,304	513	-	71,252
Impairments					
On equity investments	7,961	-	985	-	6,976
TOTAL 03/31/16	**55,817**	**27,227**	**1,893**	**-**	**81,151**
TOTAL 03/31/15	**10,733**	**46,062**	**853**	**125**	**55,817**

Details of the changes in equity investment impairments are provided in Note 3 "Non-current financial assets".

Details of the changes in regulated provisions are provided in Note 13 "Statement of changes in equity".

NOTE 15 BORROWINGS

	03/31/16	03/31/15	
Bonds [1]	60,000	60,000	
Medium/long-term borrowings [2]	205,000	205,000	
Accrued interest [1]	1,653	1,687	
Bank overdrafts	91,014	72,844	
Borrowings	**357,667**	**339,531**	
Fixed-rate debt	111,358	111,353	
Variable-rate debt	247,309	228,178	
	>1 YEAR	**FROM 1 TO 5 YEARS**	**> 5 YEARS**
Amounts payable at March 31, 2016	92,667	265,000	

(1) Bonds for €20 million and €40 million, accrued interest at the closing date came to €1,329 thousand
(2) Loan of €5 million and €200 million Schuldschein loan, accrued interest at the closing date came to €99 thousand

The breakdown of borrowings by currency was as follows:

	03/31/16	03/31/15
Euro	348,097	339,316
US dollar	9,403	213
Other currencies	167	2
BORROWINGS	**357,667**	**339,531**

The €440,946 thousand of other financial liabilities in the statement of financial position consists of:

- €419 million in current account advances by subsidiaries to the parent company, which are due in less than one year;
- the participatory loans with Bpifrance of €6.8 million;
- commercial papers of €15 million.

NOTE 16 OTHER LIABILITIES

	03/31/16	03/31/15
Trade receivables – credit notes to issue [1]	121	13,235
Other liabilities	-	130
TOTAL	**121**	**13,365**

(1) Credit notes to issue relate to associated companies

NOTE 17 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Deferred income	2,756	-	(2,756)	-
Conversion rate adjustment (liabilities)	1,227	527	(1,227)	527
TOTAL 03/31/16	**3,983**	**527**	**(3,983)**	**527**
TOTAL 03/31/15	**2,832**	**1,227**	**(76)**	**3,983**

NOTES TO INCOME STATEMENT

NOTE 18 PRODUCTION FOR THE PERIOD

Production for the period comprises:

- sales, essentially made up of intra-group invoicing of contributions;
- capitalized production reflecting development costs outsourced to subsidiaries and external developers.

	03/31/16	03/31/15
Sales	664,395	755,288
Capitalized production costs for commercial software	514,592	327,444
Capitalized production costs for external software developments	20,883	17,585
Production for the period	1,199,870	1,100,316

The breakdown of sales by geographic region was as follows:

	03/31/16		03/31/15	
	(in € thousands)	*%*	*(in € thousands)*	*%*
Europe	303,103	46%	345,460	46%
North America	321,415	48%	369,906	49%
Asia	27,177	4%	21,731	3%
Rest of the world	12,700	2%	18,191	2%
SALES	**664,395**	**100%**	**755,288**	**100%**

NOTE 19 OTHER OPERATING INCOME AND REINVOICED COSTS

	03/31/16	03/31/15
Reversals of provisions for impairment of commercial software developments *	333,063	256,586
Reversals of provisions for impairment of external developments	1,572	541
Reversals of provisions for risks and charges	-	13
Reinvoiced costs	33,288	28,165
Income from other ordinary revenue transactions	-	15
TOTAL	**367,923**	**285,320**

* *See details in Note 21*

Reinvoiced costs essentially correspond to the rebilling of development kits, cash received under agreements with third parties, general expenses, etc.

NOTE 20 OTHER PURCHASES AND EXTERNAL EXPENSES

	03/31/16	03/31/15
Production services subcontracted to subsidiaries	594,152	419,165
Production services subcontracted to external developers	20,913	18,551
Other purchases and external expenses	159,955	112,803
TOTAL	**775,020**	**550,519**

Other purchases and external expenses consist mainly of subcontracting administration expenses, royalties, advertising expenses, and property and equipment lease payments.

NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS

	03/31/16	03/31/15
Amortization of intangible assets	**731,552**	**701,268**
*Released commercial software **	*687,805*	*628,459*
Released external software developments	*17,267*	*24,301*
*Commercial software and external software developments in progress **	*24,479*	*46,881*
Other	*2,001*	*1,627*
Amortization and depreciation of property, plant and equipment	**1,018**	**778**
Buildings	*39*	*38*
Fixtures and fittings	*880*	*684*
Computer hardware and furniture	*93*	*52*
Transport equipment	*6*	*4*
TOTAL	**732,570**	**702,047**

** Net reversals (see Note 19) on internal and external commercial software developments therefore amount to €373,204 thousand and €21,712 thousand respectively*

NOTE 22 NET FINANCIAL INCOME

	03/31/16	03/31/15
Financial income		
Other interest received	7,788	2,726
Reversals of provisions and reinvoiced costs	1,898	1,018
Foreign exchange gains (1)	81,923	89,702
Net proceeds on sale of investment securities	110	100
	91,719	**93,546**
Financial expenses		
Amortization and provisions	27,965	46,601
Other interest paid	7,980	5,419
Foreign exchange losses (1)	80,653	90,748
	116,598	**142,768**
NET FINANCIAL INCOME	**(24,879)**	**(49,222)**

(1) The result from foreign-exchange operations of €1.3 million is primarily linked to changes in the US dollar (€1.8 million)

Foreign exchange risk

The Company's exposure to foreign exchange risk stems from operating cash flows and its investments in foreign subsidiaries.

The Company only hedges its exposures on cash flows from operating activities in the main foreign currencies (US dollar, Canadian dollar and Pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.

The Company first uses natural hedges provided by transactions in other directions (development costs in a foreign currency offset by contributions from subsidiaries in the same currency). The parent company uses foreign currency borrowings, forward sales or foreign exchange options to hedge any residual exposures and non-commercial transactions (such as inter-company loans in foreign currencies).

At March 31, 2016, the amounts hedged giving rise to forward purchases and sales of foreign currencies amounted to €607,256 thousand *(see Note 25 on Off-statement of financial position commitments)*.

NOTE 23 NON-RECURRING ITEMS

Article 14 of the Decree of November 29, 1983, defines non-recurring items as those that are not related to the normal operations of a company.

	03/31/16	03/31/15
Non-recurring income		
Non-recurring income from capital transactions	1,712	4,134
Non-recurring reversals	178,689	270,518
Non-recurring expenses		
Non-recurring expenses on management transactions	225	1,500
Non-recurring expenses on capital transactions	644	3,593
Non-recurring provisions	318,732	172,435
NON-RECURRING ITEMS	**(139,200)**	**97,125**

At the end of March 2016, non-recurring items mainly comprised:

- €318,573 thousand in allocations for accelerated tax depreciation on development expenditure for software;
- €178,689 thousand in reversals for accelerated tax depreciation on development expenditure for software.

NOTE 24 CORPORATION TAX

At March 31, 2016, the tax group included Ubisoft Entertainment SA (holding company), and all subsidiaries with their registered offices in France, with the exception of those created and acquired during the financial year.

On a standalone basis (disregarding the tax consolidation group), Ubisoft Entertainment SA's figures were as follows:

	03/31/16	03/31/15
Net income before tax from continuing operations	28,732	79,316
Non-recurring items	(139,200)	97,125
Net income before tax	(110,468)	176,441
Income tax (credit)	(5,162)	25,741
Net accounting income	(105,306)	150,700
Taxable income	(84,999)	220,294

		Income tax		
	Net income before tax	Theoretical (tax credit)	Due	Net income
Current	28,732	(20,826)	24	28,756
Non-recurring	(139,200)	53,125	-	(139,200)
Tax consolidation			*5,138*	*5,138*
TOTAL	**(110,468)**	**32,299**	**5,162**	**(105,306)**

Tax income comprised:

- cancellation of the tax expense recorded by the subsidiaries of the tax consolidation group in the amount of €5,138 thousand;
- appropriations to the holding company of €24 thousand;

The carryforward deficit of the tax group at March 31, 2016, amounted to €575,879 thousand, including €516,699 thousand of accelerated tax depreciation related to the application of Article 236 of the CGI (General Tax Code).

OTHER INFORMATION

NOTE 25 FINANCIAL COMMITMENTS AND OTHER INFORMATION

Off-balance sheet commitments related to Company financing

Summary

Type	Description	03/31/16	03/31/15
Commitments given by Ubisoft Entertainment SA			
Financial guarantees		85,367	96,312
Commitments received by Ubisoft Entertainment SA			
Lines of credit received and not utilized		275,000	275,000
Foreign exchange hedges		607,256	454,690

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/16
Commitments given by Ubisoft Entertainment SA			
Financial guarantees			85,367
Ubisoft Entertainment Inc.	Loan guarantee	05/01/17	35,000
Ubisoft Ltd	Payment guarantee for acquisition price of shares in Future Games of London Ltd	12/31/16	10,107
Commitments received by Ubisoft Entertainment SA			
Lines of credit received and not utilized			275,000
Syndicated loan		07/09/19	250,000
Committed lines of credit		10/06/16	10,000
Committed lines of credit		07/23/17	15,000

The syndicated loan and confirmed bank loans in place are governed by financial covenants that are based on the ratio of net debt to equity and that of net debt to EBITDA.

With regard to the syndicated loan, the bilateral credit lines and the medium and long-term bank loans, the following covenants must be complied with (determined on the basis of the IFRS consolidated annual financial statements):

	2015/2016	2014/2015
Net debt restated for assigned receivables/equity restated for goodwill <	0.80	0.80
Net debt restated for assigned receivables/EBITDA <	1.5	1.5

As at March 31, 2016, the Company is in compliance with all these ratios and expects to remain so during the 2016/2017 financial year.

Other borrowings are not governed by covenants.

Finance lease agreement

Leased property	Initial cost	Provisions for the period	Cumulative depreciation and amortization	Net amount
Land	1,425	-	-	1,425
Building	8,717	436	545	8,172
TOTAL	**10,142**	**436**	**545**	**9,597**

	Lease payments made		Remaining lease payments				
Finance lease commitments	Lease payments – financial year	Lease payments (cumulative)	< 1 year	Between 1 & 5 years	> 5 years	Total to pay	Residual purchase price
Land	-				1,437	1,437	-
Building	911	1,129	911	4,557	2,902	8,370	-
TOTAL	**911**	**1,129**	**911**	**4,557**	**4,339**	**9,807**	**-**

Other commitments

Since all members of staff are corporate officers, no retirement benefits are owed.

Ubisoft Entertainment SA has committed to provide financial support to its subsidiaries in order to meet their cash flow requirements.

5

NOTE 26 STAFF

At March 31, 2016, the staff consisted of five corporate officers.

NOTE 27 MANAGEMENT COMPENSATION

Compensation of corporate executive officers

Messrs. Guillemot are remunerated for their positions as CEO and Executive Vice Presidents. This involves a fixed compensation element – whereby it should be noted that the Compensation Committee proposed to the Board of Directors to attach to the compensation of the CEO, with effect from April 1, 2014, a short-term variable compensation element based on quantitative (factoring in EBIT and sales) and/or qualitative criteria and extraordinary compensation after achieving an operating income objective. With regard to the past financial year, the Compensation Committee retained the principle of an annual variable compensation but not that of exceptional compensation.

They do not have employment contracts.

The 21st and 23rd resolutions of the General Meeting of September 23, 2015 authorize the Board of Directors to allocate free preference shares and/or ordinary share purchase and/or subscription options to corporate executive officers of the Company. Corporate executive officers in receipt of the award under the 21st resolution cannot receive the award under the 23rd resolution and vice versa. The awards under these two resolutions are subject to the fulfillment

of internal performance (subscription options and preference shares) and share price performance (preference shares) conditions.

The total gross compensation owed by the Company to corporate executive officers during the financial year was €881 thousand.

Corporate executive officers are not eligible for any severance or non-compete indemnity. They no longer benefit from a supplementary pension scheme by virtue of their position within the Company.

Compensation of corporate officers

In consideration – very partial – of the responsibilities assumed and also the time spent preparing Board and/or committee meetings and actively participating therein, directors receive directors' fees consisting of a fixed component and a variable component.

The General Meeting of November 20, 2013 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €450,000.

During the 2015/2016 financial year, members of the Board of Directors received €429 thousand in directors' fees.

There are no agreements to compensate Board members if they resign or are dismissed without real cause, or if their employment is terminated due to a public offering.

No loans or advances were made to the Company's directors under Article L. 225-43 of the French Commercial Code.

NOTE 28 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

A tax audit is being conducted on the Company for the period from April 1, 2012 to March 31, 2015. The audit began in March 2016. To date, no adjustments have been proposed. Consequently, no provision has been recognized in the financial statements.

NOTE 29 EVENTS AFTER THE REPORTING PERIOD

N/A.

NOTE 30 SUBSIDIARIES AND SHAREHOLDINGS (MARCH 31, 2016)

	Country	Currency	Capital *(in thousands of currency units)*	Reserves and retained earnings (losses), before allocation of earnings *(in thousands of currency units)*
Subsidiaries (at least 50% of capital held)				
Ubisoft Inc.	United States	US dollar	90,405	102,769
Ubisoft EMEA SAS	France	Euro	11,960	22,976
Ubisoft International SAS	France	Euro	50,008	6,321
Ubisoft France SAS	France	Euro	20,623	7,734
Ubisoft GmbH	Germany	Euro	11,950	20,662
Ubisoft Entertainment Inc.	Canada	Canadian dollar	3,887	147,965
Owlient SAS	France	Euro	80	9,628
Other French subsidiaries *				
Other foreign subsidiaries *				
TOTAL				
Investments (between 10% and 50% of capital held)				

* *Information on significant subsidiaries is detailed. Other subsidiaries comprise a significant number of subsidiaries, but the value of the shares is not significant*

Percentage of capital held *(as a %)*	Accounting value of shares held *(in € thousands)* Gross	Net	Loans and advances granted by the Company and not yet paid *(in € thousands)*	Revenue excluding VAT *(in thousands of currency units)*	Earnings for the last financial year *(in thousands of currency units)*	Dividends received *(in thousands of currency units)*
100%	96,991	96,991	-	695,615	13,646	-
100%	55,158	55,158	-	355,777	1,952	-
100%	50,008	50,008	-	113,562	2,846	-
100%	22,872	22,872	-	68,587	(479)	-
100%	27,101	27,101	-	105,906	(4,376)	-
100%	2,666	2,666	-	414,490	29,071	-
100%	20,094	20,094	-	8,909	2,208	-
	24,476	**21,116**	**-**			
	33,578	**29,963**	**65,316**			
	332,944	**325,969**				
	-	**-**				

5.4 Statutory Auditors' report on the annual financial statements

This is a free translation into English of the statutory auditors' general report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

Pursuant to the assignment entrusted to us by your General Meeting, we hereby present our report for the financial year ended March 31, 2016, with regard to:

- the audit of the annual financial statements of Ubisoft Entertainment SA, as attached to this report;
- the basis for our assessment;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Board of Directors. It is our task to express an opinion on these financial statements on the basis of our audit.

1. OPINION REGARDING THE ANNUAL FINANCIAL STATEMENTS

We have conducted our audit in accordance with accepted professional standards in France. These standards require due diligence in order to ascertain with reasonable certainty that the annual financial statements contain no material misstatements. An audit consists in verifying, on a test basis or by means of other methods of selection, elements to the amounts and information contained in the financial statements. It also involves assessing the accounting principles applied, the significant estimates used and the overall presentation of the financial statements. It is our view that the elements that we collected are sufficient and adapted to base our opinion.

We hereby certify that, from the standpoint of French accounting rules and principles, the annual financial statements give a true and fair view of the results obtained for the financial year in question and of the Company's financial position and assets at the end of this year.

2. BASIS FOR ASSESSMENT

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code regarding the basis for our assessment, we call to your attention the following items:

Commercial software and external developments

The note relating to "Intangible assets" in the "Accounting rules and methods" section describes the accounting principles for the valuation and the depreciation of commercial software and external developments.

Our work consisted of assessing the information and assumptions on which these estimates are based, checking the calculations made by the Group, comparing the accounting estimates of previous periods with reality and reviewing the approval procedures of these estimates by the management.

Equity investments

The note relating to "Non-current financial assets" in the "Accounting rules and methods" section describes the accounting principles for the valuation and depreciation of securities.

As part of our assessment of the accounting rules and principles applied by your Company, we have verified the appropriateness of the accounting methods indicated above and of the information provided in the Notes, and have ensured their correct application.

Our assessments were made within the context of our audit of the annual financial statements as a whole, and therefore provided a basis for the opinion expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND INFORMATION

We have also carried out the specific verifications required by law, pursuant to professional standards applicable in France.

We have no comments regarding the accuracy of the information provided in the management report prepared by the Board of Directors or in the documents sent to shareholders concerning the financial position and annual financial statements, or regarding the consistency of this information with the annual financial statements.

With regard to the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, on the compensation and benefits paid to corporate officers and on the commitments made in their favor, we verified their consistency with the financial statements and with the data used in the preparation of these financial statements and, where appropriate, with items collected by your Company from the companies controlling your Company, or controlled by it. Based on this work, we attest the accuracy and truthfulness of such information.

As required by law, we have ensured that the various information relating to equity and control investments and to the identity of the holders of share capital or voting rights was provided to you in the management report.

Statutory Auditors

Rennes, June 20, 2016

KPMG Audit
Division of KPMG S.A.

Vincent Broyé
Partner

Rennes, June 20, 2016

MB Audit

Roland Travers
Partner

5.5 Statutory Auditors' special report on regulated agreements and commitments

This is a free translation into English of the statutory auditors' report on regulated agreements and commitments issued in the French language and provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

We are required to inform you, based on the information provided to us, of the principal terms and conditions of the agreements and commitments brought to our attention or which we may have discovered during the course of our mission, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the interest in entering into such agreements and commitments for the purpose of approving them.

Furthermore, we are required to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the performance, during the past financial year, of agreements and commitments previously approved by the General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this assignment. These procedures consisted in verifying the information provided to us is in agreement with the relevant source of documents.

REGULATED AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement authorized in the course of the year to be submitted to the General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement previously approved by the General Meeting that remained in effect during the financial year.

Statutory Auditors

Rennes, June 20, 2016

KPMG Audit
Division of KPMG S.A.

Vincent Broyé
Partner

Rennes, June 20, 2016

MB Audit

Roland Travers
Partner

5.6 Ubisoft (parent company) results for the past five financial years

Exercise	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Capital *(in €)*	7,369,475	7,441,041	8,200,040	8,478,237	8,710,056
Number of ordinary shares	95,090,002	96,013,433	105,806,973	109,396,612	112,387,818
Number of preference shares	-	-	-	-	-
Maximum number of shares to be created:	17,518,199	23,277,869	12,742,995	8,307,244	7,283,147
through the exercise of stock options	*16,573,169*	*12,880,409*	*9,859,628*	*4,875,020*	*2,634,721*
through the allocation of free shares	*945,030*	*1,879,528*	*2,883,367*	*3,432,224*	*4,648,426*
through the exercise of share subscription warrants	-	*8,517,932*	-	-	-
Sales *(in € thousands)*	782,547	933,598	786,733	1,100,316	1,199,870
Net profit (loss) before tax, investments and provisions *(in € thousands)*	295,289	392,737	243,524	568,900	453,577
Income tax *(in € thousands)*	(2,271)	(3,002)	(3,342)	25,741	(5,162)
Employee profit-sharing	-	-	-	-	-
Net income after tax, investments and provisions *(in € thousands)*	(63,817)	(30,462)	(184,120)	150,700	(105,306)
Distributed earnings	-	-	-	-	-
Per share, profit (loss) after tax, before provisions *(in €)*	3.13	4.12	2.30	4.97	4.55
Per share, profit (loss) after tax and provisions *(in €)*	(0.67)	(0.32)	(1.74)	1.38	(0.94)
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll *(in € thousands)* *	649	649	649	949	789
Social security contributions and employee benefits *(in € thousands)*	243	228	272	438	283

* *Compensation of one corporate officer recognized as a subcontractor was not included*

5 Financial statements

6 Information on the Company and its capital

6.1 LEGAL INFORMATION 186
6.1.1 Information about the Company 186
6.1.2 Articles of Association 186

6.2 SHARE CAPITAL AND STOCK OWNERSHIP 188
6.2.1 Share capital 188
6.2.2 Potential capital as at March 31, 2016 189
6.2.3 Financial authorizations 189
6.2.4 Changes in capital in the three financial years to May 12, 2016 191
6.2.5 Employee stock ownership via the company mutual fund (FCPE) 191
6.2.6 Value of convertible or exchangeable securities or securities comprising share warrants 192
6.2.7 Share buyback 192
6.2.8 Breakdown of capital and voting rights 195
6.2.9 Factors likely to have an impact in the event of a public offering 197

6.3 SECURITIES MARKET 199
6.3.1 Entity managing securities services 199
6.3.2 Ubisoft share data 199
6.3.3 Change in the share price over the last 24 months 200
6.3.4 Transactions covered by Article L. 621-18-2 of the French Monetary and Financial Code and Article 222-15-3 of the AMF's General Regulation 201

6.4 SECURITIES OTHER THAN EQUITY SECURITIES 202

6.5 FINANCIAL COMMUNICATION 203
6.5.1 Documents available to the public 203
6.5.2 Financial reporting calendar for the 2016/2017 financial year 203

6.1 Legal information

6.1.1 INFORMATION ABOUT THE COMPANY

Corporate name	Ubisoft Entertainment
Registered office	107, avenue Henri Fréville – BP 10704 – Rennes (35207) Cedex 2
Legal form	French Corporation (Société Anonyme) with a Board of Directors governed by French law (particularly the provisions of the French Commercial Code applicable to commercial companies), as well as by its Articles of Association and internal rules of procedure.
Date of incorporation and term	The Company was incorporated on March 28, 1986 and registered by Trade and Companies Register on April 9, 1986 for a term of 99 years, unless such term is extended or the Company is dissolved at an earlier date.
Trade and companies register	335 186 094 RCS RENNES APE code: 5821Z
Place where legal documents may be consulted	The Company's legal documents may be consulted at its business address at 28, rue Armand Carrel – 93100 Montreuil-sous-Bois, France, or at its registered office.
Financial year	The financial year runs from April 1 to March 31.

6.1.2 ARTICLES OF ASSOCIATION

Amendments to the Articles of Association are made by decision of the Extraordinary General Meeting.

Corporate purpose (Article 3 of the Articles of Association)

The Company has the following purpose, in France and abroad, both directly and indirectly:

- the creation, production, publishing and distribution of all kinds of multimedia, audiovisual and IT products, especially video games, educational and cultural software, cartoons and literary, cinematographic and television works on any media, current or future;
- the distribution of all kinds of multimedia and audiovisual products, especially through new communication technologies such as networks and online services;
- the purchase, sale and, in general, all forms of trading, including both import and export, via rental or otherwise, of any computer and word-processing hardware with its accessories, as well as any hardware or products for reproducing sound and pictures;
- the marketing and management of all data-processing and word-processing computer programs;
- consulting, support, assistance and training relating to any of the above-mentioned fields;
- the investment by the Company in any operation that may relate to its purpose, by the creation of new companies, the subscription or purchase of shares or corporate rights, by mergers or by other means; and
- in general, any operation related directly or indirectly to the above purpose or similar and related purposes likely to promote the Company's development.

Form of shares and identification of shareholders (Article 5 of the Articles of Association)

Fully paid-up ordinary shares may be registered or bearer shares, depending on the preference of the shareholder, subject to applicable legal and regulatory provisions.

Preference shares of the Company must be registered and may not be contractually divided.

The shares of the Company require book-entry under the terms and conditions required by applicable legal and regulatory provisions. Ordinary shares are conveyed by transfer between accounts. Preference shares are not transferable.

The Company may at any time, in accordance with the legal and regulatory provisions, request information from the French securities clearing organization (SICOVAM) to allow the Company to identify shareholders granted either immediate or future voting rights in shareholders' General Meetings, as well as the number of shares held by any one shareholder and, where applicable, any restrictions to which the shares may be subject.

Crossing of thresholds (Article 6 of the Articles of Association)

Without prejudice to the thresholds provided for in Article L. 233-7 of the French Commercial Code, any shareholder acting alone or in concert with others who directly or indirectly comes to own at least 4% of the Company's capital or voting rights, or a multiple of this percentage that is less than or equal to 28%, is required to inform the Company by registered letter with acknowledgment of receipt sent to the registered office within the period prescribed in Article L. 233-7 of the French Commercial Code of the total number of shares, voting rights and securities ultimately granting entitlement to the Company's capital.

The disclosure upon crossing any threshold equal to a multiple of 4% of the paragraph should also be made when the interest in the capital or voting rights falls below one of the aforementioned thresholds.

Shareholders who fail to disclose that they have crossed such thresholds will forfeit their voting rights in the conditions set forth in Article L. 233-14 of the French Commercial Code, upon request – recorded in the minutes of the General Meeting – of one or more shareholders who together own at least 5% of the capital or voting rights in the Company.

Rights and obligations attached to shares (Article 7 of the Articles of Association)

I. Rights attached to ordinary shares: Each ordinary share gives rights to ownership of the corporate assets and the liquidation dividend equal to the proportion of the share capital that it represents.

Voting rights double those conferred on other shares, based on the proportion of the share capital they represent, are granted to all fully paid-up shares that are shown to have been registered in the name of the same shareholder for at least two years. In the event of a share capital increase via the capitalization of reserves, earnings or issue premiums, this right is also conferred at the date of issue on registered shares granted free of charge to a shareholder on the basis of old shares that enjoyed this right.

II. Rights attached to preference shares: Preference shares do not have a preferential subscription right for any capital increase or transaction with a right to ordinary shares. However, the conversion ratio referred to in section 2.2 below will be adjusted to preserve the rights of holders of preference shares.

III. Features of preference shares

1. Right to liquidating dividend and right to dividends: Each preference share carries entitlement, until the Conversion Date, to the liquidation dividend based on the proportion of the capital that it represents. Each preference share will have a dividend distribution right equal to 1% of the distribution right.

2. Conversion:

   2.1 Conversion Date: As preference shares may only be issued in the context of a free share grant, the conversion date **("Conversion Date")** is directly linked to the vesting or retention periods provided for in the free share plan. Under no circumstances may this take place until a minimum period of four years has elapsed.

   2.2 Conversion conditions: The number of ordinary shares that may result from conversion is calculated using a conversion ratio determined by the Board of Directors based on the volume-weighted average trading price of the Company's shares over a period to be defined by the Board of Directors **("Weighted Share Price")** on the Conversion Date **("Conversion Ratio").** It is understood that the Board of Directors will determine, on the date of allocation:

   - the Weighted Share Price on the basis of which preference shares may give rights to conversion **("Minimum Share Price"),** which may not be lower than:
     - the opening price of ordinary shares on Euronext Paris on the date of allocation **("Daily Price"),**
     - or the average opening price of ordinary shares over the 20 trading days prior to their allocation **("20-day Average");**
   - the target share price on the Conversion Date beyond which the number of ordinary shares resulting from conversion does not increase any further **("Maximum Share Price").** This may not be lower than the Daily Price or the 20-day Average, plus a percentage to be defined by the Board of Directors based on the resolutions of the General Meeting authorizing bonus allocations of preference shares;

   2.3 Conversion methods: Subject to fulfillment of the conversion conditions, preference shares will be converted into ordinary shares by the Company on the Conversion Date using one of the following methods determined by the Board of Directors when they were allocated:

   - either automatically on the Conversion Date,
   - or at the request of the holder from the Conversion Date up until a deadline determined by the Board of Directors, after which the preference shares will be converted automatically if the holder has not initiated conversion during this period. Conversion at the initiative of the holder must comply with legal rules and regulations relating to insider trading.

   All preference shares converted will be fully fungible with ordinary shares on their Conversion Date and will carry immediate dividend rights.

3. Voting rights

   Preference shares have no voting rights in Ordinary and Extraordinary Meetings of the holders of ordinary shares, it being understood that they have voting rights in Special Meetings of holders of preference shares.

General Meetings (Article 13 of the Articles of Association)

General Meetings will consist of all shareholders of Ubisoft Entertainment SA, with the exception of the Company itself. They represent the totality of shareholders.

They will be convened and deliberate under the conditions prescribed by the French Commercial Code. General Meetings are held at the registered office or at any other venue indicated in the convening notice. They are chaired by the Chairman of the Board of Directors or, in his absence, by a director appointed for this purpose by the General Meeting.

The right to participate in shareholders' General Meetings is subject to fulfillment of the formalities provided for under applicable

regulations in force. Shareholders may vote by postal form or by proxy form subject to the requirements of legal and regulatory provisions.

In accordance with the decision of the Board of Directors published in the notice of meeting and/or convening notice, shareholders may participate in shareholders' General Meetings (by means of video-conferencing or vote using all means of telecommunication or remote transmission, including internet), under the conditions prescribed by the applicable regulations in force.

In the event of such a decision by the Board of Directors, shareholders may send their proxy forms or postal voting forms, either on paper or by means of telecommunications or remote transmission, in compliance with the deadlines applicable under laws and regulations. When remote transmission is used (including electronic means), the electronic signature may take the form of a process that meets the requirements set out in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

Distribution of earnings (Article 16 of the Articles of Association)

Earnings consist of income for the financial year after deduction of operating expenses, allowances for depreciation and amortization and provisions. The following are deducted from earnings for the financial year after deducting any prior-period losses:

- amounts to be allocated to reserves in accordance with the law and the Articles of Association and, in particular, at least 5% to make up the legal reserve. This allocation is no longer required once the legal reserve reaches one tenth of the share capital but resumes if, for any reason, the legal reserve falls below this percentage; and
- any amounts which the General Meeting, on a proposal from the Board of Directors, deems appropriate to allocate to any extraordinary or special reserves or to carry forward as retained earnings.

The balance will be distributed to the shareholders. However, except in the event of capital reductions, no distribution may be made to shareholders where the shareholders' equity is, or would be if such distribution were to take place, less than the amount of the capital plus reserves that are non-distributable under the law or the Articles of Association.

The General Meeting may, in accordance with the provisions of Article L. 232-18 of the French Commercial Code, propose the option of payment of the interim or final dividend in new shares of the Company.

6.2 Share capital and stock ownership

6.2.1 SHARE CAPITAL

As at March 31, 2016, the number of shares outstanding totaled 112,387,818 fully paid-up shares with a par value of €0.0775 each, equivalent to share capital of €8,710,055.90.

The following table shows the number of shares created between April 1, 2015, and March 31, 2016:

AT 04/01/15	**109,396,612 SHARES**
Exercise of subscription options	2,549,595 shares
Free share grants	128,195 shares
Group savings plan (PEG)	134,116 shares
Reserved share capital increase	179,300 shares
AT 03/31/16	**112,387,818 SHARES**

6.2.2 POTENTIAL CAPITAL AS AT MARCH 31, 2016

Free share grants *(see section 3.2.3.5)*	Number of potential shares	Potential dilution
Attendance and/or performance conditions	4,648,426	3.97%

Share subscription options *(see section 3.2.3.6)*		Number of potential shares	Potential dilution
Open	Plans 24, 25, 26, 28 and 29	1,251,318	1.11%
Open and not open	Plans 24, 25, 26, 27, 28, 29, 30 and 31	2,634,721	2.29%

Share issuance warrants (see section 6.2.6) [1]		Number of potential shares	Potential dilution
Number of share issuance warrants in circulation	10,780,000	10,780,000	8.75%

(1) Equity line: Share issuance warrants exercisable at the discretion of the Company to carry out successive capital increases for a maximum amount of €835,450 (new line set up on March 27, 2015 to replace the previous line that expired on March 19, 2015 without being used [9,400,000 share issuance warrants/share capital increase for a maximum nominal amount of €728,500])

6.2.3 FINANCIAL AUTHORIZATIONS

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use 2015/2016	Issue from 04/01/15 to 03/31/16
Share buyback	09/23/15 10th resolution	18 months 03/22/17	10% of the capital Maximum purchase price: €40	See section 6.2.7	
Reduction of capital by cancellation of treasury shares	09/23/15 11th resolution	18 months 03/22/17	10% of the capital	N/A	
Capital increase by capitalization of reserves, income, premiums or other	09/23/15 12th resolution	26 months 11/22/17	€10 million	06/19/15	128,195 shares created [1]
Capital increase with preferential subscription rights preserved	09/23/15 13th resolution [2]	26 months 11/22/17	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a public offering	09/23/15 14th resolution [2]	26 months 11/22/17	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a private placement	09/23/15 15th resolution [2]	26 months 11/22/17	In capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase as consideration for contributions in kind	09/23/15 17th resolution [2]	26 months 11/22/17	10% of the capital on the day of the meeting	N/A	N/A
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG)	07/01/14 12th resolution [3] [4]	26 months 08/31/16	0.2% of the capital on the day of use by the Board	12/16/14	134,116 [6]
	09/23/15 18th resolution [2]	26 months 11/22/17	0.2% of the capital on the day of use by the Board	N/A	N/A
Allotment of stock purchase or subscription options	09/24/12 18th resolution [5]	38 months 11/23/15	2.6% of the capital on the day of use by the Board	09/23/15	328,100 options granted
	09/23/15 22nd resolution [2] ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.3% of the capital on the day of use by the Board	N/A	N/A
	09/23/15 23rd resolution [2] ♦ Corporate Executive Officers	38 months 11/22/18	0.05% of the capital on the day of the Board's decision	12/16/15	37,500

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use 2015/2016	Issue from 04/01/15 to 03/31/16
Free share grants	07/01/14 15th and 16th resolutions [3] ♦ Employees ♦ Executive Committee	38 months 08/31/17	1.7% of the capital on the day of the Board's decision ♦ 1.1% in ordinary shares ♦ 0.6% in preference shares	09/23/15	970,220 ordinary shares 4,706 preference shares/141,180 ordinary shares [7]
	09/23/15 20th resolution [2] ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.7% of the capital on the day of the Board's decision ♦ 0.25% maximum in preference shares	10/19/15	183,833 ordinary shares allocated
	09/23/15 21st resolution [2] ♦ Corporate Executive Officers	38 months 11/22/18	0.05% of the capital on the day of the Board's decision (preference shares only)	12/16/15	1,500 preference shares/45,000 ordinary shares [7]
Capital increase reserved for subsidiary employees (outside France)	07/01/14 13th resolution [3]	18 months 12/31/15	0.2% of the capital on the day of the Board's decision	03/19/15	179,300 shares [8]
	09/23/15 19th resolution [2]	18 months 03/22/17	0.2% of the capital on the day of the Board's decision	N/A	N/A

(1) Delivery of free shares – Plan: 06/24/11

(2) Charged against the overall limit of €4 million set by the Meeting of September 23, 2015 (24th resolution)

(3) Charged against the overall limit of €4 million set by the Meeting of June 27, 2013 (23rd resolution)

(4) The unused portion of this authorization was canceled by the Meeting of September 23, 2015, which approved a similar resolution

(5) Charged against the overall limit of €4 million set by the Meeting of September 24, 2012 (21st resolution)

(6) Issuance of the shares on July 21, 2015

(7) Conversion ratio of one preference share for thirty ordinary shares subject to trading conditions

(8) Issuance of shares created on April 2, 2015

6.2.4 CHANGES IN CAPITAL IN THE THREE FINANCIAL YEARS TO MAY 12, 2016

Date of Board meeting [2]	Type of transaction	Number of shares issued	Amount *(in cash)*	Premiums	Cumulative number of shares	Amount of share capital [1]
04/05/13	Increase by capitalization of reserves and exercise of SOP and BSA from 09/01/2012 to 03/31/2013	753,040	€58,360.60	€5,144,187.80	96,054,391	€7,444,215.30
06/17/13	Increase by capitalization of reserves and exercise of SOP and BSA from 04/01/2013 to 05/31/2013	187,864	€14,559.46	€974,118.23	96,242,255	€7,458,774.76
07/18/13	Exercise of SOP from 06/01/2013 to 06/30/2013 Subscription of FCPE Ubi Actions	221,006	€17,127.97	€1,375,347.11	96,463,261	€7,475,902.73
11/15/13	Increase by capitalization of reserves and exercise of SOP from 07/01/2013 to 10/31/2013 and BSA from 07/01/2013 to 10/16/2013	8,754,408	€678,466.62	€60,041,538.85	105,217,669	€8,154,369.35
12/13/13	Increase by capitalization of reserves and exercise of SOP from 11/01/2013 to 11/30/2013	294,576	€22,829.64	€90,629.11	105,512,245	€8,177,198.99
03/27/14	Exercise of SOP from 12/01/2013 to 02/28/2014 and capital increase (employees of some foreign subsidiaries)	229,711	€17,802.60	€1,761,582.75	105,741,956	€8,195,001.59
04/04/14	Exercise of SOP from 03/01/2014 to 03/31/2014	65,017	€5,038.82	€369,743.97	105,806,973	€8,200,040.41
06/23/14	Increase by capitalization of reserves and exercise of SOP from 04/01/2014 to 05/31/2014	436,966	€33,864.86	€1,629,102.30	106,243,939	€8,233,905.27
07/15/14	Exercise of SOP from 06/01/2014 to 06/30/2014 and subscription of FCPE Ubi Actions	417,633	€32,366.56	€2,986,001.25	106,661,572	€8,266,271.83
10/14/14	Increase by capitalization of reserves and exercise of SOP from 07/01/2014 to 09/30/2014	693,316	€53,731.99	€2,435,588.30	107,354,888	€8,320,003.82
11/10/14	Increase by capitalization of reserves and exercise of SOP from 10/01/2014 to 10/31/2014	450,736	€34,932.04	€1,168,349.40	107,805,624	€8,354,935.86
04/02/15	Exercise of SOP from 11/01/2014 to 02/28/2015 and capital increase (employees of some foreign subsidiaries)	1,683,179	€130,446.37	€11,570,478.01	109,488,803	€8,485,382.23
04/10/15	Exercise of SOP from 03/01/2015 to 03/31/2015	87,109	€6,750.95	€570,479.43	109,575,912	€8,492,133.18
06/19/15	Increase by capitalization of reserves and exercise of SOP from 04/01/2015 to 05/31/2015	698,113	€54,103.76	€3,788,622.01	110,274,025	€8,546,236.94
07/21/15	Exercise of SOP from 06/01/2015 to 06/30/2015 and subscription of FCPE Ubi Actions	944,440	€73,194.10	€7,004,856.16	111,218,465	€8,619,431.04
04/07/16	Exercise of SOP from 07/01/2015 to 03/31/2016	1,169,353	€90,624.86	€8,372,899.01	112,387,818	€8,710,055.90

(1) Share capital (leading to a revision of the Articles of Association and K-bis (registry document)
(2) Recorded by the Chairman and Chief Executive Officer in case of delegation

6.2.5 EMPLOYEE STOCK OWNERSHIP VIA THE COMPANY MUTUAL FUND (FCPE)

As at March 31, 2016, employees held 824,916 shares, or 0.734% of the share capital, via the "FCPE Ubi actions" mutual fund.

During the year ended March 31, 2016, the authorization granted to the Board of Directors by the Combined General Meeting of September 23, 2015 was not used to perform capital increases reserved for subscribers of a savings plan of the Group, of an affiliated company and/or companies within the meaning of Article L. 225-180 of the French Commercial Code, within the limit of 0.2% of the total amount of shares comprising the share capital at the time of its use by the Board of Directors, in particular via a company mutual fund.

The use made of this authorization between April 1, 2014 and March 31, 2015 is described in section 6.2.3 – Financial authorizations.

6.2.6 VALUE OF CONVERTIBLE OR EXCHANGEABLE SECURITIES OR SECURITIES COMPRISING SHARE WARRANTS

Share issuance warrants as part of an equity line

In view of the expiry of the equity line arranged on March 20, 2012 with Crédit Agricole Corporate and Investment Bank (CA-CIB) for an initial two-year term, subsequently extended on July 10, 2013 until March 20, 2015 ("Equity Line 2012"), it was decided on March 27, 2015, using the delegation of authority granted by the General Meeting of June 27, 2013 under its 18th resolution and the sub-delegation granted by the Board of Directors on March 19, 2015 to its Chairman and Chief Executive Officer, to proceed with the issue, without preferential subscription rights for shareholders, of share issuance warrants ("BEA") exercisable at the Company's discretion, subscribed for by CA-CIB – a qualified investor within the meaning of Article L. 411-2 of the French Monetary and Financial Code – via a private placement with a view to establishing an equity line ("Equity Line 2015").

Use during the financial year ended March 31, 2016

- **Equity Line 2012:** N/A.
- **Equity Line 2015:** N/A.

Type and category of BEA

The BEA issued by the Company are securities granting entitlement to capital within the meaning of Article L. 228-91 et seq. of the French Commercial Code. The BEA have not and will not be listed for trading on a regulated market or otherwise.

Form and method of registration of BEA

BEA are issued exclusively in registered form.

BEA exercise ratio

One (1) BEA entitles the holder to subscribe to one (1) new share at the subscription price hereinafter defined, subject to any adjustments that may be made in response to financial transactions in particular.

BEA unit price

€0.0001.

Maximum nominal amount of capital increases from the exercise of BEA

- **Equity Line 2012:** €728,500 or a maximum of 9,400,000 shares can be created.
- **Equity Line 2015:** €835,450 or a maximum of 10,780,000 shares can be created.

Subscription price of one new share

- **Equity Line 2012:** The subscription price of one new share through the exercise of BEA will be 95% of the weighted average price of the previous trading days.
- **Equity Line 2015:** The subscription price of one new share through the exercise of BEA will include a maximum discount, at the time of issue, of 4.5% on the weighted average price over the previous three trading days.

BEA exercise period

- **Equity Line 2012:** The duration, which was initially due to expire on March 20, 2014, has been extended by one additional year to March 20, 2015.
- **Equity Line 2015:** Two years from March 27, 2015, i.e. until March 27, 2017, with an additional one-year extension option.

Market information

For each issue of new shares upon exercise of BEA by the Company, a Euronext notice will be published prior to admission to trading of these shares and will indicate the number of shares issued and the subscription price.

6.2.7 SHARE BUYBACK

6.2.7.1 Authorization in place at the time of this report

LEGAL FRAMEWORK

The Combined General Meeting of September 23, 2015 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of July 1, 2014, allowing the Company to buy back its own shares in accordance with Article L. 225-209 et seq. of the French Commercial Code (the "Buyback Program"). The Board of Directors used this authorization at its meeting of September 23, 2015 and, in addition, reiterated this authorization, as required, on February 20, 2016, within the context of an employee stock ownership project involving an international group savings plan via a leveraged company mutual fund invested in existing shares, the implementation of which was decided on by the Board of Directors on April 19, 2016 (the "2016 Plan").

POSITION AT 03/31/16

Percentage of own shares held directly and indirectly	3.25%
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio (1)	3,647,838
Portfolio carrying amount	€80,991,884.77
Portfolio market value (2)	€100,680,328.80

(1) Breakdown by objective below
(2) Closing price on March 31, 2016: €27.60

ALLOCATION OF TREASURY SHARES BY OBJECTIVE

	Liquidity agreements	Employee stock ownership coverage	Cancellation	Acquisitions
Number of treasury shares	45,800	113,824	1,248,214	2,240,000

By virtue of legal and regulatory provisions, shares acquired using accepted market practices (liquidity agreements/acquisitions) may be reallocated to one of the two objectives of EU regulation No. 2273/2003 of December 22, 2003 (cancellation/coverage) particularly within the scope of the 2016 Plan; given that the shares acquired and allocated to the coverage objective can only be reallocated to the cancellation objective or, be sold (these shares cannot be allocated to an accepted market practice). Shares allocated to one accepted market practice cannot be allocated to another accepted market practice.

BREAKDOWN OF OWN-SHARE PURCHASES AND SALES OVER THE YEAR

(Article L. 225-211 of the French Commercial Code)

NUMBER OF SHARES HELD IN THE COMPANY'S NAME AS AT 03/31/15	**402,492**
Number of shares acquired over the year	4,530,127
Average price on acquisition	€22.35
Number of shares sold over the year	1,284,781
Average price on sale	€18.66
Number of shares canceled over the year	N/A
Execution fees	N/A
NUMBER OF SHARES HELD IN THE COMPANY'S NAME AS AT 03/31/16	**3,647,838**
Value of shares held in the Company's name as at 03/31/16 (1)	€80,991,884.77
Par value of shares held in the Company's name as at 03/31/16	€282,707.45
Number of shares used over the year	4,530,127
Reallocation taking place over the year	N/A
Percentage of capital held as treasury shares as at 03/31/16	3.25%

(1) Measured at purchase price

6.2.7.2 Liquidity agreements

Since January 2, 2006, the Company has instructed Exane BNP Paribas to implement a liquidity agreement in line with the AMAFI code of ethics recognized by the *Autorité des Marchés Financiers* (AMF), hereinafter the "Agreement," with a one-year automatically renewable term.

By virtue of an amendment to the Agreement dated April 5, 2011, the total figure allocated to the Agreement was increased to €1,700,000. By virtue of an amendment to the Agreement dated October 10, 2014, the total figure allocated was reduced to €1,500,000. The Company allocated this amount for the implementation of this Agreement over the last financial year.

6.2.7.3 Description of the share buyback program submitted for the approval of the Combined General Meeting of September 29, 2016

Pursuant to Articles 241-2 and 241-3 of the AMF General Regulation and European Regulation (EC) No. 2273/2003 of December 22, 2003, the share buyback program that will be submitted for the approval of the Combined General Meeting of September 29, 2016 is presented below.

Shares concerned: ordinary shares in Ubisoft Entertainment SA, listed on Euronext Paris, division A, ISIN code FR0000054470.

Maximum percentage of capital: 10% of the total number of shares comprising the share capital on the buyback date, i.e. as a guide, based on the number of outstanding shares as at April 30, 2016 (112,769,518), taking into account the number of shares held at May 12, 2016 (3,546,907 shares representing 3.15% of the capital): 7,730,044 or 6.85%.

Maximum purchase price: €60, or a maximum of €676,617,060 based on the share capital as at April 30, 2016.

Objectives:

- to ensure the liquidity and activity of Ubisoft Entertainment SA stock using an investment services provider acting independently under a liquidity agreement in accordance with the code of ethics recognized by the AMF;
- to meet obligations resulting from stock option plans, free shares allocation plans or any other allocations of shares to Group employees and/or corporate officers, or for the benefit of some of them, particularly in the context of a company savings plan or profit-sharing scheme;
- to retain shares for delivery at a later date in exchange or as payment for any future acquisitions, subject to a limit of 5% of the existing capital;
- to deliver shares upon the exercise of rights attached to debt securities giving access, by any means, immediately and/or at a later date, to the Company's share capital through redemption, conversion, exchange, presentation of a warrant or any other means;
- to cancel in whole or in part any repurchased shares as provided by law, subject to the authorization from the Extraordinary General Meeting;
- to implement any market practice that is or may come to be recognized by law or the *Autorité des Marchés Financiers*.

Duration of authorization: 18 months from the General Meeting of September 29, 2016.

SUMMARY STATEMENTS OF TRANSACTIONS COMPLETED FROM MAY 12, 2015 * TO MAY 12, 2016, THE DATE OF THIS REPORT

Percentage of own shares held directly and indirectly	3.16%
Number of shares canceled over the previous 24 months	N/A
Number of shares in portfolio [1]	
Liquidity agreements	58,187
Coverage of purchased stock options	506
Cancellation	1,248,214
Acquisitions	2,240,000
Portfolio carrying amount	€80,816,205.52
Portfolio market value [2]	€98,604,014.60

(1) 400,000 shares were purchased on the market (assigned to employee shareholdings) under the sixth resolution of the General Meeting of June 30, 2011, and the balance under the liquidity agreement with Exane BNP Paribas

(2) Closing price on May 12, 2016: €27.8

** In accordance with the provisions of AMF directive 2005-06, the period in question starts on the day following the date on which the statement of the previous program was drawn up*

	Total flows *		Positions open as at 5/12/16			
			Open buy positions		Open sell positions	
	Purchases	Sales Transfers	Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	4,555,333	1,399,477				
Average maximum term [1]	-	-				
Average transaction price	€22.65	€18.75		N/A		
Average strike price	-	-				
Amounts	€103,164,428	€26,244,373				

(1) Validity of the authorization granted by the General Meeting of September 23, 2015: until March 22, 2017, subject to early termination if the General Meeting approves a similar resolution before the expiry date

** Total gross flows include spot buying and selling as well as options and futures exercised or at maturity*

6.2.8 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

6.2.8.1 Change over the last three financial years

	03/31/16		03/31/15		03/31/14	
	Number of shares	Number of voting rights [2]	Number of shares	Number of voting rights [2]	Number of shares	Number of voting rights [2]
	%	%	%	%	%	%
Guillemot Brothers SE	**6,555,764**	**13,043,717**	**7,031,092**	**13,683,760**	**7,231,092**	**13,883,760**
	5.833%	*10.555%*	*6.427%*	*11.048%*	*6.834%*	*11.519%*
Yves Guillemot	**917,783**	**1,835,566**	**917,783**	**1,759,511**	**917,783**	**1,759,511**
	0.817%	*1.485%*	*0.839%*	*1.421%*	*0.867%*	*1.460%*
Claude Guillemot	**722,363**	**1,444,726**	**722,363**	**1,412,726**	**722,363**	**1,412,726**
	0.643%	*1.169%*	*0.660%*	*1.141%*	*0.683%*	*1.172%*
Michel Guillemot	**380,103**	**760,206**	**505,103**	**1,010,206**	**505,103**	**1,010,206**
	0.338%	*0.615%*	*0.462%*	*0.816%*	*0.477%*	*0.838%*
Gérard Guillemot	**525,547**	**1,051,094**	**525,547**	**1,051,094**	**525,547**	**1,051,094**
	0.468%	*0.851%*	*0.480%*	*0.849%*	*0.497%*	*0.872%*
Christian Guillemot	**106,625**	**212,744**	**106,119**	**212,238**	**227,070**	**443,977**
	0.095%	*0.172%*	*0.097%*	*0.171%*	*0.215%*	*0.368%*
Other members of the Guillemot family	**83,843**	**167,686**	**83,843**	**167,395**	**83,843**	**167,395**
	0.074%	*0.136%*	*0.077%*	*0.135%*	*0.079%*	*0.139%*
Guillemot Corporation SA	**443,874**	**887,748**	**443,874**	**887,748**	**613,874**	**1,227,748**
	0.395%	*0.718%*	*0.406%*	*0.717%*	*0.580%*	*1.019%*
CONCERT [1]	**9,735,092**	**19,403,487**	**10,335,724**	**20,184,678**	**10,826,675**	**20,956,417**
	8.663%	*15.701%*	*9.448%*	*16.298%*	*10.232%*	*17.387%*
Ubisoft Entertainment SA	**3,647,838**	**-**	**402,492**	**-**	**467,618**	**-**
	3.246%	*-*	*0.368%*	*-*	*0.442%*	*-*
FCPE Ubi Actions	**824,916**	**1,649,636**	**917,482**	**1,659,005**	**877,487**	**1,626,074**
	0.734%	*1.335%*	*0.839%*	*1.339%*	*0.829%*	*1.349%*
Public	**98,179,162**	**102,523,467**	**97,740,914**	**102,009,611**	**93,635,193**	**97,943,897**
	87.357%	*82.964%*	*89.345%*	*82.363%*	*88.496%*	*81.263%*
TOTAL	**112,387,818**	**123,576,590**	**109,396,612**	**123,853,294**	**105,806,973**	**120,526,388**
	100%	*100%*	*100%*	*100%*	*100%*	*100%*

(1) The concert, composed of the companies Guillemot Brothers SE and Guillemot Corporation SA and the Guillemot family, held 9,667,585 double voting rights at March 31, 2016
(2) In accordance with the Company's Articles of Association, a double voting right is conferred on shares that have been registered for at least two years

6.2.8.2 Breakdown of capital and voting rights as at April 30, 2016

	Capital		Theoretical voting rights		Voting rights exercisable at the General Meeting	
	Number of shares	%	Number	%	Number	%
Guillemot Brothers SE	6,555,764	5.813%	13,043,717	10.223%	13,043,717	10.515%
Yves Guillemot	988,567	0.877%	1,906,350	1.494%	1,906,350	1.537%
Claude Guillemot	732,475	0.650%	1,454,838	1.140%	1,454,838	1.173%
Michel Guillemot	378,715	0.336%	747,318	0.586%	747,318	0.602%
Gérard Guillemot	535,659	0.475%	1,061,206	0.832%	1,061,206	0.855%
Christian Guillemot	106,625	0.095%	212,744	0.167%	212,744	0.172%
Other members of the Guillemot family	83,843	0.073%	167,686	0.130%	167,686	0.135%
Guillemot Corporation SA	443,874	0.394%	887,748	0.696%	887,748	0.716%
CONCERT	**9,825,522**	**8.713%**	**19,481,607**	**15.268%**	**19,481,607**	**15.705%**
Ubisoft Entertainment SA	3,548,512	3.147%	3,548,512	2.781%	-	-
FCPE Ubi Actions	846,137	0.750%	1,670,468	1.309%	1,670,468	1.347%
Public	98,549,347	87.390%	102,896,845	80.642%	102,896,845	82.948%
TOTAL	**112,769,518**	**100%**	**127,597,532**	**100%**	**124,416,313**	**100%**

6.2.8.3 Shareholders exceeding 5% of the share capital as at July 22, 2016 (1)

Shareholder	% capital (2)	% voting rights gross (2)	% voting rights net (2)
Vivendi	22.625%	20.0002%	20.570%
FMR LLC (3)	9.64%	8.522%	8.765%

(1) Information provided based on statements made to the Company and/or AMF and summarized below

(2) Based on number of shares and voting rights as at June 30, 2016

(3) FMR LLC is a holding company of an independent group of companies, acting on behalf of funds, commonly referred to as Fidelity Investments

6.2.8.4 Crossing of legal thresholds

During the financial year ended March 31, 2016, and until July 22, 2016, it was disclosed that the following legal thresholds had been crossed:

Name of shareholder	Date	Threshold (in %)		Type	Interest after crossing of threshold (in %)	
		Capital	Voting rights		Capital	Voting rights
BlackRock, Inc. [1]	05/15/15	5%	-	Up due to an acquisition on the market	5.44%	4.79%
	10/20/15	5%	-	Down due to a sale on the market	4.51%	3.98%
	10/23/15	5%	-	Up due to an increase in the number of Vivendi shares held as collateral	5.09%	4.50%
	10/26/15	5%	-	Down due to off-market and on-market disposals and drop in the number of Company shares held as collateral	4.87%	4.30%
	11/10/15	5%	-	Up due to an increase in the number of Company shares held as collateral.	5.01%	4.41%
	11/11/15	5%	-	Down due to off-market and on-market disposals and drop in the number of Company shares held as collateral	4.81%	4.24%
	11/12/15	5%	-	Up due to an increase in the number of Company shares held as collateral.	5.05%	4.45%
	11/13/15	5%	-	Down due to off-market disposals and drop in the number of Company shares held as collateral	4.92%	4.33%
Vivendi SA	10/09/15	5%	5%	Up due to an acquisition on the market	6.60%	5.82%
	10/20/15	10% [2]	-	Up due to an acquisition on the market	10.39%	9.17%
	11/16/15	-	10% [3]	Up due to an acquisition on the market	11.52%	10.15%
	02/23/16	15% [4]	-	Up due to an acquisition on the market	15.15%	13.39%
	04/27/16	-	15% [4]	Up due to an acquisition on the market	17.73%	15.66%
	06/14/16	20% [5]	-	Up due to an acquisition on the market	20.10%	17.77%
	07/14/16	-	20% [6]	Up due to an acquisition on the market	22.63%	20.0002%

(1) The BlackRock Inc. interest is held on behalf of clients, although the fund manager has the discretion to exercise voting rights attached to the shares held, unless specifically asked by clients to keep control of voting rights

(2) Declaration of intent dated October 22, 2015

(3) Declaration of intent dated February 29, 2016

(4) Declaration of intent dated April 27, 2016

(5) Declaration of intent dated June 14, 2016

(6) Declaration of intent dated July 14, 2016

6.2.9 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to Article L. 225-100-3 of the French Commercial Code, the following factors may have an impact in the event of a public offering.

Structure of the Company's share capital and direct or indirect shareholdings known to the Company

The Company's capital structure and shareholdings known to the Company pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are described in section 6.2.8 – Breakdown of capital and voting rights.

Restrictions on exercising voting rights and transferring shares set forth in the Articles of Association – Clauses of agreements brought to the Company's attention

Article 6 of the Articles of Association, referred to in section 6.1.2 – Articles of Association above, states that shareholders who fail to notify the Company that the threshold of 4% (or any multiple thereof) of the capital or voting rights has been crossed will forfeit their voting rights. The Company has not been advised of any clauses referred to in paragraph 2 of Article L. 225-100-3 of the French Commercial Code.

Owners of securities conferring special rights of control over the Company

Article 7 of the Articles of Association, referred to in section 6.1.2 – Articles of Association above, stipulates that a double voting right is assigned to all ordinary shares registered in the name of the same shareholder for at least two years. Subject to this caveat, there are no securities conferring special rights of control as referred to in paragraph 4 of Article L. 225-100-3 of the French Commercial Code.

Control mechanisms under employee stock ownership plans, if any, where the employees do not exercise control themselves

According to the rules of the Ubi Actions mutual fund, the Supervisory Board will exercise voting rights at the Company's General Meetings and decide on the contribution of securities, particularly in the case of a public offering. The FCPE Ubi Actions Relais fund held 0.734% of the capital and 1.335% of the voting rights as at March 31, 2016.

Shareholder agreements known to the Company that could lead to restrictions on transferring shares or exercising voting rights

The Company has no knowledge of any shareholder agreement referred to in paragraph 6 of Article L. 225-100-3 of the French Commercial Code that could lead to restrictions on transferring shares or exercising voting rights.

Rules governing the appointment and replacement of members of the Board of Directors and amendment of the Articles of Association

The rules governing the appointment and removal of members of the Board of Directors and amendments to the Articles of Association are consistent with the law and the Articles of Association.

Powers of the Board of Directors in the event of a public offering

In accordance with the resolution adopted by the General Meeting on September 23, 2015, the Board of Directors may not implement the Company's share buyback program during a public offering on the Company's shares. A proposal tabled before the General Meeting on September 29, 2016 will seek to maintain this restriction.

Furthermore, following the amendment of Article L. 233-32 of the French Commercial Code by Law No. 2014-384 of March 29, 2014 seeking to recapture the real economy (the "Florange Law"), the authorization to issue shares and securities with or without preferential subscription rights, approved by the General Meeting of September 23, 2015, prohibits the Board of Directors from initiating such issuance (except for capital increases reserved for employees, the Executive Committee and/or executive corporate officers of the Company or its associates and granting stock options or free shares subject to performance conditions) during a public offering on the Company's shares.

Agreements made by the Company that are amended or terminated upon a change in control

There are certain agreements made by the Company that would be amended or terminated in the event of a change in control at the Company, but for reasons of confidentiality it seems unwise to specify the nature of these contracts.

As regards the share purchase and/or subscription option plans (the "Options") and the free share plans (the "Shares"), with the exception of those relating to Corporate Executive Officers, in the event of a change of control of Ubisoft Entertainment SA within the meaning of Article L. 233-3 of the French Commercial Code, these plans shall immediately cease to be contingent upon a) the beneficiaries being, on the date of exercise of the Option(s) or change in ownership of the Shares, employees or corporate officers of the Group and b) the achievement of the performance conditions, where applicable.

Agreement to compensate Board members if they resign or are unfairly dismissed, or if their employment is terminated due to a public offering

There are no specific agreements providing for compensation in case of termination of office of corporate officers.

6.3 Securities market

6.3.1 ENTITY MANAGING SECURITIES SERVICES

BNP PARIBAS

Grands Moulins de Pantin

Shareholder Relations – 9, rue du Débarcadère – 93761 PANTIN Cedex

6.3.2 UBISOFT SHARE DATA

ISIN code	FR0000054470
Place listed	Euronext Paris – Division A
Par value	€0.0775
Number of shares outstanding as at 03/31/16 (1)	112,387,818
Closing price on 03/31/16 (2)	€27.60
Market capitalization as at 03/31/16	€3,101,903,776.80
Flotation price on 07/01/96	€38.11
Five-for-one stock split on 11/11/00	€7.62
Two-for-one stock split on 12/11/06	€3.81
Two-for-one stock split on 11/14/08	€1.90

(1) Shares outstanding
(2) Source: Euronext

6.3.3 CHANGE IN THE SHARE PRICE OVER THE LAST 24 MONTHS

Month	Highest price *(in €)*	Lowest price *(in €)*	Volume traded *(in shares)*
April 2014	13.77	12.13	6,323,472
May 2014	14.90	13.265	8,688,783
June 2014	15.34	13.155	6,635,485
July 2014	14.04	12.38	6,386,365
August 2014	13.05	10.61	6,069,797
September 2014	13.95	12.235	5,654,686
October 2014	14.49	11.05	8,466,183
November 2014	15.09	12.905	9,284,492
December 2014	15.35	13.67	7,412,408
2015			
January 2015	17.95	14.805	8,139,591
February 2015	18.21	16.36	8,549,231
March 2015	17.49	16.09	6,051,699
April 2015	18.18	16.255	5,477,174
May 2015	17.485	15.01	10,007,277
June 2015	16.975	15.25	7,005,203
July 2015	18.055	14.835	8,264,063
August 2015	18.875	15.09	5,650,181
September 2015	18.88	15.88	7,702,564
October 2015	27.29	18.12	15,353,738
November 2015	28.17	24.75	8,637,949
December 2015	28.235	26.215	5,040,364
2016			
January 2016	26.635	22.23	7,259,056
February 2016	27.26	18.6	10,938,120
March 2016	28.505	25.83	6,798,274
April 2016	27.97	24.695	5,192,062

(Source: Euronext)



6.3.4 TRANSACTIONS COVERED BY ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE AND ARTICLE 222-15-3 OF THE AMF'S GENERAL REGULATION

TRANSACTIONS INVOLVING SECURITIES AND/OR FINANCIAL INSTRUMENTS

Surname, first name, position at the date of the transaction	Type of transaction	Date of transaction	Number of shares	Type	Unit price	Amount of transaction
SECURITIES TRANSACTIONS BY MANAGER						
Michel Guillemot Executive Vice President	Disposal	05/28/15	5,000	Shares	€16.49	€82,450
	Disposal	05/29/15	5,000	Shares	€16.50	€82,500
	Disposal	06/01/15	5,000	Shares	€16.60	€83,000
	Disposal	06/01/15	10,000	Shares	€16.80	€168,000
	Disposal	06/08/15	20,000	Shares	€15.9446	€318,892
	Disposal	06/09/15	20,000	Shares	€15.6931	€313,862
	Disposal	06/10/15	20,000	Shares	€15.7683	€315,366
	Disposal	06/11/15	20,000	Shares	€16.3329	€326,658
	Disposal	06/12/15	20,000	Shares	€16.432	€328,640
	Disposal	04/08/16	4,000	Shares	€26.72	€106,880
	Disposal	04/11/16	7,500	Shares	€26.77	€200,775
	Exercise	04/15/16	10,112	Options	€6.77	€68,458.24
Christian Guillemot Executive Vice President	Exercise	07/20/15	10,112	Options	€6.77	€68,458.24
	Disposal	07/20/15	9,606	Shares	€17.5677	€168,755.32
Claude Guillemot Executive Vice President	Exercise	04/15/16	10,112	Options	€6.77	€68,458.24
Gérard Guillemot Executive Vice President	Exercise	04/15/16	10,112	Options	€6.77	€68,458.24
Yves Guillemot Chairman and Chief Executive Officer	Exercise	04/25/16	70,784	Shares	€6.77	€479,207.68
Alain Martinez Chief Financial Officer	Subscription	07/17/15	2,821	Shares	€12.18	€34,559.78
	Exercise	08/06/15	6,320	Options	€6.77	€42,786.40
	Disposal	08/06/15	2,700	Employee savings plan shares	€18.05	€48,741.14
Christine Burgess-Quémard Executive Vice President, Worldwide Production	Exercise	02/24/16	5,000	Options	€6.77	€33,850
	Disposal	02/24/16	5,000	Shares	€25.1778	€125,889
	Exercise	02/25/16	5,000	Options	€6.77	€33,850
	Exercise	02/25/16	5,000	Options	€6.77	€33,850
	Disposal	02/25/16	5,000	Shares	€25.62	€128,100
	Disposal	02/25/16	5,000	Shares	€26	€130,000
SECURITIES TRANSACTIONS BY RELATED PERSON						
Guillemot Brothers SE related legal entity managed by Christian Guillemot, Executive Vice President of Ubisoft Entertainment SA	Disposal	07/23/15	150,000	Shares	€17.6823	€2,652,345
	Delivery (1)	11/04/15	393,139	Shares	(1)	(1)
	Acquisition	11/10/15	10,000	Shares	€26.2362	€262,362
	Acquisition	11/11/15	5,000	Shares	€24.886	€124,430
	Acquisition	11/12/15	2,000	Shares	€26.4663	€52,932.60
	Acquisition	11/18/15	20,000	Shares	€26.4877	€529,754
	Acquisition	11/24/15	2,015	Shares	€26.50	€53,397.50
	Acquisition	11/26/15	5,000	Shares	€26.50	€132,500
	Acquisition	11/27/15	9,296	Shares	€26.4995	€246,339.35
	Acquisition	03/04/16	14,500	Shares	€26.8186	€388,869.70
Individual related to Christine Burgess-Quémard, Executive Vice President, Worldwide Production	Disposal	02/26/16	4,600	Shares	€27	€124,200
	Disposal	02/26/16	4,600	Shares	€27	€124,200

(1) Delivery on November 4, 2015 of 393,139 Ubisoft Entertainment SA shares within the context of the performance of a forward sale contract dated September 27, 2013

6.4 Securities other than equity securities

BOND ISSUANCE

Ubisoft Entertainment SA has successfully placed two bonds:

- **December 19, 2012**

Term: 6 years

Total nominal amount: €20,000,000

Interest: 3.99% per year

Number of bonds: 200

Par value: €100,000

ISIN code: FR0011378686

Bond seniority: Direct, unconditional, unsubordinated and unsecured obligations of Ubisoft Entertainment SA ranking *pari passu* and without any preference among themselves with other present and future unsubordinated and unsecured obligations of Ubisoft Entertainment SA.

Change of control: Change of control clause that would trigger early redemption of bonds at the request of each bond holder in the event of a change of control at Ubisoft Entertainment SA.

Early redemption: Applicable in the event of certain events of default customary for this type of transaction and/or, in particular, a change in the Company's situation.

- **May 6, 2013**

Term: 5 years

Total nominal amount: €40,000,000

Interest: 3.038% per year

Number of bonds: 400

Par value: €100,000

ISIN code: FR0011489046

Bond seniority: Direct, unconditional, unsubordinated and unsecured obligations of Ubisoft Entertainment SA ranking *pari passu* and without any preference among themselves with other present and future unsubordinated and unsecured obligations of Ubisoft Entertainment SA.

Change of control: Change of control clause that would trigger early redemption of bonds at the request of each bond holder in the event of a change of control at Ubisoft Entertainment SA.

Early redemption: Applicable in the event of certain events of default customary for this type of transaction and/or, in particular, a change in the Company's situation.

The prospectuses relating to the listing of the bonds can be consulted on the websites of the Company (www.ubisoftgroup.com) and the *Autorité des Marchés Financiers* (www.amf-france.org).

6.5 Financial communication

6.5.1 DOCUMENTS AVAILABLE TO THE PUBLIC

During the period of validity of this registration document, the Company's Articles of Association, minutes of General Meetings, Statutory Auditors' reports, valuations and declarations drawn up, where applicable, at the Company's request, some of which are included or referred to in this registration document, the historical financial information of the Company and its subsidiaries for each of the two financial years preceding the publication of this registration document and, more generally, all documents that must be sent or made available to shareholders in accordance with the laws in effect may be consulted at the Company's registered office or business address (28, rue Armand Carrel – 93100 Montreuil-sous-Bois, France). In addition, some of these documents are available on the Company's website (www.ubisoftgroup.com), which also contains the Group's press releases and financial information.

This registration document may also be consulted on the AMF website (www.amf-france.org).

Regulatory information is available on the company's website (www.ubisoftgroup.com).

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6.5.2 FINANCIAL REPORTING CALENDAR FOR THE 2016/2017 FINANCIAL YEAR

	Date
Q1 sales	Week commencing July 18, 2016
H1 results	Week commencing November 7, 2016
Q3 sales	Week commencing February 6, 2017
Year-end results	Week commencing May 8, 2017

These dates are provided for information purposes only and will be confirmed during the year.

7 Cross-reference tables

REGISTRATION DOCUMENT CROSS-REFERENCE TABLE 206

MANAGEMENT REPORT CROSS-REFERENCE TABLE 208

CSR CROSS-REFERENCE TABLE 209

ANNUAL REPORT CROSS-REFERENCE TABLE 211

Registration Document cross-reference table

The Registration Document was prepared in accordance with the provisions of Appendix 1 of the Commission Regulation (EC) No. 809/2004, with the recommendations of the CESR and the AMF interpretations/recommendations published on January 27, 2006.

		Registration Document	
Registration Document cross-reference table		Chapters	Pages
1.	**PERSONS RESPONSIBLE**		4
2.	**STATUTORY AUDITORS**	3.4	76
3.	**SELECTED FINANCIAL INFORMATION – Key figures**	1	5
4.	**RISK FACTORS**	3.1.2	40
5.	**INFORMATION ON THE ISSUER**		
5.1	**Company history and evolution**		
5.1.1	Company name and trading name	6.1.1	186
5.1.2	Registration number and location	6.1.1	186
5.1.3	Date of incorporation and term	6.1.1	186
5.1.4	Registered office, legal form, applicable law, country of origin, address and telephone number of registered office	6.1.1 and 6.5.1	186 and 203
5.1.5	Significant events in the development of the business	2.2 and 2.5.1	10 and 15
5.2	**Investment**	2.4.2	13
6.	**BUSINESS OVERVIEW**		
6.1.	Main activities	2.3	11
6.2	Primary markets	1 - 3.1.2.1	5 and 40
6.3	Non-recurring events impacting main activities or primary markets	2.5.2 - 3.1.2.1	15 and 40
6.4	Dependency on certain agreements	N/A	
6.5	Competitive position	2.1 and 3.1.2.1	10 and 40
7.	**ORGANIZATION CHART**		
7.1	Description and position of the issuer within the Group	2.3	11
7.2	Main subsidiaries	2.3	11
8.	**PROPERTY, PLANT AND EQUIPMENT**		
8.1	Most significant property, plant and equipment	5.1.6 Note 3	125
8.2	Property, plant, equipment and environmental issues	N/A	
9.	**REVIEW OF THE FINANCIAL POSITION AND EARNINGS**		
9.1	Financial position	2.5.3	16
9.2	Operating income	2.5.2	15
10.	**CASH AND CAPITAL**		
10.1	Information on the capital	2.4.3 and 5.1.6 Note 10	14 and 128
10.2	Cash flows	2.4.3	14
10.3	Information on borrowing terms and financing structure	2.4.3	14
10.4	Restrictions on the use of capital	2.4.3	14
10.5	Anticipated sources of financing that will be required to fulfill the commitments listed in sections 5.2. and 8.1	2.4.3	14
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**	2.4.1	13
12.	**TREND INFORMATION**	2.6	18
13.	**PROJECTED OR ESTIMATED INCOME**	N/A	

Registration Document cross-reference table		Registration Document Chapters	Pages
14.	**ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES AND GENERAL MANAGEMENT**		
14.1	Members of administrative and management bodies	3.1.1.2 - 3.1.1.3	22 and 31
14.2	Conflicts of interest	3.1.1.4	32
15.	**COMPENSATION AND BENEFITS**		
15.1	Compensation paid and benefits in kind	3.2	51
15.2	Provisions recognized for the purposes of paying pensions, retirement benefits or other benefits	5.1.6 Note 12	130
16.	**FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES**		
16.1	Terms of office of the members of the Board of Directors	3.1.1.5	34
16.2	Service agreements binding members of administrative and management bodies	3.1.1.4	32
16.3	Information on the Audit Committee, Compensation Committee and Appointments Committee	3.1.1.2	22
16.4	Statement of compliance with the current corporate governance regime	3.1.1.1	20
17.	**EMPLOYEES**		
17.1	Number of employees	4.2.1.1	80
17.2	Equity interests and stock options	4.2.3.3	86
17.3	Agreement on employee profit-sharing in the issuer's capital	4.2.3.3	86
18.	**MAIN SHAREHOLDERS**		
18.1	Breakdown of capital and voting rights	6.2.8	195
18.2	Different voting rights	6.2.8	195
18.3	Control of the issuer	6.2.8	195
18.4	Agreement that could lead to a change of control	6.2.9	197
19.	**RELATED PARTY TRANSACTIONS**	5.1.6 Note 26	148
20.	**FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND SALES OF THE ISSUER**		
20.1	Historical financial information	5	103
20.2	Pro forma financial information	N/A	
20.3	Financial statements	5	103
20.4	Examination of the annual historical financial information	5	103
20.5	Date of the most recent financial information	6.5.2	203
20.6	Interim and other financial information	N/A	
20.7	Dividend distribution policy	5.1.6 Note 10	128
20.8	Legal proceedings and arbitration	3.1.2.2	43
20.9	Significant change in financial or commercial position	2.5 - 3.1.2.1	15 and 40
21.	**ADDITIONAL INFORMATION**		
21.1	Capital	6.2.1	188
21.2	Memorandum and Articles of Association	6.1.2	186
22.	**IMPORTANT AGREEMENTS**	N/A	
23.	**INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST**	N/A	
24.	**DOCUMENTS AVAILABLE TO THE PUBLIC**	6.5.1	203
25.	**INFORMATION ON SHAREHOLDINGS**	5.3.4 Note 30	178

Management report cross-reference table

The management report for the 2014/2015 financial year containing the information required under Articles L. 225-100 et seq., L. 232-1 and R. 225-102 et seq. of the French Commercial Code, listed hereinafter, is included in this Registration Document. It was approved by the Ubisoft Entertainment Board of Directors on May 12, 2015.

Information required under the French Commercial Code, the French Monetary and Financial Code, the French General Tax Code and the AMF's General Regulation	Registration Document	
	Chapters	Pages
BUSINESS		
Position and business during the past financial year	1 and 2.5	5 and 15
Analysis of the evolution of the business, sales and financial position of the Company and the Group over the past financial year	2.5.2 - 2.5.3	15-16
Guidelines on the use of financial instruments	3.1.2.3 - 5.1.6	45 and 109
Sales of subsidiaries and controlled companies by activity	2.3	11
Non-financial key performance indicators	4.2 - 4.3	80 and 89
Future development of the Company and the Group	2.6	18
Significant events occurring since the closing date of the period	5.1.6 Note 29	150
Description of the main risks and uncertainties facing the Group	3.1.2	40
R&D activities	2.4.1	13
Deadline for payment of trade payables and trade receivable balances	5.3.4 Notes 5 et 7	164-165
CORPORATE SOCIAL RESPONSIBILITY (CSR)		
Consideration of the social and environmental consequences of the business, societal commitments to sustainable development, the circular economy, the fight against food waste, promoting diversity and the fight against discrimination	4.3.4.1 - 4.3.6 - 4.4.4	94-95 and 98
Information relating to hazardous activities	4.3.1.3 - 4.3.4.2	90 and 95
CORPORATE GOVERNANCE		
Offices and positions held in any company by each of the corporate officers during the financial year	3.1.1.5	34
Compensation and benefits in kind paid to every corporate officer	3.2	51
Terms of subscription, exercise of subscription options and purchase of shares granted to corporate officers	3.2.3.3	59
Conditions for granting free shares to corporate officers	3.2.3.3	59
Summary of transactions carried out by directors on Company securities	6.3.4	201
CAPITAL AND OWNERSHIP		
Shareholding structure and changes made during the financial year	6.2.8	195
List of Company subsidiaries and companies controlled by it	2.3	11
Disposal of shares in order to regularize cross shareholdings	N/A	
Share buyback information	6.2.7	192
Adjustment upon the issue of securities granting access to the capital	N/A	
Employee profit-sharing as at the closing date of the period	6.2.5	191
Factors likely to have an impact in the event of a public offering	6.2.9	197
MISCELLANEOUS		
Significant equity and control investments during the financial year in companies whose registered office is located in France	N/A	
General management methods	3.1.1.3	31
Details of dividends distributed over the past three financial years	5.1.6 Note 10	128
Net financial income of the Company over the past five financial years	5.5	182
Non tax deductible expenses	N/A	
Anti-competitive practices	N/A	
Appointment/reappointment of Statutory Auditors	3.4	76

CSR cross-reference table

The Registration Document was prepared in accordance with decree No. 2012-557 of April 24, 2012 (Article 225 of the Grenelle II law).

	Registration Document	
CSR cross-reference table	Chapters	Pages
EMPLOYEE-RELATED INFORMATION		
Employment		
Total staff and breakdown of employees	4.2.1.1	80
♦ By gender	4.2.1.1	80
♦ By age	4.2.1.3	82
♦ By geographical region	4.2.2.2	84
Hires and redundancies/dismissals	4.2.1.2	81
Compensation and its evolution	4.2.3.3 - 5.1.6 Note 20	86 and 141
Organization of labor		
Organization of working hours	4.2.4.2	87
Absenteeism	4.2.4.3	87
Employee relations		
Organization of social dialogue	4.2.4.5	88
Collective agreements	4.2.4.5	88
Health and safety		
Health and safety conditions in the workplace	4.2.4.4	87
Agreements signed with labor unions and staff representatives in relation to health and safety	4.2.4.5	88
Occupational accidents, in particular their frequency and severity, occupational illnesses	4.2.4.4	87
Training		
Training policies implemented	4.2.3.1 - 4.2.3.2	85-86
Total number of training hours	4.2.3	85
Equal opportunity		
Measures taken to encourage gender equality	4.2.2.1	82
Measures taken in favor of the employment and integration of disabled people	4.2.2.3	84
Anti-discrimination policy	4.2.2	82
Promotion of and compliance with the provisions of the fundamental conventions of the ILO	4.2.5	89

CSR cross-reference table	Registration Document Chapters	Pages
ENVIRONMENTAL INFORMATION		
General environmental policy		
The consideration of environmental issues and, where applicable, approaches to environmental assessment and certification	4.3.1.1	89
Employee training and information initiatives on environmental protection	4.3.1.2	89
Resources devoted to the prevention of environmental risks and pollution	4.3.1.3	90
Sum of provisions and guarantees for environmental risk	4.3.1.4	90
Pollution and waste management		
Prevention, reduction and repair measures for emissions into the air, water and soil	4.3.4.2	95
Prevention, recycling and disposal of waste	4.3.4.1	94
Consideration of noise and any other forms of pollution specific to an activity	4.3.4.2	95
Sustainable use of resources		
Water consumption	4.3.3.3	94
Water supply in accordance with local constraints	4.3.3.3	94
Consumption of raw materials	4.3.3.2	93
Measures to improve efficient use	4.3.3.2	93
Energy consumption	4.3.3.1	92
Measures taken to improve energy efficiency and the use of renewable energies	4.3.3.1	92
Land use	4.3.3.4	94
Climate change		
Greenhouse gas emissions	4.3.2	90
Adapting to the consequences of climate change	4.3.2	90
Protecting biodiversity		
Measures taken to preserve/develop biodiversity	4.3.5	95
SOCIAL INFORMATION		
Territorial, economic and social impact of the Company's activities		
in relation to employment and regional development	4.4.2	96
on local populations	4.4.2 - 4.4.3	96-97
Relations with stakeholders		
Conditions for dialogue with these individuals or organizations	4.4.1	96
Partnership or sponsorship initiatives;	4.4.3 - 4.4.4	97-98
Subcontractors and suppliers		
Consideration of employee-related and environmental issues in the purchasing policy	4.4.5.1	99
Consideration in supplier and subcontractor relations of their employee-related and environmental responsibilities	4.4.5.2	99
Importance of subcontracting	4.4.5.3	99
Fair operating practices		
Actions taken to prevent corruption	4.4.6.1	100
Measures taken to protect consumer health and safety	4.4.6.2	100
Other action taken to protect human rights	**4.4.7**	100
OTHER INFORMATION LISTED IN ARTICLE L. 225-102-1 OF THE FRENCH COMMERCIAL CODE		
Information about the way in which the Company recognizes the social and environmental consequences of its business, including:		
The consequences of its business, and the use of the goods and services that it produces, on climate change	4.3.2	90
Information on the Company's societal commitments to:		
♦ sustainable development	4.3.4.1	94
♦ the circular economy	4.3.4.1	94
♦ the fight against food waste	4.3.6	95
♦ promoting diversity and the fight against discrimination	4.4.4	98

Annual report cross-reference table

This Registration Document incorporates all the items of an annual report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations. The following table refers to sections of the Registration Document corresponding to various parts of the annual report.

	Registration Document	
Sections	Chapters	Pages
Annual financial statements of the Company	5.3	154
Consolidated financial statements of the Group	5.1	104
Statutory Auditors' general report on the annual financial statements	5.4	180
Statutory Auditors' report on the consolidated financial statements	5.2	152
Management report comprising the minimum of the information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3, L. 225-211 of the French Commercial Code	*See Management report cross-reference table*	
Statement by the person responsible for the information contained in the Registration Document		4
Statutory Auditors' fees	5.1.7	151
Report by the Chairman of the Board of Directors on the conditions for the preparation and organization of the work of the Board and the internal control procedures implemented by the Company	3.1	20
Statutory Auditors' report on the Chairman of the Board of Directors' report	3.3	75

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This statement may contain targets, information on future projects and transactions and on future economic results/performance. Such valuations are provided for estimation purposes only. They are subject to market risks and uncertainties and may vary significantly with the actual results that shall be published.

The targets have been presented to the Board of Directors and have not been audited by the Auditors.

Copies of this Registration Document are available from Ubisoft's business address

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