UBISOFT

2017

REGISTRATION DOCUMENT

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 2016/2017 performance review (non-IFRS data) 15
2.6 Outlook 19

3 Governance, risks, risk management and internal control 21

3.1 Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management 22
3.2 Compensation of corporate officers 61
3.3 Statutory auditors' report on the report of the Chairman of the Board of Directors of Ubisoft Entertainment SA 93
3.4 Auditors 94

4 Corporate social responsibility 95

4.1 Methodology note on employee-related, environmental and societal reporting 96
4.2 Employee-related indicators 98
4.3 Environmental indicators 109
4.4 Societal indicators 116
4.5 Independent third party's report 122

5 Financial statements 125

5.1 Consolidated financial statements as at march 31, 2017 126
5.2 Statutory Auditors' report on the consolidated financial statements 185
5.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2017 187
5.4 Statutory auditors' report on the annual financial statements 216
5.5 Statutory auditors' special report on regulated agreements and commitments 218
5.6 Ubisoft (parent company) results for the past five financial years 219

6 Information on the Company and its capital 221

6.1 Legal information 222
6.2 Share capital and stock ownership 224
6.3 Securities market 236
6.4 Securities other than equity securities 240
6.5 Financial communication 241

7 Cross-reference tables 243

Registration Document cross-reference table 244
Management report cross-reference table 246
CSR cross-reference table 247
Annual report cross-reference table 249

UBISOFT

Registration Document 2017

and Annual Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration Document was filed on July 21, 2017 with the *Autorité des Marchés Financiers* (AMF) in accordance with Article 212-13 of its General Regulation. 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, 2016, presented in the Registration Document filed on July 22, 2016 under No. D.16-0729, pages 103 to 181;**
- **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 July 2, 2015 under No. D.15-0692, pages 93 to 171.**

Message from the Chairman

Dear Shareholders and Partners,

The investments we began making more than five years ago to transform the Group came to fruition in the 2016/2017 financial year. With a record non-IFRS operating margin of 16.3% and revenues from our back catalog totaling 44.5% of sales, our financial profile is now much more profitable and recurrent than in the past. This success reflects the industry's move towards a model which is less dependent on releasing new games. New releases now only represent a part of our business, which is now focused on long-term engagement with our player communities. To achieve this, we overhauled our titles portfolio, developing numerous multiplayer games in recent years which have dramatically increased player engagement in the Ubisoft world. Our players not only play for more hours at a time, but do so over a period of months or even years. We are thus able to offer them new experiences and content, thereby extending the lifetime of our games.

Tom Clancy's Rainbow Six®, Siege is the most striking example of this development, with a twofold increase in the daily number of players between February 2016 and February 2017. This outstanding performance is a testament to the success of the game. It also reflects the ability of our teams to continually refine the player experience, to offer new high-quality content, to take on board player feedback, and to engage with the player community through regular eSport competitions, which are proving increasingly popular month after month. Our teams are now experts in three key areas of online gaming: Acquisition, Retention/Engagement and Monetization. The visibility offered by *Siege* is expected to last for several years.

The Crew®, Tom Clancy's The Division®, For Honor®, Tom Clancy's Ghost Recon® Wildlands and *Steep™* have galvanized our portfolio, reflecting the commitment over time that our communities are making and Ubisoft's ability to offer "live" games.

As a result, growth in the digital business in 2016/2017 largely exceeded our expectations. With a digital segment representing 50.0% of total sales, we are two years ahead of our business plan. We have therefore updated assumptions for 2018/2019 in line with the growth of our model. The extended lifetime of our games has confirmed the target for non-IFRS operating profit. At the same time, this reduces the number of new releases and boosts profitability, giving us greater visibility in achieving our targets.

The 2016/2017 financial year also saw the business expand into mobile gaming, with the acquisitions of the company Ketchapp and the game *Growtopia™*. Both have a proven ability to engage players in the long term and to generate a steady revenue stream. These acquisitions have had an instant accretive impact on earnings. We have also continued to develop our brands outside gaming, with the release of the movie *Assassin's Creed®*, accompanied by a more than 30% jump in sales of the *Assassin's Creed* game. Meanwhile, the TV series *Rabbids Invasion* recorded 257 million unique views when the first season aired in China.

Harnessing this momentum, 2017/2018 should deliver another record performance, with a sales target and projected operating profit of €1,700.0 million and €270.0 million respectively. With growth in the digital segment set to continue, we can expect a further boost to the recurring part of our business.

The gaming industry tends to be closely involved whenever there is a technological revolution, be it Artificial Intelligence, Deep Learning and Big Data, Virtual and Augmented Reality, Biotechnology, Streaming or Social Media, etc. In such a constantly changing industry, independence is crucial for the market leaders if they are to have that all-important adaptability. Ubisoft is thriving in this environment by focusing on organic growth and its unique ability to combine the creation of successful new brands with a strong corporate culture, solid financial position and significant shareholder value creation.

Ubisoft is continuing to execute its strategic plan at a time when many growth drivers are still to be leveraged in the mobile and PC segments, or in geographical segments such as Asia. Our growth is driven by the increasing importance of gaming for the entertainment industry. With its highly creative teams, strong proprietary brands, and a digital transformation forging direct links with players, Ubisoft is one of the driving forces behind this trend. Beyond 2018/2019, we will continue closing the gap with our competitors on recurring player investment, which has the potential to deliver prodigious value for our shareholders.

Yves Guillemot
Chairman and Chief Executive Officer

Statement by the person responsible for the Registration Document

This is a free translation into English of the person responsible for the Registration Document issued in 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 244 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 appears on pages 142 to 143 and 152 to 153 of the 2015 and 2016 Registration Documents.

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' report on the consolidated financial statements for the financial year ended March 31, 2017 appears on pages 185 and 186 of this Registration Document. It contains no comment.

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, 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 the 2016 Registration Document) contains no comment.

The Statutory auditors' report on the separate financial statements for the financial year ended March 31, 2017 (pages 216 and 217 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, 2017, Yves GUILLEMOT,
Chairman and Chief Executive Officer

1 Key figures

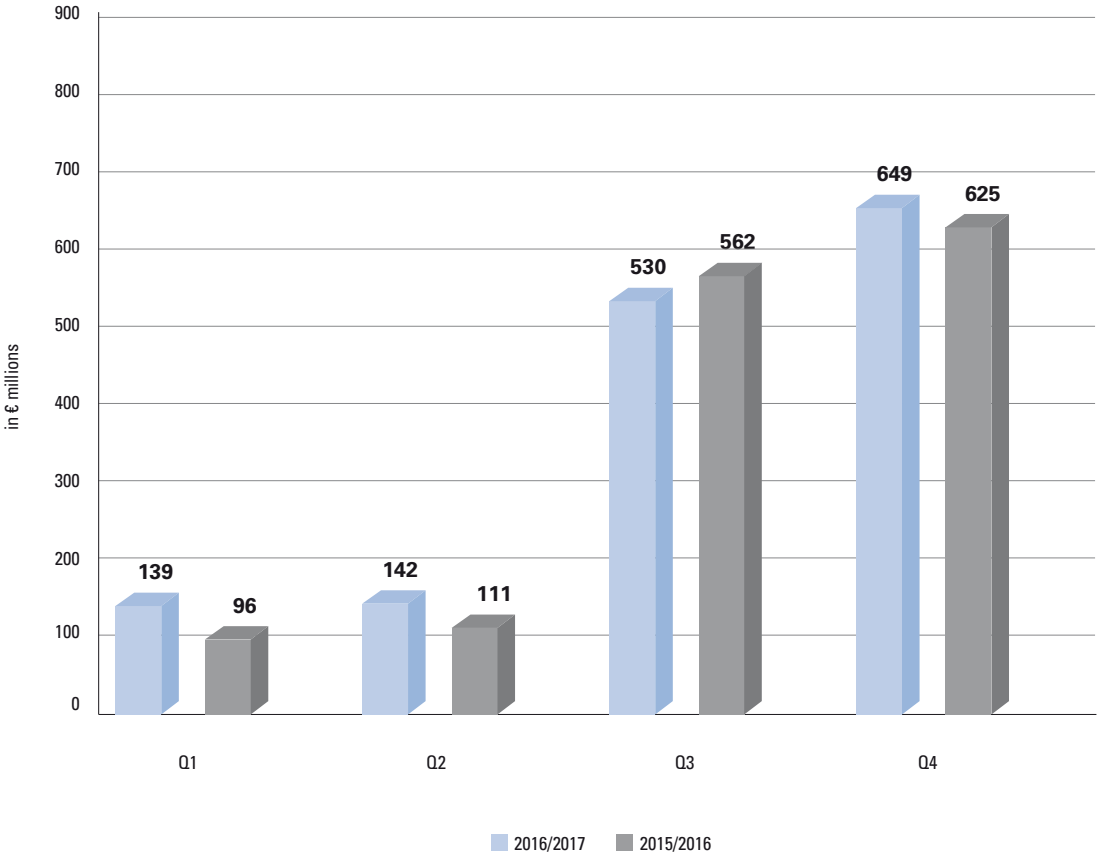
1.1 QUARTERLY AND ANNUAL CONSOLIDATED SALES 6

1.2 SALES BY PLATFORM 7

1.3 SALES BY GEOGRAPHIC REGION 8

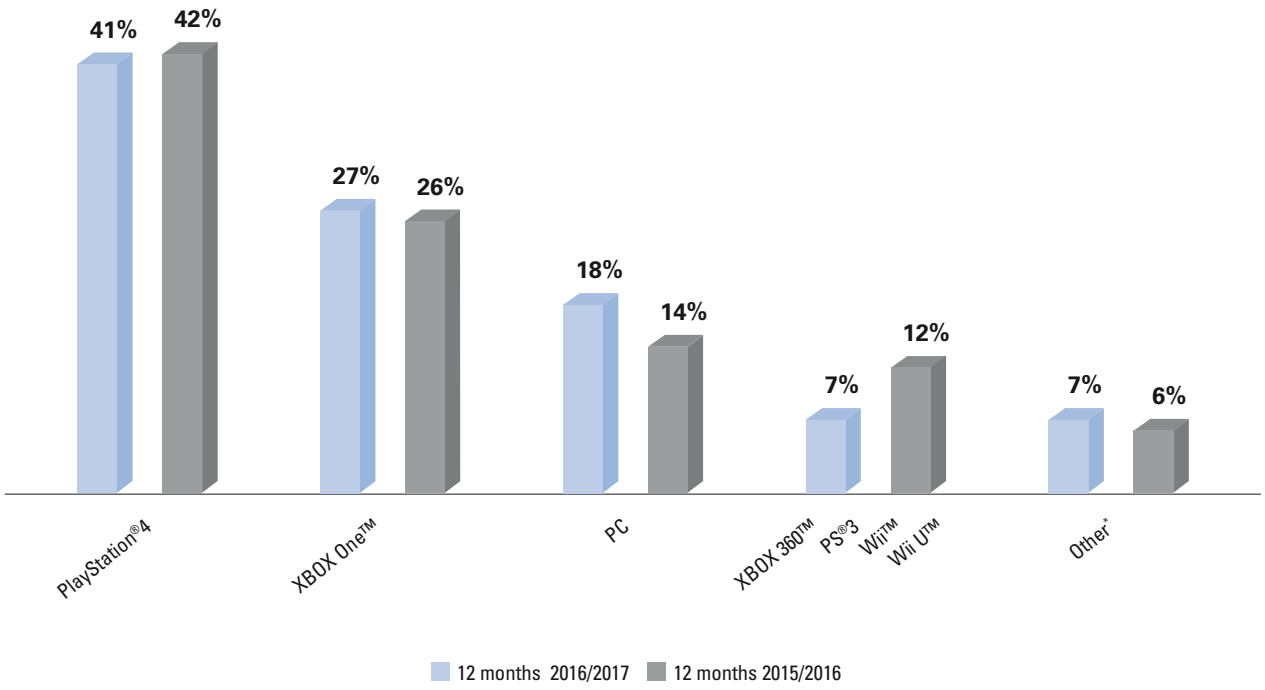


1.1 Quarterly and annual consolidated sales



Sales *(in € millions)*	2016/2017	2015/2016	Change at current exchange rates	Change at constant exchange rates
Q1	139	96	44%	46.6%
Q2	142	111	28.5%	28.8%
Q3	530	562	-5.7%	-4.5%
Q4	649	625	3.8%	2.9%
FINANCIAL YEAR TOTAL	**1,460**	**1,394**	**4.7%**	**4.9%**

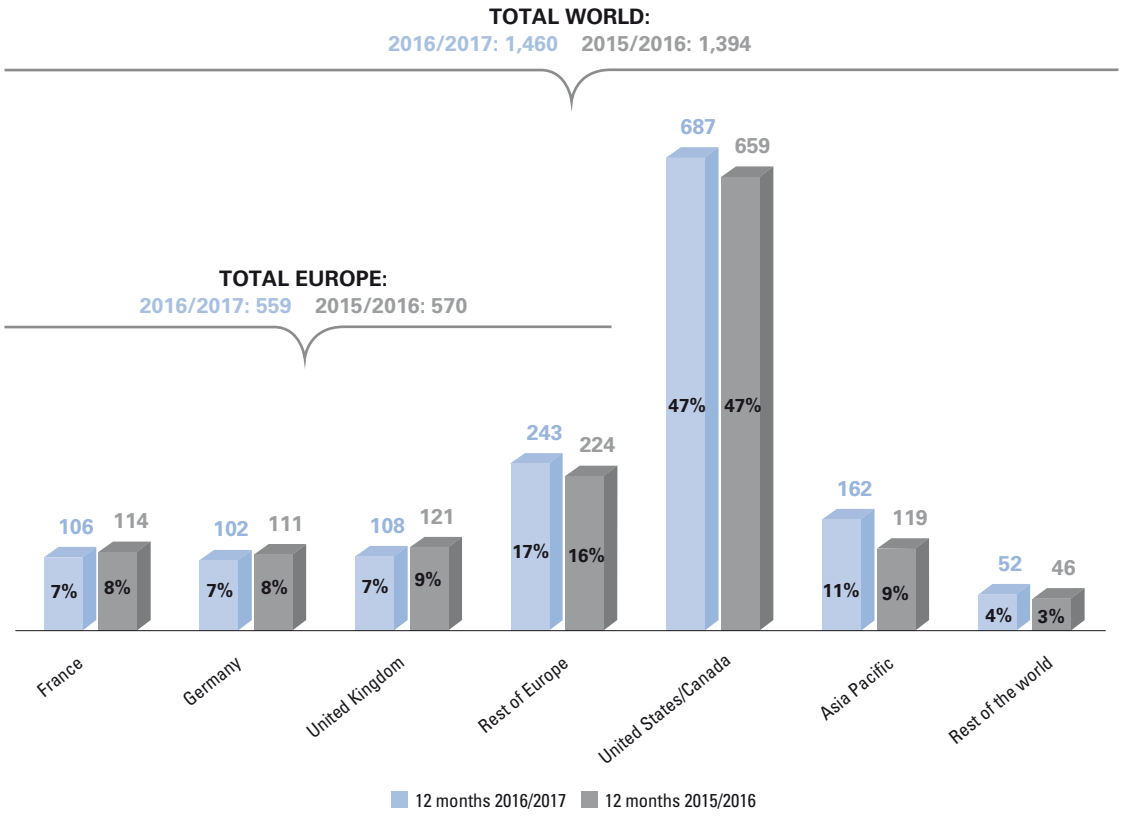
1.2 Sales by platform



* *Mobile, derivative products, etc.*

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

2.3.1 Investments during the financial year 11

2.3.2 Business activities of subsidiaries 11

2.3.3 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 policy 13

2.4.3 Financing policy 14

2.5 2016/2017 PERFORMANCE REVIEW (NON-IFRS DATA) 15

2.5.1 Definition of financial indicators that are not strictly accounting-related 15

2.5.2 Financial year highlights 16

2.5.3 Changes in the income statement 17

2.5.4 Change in WCR and debt levels 17

2.6 OUTLOOK 19

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 keep on developing new brands organically. The Group now boasts an extensive portfolio of strong franchises focus on multiplayer games: Assassin's Creed, Far Cry, For Honor®, Tom Clancy's Ghost Recon®, The Crew, Tom Clancy's Rainbow Six, Tom Clancy's The Division and Watch Dogs.

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 franchises 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.

Following strong growth of its digital in 2017, Ubisoft has succeeded in transforming its business model to focus on more profitable and recurring business. Player communities and their commitment over time have grown significantly. This has fed into a sharp rise in back catalog sales and player recurring investment.

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.

2007-2017: A real creator of franchises and acceleration of the digital business

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 game series.

The Group is part of a significant movement towards multiplayer franchises with the successful comeback of *Tom Clancy's Ghost Recon* and *Tom Clancy's Rainbow Six* and creations of *For Honor, Steep*™, *The Crew* and *Tom Clancy's The Division.*

Between 2012 and 2017, the percentage of digital sales rose from 11.7% to 50%.

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

Acquisitions:

- the *Tom Clancy* name for video games and ancillary products, and 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 Future Games of London in 2013;
- Ivory Tower studio (France) and the assets of Longtail Halifax (Canada) in 2015;
- the Free-to-Play mobile games publisher Ketchapp in 2016;
- the Free-to-Play mobile game Growtopia™ in 2017.

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

2.3 Subsidiaries and equity investments

2.3.1 INVESTMENTS DURING THE FINANCIAL YEAR

Creation of new companies

- ***August 2016:*** creation of Shanghai Uno Network Technology Co. Ltd, 20% held by Shanghai Ubi Computer Software Co. Ltd, responsible for project management of the *Just Dance* brand in China.
- ***September 2016:*** creation of Ubisoft DOO Belgrad, production studio.
- ***September 2016:*** creation of Ubisoft Entertainment Philippines, production studio.
- ***October 2016:*** creation of Ubisoft Fastigheter AB, owner of real estate assets in Sweden.

Acquisition

- ***October 2016:*** acquisition of the company Ketchapp SAS.

On October 3, 2016, Ubisoft acquired 100% of the company Ketchapp SAS. Ketchapp publishes free-to-play games for mobiles and tablets, several of which were an instant success (such as 2048, ZigZag, Stack, Stick Hero, Twist and Jelly Jump).

Mergers

- ***March 2017:*** merger of Ketchapp SAS with Ubisoft Mobile Games SARL.

2.3.2 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 is continuing to adapt to industry trends and is developing its expertise in 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 retailers and independent wholesalers. With regard to online business, sales and marketing subsidiaries primarily manage the sale of digital games via dedicated platforms.

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

	03/31/17			03/31/16			03/31/15		
Subsidiary *(in € thousands)* IFRS financial statements	Sales	Operating profit (loss)	Net income	Sales	Operating profit (loss)	Net income	Sales	Operating profit (loss)	Net income
Ubisoft Inc. (United States)	672,834	21,782	13,639	630,473	16,403	12,368	611,953	11,842	7,953
of which intra-group sales	*43,124*			*42,097*			*41,447*		
Ubisoft EMEA SAS	433,107	4,731	3,591	355,777	3,256	1,952	370,869	1,327	1,742
of which intra-group sales	*149,851*			*173,858*			*207,003*		
Ubisoft Ltd (United Kingdom)	77,259	1,917	8,388	111,438	3,084	2,370	154,031	2,206	997
Ubisoft Divertissements Inc. (Canada) *Distribution only*	53,030	1,092	(786)	68,798	1,587	1,033	95,859	1,650	2,348
Ubisoft GmbH (Germany)	80,385	2,441	(5,052)	105,906	2,482	(4,37)	120,852	2,189	1,638
Ubisoft France SAS	50,740	1,426	(618)	68,587	1,587	(479)	85,233	1,168	875

Relations between the parent company and subsidiaries

The existence of 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.

2.3.3 SIMPLIFIED ORGANIZATION CHART

The organization chart below shows the Group companies and/or branches as at March 31, 2017. 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 Bordeaux SAS
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

Ubisoft Doo Beograd
Serbia

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

Red Storm Entertainment Ltd (1)
United Kingdom

Ubisoft Divertissements Inc./ Ubisoft Entertainment Inc. (2)
Canada

Ubisoft Entertainment Philippines (4)
Philippines

Distribution

Ubisoft France SAS
France

Ubisoft EMEA SAS
France

Ubi Games SA
Switzerland

Ubisoft Ltd
United Kingdom

Ubisoft CRC Ltd (1)
United Kingdom

Ubisoft Nordic A/S
Denmark

Ubisoft SA
Spain

Ubisoft SpA
Italy

Ubisoft BV
Netherlands

Ubisoft (4)
Belgium

Ubisoft Entertainment (4)
Korea

Ubisoft Pty Ltd
Australia

Ubisoft Games LLC
Russia

Ubisoft Ltd
Hong-Kong

Ubisoft KK
Japan

Ubisoft Divertissements Inc./Ubisoft Entertainment Inc. (2)
Canada

Ubisoft Editions Musique Inc./Ubisoft Music Publishing Inc.
Canada

Ubisoft Inc.
United States

Ubisoft Entertainment Ltda
Brazil

Ubisoft GmbH
Germany

Ubisoft (4)
Austria

Ubisoft GmbH spółka z ograniczoną (4)
Poland

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 Rabbids SAS (1)
France

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

Ubisoft Motion Pictures Splinter Cell SAS (1)
France

Hybride Technologies Inc. (1)
Canada

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

Other business

Ubisoft International SAS
France

Ubisoft Learning & Development Sarl
France

Ubisoft Entertainment Sarl (1)
Luxembourg

Ubisoft Fastigheter AB (1)
Sweden

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

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.

With its close-knit team of engineers fluent in the best available technologies, Ubisoft is now able to take a highly pragmatic approach to its projects: depending on the challenges and results expected from a game, the choice of tools may involve specific internal development, software already available on the market, or more often than not, 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 and Technology Group departments, 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. For example, the Montreal studio collaborates with the academic research community (2) by jointly developing innovative prototypes to find out more about player behavior. 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 produces 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 2016/2017 financial year, commercial software and movie costs reached €577 million, 6% higher than the previous year.

2.4.2 INVESTMENT 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 crucial for the development of open-world games – which involve large teams and therefore require close collaboration between the different studios – and for live games, as well as for the development of additional game content.

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 relatively unchanged in 2016/2017.

	2016/2017	2015/2016	2014/2015
Internal production-related capex *(in € millions)*	568	514	475
Capex per member of production staff	€59,578	€59,700	€58,738

(1) See 4.2.2.4

(2) See section 4.4.2.1 on Ubisoft's involvement in research

2.4.3 FINANCING POLICY

Ubisoft has broadly 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.

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. The Group must therefore finance significant cash flow peaks linked to the game release dates.

However, progress in the development of digital activity is easing 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 €1,134 million, the Ubisoft Group easily financed investment expenditure on internal and external game production to the tune of €611 million for the 2016/2017 financial year.

Moreover, to increase its capacity for external growth, Ubisoft also has access to a line of equity financing, which matures in March 2018.

For information purposes only, the equity contribution likely to be made via this equity line could be as much as €412 million [1].

Other sources of finance

Over the 2016/2017 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;
- a €400 million OCEANE bond (maturing in September 2021);
- bilateral credit lines of €35 million (maturing in 2019);
- bilateral credit lines of €25 million (maturing in less than one year);
- a loan of €5 million (maturing in September 2018);
- three loans with scheduled refunds:
  - €5 million due in March 2021,
  - €1.5 million due in September 2019,
  - €2.9 million due in December 2018;
- a commercial paper program with a maximum of €300 million.

The Group also uses:

- factoring regarding Canadian multimedia title credits (CTMM) for one-off operations (representing €20 million over the financial year);
- invoice discounting and receivables factoring in Germany and the United Kingdom.

FACTORING COMMITMENT AND DISCOUNT ON THE CLOSING DATE

(in € millions)	03/31/17	03/31/16	03/31/15
United Kingdom	13.8	25	-
Germany	31.3	37.5	-
FACTORING COMMITMENT	**45.1**	**62.5**	**-**
France	-	2.7	-
DISCOUNT	**-**	**2.7**	**-**

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

(1) Based on the Ubisoft Entertainment SA share price as at March 31, 2017.

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 over the last 12 months" ratio must be below 1.5.

As at March 31, 2017, the Ubisoft Group was in compliance with these ratios and expects to remain so during the 2017/2018 financial year.

Financing in 2017/2018

For the 2017/2018 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 €950 million in lines of credit of more than one year.

2.5 2016/2017 performance review (non-IFRS data)

2.5.1 DEFINITION OF FINANCIAL INDICATORS THAT ARE NOT STRICTLY ACCOUNTING-RELATED

Ubisoft has concluded that these indicators, which are not strictly accounting measures, provide pertinent additional information for analyzing the Group's operating and financial performance. Management uses these measures since they are the best reflection of business performance and exclude the majority of non-operating and non-recurring items.

Alternative performance indicators, not presented in the financial statements, are:

- non-IFRS operating profit, which corresponds to operating profit after deduction of:
  - share-based compensation expense arising on free share plans, group savings plans and stock options,
  - impairment of acquired intangible assets with an indefinite useful life,
  - non-operating profit linked to the Group's organizational restructuring;
- non-IFRS operating margin, which corresponds to the ratio between non-IFRS operating profit and sales. This ratio reflects economic performance;
- non-IFRS net income corresponds to net income after deduction of:
  - restatements included in the non-IFRS operating profit above,
  - income and expenses relating to the remeasurement after the measurement period of any variable compensation granted in connection with business combinations,
  - interest on the OCEANE bond under IAS 39,
  - tax impacts on these adjustments;
- non-IFRS diluted EPS corresponds to non-IFRS net income divided by the weighted average number of shares after exercise of the rights of dilutive instruments.

The adjusted cash flow statement includes:

- non-IFRS cash flows from operations, which includes:
  - the cost of internal development and development of licenses presented under IFRS in cash flow from investing activities, these costs being integral to the Group's business,
  - current and deferred taxes;
- the net change in non-IFRS working capital, including movements in deferred tax, thus offsetting the deferred tax income or expense presented in non-IFRS cash flow from operations;
- non-IFRS cash flow from operating activities, which includes the cost of internal development and development of licenses presented under IFRS in cash flow from investing activities, restated in non-IFRS cash flow from operations;
- non-IFRS cash flow from investing activities, which excludes the cost of internal development and development of licenses presented in non-IFRS cash flow from operations;
- free cash flow corresponds to cash flow from operating activities after disbursements and receipts relating to the disposal/acquisition of other intangible assets and property, plant and equipment;

- free cash flow before working capital corresponds to cash flow from operations after disbursements and receipts relating to the disposal/acquisition of other intangible assets and property, plant and equipment;
- net cash corresponds to current investments and cash and cash equivalents, net of borrowings and excluding derivatives.

RECONCILIATION OF IFRS NET INCOME AND NON-IFRS NET INCOME

	2016/2017			2015/2016		
(in € million, except per share data)	IFRS	Adjustments	Non-IFRS	IFRS	Adjustments	Non-IFRS
SALES	**1,459.9**		**1,459.9**	**1,394.0**		**1,394.0**
Total operating expenses	**(1,284.1)**	**61.9**	**(1,222.2)**	**(1,257.2)**	**32.3**	**(1,225.0)**
Stock-based compensation	(36.8)	36.8	-	(12.9)	12.9	-
Goodwill/brand impairment	(25.1)	25.1	-	(19.3)	19.3	-
OPERATING PROFIT (LOSS)	**175.8**	**61.9**	**237.7**	**136.8**	**32.3**	**169.0**
Net financial income	(16.2)	7.2	(9.0)	(13.7)	3.3	(10.4)
Share in profit of associates	(0.3)	-	(0.3)	-	-	-
Income tax	(51.4)	(2.6)	(54.0)	(29.7)	-	(29.7)
Profit (loss) for the period	**107.8**	**66.5**	**174.3**	**93.4**	**35.6**	**129.0**
Earnings per share	**0.92**	**0.54**	**1.46**	**0.82**	**0.31**	**1.13**

2.5.2 FINANCIAL YEAR HIGHLIGHTS

AUGUST 2016 – UBISOFT MOTION PICTURES ANNOUNCES THE DEVELOPMENT OF THE MOVIE "THE DIVISION" WITH JESSICA CHASTAIN AND JAKE GYLLENHAAL

Ubisoft Motion Pictures, the Ubisoft studio responsible for the development of movie and audiovisual projects for cinema and television, announces a new film project, "The Division", featuring actors Jessica Chastain (The Martian, Interstellar, The Help, Zero Dark Thirty) and Jake Gyllenhaal (End of Watch, Night Call, Southpaw), both Oscar-nominated (Academy Awards®). The screenplay will be written by Oscar-winner Stephen Gaghan, who will also direct the film.

SEPTEMBER 2016 – GUILLEMOT BROTHERS SE SIGNS A SHARE PURCHASE AGREEMENT FOR UBISOFT SHARES

The agreement, signed with a bank, allows Guillemot Brothers SE to purchase up to 4,000,008 Ubisoft shares, equivalent to around 3.5% of Ubisoft's share capital. Under the terms of the agreement, the bank will finance the purchase and its hedging for a two-year period.

SEPTEMBER 2016 – OCEANE BOND PLACEMENT

Ubisoft successfully completed a private placement with institutional investors of bonds with the option to convert to new shares and/or exchange for existing shares (OCEANE bonds), maturing 2021, for a nominal amount of €399,999,959.80. The par value of the OCEANE is €54.74, which includes a 60% premium. The bonds will not bear interest.

OCTOBER 2016 – UBISOFT ACQUIRES BPI FRANCE'S ENTIRE STAKE IN THE COMPANY

As part of the deal, Ubisoft purchased 3,625,178 shares, equivalent to 3.2% of its share capital [1], for €122.5 million.

OCTOBER 2016 – UBISOFT ACQUIRES MOBILE GAMES PUBLISHER KETCHAPP

With this new acquisition, Ubisoft increases its footprint in the digital ecosystem, becoming the fourth largest publisher of mobile games by number of downloads.

GENERAL MEETING OF SEPTEMBER 29, 2016: UBISOFT'S SHAREHOLDERS SUPPORT THE COMPANY'S STRATEGY AND MANAGEMENT

The shareholders expressed overwhelming support for Ubisoft's strategy and management, voting in favor of all of the resolutions on the agenda at the Ordinary General Meeting, including:

- the re-election of directors Yves Guillemot and Gérard Guillemot;
- the appointment of two new independent directors, Frédérique Dame and Florence Naviner;
- the compensation package for the Corporate Executive Officers for the year ended March 31, 2016.

Conversely, several resolutions were rejected at the Extraordinary General Meeting due to Vivendi's systematic abstention.

DECEMBER 2016 – RELEASE OF THE MOVIE ASSASSIN'S CREED

Taking more than USD 240 million [2] at the global box office since its release, the film is ranked as the seventh most successful adaptation of a video game.

(1) Number of shares at March 31, 2017

(2) Equivalent to €224 million at the end of March 2017

FEBRUARY 2017 – UBISOFT ACQUIRES MOBILE GAME GROWTOPIA

Growtopia, a popular multiplayer social game, offers players a creative ecosystem in which they can build their own virtual world. The game is available on mobile, tablet and PC. Launched in 2013, Growtopia is a Free-to-Play game with a loyal following of more than 20 million registered users.

FEBRUARY 2017 – *FOR HONOR* SUCCESSFULLY COMPLETES BETA TESTS

Around 6 million gamers took part in the beta testing of *For Honor*, across all platforms. The PC beta saw a record level of 1.8 million participants.

FEBRUARY 2017 – RECORD-LEVEL ENGAGEMENT FOR *TOM CLANCY'S RAINBOW SIX SIEGE*

More than a year after the game's release, *Rainbow Six Siege* has its strongest following ever with 15 million registered players – a major achievement in such a highly competitive environment. The number of active daily players is at a record high.

MARCH 2017 – ALL-TIME RECORD FOR THE BETA PHASES OF *GHOST RECON WILDLANDS* WITH MORE THAN 6.8 MILLION PLAYERS

More than 6.8 million players took part in beta tests for *Tom Clancy's Ghost Recon Wildlands*, breaking the record for the largest number of beta participants in Ubisoft's history.

2.5.3 CHANGES IN THE INCOME STATEMENT

(in € thousands)	03/31/17	03/31/16
Sales	**1,459,874**	**1,393,997**
Gross profit	1,188,987	1,088,932
Non-IFRS R&D costs	(521,723)	(500,337)
Non-IFRS SG&A costs	(429,520)	(419,555)
Non-IFRS current operating profit	**237,743**	**169,040**
Net financial income	**(9,013)**	**(10,380)**
Share of profit of associates	(338)	0
Income tax (credit)	(54,095)	(29,654)
NON-IFRS NET INCOME	**174,297**	**129,006**
Equity	1,133,816	1,018,510
Investment expenditure on internal and external game production	610,496	586,840
Staff	11,907	10,667

Gross profit as a percentage of sales grew to 81.4%, or €1,189.0 million in absolute terms, compared with a gross profit of 78.1% (€1,088.9 million) in 2015/2016.

Non-IFRS operating profit amounted to €237.7 million, up 40.7% from the €169.0 million generated in 2015/2016.

The change in operating profit breaks down as follows:

- €100.1 million increase in gross profit;
- R&D costs rose slightly by €21.4 million, to stand at €521.7 million (35.7% of sales), compared with €500.3 million for 2015/2016 (35.9%);
- SG&A costs were also slightly up, by €9.9 million, at €429.5 million (29.4% of sales), compared with €419.6 million (30.1%) for the previous year:
  - variable marketing expenses stood at €218.5 million (15.0% of sales), stable compared with €217.3 million (15.6%) for 2015/2016,
  - structure costs totaled €211.1 million (14.5% of sales) compared with €202.2 million (14.5%) in 2015/2016.

Non-IFRS net income totaled €174.3 million, corresponding to non-IFRS (diluted) net earnings per share of €1.46, compared with a non-IFRS net income of €129.0 million for 2015/2016, or €1.13 per share.

2.5.4 CHANGE IN WCR AND DEBT LEVELS

Based on the non-IFRS cash flow statement, the working capital requirement was relatively unchanged at €38.9 million, compared with an increase of €253.3 million in the previous financial year. This is due to the games release schedule, which was identical for this and the previous year.

Cash flows generated from operating activities stood at €149.1 million (compared with the €(148.8) million used in 2015/2016). This reflects cash flows from operations of €110.2 million (compared with €104.6 million for 2015/2016) and a decrease in WCR of €38.9 million.

Net debt stood at €(80.4) million at March 31, 2017, versus net debt of €(41.7) million at March 31, 2016. This change is the result of the following:

- cash flow generation: €149.1 million;
- receipts and disbursements relating to other intangible assets, property, plant and equipment and non-current financial assets: €(63.4) million;
- acquisitions: €(105.6) million (including Ketchapp and Growtopia);
- exercise of stock options: €9.5 million;
- share buybacks: €(67.8) million;
- recognition in equity of €39.6 million relating to the option value of the convertible bond launched on September 21, 2016.

NON-IFRS CASH FLOW STATEMENT (UNAUDITED)

(in € thousands)	03/31/17	03/31/16
Adjusted cash flows from operating activities		
Consolidated profit (loss)	107,813	93,408
+/- Share of profit of associates	338	-
+/- Depreciation and amortization of gaming software & movies	407,816	402,959
+/- Other depreciation and amortization	66,819	59,841
+/- Provisions	(2,563)	449
+/- Cost of stock-based compensation	36,836	12,918
+/- Gains/losses on disposals	408	104
+/- Other income and expenses calculated	(10,655)	24,335
+/- Internal development and license development costs	(496,588)	(489,464)
Non-IFRS cash flows from operations	**110,223**	**104,550**
Inventory	(5,381)	(11)
Customers	31,934	(402,877)
Other assets	3,113	(29,918)
Suppliers	(45,082)	116,466
Other liabilities	54,315	63,033
+/- Change in non-IFRS WCR linked to operating activities	**38,899**	**(253,307)**
Total non-IFRS cash flow generated by operating activities	**149,122**	**(148,757)**
Non-IFRS cash flows from investing activities		
- Payments for other intangible assets and property, plant and equipment	(62,914)	(42,499)
+ Proceeds from the disposal of intangible assets and property, plant and equipment	603	67
- Payments for the acquisition of financial assets	(44,374)	(34,391)
+ Repayment of loans and other financial assets	43,322	34,115
+/- Changes in scope *	(105,642)	358
Total non-IFRS cash flow used by investing activities	**(169,005)**	**(42,350)**
Cash flows from financing activities		
+ New long and medium-term borrowings	669,147	234,554
+ New finance leases contracted	1,416	-
- Repayment of finance leases	(898)	(891)
- Repayment of borrowings	(214,663)	(230,216)
+ Proceeds from shareholders in capital increases	9,465	21,924
+/- Sales/purchases of own shares	(67,844)	(77,272)
+/- Associate current accounts	-	258
Cash generated by (used in) financing activities	**396,623**	**(51,643)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**376,740**	**(242,750)**
Cash and cash equivalents at the beginning of the period	255,688	505,215
Impact of translation adjustments	(114)	(6,777)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD *	**632,314**	**255,688**
* *Including cash in companies acquired and disposed of*	*26,421*	*371*

2.6 Outlook

In 2016, the console and PC video games market grew by 6% (Europe, Australia and North America –source: NPD, GFK). Growth is set to continue in 2017, still due to the sharp increase in digital revenues and a dynamic console and PC market.

In mid-May 2017, the Group announced its targets for the 2017/2018 financial year and updated its targets for 2018/2019:

- for **2017/2018:**
  - sales of approximately €1,700 million,
  - non-IFRS operating income of around €270 million;
- for **2018/2019:**
  - sales: around €2,100 million, compared with the previous target of €2,200 million,
  - non-IFRS operating income: approximately €440 million, in line with the previous target. This equates to an improvement in non-IFRS operating margin of around 21%, versus 20% previously,
  - free cash flow of around €300 million, in line with the previous target.

2 Group presentation

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 22

3.1.1 Corporate governance 22

3.1.2 Risk factors 48

3.1.3 Internal control and risk management 55

3.1.4 Other information 60

3.2 COMPENSATION OF CORPORATE OFFICERS 61

3.2.1 Compensation paid to directors 61

3.2.2 Compensation paid to Corporate Executive Officers 62

3.2.3 Reports on the allocation of options or free shares 66

3.2.4 Summary tables (compensation of Corporate Executive Officers) 78

3.3 STATUTORY AUDITORS' REPORT ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF UBISOFT ENTERTAINMENT SA 93

Information concerning internal control and risk management procedures used for preparing and processing accounting and financial information 93

Other information 93

3.4 AUDITORS 94

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 15, 2017, and approved by the Board of Directors at its meeting held on May 16, 2017.

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 2016 (the "AFEP-MEDEF Code"), particularly in preparing this report. The AFEP-MEDEF Code is available on the AFEP website (www.afep.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 27.1 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
25.1 Ongoing information *"All of the Company Officers' compensation components, whether potential or vested, must be publicly disclosed, immediately after the meeting of the Board approving the relevant decisions."*	The fixed and variable compensation of the Chairman and Chief Executive Officer as well as the allocation of share subscription options or free shares to Corporate Executive Officers were decided by the Board of Directors on December 14, 2016 following a proposal from the Nomination and Compensation Committee. Insofar as these elements do not include multi-annual targets, it did not seem necessary to specifically publish these before the publication of the Registration Document.

INTERNAL RULES OF THE BOARD OF DIRECTORS

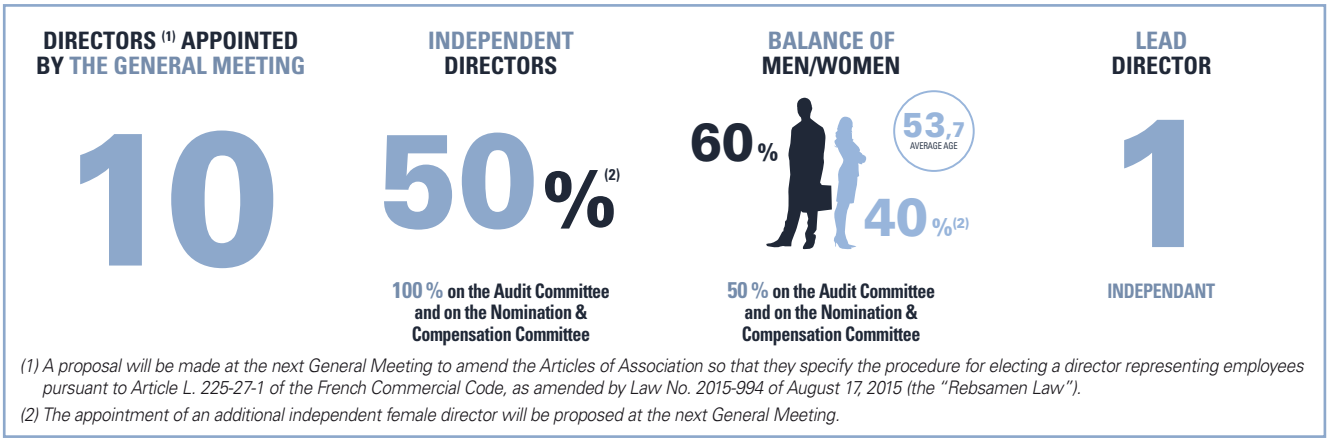
The internal rules of the Board of Directors, in conjunction with and/or in addition to legal, regulatory and statutory provisions, intended in particular to specify details of the composition, organization and operation of the Board of Directors and committees created therein, were adopted during the 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 was made on April 27, 2017.

The internal rules of the Audit Committee and of the Nomination and Compensation 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 as at March 31, 2017



(1) A proposal will be made at the next General Meeting to amend the Articles of Association so that they specify the procedure for electing a director representing employees pursuant to Article L. 225-27-1 of the French Commercial Code, as amended by Law No. 2015-994 of August 17, 2015 (the "Rebsamen Law").

(2) The appointment of an additional independent female director will be proposed at the next General Meeting.

SUMMARY PRESENTATION OF DIRECTORS AS AT MAY 16, 2017

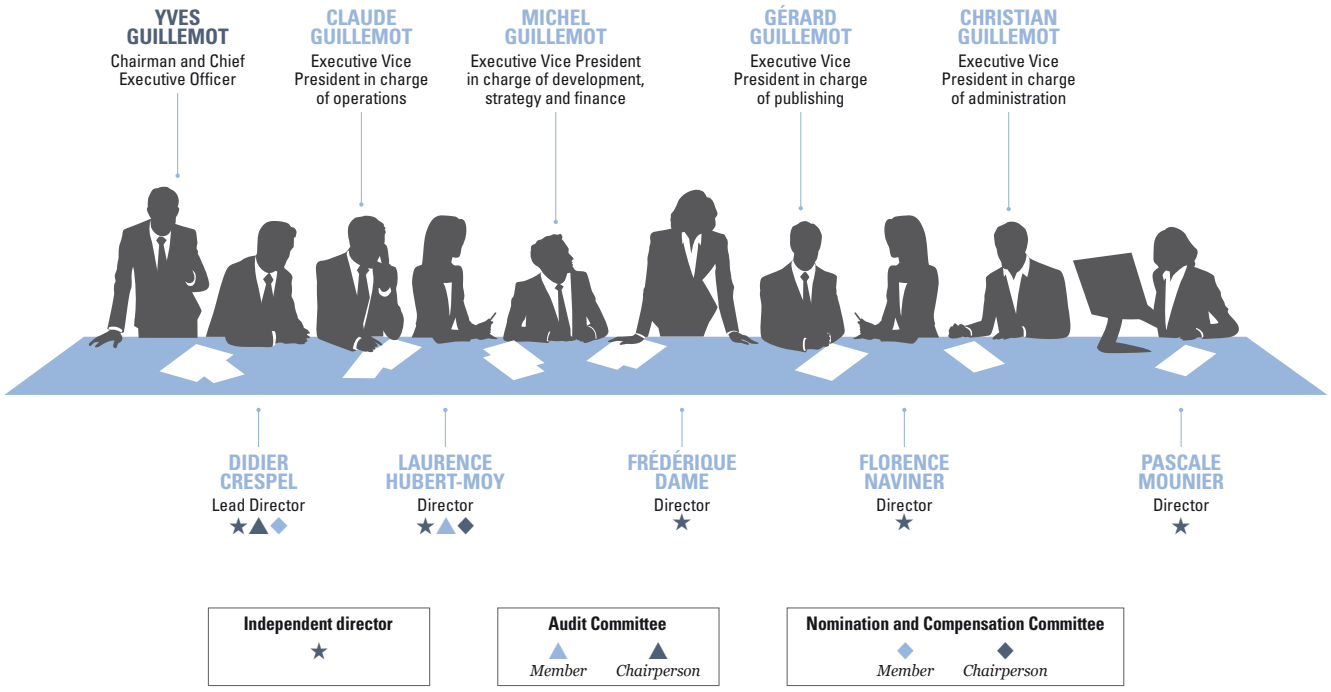
Name	Age	Gender	Nationality	Start of 1st term	End of current term	Years of presence on the Board	Number of shares at 05/16/2017
GENERAL MANAGEMENT							
Yves Guillemot, Chairman & CEO	56	M	French	02/28/88	2020	29	988,567
Claude Guillemot, Executive Vice President	60	M	French	02/28/88	2017	29	732,475
Michel Guillemot, Executive Vice President	58	M	French	02/28/88	2017	29	378,715
Gérard Guillemot, Executive Vice President	55	M	French-American	02/28/88	2020	29	495,659
Christian Guillemot, Executive Vice President	51	M	French	02/28/88	2017	29	116,625
DIRECTORS DEEMED INDEPENDENT							
Didier Crespel	54	M	French	11/20/13	2017	4	320
Laurence Hubert-Moy	55	F	French	06/27/13	2017	4	414
Pascale Mounier	53	F	French-Canadian	11/20/13	2017	4	790
Florence Naviner	54	F	French	09/29/16	2020	1	315
Frédérique Dame	41	F	French-American	09/29/16	2020	1	321

3.1.1.2 Composition and functioning of governing bodies

COMPOSITION OF THE BOARD OF DIRECTORS AND RULES GOVERNING MEMBERSHIP

Composition

The offices and positions of directors, of the Chairman and Chief Executive Officer and of the Executive Vice Presidents, are described below.



Composition of the Board and of the Committees as at March 31, 2017



Yves GUILLEMOT

Chairman and Chief Executive Officer/Director

Fresh out of business school, Yves Guillemot and his brothers embarked on an adventure in the nascent video game industry and founded Ubisoft in 1986. Early on, Yves understood that creating original content in-house and growing proprietary brands would be key to Ubisoft's success. His vision to use technological breakthroughs as an opportunity to innovate, create brands and win over market share proved hugely successful over the years. With a strong focus on organic growth and efficiency, he has developed an organization recognized for its unrivalled collaborative mindset and for being highly competitive, with over two thirds of production based in cost-competitive countries.

Yves has led Ubisoft's evolution over the years with player engagement at the core of the company's development. Ubisoft is one of the pioneers and a leader of the open world genre, which has become one of the industry's most popular gaming segments. Ubisoft also develops successful multiplayer games and delivers state-of-the-art live operations that engage fans in the long term.

Under Yves' tenure, Ubisoft launched three of the world's four best new videogame brands of all time – with Tom Clancy's The Division leading the way – a remarkable achievement. The company's unique capacity as a creator of blockbuster entertainment franchises has created massive value for Ubisoft's shareholders.

As the owner of its brands, Ubisoft today is in a unique position to broaden its franchises' reach to a much wider audience through movies, TV shows, theme parks and consumer products. Under Yves' direction, the company is taking an innovative approach by keeping creative control over its major projects – a first in the industry – to ensure consistency with the franchises' DNA.

Over the past 30 years Yves has led Ubisoft in its evolution from a local video game distributor, to a global entertainment leader. Yves has grown alongside the industry and has a deep understanding of what it takes to survive in a fast-moving, high-risk environment, at the crossroads of creation and technological disruption. His strong business acumen is sought out by multinationals such as Lagardère and Rémy Cointreau where he sits respectively on the Supervisory Board and on the Board of Directors. He was named Entrepreneur of the Year by Ernst & Young in 2009, and Glassdoor elected him one of the Top 3 most beloved CEOs in France in 2015.

56 years old

French

1st appointment (Director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/17
988,567

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies):
3

Ubisoft Entertainment SA
Rémy Cointreau SA
Lagardère SCA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

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, Ubisoft Bordeaux 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

Chairman and Director of Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Ubisoft CRC Ltd (United Kingdom)
Vice-President and Director of Ubisoft Inc. (United States)
CEO and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)
General Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco)
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), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia)

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France

Director of Rémy Cointreau SA [1], AMA SA
Member of the Supervisory Board of Lagardère SCA [1]
Executive Vice President of Guillemot Corporation SA [1]
CEO of Guillemot Brothers SAS

Abroad

Director and Executive Vice President of Guillemot Brothers SE (United Kingdom)
Director of Playwing Ltd (United Kingdom)
Director of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France

Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ketchapp SAS

Abroad

Chairman and Director of Ubisoft Vancouver (Canada), Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Technologies Quazal Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada)
Chairman of Ubisoft LLC (United States)
General Manager of Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany)
Director of Ubisoft Sweden AB (Sweden)

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France

Director of Guillemot Corporation SA [1]
Executive Vice President and Director of Guillemot Brothers SE, Gameloft SE [2]

Abroad

Director of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)

(1) Publicly traded company

(2) Publicly traded company delisted from Euronext Paris on July 26, 2016



Claude GUILLEMOT

Executive Vice President in charge of Operations/Director

Claude Guillemot is the President and CEO of Guillemot Corporation, which specializes in devices and accessories for PC, mobiles and consoles. Since 1997, Claude led Guillemot Corporation's expansion with R&D centers in Europe and North America as well as logistics hubs in France, the USA and China. Claude is also the President of the Club des Trente, an association of 60 Top French CEOs who participate in economic and social debates, since 2009.

Claude Guillemot co-founded Ubisoft in 1986 and sits on Ubisoft's Board of Directors as Executive Vice President of Operations. He brings to the Board 30 years of experience in the videogame industry. His entrepreneurial skills and thorough understanding of the hardware market and distribution network have enabled Ubisoft to be positioned early on each new hardware cycle, an instrumental pillar in Ubisoft's long-term success.

Claude Guillemot graduated with a degree in Economics from Université de Rennes 1 and holds a degree in Industrial automation from ICAM.

60 years old

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2017

Number of shares at 03/31/177
732,475

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies):
2

Ubisoft Entertainment SA
Guillemot Corporation SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

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

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Chairman and Chief Executive Officer and Director of Guillemot Corporation SA [1] **Chairman** of Hercules Thrustmaster SAS, Guillemot Corporation Labs SAS **CEO** of Guillemot Brothers SAS **Director** of AMA SA	**Chairman and Director** of Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States) **Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Executive Director** of Guillemot Electronic Technology (Shanghai) Co. Ltd (China) **Director** of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Srl (Italy), Guillemot Romania Srl (Romania), Guillemot Spain SL (Spain) **Director** of Playwing Ltd (United Kingdom) **General Manager** of Guillemot GmbH (Germany)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	**Director** of Ubisoft Sweden A/B (Sweden)

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
Executive Vice President and Director of Guillemot Brothers SE and Gameloft SE [2]	**Director** of Gameloft Divertissements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain), Gameloft Inc. (United States)

(1) Publicly traded company

(2) Publicly traded company delisted from Euronext Paris on July 26, 2016



Michel GUILLEMOT

Executive Vice President in charge of Development, Strategy and Finance/Director

Michel Guillemot was CEO of Gameloft, a company focused on game development for mobiles, smart TV and social networks. Under his management from 2001 to 2016, Gameloft saw extensive growth and became one of the biggest mobile developers in the world. Passionate about programming, Michel joined the family business and made his debut in the gaming industry with his brothers in 1984, co-founding Guillemot Informatique, an importer and distributor of video games.
Michel Guillemot co-founded Ubisoft in 1986. He sits on the Board of Directors as Executive Vice President of Development, Strategy and Finance. He brings to the Board 30 years of experience in the videogame industry. With his entrepreneurial skills and his deep knowledge of the mobile industry, Michel acts as a reference for the Board to discuss the industry's present and future and, specifically, the company's ability to attract and engage a more mass-market audience.
Michel Guillemot graduated from EDHEC business school and holds a degree (DECS) in accounting.

58 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2017

Number of shares at 03/31/17
378,715

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies):
2

Ubisoft Entertainment SA
Guillemot Corporation SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Executive Vice President and Director of Guillemot Corporation SA (1) **CEO** of Guillemot Brothers SAS **Director** of AMA SA	**Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Director** of Playwing Ltd (United Kingdom) **Director** of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Ariann leases Inc. (Canada)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France

Chairman and Chief Executive Officer and Director of Gameloft SE [2]
Executive Vice President and Director of Guillemot Brothers SE
Chairman of Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS
General Manager of Gameloft Rich Games Production France SARL

Abroad

Chairman of Gameloft Srl (Romania), Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Argentina S.A. (Argentina), Gameloft Software (Shanghai) Company Ltd (China), Gameloft Software (Shenzhen) Company Ltd (China)
Chairman and Director of Gamloft Inc. (United States), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd. (Korea), Gameloft Ltd (Hong Kong), Gameloft Philippines Inc. (Philippines), Gameloft Pte Limited (Singapore), PT Gameloft Indonesia (Indonesia), Gameloft New Zealand Ltd (New Zealand), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SL (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Belarus), Gameloft Uruguay SA (Uruguay)
General Manager of Gameloft GmbH (Germany), Gameloft Srl (Italy), Gameloft EooD (Bulgaria), Gameloft S. de R.L. de C.V. (Mexico), Gameloft S.P.R.L. (Belgium), Gameloft S.r.o. (Czech Republic)
Director of Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela), Gameloft Ltd. (Malta), Gameloft do Brazil Ltda (Brazil)

(1) Publicly traded company
(2) Publicly traded company delisted from Euronext Paris on July 26, 2016



Gérard GUILLEMOT

Executive Vice President in charge of Publishing/Director
CEO of Ubisoft's film business

Gérard Guillemot is the President and CEO of Longtail Studios, which he founded in 2003. Longtail Studios develops console games for a family-oriented audience. In 2000, Gérard founded the game developer Gameloft, whose initial focus was to operate a platform for the emerging PC online gaming community. When Ubisoft was created, Gérard led its editorial content and managed the development teams. He actively encouraged the company to create its own franchises – now a key differentiator for Ubisoft, which offers long-term visibility and security to shareholders. He was also responsible for Ubisoft's expansion into North America, one of the world's biggest video-game markets.
Gérard Guillemot co-founded Ubisoft in 1986. He is head of Ubisoft Motion Pictures, the film division of Ubisoft. He also sits on the Board of Directors and is Executive Vice President of Publishing for Ubisoft Entertainment SA. He brings to the Board 30 years of experience in the videogame industry. Deeply rooted in the USA, he brings to the Board his understanding of emerging opportunities such as social media and online communities.
Gérard Guillemot graduated from EDHEC business school. He has been living in the USA for over 15 years.

55 years old

French-American

1st appointment (director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/17
535,659

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies):
2

Ubisoft Entertainment SA
Guillemot Corporation SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Executive Vice President and Director of Guillemot Corporation SA (1) **CEO** of Guillemot Brothers SAS **Director** of AMA SA	**Chairman** of Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada) **Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Director** of Playwing Ltd (United Kingdom) **Director** of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
Executive Vice President and Director of Guillemot Brothers SE and Gameloft SE (2)	**Chairman** of Studios Longtail Québec Inc. (Canada) **Director** of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)

(1) Publicly traded company

(2) Publicly traded company delisted from Euronext Paris on July 26, 2016



Christian GUILLEMOT

Executive Vice President in charge of Administration/Director

Christian Guillemot is the President and CEO of AMA, which he co-founded in 2004 and the Company has grown to become a leading developer and publisher of lifestyle games and applications for smartphones, tablets, interactive TV and internet of things with a recent development in emerging and fast-growing markets for telehealth and tele-expertise in partnership with Google. Passionate about innovation and emerging trends, Christian is also involved in the development of the French Tech movement.
Christian Guillemot co-founded Ubisoft in 1986. He sits on the Board of Directors as Executive Vice President of Administration. He brings to the Board 30 years of experience in the videogame industry. Christian Guillemot managed the creation, consolidation and integration of international subsidiaries for Ubisoft and played a leading role when the company listed on the stock exchange in 1996. His strong knowledge of new gaming platforms as well as his thorough understanding of accounting, fiscal and legal matters makes him an essential voice on the Board.
Christian Guillemot graduated from the European Business School of London.

51 years old

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2017

Number of shares at 03/31/17
116,625

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies):
2

Ubisoft Entertainment SA
Guillemot Corporation SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	**Director** of Ubisoft Nordic A/S (Denmark)

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Chairman and Chief Executive Officer and Director of AMA SA **Chairman** of Guillemot Brothers SAS, AMA Opérations SAS, AMA Research and Development SAS, SAS du Corps de Garde **Executive Vice President and Director** of Guillemot Corporation SA (1) **General Manager** of Guillemot Administration et Logistique SARL	**Chairman and Chief Executive Officer and Director** of AMA Xperteye Inc. (United States) **Chairman and Chief Executive Officer and Director** of Guillemot Brothers SE (United Kingdom) **Chairman and Director** of Playwing Ltd (United Kingdom) **Director** of AMA Corporation Ltd (United Kingdom) **Chairman** of SC AMA Romania Srl (Romania) **Director** of Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteye Ltd (United Kingdom), AMA Xperteye Srl (Romania), Playwing Entertainment SL (Spain), Guillemot SA (Belgium), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	**Director** of Ubisoft Sweden AB (Sweden)

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
Chairman and Chief Executive Director and Director of Guillemot Brothers SE **Executive Vice President and Director** of Gameloft SE (2) **Chairman** of Studio AMA Bretagne SAS **Joint General Manager** of Studio AMA Bretagne SARL	**Director** of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Iberica SA (Spain), Gameloft Inc. (United States) **Chairman and Director** of Advanced Mobile Advertisement Inc. (United States) **Chairman** of AMA Studios SA (Belgium)

(1) Publicly traded company

(2) Publicly traded company delisted from Euronext Paris on July 26, 2016



Didier CRESPEL

Independent Lead Director
Chairman of the Audit Committee
Member of the Nomination and Compensation Committee

Didier Crespel has over 30 years experience as a senior financial manager and entrepreneur. He is the President of Crespel & Associates, a consulting firm he founded in 2013 that specializes in business strategy and equity investment. He is also the majority shareholder and President of Mecamen, an industrial group.
Mr. Crespel is the former General Manager of Shapers (2000-2012) – an international subsidiary of the Arkk Group that is listed on the Tokyo Stock Exchange. Thanks to his proven reporting expertise, Didier contributed to Arkk Group's compliance project by implementing J-SOX rules. From 1984 to 2000, Mr. Crespel also served as Finance Director and General Manager for Valeo's German subsidiary – a world-leading automotive industry supplier. At Valeo, Mr. Crespel dealt with international financial transactions such as major mergers and acquisitions.
Mr. Crespel sits on Ubisoft's Board of Directors as an independent director since 2013. He chairs the Audit Committee and is a member of the Nomination and Compensation Committee. His understanding of finance as well as business strategy are true assets for Ubisoft's exploration of new and emerging markets, especially Asia. The Board of Directors also benefits from his entrepreneurial and international mindset to assess the company's diversification strategy and identify new opportunities in our fast-paced and growing industry.
Mr. Crespel holds a Master in Management from the EDHEC Business School.

54 years old

French

1st appointment (director)
11/20/13

End of current term
General Meeting 2017

Number of shares at 03/31/17
320

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies): **1**

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
General Manager of Crespel & Associates (business strategy and shareholding consulting)	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A



Laurence HUBERT-MOY

Independent Director
Chairwoman of the Nomination and Compensation Committee
Member of the Audit Committee

Laurence Hubert-Moy is a Professor at the University of Rennes. Since 2013, she has been President of one of the two scientific committees of the French National Center of Spatial Studies (CNES), the TOSCA Committee. She is also the Scientific Manager of the ENVAM Digital Campus – a French consortium of four universities and schools. Thanks to these positions, Mrs. Hubert-Moy is in constant and direct relation with scientific teams and academics from around the world while benefiting from access to the latest modeling and spatial analysis. Her current research involves collaborations with scientists in China, Brazil and India, among others. Over the past 20 years, she has published numerous scientific research papers on space remote sensing and its application in the environment. In 2003, she was awarded a bronze medal by the French National Center for Scientific Research (CNRS).
Mrs. Hubert-Moy sits on Ubisoft's Board of Directors as an independent member since 2013. She chairs the Nomination and Compensation committee and sits on the Audit committee. Her extensive research on space observation and big data puts R&D, innovation, analytics and open worlds at the heart of the Board's agenda.
Mrs. Hubert-Moy holds a Ph.D. and completed post-doctorate studies at Boston University. She also holds a certificate in business administration from the IFA-Sciences Po Paris.

55 years old

French

1st appointment (Director)
06/27/13

End of current term
General Meeting 2017

Number of shares at 03/31/17
414

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies): **1**

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Professor at the University of Rennes 2 **Chairwoman** of the TOSCA (Terre solide, Océans, Surfaces Continentales, Atmosphère) Committee of the CNES **Scientific Director** of the ENVAM digital campus	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A



Pascale MOUNIER

Independent Director

Pascale Mounier has over 30 years of experience in senior management and currently practices on all continents, with both France and Canada as home base. She is the President of Newton-ca, a consulting firm she founded in 2010 that specializes in accompanying multinationals' IT operations and financial processes for companies such as Desjardins and Alliance Boots. Mrs. Mounier has held several management positions in Finance and IT departments for global leaders such as Gameloft (until 2002), Sanofi and Rio Tinto. Her extensive knowledge has been put to good use in the management and operational coordination of complex international projects around the world. She contributed to the redesign of financial processes, change of IT systems and the management of R&D projects. She also participated in many successful large-scale mergers and acquisitions.
Mrs. Mounier sits on Ubisoft's Board of Directors as an independent member since 2013. The digitalization of the video game industry comes with new priorities and challenges and the Board welcomes Mrs. Mounier's expertise in information technology processes and cost optimization.
Mrs. Mounier holds a Master in Management from HEC Paris and a PMP certification.

53 years old

French-Canadian

1st appointment (Director)
11/20/13

End of current term
General Meeting 2017

Number of shares at 03/31/17
790

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies): **1**

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
Founder and Chairwoman of Newton-ca. Inc. (Advisory services in financial operations and financial processes)	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A



Florence NAVINER

Independent Director

Florence Naviner is currently Chief Financial Officer and Senior Vice President of Wrigley, a multinational company and subsidiary of Mars, Incorporated. Florence Naviner joined Mars in 1992 and brings to Ubisoft more than 30 years of experience in different financial and strategic management positions within the consumer goods industry. Based in Chicago, she leads Wrigley's global Finance team and co-pilots the implementation of Wrigley's global strategy and its operations. She is also responsible for tax matters, corporate consolidation and treasury. From 2011 to 2012, as Mars Financial Services Vice President, she designed and implemented a global strategy to deploy a shared financial services center for Mars, Incorporated.
Florence Naviner has also gained a solid international experience, having served as Chief Financial Officer of Mars Petcare for Europe, Finance Vice President of Mars in China between 2006 and 2008 as well as Finance Vice President of Mars Petcare in the USA from 2008 to 2011. She has particularly driven business turnarounds, piloted cost competitiveness programs and oversaw the creation of synergies in post-acquisition periods.
Florence Naviner started her career at Arthur Andersen in Paris in 1985. Florence Naviner graduated from the HEC Business School Paris and possesses a DESCF degree in accounting.

54 years

French

1st appointment (Director)
09/29/16

End of current term
General Meeting 2020

Number of shares at 03/31/2017
315

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies): **1**

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	**Chief Financial Officer and Senior Vice-President** of Wrigley Junior Company (United States)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	**Service and Finance Vice-President** of Mars Financial Services (United States)



Frédérique DAME

Independent Director

At Ubisoft, Frédérique Dame can draw upon her 15 years of experience at some of the world's most innovative and cutting-edge companies, such as Uber, which she joined in its very beginnings. Today, Frédérique Dame is an angel investor in Silicon Valley.
Throughout her career at different US-based digital companies, Frédérique Dame has developed a unique expertise for launching consumer products and services. Between 2012 and 2016, she helped scale Uber from 80 people to over 7,000 and expand the company from 14 cities in four countries to over 400 in 68 countries. At Uber, she also spearheaded two strategic programs: the "Driver Experience", allowing private drivers to become part of Uber's network on a global scale, as well as the "Employee Experience", aimed at automatizing the internal systems in order to improve productivity and the collaboration of Uber's international teams.
Previously, Frédérique Dame contributed to the development of Yahoo!, being in charge of their products' social strategy between 2004 and 2008. She joined Photobucket in 2009, then Smugmug, two online photo-sharing products for which she implemented monetisation and audience growth strategies.
Frédérique Dame holds a Master in Spacecraft Technology and Satellite Communications from University College London and a Bachelor and Master in Telecommunications Engineering from Télécom SudParis. She is based in San Francisco.

41 years old

French-American

1st appointment (Director)
09/29/16

End of current term
General Meeting 2020

Number of shares at 03/31/17
321

Number of appointments (Director/Member of the Supervisory Board of publicly traded companies): **1**

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	N/A

POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/17

France	Abroad
N/A	**Business Angel**

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST FIVE FINANCIAL YEARS)

France	Abroad
N/A	**Product Manager** at Uber (United States) **Product Consultant** at Frédérique Dame Consulting (United States)

Changes in the Board of Directors and its Committees during the financial year

Board of Directors		
Appointments	Renewals	Term(s) of office expired
Florence Naviner (AGM 09/29/2016)	**Yves Guillemot** (AGM 09/29/2016)	**Estelle Métayer** (AGM 09/29/2016)
Frédérique Dame (AGM 09/29/2016)	**Gérard Guillemot** (AGM 09/29/2016)	

	Compensation Committee until 09/29/2016	Nomination Committee until 09/29/2016	Nomination and Compensation Committee as from 09/30/2016
Chairperson	**Estelle Métayer** (Independent)	**Laurence Hubert-Moy** (Independent)	**Laurence Hubert-Moy** (Independent)
Member(s)	**Laurence Hubert-Moy** (Independent)	**Didier Crespel** (Independent)	**Didier Crespel** (Independent)

At the Board of Directors' meeting of September 6, 2016 the Chairman mentioned the proposed appointment of new members on Committees in due course, in order to relieve Didier Crespel, Lead Director, Chairman of the Audit Committee and member of the Nomination and Compensation Committee.

Accordingly, the Nomination and Compensation Committee proposed that the Board of Directors:

- appoint a third Independent Director as member of the Audit Committee as from January 1, 2018;
- appoint a new Independent Director to the Nomination and Compensation Committee to replace Didier Crespel, effective following the Combined General Meeting of September 22, 2017.

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, 2017, the percentage held in accordance with Article L. 225-102 of the French Commercial Code was 2.76%.

At March 31, 2017, the Company met the criteria set out in Article L. 225-27-1 of the French Commercial Code, as amended by Law no. 2015-994 of August 17, 2015 (the "Rebsamen Law") insomuch as, at that date and for the second consecutive year, the Company had more than 5,000 employees. As such, following a proposal from the Board of Directors, the General Meeting of September 22, 2017 will be called to decide upon amendments to the Company's Articles of Association in order to set out the procedures for the election of a Director representing employees on the Board of Directors. Insofar as the Company's Board of Directors has/will have fewer than 12 members following said meeting, a single employee representative will be elected within six months following the General Meeting, i.e. by March 22, 2018.

General management (the "Management Committee")

General management, represented by the Chief Executive Officer and four Executive Vice Presidents, meets every two weeks for an update on strategic cross-cutting issues requiring their specific expertise in the areas of operations, development and strategy, publishing and finance, and thus assists the Chief Executive Officer in his duties.

Rules governing the composition of the Board of Directors

- **Number 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 18 members, notwithstanding any derogation permitted by law.
- **Method of appointment:** 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.
- **Duration of directors' term of office:** 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. 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.
- **Age limit of directors:** The Articles of Association set an age limit of 80.
- **Corporate Executive Officers:** 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.

- **Lead Director:** The internal rules of the Board of Directors set out that a Lead Director shall be appointed by the Board of Directors if the roles of Chairman and Chief Executive Officer are fulfilled by the same person. As part of his/her duties, the Lead Director may, where appropriate, chair meetings of the Board of Directors and temporarily assume the position of Chairperson should the latter be unavailable (see page 39).
- **Holding of Ubisoft Entertainment SA shares:** 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, 2017, the composition of the Board of Directors complies with the provisions of Law N° 2011-103 of January 27, 2011 applicable to companies with shares admitted for trading on a regulated market, under which the proportion of directors of each gender may not be less than 40% following the first Ordinary General Meeting held after January 1, 2017.

Furthermore, at the next General Meeting and in accordance with the recommendations of the Nomination and Compensation Committee, the Board of Directors shall submit for approval the appointment of at least one independent female director with a view to bringing the aforementioned proportion to 45% at the close of the 2017 General Meeting.

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 March 30, 2017 based on the questionnaire issued by the Nomination and Compensation Committee to all Independent Directors on March 1, 2017, 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:

	Florence Naviner	Frédérique Dame	Laurence Hubert-Moy	Pascale Mounier	Didier Crespel
Must not be or have been during the course of the previous five years: ♦ an employee or Corporate Executive Officer of the Company; ♦ an employee, Corporate Executive Officer or Director of a company consolidated within the Company; ♦ an employee, Corporate Executive Officer or Director of the parent company of the Company or of a company consolidated within this parent company.	Compliant	Compliant	Compliant	Compliant	Compliant
Must not be a Corporate Executive Officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a Corporate Executive Officer of the Company (currently in office or having held such office within the last five years) is a Director.	Compliant	Compliant	Compliant	Compliant	Compliant
Must not be (or be linked directly or indirectly to these persons) a customer, supplier, commercial banker or investment banker: ♦ that is material to the Company or its Group; or ♦ for a significant part of whose business the Company or its Group accounts	Compliant	Compliant	Compliant	Compliant	Compliant
Must not be related by close family ties to a corporate officer.	Compliant	Compliant	Compliant	Compliant	Compliant
Must not have been an Auditor of the Company within the previous five years.	Compliant	Compliant	Compliant	Compliant	Compliant
Must not have been a Director of the Company for more than twelve years.	Compliant	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	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 significant.

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 April 27, 2017, 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 annual 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 April 27, 2017. 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 offices of Chairman and Chief Executive Officer, or combination of such offices);
- 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 contributes to the determination of the Group's objectives 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 focused in particular on the following:

- reflection on the Ubisoft group's strategic issues;
- examining and approving the separate and consolidated financial statements for the financial year ended March 31, 2016, and the related reports as well as the half-year consolidated financial statements as at September 30, 2016;
- financial information/financial reports;
- establishing management forecasts;
- preparing for the Combined General Meeting of September 29, 2016 (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;
- implementing the share buyback program;
- complying with the principles of corporate governance, in particular:
  - updating the internal rules of the Board of Directors and its committees,
  - reading the reports on the work of the lead director and of the committees as set out in pages 39 to 45,
  - reviewing the status of independent director,
  - discussing whether the office of Chairman and Chief Executive Officer should be held by the same person or should be separated,
  - assessing the operating procedures of the Board of Directors and of its committees (summary and proposals);
- approving the proposals of the Compensation Committee (up to September 29, 2016) and of the Nomination and Compensation Committee (as from September 30, 2016) relating to employee stock ownership and the compensation of the Chairman and Chief Executive Officer and/or Executive Vice Presidents;
- determining the fixed compensation for the lead director;

- determining the quantitative criteria (financial) and qualitative criteria (non financial), as proposed by the Nomination and Compensation Committee, relating to the compensation of the Chairman and Chief Executive Officer and assessing whether the said criteria have been met.

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 19 times during the 2016/2017 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	Laurence Hubert-Moy	Pascale Mounier	Florence Naviner	Frédérique Dame	Estelle Métayer	Average attendance rate
Number of meetings	19/19	19/19	18/19	17/19	17/19	18/19	19/19	18/19	5/7 *	7/7 *	12/12 *	
Attendance rate	100%	100%	95%	89%	89%	95%	100%	95%	71%	100%	100%	94%

* *Offices held six months in respect of financial year 2016/2017*

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 also independently obtain additional information from the Chairman and Chief Executive Officer, who is available 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.

Training of directors

Each director is entitled, upon his/her appointment and throughout his/her term of office, to training on the Company's specific features, its activity and its business lines.

Thus, at their request, several directors have followed certified training courses in directorship at Sciences Po Paris/IFA or at McGill University in Montreal.

To facilitate the integration of the new directors and their assumption of duties, an induction program was put in place, consisting of:

- access to documents necessary for directorship duties (registration documents, articles of association, internal rules, etc.);
- access to presentations and videos to better understand the Ubisoft environment;
- registration for the daily press review on Ubisoft news and the daily newsletter on Ubisoft's latest video gaming news and more generally news about the industry ("Daily News @ Ubisoft");
- several presentations in Montreuil-sous-Bois for Frédérique Dame and Florence Naviner (introduction to the video game market by the "Consumer Market Knowledge" department, presentation of Ubisoft's three-year plan, by the Chief Financial Planning Officer, demos on VR games).

Furthermore, members of the Audit Committee are entitled, upon their appointment and at their request, to information on accounting, financial or operational specificities of the Company/Group.

LEAD DIRECTOR

Pursuant to the internal rules of the Board and of its Committees, a lead director, chosen from among the independent directors, may be appointed by the Board of Directors, following a proposal of the Nomination and Compensation Committee, where 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 Nomination and Compensation Committee.

In this context and acting on a proposal from the Nomination and Compensation Committee, the Board of Directors appointed Didier Crespel as the first lead director on March 3, 2016.

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 at least one meeting per year for the independent directors during which they can 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 managers 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 2016/2017 financial year

Following his appointment as lead director on March 3, 2016, Didier Crespel has been in regular contact with the Company's shareholders in order to give an overview of "Governance" and in particular the operating procedures and activity of the administrative and management bodies.

The lead director also invited the independent directors to a meeting on June 22, 2016 to discuss in particular the possibility of submitting the distribution or non-distribution of dividends for approval by the General Meeting of September 29, 2016

The lead director also presented the changes in the Company's governance to the General Meeting of September 29, 2016, highlighting the role of independent directors.

The lead director also keeps regular contacts with the Company's consultants in particular regarding issues of governance and best practice within the Board of Directors.

In accordance with the internal rules of the Board of Directors, the lead director reported on his activity for the financial year ended at the meeting of the Board of Directors on May 16, 2017.

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 2017, the Board of Directors was assisted:

- from April 1, 2016 to September 29, 2016, by three specialized committees:
  - Audit Committee,
  - Compensation Committee, and
  - Nomination Committee.
- as from September 30, 2016, following the merger between the Nomination Committee and the Compensation Committee, by two specialized committees:
  - Audit Committee,
  - Nomination and Compensation 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 Nomination and Compensation Committee must meet at least once a year and the Audit Committee at least three times a year.

The agenda of committee 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 minutes, 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	Created on November 20, 2013
Composition as at 03/31/17	♦ Didier Crespel, Chairman ♦ Laurence Hubert-Moy
Operating procedures	The internal rules of the Audit Committee, which are attached to the internal rules of the Board of Directors, describe its responsibilities and operating procedures in particular. The internal rules of the Audit Committee were updated on April 27, 2017 in particular following order No. 2016-315 of March 17, 2016 which became effective on June 17, 2016 on audit reform and/or the AFEP-MEDEF Code as revised in November 2016. 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 and in risk mapping.
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 separate 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 pertinence of the accounting basis chosen, 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 ♦ approval of the provision by the Statutory Auditors or their network, of services other than the certification of the financial statements mentioned in Article L. 822-11-2 of the French Commercial Code, pursuant to the Audit Committee charter; 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 separate financial statements are prepared.
Work during 2016/2017	The Audit Committee met four times during the year, with an attendance rate of 100%. In particular it addressed the following issues: ♦ the Company's results: • review of the separate and consolidated financial statements as at March 31, 2016 and the consolidated management report, • review of the half-year consolidated financial statements as at September 30, 2016 and the half-year financial report, • review of the work of the Statutory Auditors as at March 31, 2016 and September 30, 2016, • review of the figures contained in the press release relating to the annual and interim consolidated financial statements; ♦ risk management and internal control: • review of the Group's risk management approach, the risk management, audit and internal control system and the related organizations and resources, • review of the report of the Chairman of the Board of Directors on corporate governance, risk management and internal control, • risk mapping analysis;

Work during 2016/2017 (continued)	♦ audit and relations with external auditors: • internal audit: 2016 summary and review of the 2017 audit plan, • review of the assignments of external auditors, including additional assignments, • review of the fee budget for external auditors; ♦ other: • update on the audit reform (European Directive No. 2014/56/EU of April 16, 2014/Order No. 2016-315 of March 17, 2016) as a result of the Audit Committee's increased prerogatives, • proposal to amend the Audit Committee's internal rules accordingly, • analysis of the financial flows relating to the film business.
2016/2017 attendance rate	100%

Nomination and Compensation Committee

Following the merger between the Nomination Committee and the Compensation Committee effective on September 30, 2016

Composition as at 03/31/17	♦ Laurence Hubert-Moy, Chairwoman ♦ Didier Crespel
Operating procedures	The committee has been chaired since September 30, 2016 by Laurence Hubert-Moy who, firstly, due to the executive positions she holds or has held in various research entities, has experience of compensation for high level managerial teams (researchers and engineers) and, secondly, thanks to her current and prior experience, is well versed in recruitment and analysis techniques. 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 committee and the issues it addresses. Under the AFEP-MEDEF Code, the Nomination and Compensation Committee must, firstly, be composed of a majority of independent directors and no Corporate Executive Officers. Secondly, it recommends that the Chairperson of the Nomination and Compensation Committee be an independent director. The composition of the Nomination and Compensation Committee complies with this recommendation with an independence rate of 100%. The Nomination and Compensation Committee has taken the decision to invite Yves Guillemot and Cécile Cornet, Chief Talent and Communications Officer to certain meetings.
Responsibilities	The Nomination and Compensation Committee, firstly, puts forward recommendations, in consultation with the Chairman and Chief Executive Officer, regarding the succession plan for corporate officers, the re-election of directors and the selection of new directors. It is kept informed of the succession plan relating to members of the Group's Executive Committee. Secondly it 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. It is responsible in particular for: ♦ **Nomination** • 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, the optimum balance of the composition of the Board of Directors and its committees (gender balance, nationalities, international expertise, etc.): search for potential candidates and their vetting, the timing of renewals of terms of office and, in particular, 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.

Responsibilities (continued)

- 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 renewal 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 the succession plan for the Executive Committee.

♦ **Compensation**

- Of Corporate Executive Officers (Chairman and Chief Executive Officer and Executive Vice Presidents):
  - examining and making 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;
  - verifying the application of these rules;
  - ensuring 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 Nomination and Compensation Committee to be included in the Annual Report, and ensuring that all information required by law and relating to compensation appears in the Annual Report.
- Of the Chairman and Chief Executive Officer:
  - defining 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 its creation of long-term value.
- Of directors:
  - making 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;
  - making recommendations to the Board of Directors as regards the overall amount of directors' fees proposed to the Company's General Meeting.
- 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:
  - providing the Board of Directors with an opinion on the general policy for granting share subscription and/or purchase options, which should be reasonable and appropriate, and on the option plan(s) established by the Group's general management, advising the Board of its recommendation as regards the allocation of share subscription or purchase options and explaining the reasoning behind its choice as well as the consequences thereof; predetermining the frequency of such allocations;
  - examining any matter referred to it by the Chairman and Chief Executive Officer concerning the aforementioned points and any proposals relating to employee stock ownership.
- Of the teams and the Executive Committee:
  - making inquiries and preparing recommendations so as to ensure consistency between the fixed and variable compensation of executive teams with the business strategy, and implementation of performance conditions.

Work during 2016/2017

Prior to the merger between the Nomination Committee and the Compensation Committee effective on September 30, 2016, the Compensation Committee had met four times and the Nomination Committee twice. Since the merger of the two committees, the Nomination and Compensation Committee has met four times. The attendance rate at each of these committee meetings was 100%.

In particular the committee addressed the following issues:

- **Compensation**
  - Corporate Executive Officers (Chairman and Chief Executive Officer and Executive Vice Presidents):
    - review of the overall compensation structure;
    - review of the current compensation principles in the Company/Group and comparative analysis with regard to comparable companies (external audit conducted by an independent third-party firm);
    - definition of the general allocation policy (share purchase and/or subscription options and free shares) and proposal of performance criteria;
    - determination of the compensation due for the financial year 2017 (FY 2016/2017);
    - proposal of resolutions on the compensation for Corporate Executive Officers;
    - assessment of whether the quantitative and/or qualitative criteria relating to the variable compensation of the Chairman and Chief Executive Officer have been achieved for the financial year 2016 (FY 2015/2016);
    - analysis of the compensation of the Chairman and Chief Executive Officer for financial years 2017 (FY 2016/2017) and 2018 (FY 2017/2018): review of the fixed component, definition of the target, of quantitative criteria (financial) and/or qualitative criteria (non-financial) and their weighting and conditions of achievement for the short-term variable component, definition of the incentive plan and of its related performance conditions for the long-term variable component;
    - validation of the annual information included in the Registration Document relating to the compensation of Corporate Executive Officers, in particular information relating to "say on pay";
    - definition of the compensation policy to be submitted for ex ante approval by shareholders.
  - Executive Committee:
    - gaining an overview of the teams and key people at Ubisoft,
    - review of the activity of long-term incentive plans – share subscription and/or purchase options and performance shares (free shares);
    - validation of whether the performance conditions for the long-term incentive plans for employees of the Group have been achieved;
    - examination and recommendation of 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;
    - examination of the establishment of leveraged Group savings schemes via a company mutual fund or direct share ownership for 2016;
    - examination and establishment of a leveraged Group savings scheme via a company mutual fund and a capital increase social/stock appreciation rights pursuant to the 20th and 21st resolutions of the General Meeting of September 29, 2016;
    - analysis of the terms and conditions of the 2016 Ubisoft key people plan;
    - proposal of resolutions pertaining to employee stock ownership.
  - Other:
    - examination of the impact of legislative changes on the taxation of compensation and/or free share allocations or share subscription options;
    - proposal of the fixed compensation amount for the lead director.

Work during 2016/2017 (continued)	♦ **Nomination** - Examination of the renewal of the terms of office of directors, discussions on the application of renewal of terms of office on a staggered basis and proposals relating to renewals to be made at the 2017 meeting. - Definition of a recruitment procedure for new directors, examination of applications for the position of director. - Examination of the succession plans of the Executive Committee and of the Chairman and Chief Executive Officer. - Review of the independence criteria in accordance with the AFEP-MEDEF Code for each director concerned. - Consideration of the terms for the appointment/election of a director representing employees pursuant to the "Rebsamen" law. - Examination and proposal of independent external specialized consultants who could be appointed to carry out the three-year assessment of the Board of Directors and its committees. - Analysis of responses to the invitation to tender from independent external specialized consultants for the assessment of the Board and its committees and presentation of the report. - Monitoring of the training of directors in office and of the integration plan for new directors. - Revision of the status of independent director in the light of the circularization of attestations. - Examination of the composition of committees of the Board of Directors and restructuring proposal.
2016/2017 attendance rate	100%.

ASSESSMENT OF THE WORK OF THE BOARD OF DIRECTORS AND COMMITTEES

The assessment of the Board of Directors and its committees was carried out in March 2017 with the assistance of a specialized consulting firm ("the Firm") under the supervision of the Chairwoman of the Nomination and Compensation Committee. The assessment procedure consisted of individual interviews between the Firm and each director. The analysis of responses gave rise to an assessment report prepared by the Firm, which was presented by the Nomination and Compensation Committee to the entire Board of Directors.

The assessment report highlighted the positive opinion of directors on the operating procedures of the Board of Directors and its committees, which was deemed to be of high quality. It highlighted, firstly, the excellent work environment and trust between the Board of Directors and the Chairman and Chief Executive Officer, and, secondly, the very positive relationship between the five founding directors and the independent directors, capitalizing on the complementary of each one's approach based on his/her expertise and experience in a harmonious atmosphere. The report also highlights the continuous and regular changes in governance, in particular the creation of the position of lead director and the role that the latter plays as well as the contribution of Board committees, which is highly satisfactory. The report also highlights the involvement of the Board in defining the strategy and directors' ease of access to operations directors. Lastly, the report recognizes the organization of the Board of Directors and the procedures for giving access to files.

The summary of the assessment report presented by the Chairwoman of the Nomination and Compensation Committee was discussed by the Board of Directors. In particular, the Board of Directors took on board the following recommendations, some of which were already under consideration:

- giving the Board of Directors, and in particular the independent directors, a better understanding of the technological challenges of the video game industry;
- more comprehensive information on the implementation of the strategy, which could justify a regular update at each meeting of the Board, in addition to the two dedicated sessions;
- preparation of the succession plans of the Chairman and Chief Executive Officer and the Executive Committee;
- involvement of the Board of Directors further in advance regarding certain decisions;
- restructuring of the composition of the Committees (see page 36).

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 determines the compensation of the Chief Executive Officer, in accordance with Article L. 225-37-2 of the French Commercial Code, and his term of office, 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 between separation of the offices of Chairman and Chief Executive Officer and the aggregation of such duties. The law does not favour either formula and allows the Board of Directors to choose between the two forms of exercise of executive 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. At its meetings of September 2 and 6, 2016, the Board of Directors assessed the terms and impact of the combination or separation of the positions of Chairman and Chief Executive Officer on the Company's organization in the short and medium terms and unanimously decided that the combination of the positions of Chairman and Chief Executive Officer suits the organization and operation of the Company, mainly by offering responsive and effective decision-making in a constantly 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 upon the re-election of Yves Guillemot by the Board of Directors at its meeting of September 29, 2016.

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, whose responsibilities, resources and powers are described on page 39, 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 within 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 Christian Guillemot, Executive Vice President in charge of Administration. As founding shareholders, each Executive Vice President has extensive knowledge of the Group. The Chief Executive Officer and the Executive Vice Presidents meet every fortnight to discuss, in particular, cross-cutting issues relating to the strategy of the Company and/or 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, 2016, 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 16, 2017 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 Director, Worldwide Production
Serge Hascoët	Chief Creative Officer

3.1.1.4 Additional information on corporate officers

NO CONVICTION 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 Nomination and Compensation Committee on March 1, 2017 (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, each director is required to complete the above-mentioned Declaration, provided each year by the Nomination and Compensation Committee, and notify the Board of Directors in the event of a change, as soon as they become aware of any situation in which they have a conflict of interest, potential or otherwise.

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, where applicable, 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. In accordance with Article L. 225-102-1 of the French Commercial Code, the management report must 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 are:

- no arrangements or agreements with shareholders, customers, suppliers or other parties 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 in European and French regulations relating to insider trading and to abstention requirements, in particular the Market Abuse Regulation, the French Monetary and Financial Code (Article L. 621-18-2) and the AMF's General Regulation (Articles 223-1 A and 223-5).

Permanent insiders (directors and persons discharging managerial responsibilities, treated as Corporate Executive Officers, and any person having permanent access to any inside information of the Company and designated as such by the Chairman and Chief Executive Officer) are subject to **obligations of confidentiality and abstention** from carrying out transactions on Company securities when they hold inside information and during black-out periods:

- for the publication of H1 results (consolidated financial statements) and annual results (consolidated financial statements): for a period of 30 calendar days prior to the publication. As regards free shares (SOP), the black-out period is extended by three trading days following the publication of the results;
- for the publication of quarterly results (non-consolidated financial statements): for a period of 15 calendar days prior to the publication of the results.

The provisional schedule of periods of abstention is sent to all permanent insiders for every current financial year.

The Company keeps an updated list of permanent insiders. It sends everyone a code of ethics regarding trading, informing them of their status, their registration on the list of permanent insiders and their confidentiality and abstention obligations under the applicable regulations. Each permanent insider is required to sign this code of ethics and to comply with it.

Furthermore, **occasional insiders** who have one-off access to inside information of the Company are subject **to the same obligations of confidentiality and abstention** from carrying out transactions on Company securities when they have inside information and during the black-out periods referred to above. Where applicable, the Company keeps an updated list of occasional insiders. It sends everyone a code of ethics regarding trading, informing them of their status, their registration on the list of occasional insiders and their confidentiality and abstention obligations under the applicable regulations. Each occasional insider is required to sign this code of ethics and to comply with it, until he/she no longer has the status of occasional insider.

In addition to the obligations of confidentiality and abstention described above, **directors** of the Company (more specifically, directors and persons discharging managerial responsibilities, treated as Corporate Executive Officers) and persons closely related to them, are required to **declare their transactions** to the Company and to the AMF in accordance with the very strict procedures set out in the code of ethics for trading intended for permanent insiders and provided to them by the Company.

More generally, to ensure the proper implementation of the policy on the prevention of insider trading and misconduct, the Company has set up internal procedures for the identification and management of inside information. In particular, the Company has set up a **Disclosure Committee** responsible for publishing inside information in accordance with the applicable regulation. The Company has also appointed **ethics officers for trading** ("Ethics officers") whose duties include making employees aware of trading rules and training them in the concept of inside information and the prevention of insider misconduct (in particular the precautions and obligations pertaining to possession of inside information and the abstention periods during which insiders must comply with the rules of confidentiality and abstention). In parallel, the Company has adopted a **code of good conduct** setting out the principles of ethics regarding trading and the rules applicable to transactions in Company securities.

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 associated with 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 The 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]	2016 *(in € billions)*
Sales of physical games	8.9
Digital sales	26.1

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

Market share in terms of physical sales (GFK, NPD)	2016		2015	
	Independent publisher	Market share	Independent publisher	Market share
US	4th	9.0%	5th	6.6%
EMEA	3rd	10.9%	3rd	9.0%

The Ubisoft Group's main competitors are video game publishers such as Electronic Arts, Activision Blizzard King, Take-Two Interactive, Netease and Tencent (Supercell).

Furthermore, the Group operates in the global Entertainment market, in which it competes directly or indirectly with all forms of entertainment: series, cinema, attraction parks.

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 four 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)*	2016/2017	Breakdown	2015/2016	Breakdown	2014/2015	Breakdown
1st quarter	139	10%	96	7%	360	25%
2nd quarter	142	10%	111	8%	124	8%
3rd quarter	530	36%	562	40%	810	55%
4th quarter	649	44%	625	45%	170	12%
CONSOLIDATED ANNUAL SALES	**1,460**	**100%**	**1,394**	**100%**	**1,464**	**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 %	2016/2017	2015/2016	2014/2015
Top customer	15%	12%	12%
Top 5 customers	49%	42.5%	38%
Top 10 customers	60%	60%	53%

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, which generate approximately 80% of consolidated sales, excluding digital sales, are 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.

The acquisition of new studios also means the integration of IT systems which are sometimes different and which often have different security levels. Although audits have been conducted and the necessary corrective measures taken, unidentified risks may remain.

However, Ubisoft has always proven itself capable of integrating new companies into the Group. Nevertheless, 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 whereby the hackers' objective is to gain a financial benefit, more prominence or any other benefit;
- 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 enhancement during the year of the monitoring capacity of IT systems against sophisticated attacks using more advanced correlation techniques (including in particular Machine Learning) and by increasing the processing capacity (20X) and the archiving capacity (6X);
- the introduction of a software solution that will allow the Group to effectively and rapidly deal with any incidents in order to contain their potential impacts (in addition to existing incident response plans and procedures);
- the implementation of a tool to ensure the security of work stations, which can identify advanced threats thanks to a more detailed analysis of system activity;
- the increased security level of the code for games and services through the implementation of an anti-cheat system, of anti-piracy tools, of ethical piracy and other measures to produce games and services that are more resilient to abuse;
- 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 prevention 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 ENVIRONMENTAL-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 parties on an international level 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. For example, the General Data Protection Regulation (EU) 2016/679, which strengthens and unifies data protection for individuals in the European Union, will replace the current Directive on personal data protection 95/46/EC as from May 25, 2018. Similarly, the "Privacy Shield" agreement, which became effective in August 2016, authorizes data transfer from the European Union to a company in the United States, provided that this company processes the data in compliance with a set of rules and guarantees pertaining to data protection.

Ubisoft endeavors to put in place the necessary measures to comply with the newly applicable measures but cannot guarantee that these changes will not affect its business.

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

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

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 conducted by a number of organizations: 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 13 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 12 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 32 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 statement of financial position;
- 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, notably on exposure to these different risks, are also detailed in the consolidated financial statements. *(see 5.1.2.15)*.

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 statement of financial position.

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 42 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	6,495	4,781
GBP	765	(2)
CAD	525	(2,611)

(1) In thousands of euros for the 2016/2017 financial year

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

Currency	Impact on equity [1]
USD	636
GBP	502

(1) In thousands of euros for the 2016/2017 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 for €460 million and a Schuldschein loan of €200 million as part of the diversification of its financing sources.

Moreover, to finance temporary requirements related to the increase in working capital during especially busy periods, the Group had, at March 31, 2017, a €250 million syndicated loan, €15 million in loans, €60 million in bilateral credit lines and other bank credit facilities totaling €79 million, and €66 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 primarily uses 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, 2017, the Group's debt included bonds, a Schuldschein loan, loans, commercial paper and bank overdrafts.

The sensitivity of debt to a change in interest rates is described in Note 39 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, 2017, the Company held 4,056,809 own shares with a value of €134,689 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 *Autorité des Marchés Financiers* (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 Organization 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 *Autorité des Marchés Financiers* (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 thus 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:** 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 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 registered 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. These processes taken together represent a major component of the Group's internal control system and an ideal tool for monitoring the operations of subsidiaries. They allow the Management Audit Department to have the role of alerting the general management to the financial consequences and the levels of performance of the different operations undertaken whenever

necessary. Furthermore, the Management Audit 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 separate 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** checks the suitability and compatibility of exchange rate and liquidity risk management policies, as well as the financial information published. It 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 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. The Treasury department provides support to the Group's subsidiaries in the implementation of tools for enhancing controls and the security of means of payment;
- 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 determines the Group's transfer pricing 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, finance and IT departments.

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 mainly housed in our internal data centers but also at partners providing cloud-based services and software as a service (SaaS). Security audits are carried out both upstream and downstream within the context of our quality audit to ensure the security of the information system.

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 Oracle, under the responsibility of the Consolidation Department. This software supports automatic verification and consistency checking of flows, the statement of financial position, 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.

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 and Mazars networks, co-auditors 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 2016/2017 financial year was on the review of payment-related processes in the main foreign subsidiaries:

- identification and review of procedures in place through a targeted questionnaire;
- critical analysis of procedures in place in subsidiaries;
- support in the drafting of additional procedures.

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

The review of the production process was also a major line of focus during the year with the following objectives:

- update of the project costs allocation process;
- process mapping and analysis of key controls;
- performance of a series of tests on key points of the process.

The 2016/2017 financial year witnessed the launch of several projects to revamp the security of the main financial applications of the information system (ERP, treasury).

The main objectives of these projects will be finalized during the next financial year and aim at:

- ensuring proper alignment between accesses granted to users and their operational needs;
- increasing the proactiveness of IT teams in the management of IT accesses when there is a change of posting of an employee;
- having the internal control tools for the identification of conflicts in the separation of duties that can expose the Group to risks of fraud and putting in place the necessary compensating controls;
- standardizing the control processes relating to IT accesses between the different subsidiaries by drafting the Group control procedure.

A review of overall IT control was also performed during the financial year by our Statutory auditors on a selection of key applications (management of the framework, time management, ERP).

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;
- **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, 2017 amounted to €1,267 thousand excluding credit insurance.

(1) Representing 80% of non-digital Group sales as at the end of March 2017

3.1.4 OTHER 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.

3.2 Compensation of corporate officers

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

3.2.1 COMPENSATION PAID TO DIRECTORS

Director's 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

The breakdown of the overall directors' fees has been decided as set out below, it being specified that following the merger between the Nomination Committee and the Compensation Committee effective on September 30, 2016, the compensation earned by members and/or the Chairwoman of the pre-merger or post-merger committees was adjusted subsequently.

Maximum amount of €600k (General Meeting 09/29/2016)									
Board of Directors		Audit Committee		Compensation Committee (04/01/16 to 09/29/16)		Nomination Committee (04/01/16 to 09/29/16)		Lead Director
Fixed	Variable according to attendance (A)	Fixed Chairman	Variable Members [3]	Fixed Chairman	Variable Members [3]	Fixed Chairman	Variable Members [3]	Lump-sum
Maximum per year and per director: €40k		€15,000 per year	€2,500 per meeting	€5,000 per year [4]	€2,500 per meeting [4]	€2,500 per year	€1,000 [5] per meeting	€15,000 per year
40% (€16k/year)	60% (€24k/year)	Nomination and Compensation Committee (09/30/16 to 03/31/17)						
50% in April [1] (€8k) 50% in October [2] (€8k)	If A < 50% - €0 If A ≥ 50% and < 75% - €12k If A ≥ 75% - €24k			Fixed Chairman €5,000 per year [5]		Variable Members €2,500 per meeting [5]		

(1) Compensation for the period April 1 to September 30

(2) Compensation for the period October 1 to March 31

(3) Amount capped at four meetings per year

(4) Payment in advance to Estelle Métayer, prorata temporis

(5) Following the merger between the Nomination Committee and the Compensation Committee, the compensation decided, for both the fixed and variable components, for the Nomination and Compensation Committee is, effective on April 1, 2016, the same as the one previously applied to the Compensation Committee

In respect of the financial year ended March 31, 2017:

- *Laurence Hubert-Moy received amounts thus determined, for both the fixed and the variable components, in replacement of the amounts applicable in respect of the Nomination Committee*
- *Didier Crespel received fixed compensation as a member of the Nomination Committee from April 1, 2016 to September 29, 2016 of €2,000 and as a member of the Nomination and Compensation Committee from September 30, 2016 to March 31, 2017 of €5,000*

AMOUNTS PAID FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

	Board of Directors		Audit Committee [2]	
	Fixed	Variable	Fixed	Variable
Yves Guillemot	€16,000	€24,000	-	-
Claude Guillemot	€16,000	€24,000	-	-
Michel Guillemot	€16,000	€24,000	-	-
Gérard Guillemot	€16,000	€24,000	-	-
Christian Guillemot	€16,000	€24,000	-	-
Estelle Métayer	€8,000 [1]	€12,000 [1]	-	-
Didier Crespel	€16,000	€24,000	€15,000	€10,000
Laurence Hubert-Moy	€16,000	€24,000	-	€10,000
Pascale Mounier	€16,000	€24,000	-	-
Florence Naviner	€8,000 [1]	€12,000 [1]	-	-
Frédérique Dame	€8,000 [1]	€12,000 [1]	-	-

TOTAL DIRECTORS' FEES PAID DURING FY2017

(1) Prorata temporis up to September 29, 2016 (Estelle Métayer) or from September 29, 2016 (Florence Naviner and Frédérique Dame)
(2) Audit Committee: four meetings held during FY2017
(3) Compensation Committee (up to September 29, 2016 – Merger with the Nomination Committee): four meetings held between April 1, 2016 and September 29, 2016
(4) Nomination Committee (up to September 29, 2016 – Merger with the Compensation Committee): two meetings held between April 1, 2016 and September 29, 2016
(5) Nomination and Compensation Committee (as from September 30, 2016): four meetings held between September 30, 2016 and March 31, 2017

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 Nomination and 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

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 Nomination and Compensation Committee relied on a new comparative study by Willis Towers Watson, an independent firm specialized in the subject and commissioned by the Ubisoft Group Human Resources Department.

The Willis Towers Watson study focused on all components of the compensation (fixed, variable and long-term incentives) received in 2016 by the Chairman and Chief Executive Officers 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 and pharmaceutical industries and the media, with sales vary mainly between €800 million and €4,000 million (hereinafter the "Study").

In respect of financial year 2016/2017, the Nomination and Compensation Committee proposed a 3% increase in the gross annual fixed compensation of the Chairman and Chief Executive

	Compensation Committee [3]		Nomination Committee [4]		Nomination and Compensation Committee [5]		Lead Director	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Lump-sum	TOTAL
	-	-	-	-	-	-	-	€40,000
	-	-	-	-	-	-	-	€40,000
	-	-	-	-	-	-	-	€40,000
	-	-	-	-	-	-	-	€40,000
	-	-	-	-	-	-	-	€40,000
	€2,500 [1]	€10,000	-	-	-	-	-	€32,500
	-	-	-	€2,000 [6]	-	€5,000 [6]	€15,000 [8]	€87,000
	-	€10,000	[7]	[7]	€5,000	€10,000	-	€75,000
	-	-	-	-	-	-	-	€40,000
	-	-	-	-	-	-	-	€20,000
	-	-	-	-	-	-	-	€20,000
								€474,500

(6) €2,000 maximum for the period from April 1, 2016 to September 29, 2016 (Nomination Committee) and €5,000 maximum for the period from September 30, 2016 to March 31, 2017 (Nomination and Compensation Committee)

(7) Following the merger between the Nomination Committee and the Compensation Committee effective on September 30, 2016, it was decided that Laurence Hubert-Moy would not receive compensation for her duties as Chairwoman and member of the Nomination Committee

(8) Lump-sum payable in advance in April for the current financial year

Officer, which had remained unchanged since 2008. This increase is based on the growth of the Ubisoft Group since the last increase offered in 2008. It will also be a first step to reducing the gap between Yves Guillemot's fixed compensation and the compensation levels of Chairmen and Chief Executive Officers of companies in the panel considered as part of the market survey conducted by Willis Towers Watson. Based on this study, the Nomination and Compensation Committee also decided to restate the principle of an annual variable compensation, on the one hand, by using as basis three quantitative criteria (financial) and three qualitative criteria (non-financial), and, on the other hand, by increasing the overall maximum amount that can be received (i.e. 145% of the annual fixed compensation as opposed to 100% before).

SUMMARY TABLE OF COMPENSATION OWED OR PAID TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Gross annual fixed compensation	Target annual variable compensation [1]	Performance shares [2] (accounting valuation)	Director's fees
€515,004	€515,004	€221,822	€40,000

(1) Subject to quantitative criteria (financial) and qualitative criteria (non-financial)

(2) Subject to internal and share price performance conditions

BREAKDOWN

The compensation of Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2017, comprises the following components:

Annual compensation

Annual fixed compensation

- The gross annual fixed compensation of the Chairman and Chief Executive Officer amounts to €515,004 ("Fixed"), i.e. an increase of 3%. The Nomination and Compensation Committee notes that the fixed compensation paid to Ubisoft's Chairman and Chief Executive Officer had not changed since 2008 although the Group had grown over the last eight years. The increase proposed by the committee is also based on the study conducted by Willis Towers Watson in January 2017. This study shows the gap between Yves Guillemot's fixed compensation and the first quartile of compensations practiced by companies in the selected panel. The increase applied has thus narrowed the gap between Yves Guillemot's fixed compensation and the first quartile of compensations paid to Chairmen and Chief Executive Officers of comparable companies in the market.

- **A short-term annual variable compensation** with a target corresponding to 100% of the fixed compensation and a maximum corresponding to 145% of the fixed compensation based on financial and non-financial criteria.
- **Financial criteria:** 120% maximum of fixed compensation with a linear progression between the minimum and the target, then between the target and the maximum.

	Thresholds			Achievement of objectives
	Minimum	Target	Maximum	
Total sales	€1,500k	€1,610k	€1,670k	€1,460k
Variable bonus as % of Fixed	0%	25%	40%	0%
% digital sales versus total sales	35%	40%	45%	50%
Variable bonus as % of Fixed	0%	25%	40%	40%
% EBIT * versus total sales	13%	14%	15%	16%
Variable bonus as % of Fixed	0%	25%	40%	40%

* *EBIT = non-IFRS Group EBIT*

The total sales target has not been achieved and does not give rise to the associated bonus.

The two targets of % of digital sales versus total sales and % EBIT versus total sales have exceeded their maximum thresholds and therefore open the right to the maximum bonus associated with these criteria, i.e. 40% of the fixed compensation for each one.

- **Non-financial criteria: 25% maximum of fixed compensation.**

	Indicator	Reference period	Target	% of Fixed (2)	Achievement of objectives Final % granted
Attracting, retaining and motivating teams	Average turnover of key talents	5 years	≤ 5%	10%	≤ 5% 10%
Growth in Ubisoft audience	Increase in the number of players in Asia	Previous financial year	≥ 10%	10%	72% 10%
Development of new markets	Growth in diversification sales (1)	Previous financial year	≥ 25%	5%	-11% 0%

(1) Ancillary products, theme parks, films

(2) No linear degression (if Target achieved: allocation of full bonus/if Target not achieved: no allocation)

The two targets of average turnover of key talents and increase in the number of players in Asia have been achieved and open the rights to the associated bonus, i.e. 10% of the fixed compensation for each one.

The "diversification" sales target has not been achieved and does not give rise to the associated bonus.

In conclusion, the total variable compensation paid corresponds to 100% of the fixed compensation.

A long-term variable compensation

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

General Meeting Board of Directors	Number	Period durations	Performance conditions	
			Internal over three financial years	Share price over five years
General Meeting 09/23/15 (21st resolution) Board of Directors 12/14/16	394 AGAP [1] 11,820 ordinary shares [2] [3]	**Vesting:** 3 years **Retention:** 2 years **Conversion:** 1 year	Achievement of an average Group EBIT [5] in absolute value assessed on the cumulative basis of 3 financial years ♦ if average Group EBIT [5] < 70% of the target average Group EBIT [5]: grant of AGAP cancelled ♦ if average Group EBIT [5] ≥ 70% and < 100% of the target average Group EBIT [5]: grant of AGAP proportional to the % achieved ♦ if average Group EBIT [5] ≥ 100% of the target average Group EBIT [5]: grant of 100% of AGAP confirmed	♦ if ↘ of the market price against the Stock Market Floor price [4]: the AGAP will not give entitlement to any ordinary shares. ♦ if ↗ of the market price up to 50% against the Stock Market Floor price [4]: each % of ↗ recorded entitles the holder to 0.6 ordinary shares ♦ if ↗ ≥ 50% of the Stock Market Floor price [4]: 1 AGAP entitles the holder to 30 ordinary shares

(1) Subject to the achievement of internal performance conditions assessed over three financial years
(2) Parity: one preference share entitles the holder to 30 ordinary shares subject to the achievement of share market price performance conditions over five years
(3) The percentage to be retained in registered form until the end of the functions has been set at 5% based on a proposal from the Nomination and Compensation Committee
(4) Average market price over the 20 trading days preceding the Board of Directors' meeting granting the shares
(5) Non-IFRS

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

The overall assessment of performance conditions over three financial years for the free preference shares and over four financial years for the share purchase and/or subscription options allows the adaptation of the dilution against the actual increase in share market price performance value recorded by the shareholder over a period of five years.

If preference shares are not converted due to the share market 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).

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 IN RESPECT OF THEIR CORPORATE OFFICES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

Corporate Executive Officer	Fixed gross annual compensation	Stock options (accounting valuation)	Director's fees
Claude Guillemot	€62,496	€50,149	€40,000
Michel Guillemot	€24,000	€50,149	€40,000
Gérard Guillemot	€62,496	€50,149	€40,000
Christian Guillemot	€62,496	€50,149	€40,000

BREAKDOWN

Annual fixed compensation earned as Executive Vice President

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	€62,496	Compensation unchanged since January 1, 2011
Christian Guillemot	€62,496	Compensation unchanged since June 1, 2008

Long-term variable compensation

which for the past financial year was paid as a grant of subscription options (SOP).

SOP granted during the financial year ended March 31, 2017					
Corporate officer	General Meeting Board of Directors	Number	Exercise	Exercise period	Internal performance conditions assessed over 4 financial years
Claude Guillemot	General Meeting 09/23/15 (23rd resolution) Board of Directors 12/14/16	4,836 (1) (2)	€31.955	From 05/20 (2) until 12/13/2021	Achievement of an average Group EBIT (3) assessed on the cumulative basis of 4 financial years: ♦ if average Group EBIT (3) < 70% of the target average Group EBIT (3): acquisition of SOP cancelled ♦ if average Group EBIT (3) ≥ 70% and < 100% of the target average Group EBIT (3): acquisition of SOP proportional to the % achieved ♦ if average Group EBIT (3) ≥ 100% of the target average Group EBIT (3): acquisition of 100% of SOP confirmed
Michel Guillemot		4,836 (1) (2)	€31.955		
Gérard Guillemot		4,836 (1) (2)	€31.955		
Christian Guillemot		4,836 (1) (2)	€31.955		

(1) The percentage to be retained in registered form until the end of the functions has been set at 5% based on a proposal from the Nomination and Compensation Committee
(2) Subject to the achievement of internal performance conditions assessed over four financial years
(3) Non-IFRS

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

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 *Autorité des Marchés Financiers* (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, 2017

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	Periods (exercise, vesting, retention, conversion)	Performance conditions
Employees and/or corporate officers of subsidiaries	09/23/15 (20th) 04/19/16	94 beneficiaries 384,300 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	09/23/15 (20th) 06/23/16	1,743 beneficiaries 962,410 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
		40 beneficiaries 4,545 AGAP (136,350 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 (22nd) 06/23/16	137 beneficiaries 706,810 SOP €33.015	**Exercise period:** 4 years 25% per year at the end of the 1st year	N/A
	09/23/15 (20th) 12/14/16	2 beneficiaries 10,300 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	09/23/15 (22nd) 12/14/16	1 beneficiary 10,000 SOP €31.955	**Exercise period:** 4 years 25% per year at the end of the 1st year	N/A
	09/23/15 (22nd) 03/30/17	39 beneficiaries 220,700 SOP €37.00 France €39.03 Abroad	**Exercise period:** 4 years 25% per year at the end of the 1st year	N/A
Executive Committee	09/23/15 (20th) 06/23/16	3 beneficiaries 2,293 AGAP (68,790 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 (5)
				100%: share price performance conditions assessed over 5 years (2)
	09/23/15 (22nd) 06/23/16	1 beneficiary 52,000 SOP €33.015	**Vesting period:** From 05/2020 until 06/22/21	100%: internal performance conditions (4) assessed over 4 financial years (5)
Corporate Executive Officers of the Company	09/23/15 (21st) 12/14/16	1 beneficiary 394 AGAP (11,820 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 (5)
				100%: share price performance conditions assessed over 5 years (2)
	09/23/15 (23rd) 12/14/16	4 beneficiaries 19,344 SOP Price: €31.955	**Exercise period:** From 05/2020 until 12/13/2021	100%: internal performance conditions (4) assessed over 4 financial years (5)

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

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

- *if ↘ of the market price against the Stock Market Floor price (6): the AGAP will not give entitlement to any ordinary share.*
- *if ↗ of the market price up to 50% against the Stock Market Floor price (6): each ↗ 1% of recorded entitles the holder to 0.6 ordinary share*
- *if ↗ of the market price ≥ 50% of the Stock Market Floor price (6): 1 AGAP entitles the holder to 30 ordinary shares*

(3) Internal performance conditions: achievement of an average EBIT in absolute value assessed on the cumulative basis of three financial years:

- *if average non-IFRS Group EBIT < 70% of the target average non-IFRS Group EBIT: grant of AGAP cancelled*
- *if average non-IFRS Group EBIT ≥ 70% and < 100% of the target average non-IFRS Group EBIT: grant of AGAP proportional to the % achieved*
- *if average non-IFRS Group EBIT ≥ 100% of the target average non-IFRS Group EBIT: grant of 100% of the AGAP confirmed*

(4) Internal performance conditions: achievement of an average EBIT assessed on the cumulative basis of four financial years:

- *if average non-IFRS Group EBIT < 70% of the target average non-IFRS Group EBIT: acquisition of SOP cancelled*
- *if average non-IFRS Group EBIT ≥ 70% and < 100% of the target average non-IFRS Group EBIT: acquisition of SOP proportional to the % achieved*
- *if average non-IFRS Group EBIT ≥ 100% of the target average non-IFRS Group EBIT: acquisition of 100% of the SOP confirmed*

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

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

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 "Option") and the free share plans (the "Share"), 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 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 CORPORATE EXECUTIVE OFFICERS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2017

Options exercised during the year from April 1, 2016 to March 31, 2017			
Identity of the corporate officer	Number of options exercised [2]	Exercise price	Plan no. Date of plan – Expiry date
Yves Guillemot	70,784 [1]	€6.77	no. 24 [2] 04/27/11 – 04/26/16
Claude Guillemot	10,112 [1]	€6.77	no. 24 [2] 04/27/11 – 04/26/16
Michel Guillemot	10,112 [1]	€6.77	no. 24 [2] 04/27/11 – 04/26/16
Gérard Guillemot	10,112 [1]	€6.77	no. 24 [2] 04/27/11 – 04/26/16
Christian Guillemot	0 [3]	-	N/A

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

(2) Share purchase options

(3) Options exercised during the previous financial year

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

Free preference share grant (AGAP)

Date of General Meeting	09/23/15	09/23/15
Date of Board meeting	12/16/15	12/14/16
5-year stock market conditions	if increase ≥ 50% of the Stock Market Floor price [1]: 1 preference share entitles the holder to 30 ordinary shares if increase but < 50% of the Stock Market Floor price [1]: each 1% increase entitles the holder to 0.6 ordinary shares	
Performance conditions (assessed over the vesting period)	Internal performance condition: 100% contingent upon achieving predefined levels of average Group EBIT [2] over 3 financial years	Internal performance condition: 100% contingent upon achieving an average Group EBIT [2] over 3 financial years measured proportionally based on a target used as a reference base for calculating proportionality and a floor below which the grant is void
Number of Corporate Executive officers	2	1
Parity	1 AGAP could entitle the holder to 30 ordinary shares, subject to achieving the share market price conditions, with the application, where appropriate, of a proportional and linear sliding scale	
Vesting period	3 years	3 years
Vesting date	12/17/18	12/16/19
Retention period	2 years	2 years
End date of the retention period	12/16/20	12/15/21
Conversion period	1 year	1 year
End date of the conversion period	12/16/21	12/15/22
Total number of shares granted initially	1,500 AGAP i.e. 45,000 ordinary shares maximum	394 AGAP i.e. 11,820 ordinary shares maximum
Cumulative number of shares canceled	0	0
Balance at 03/31/17	1,500 AGAP i.e. 45,000 ordinary shares maximum	394 AGAP i.e. 11,820 ordinary shares maximum

(1) Average market price over the 20 trading days preceding the Board of Directors' meeting granting the shares
(2) Non-IFRS

Share purchase and/or subscription option plans

General Meeting	09/25/06	07/04/07	09/22/08	07/10/09
Board of Directors Plan no.	04/26/07 (no. 14)	06/27/08 (no. 17)	05/12/09 (no. 19)	04/29/10 (no. 22) [3]
Price	€17.45 [1] [2]	€27.35 [1] [2]	€14.75 [2]	€9.91 [2]
Number of Corporate Executive officers	5	5	5	5
Exercised	0	0	0	0
Initially granted	151,680 [2]	139,648 [2]	125,392 [2]	120,336 [2]
Balance (at 03/31/17)	0	0	0	0
Performance conditions	N/A	N/A	N/A	100% Internal conditions (cumulative): sales and profitability [4]

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

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 or exercised between April 1, 2016 and March 31, 2017			
	Options granted during the financial year ended 03/31/17 to the ten employees other than executive officers who received the largest number of options so granted	Average weighted price	Plan no. Expiry date
Complete information for all Group companies combined	246,770	€34.01	nos. 32 and 34 06/22/21 03/29/22

07/02/10	09/24/12	09/23/15	09/23/15
04/27/11 (no. 24)	03/17/14 (no. 27)	12/16/15 (no. 31)	12/14/16 (no. 33)
€6.77 [2]	€11.92	€26.85	€31.955
5	5	3	4
111,232	0	0	0
111,232 [2] [4]	100,000	37,500	19,344
0	85,000 [5]	37,500	19,344
100% Internal conditions (cumulative): sales and profitability	100%: Internal condition (Average EBIT over 4 financial years/% based on thresholds) of which 25%: Collective performance condition	100%: Internal condition (Average EBIT over 4 financial years/% based on thresholds)	100%: Internal condition (Average EBIT over 4 financial years/proportional grant [6])

(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) Acquisition contingent upon the achievement of average non-IFRS Group EBIT assessed on the cumulative basis of four financial years:

- *if average non-IFRS Group EBIT < 70% of the target average non-IFRS Group EBIT: acquisition of SOP cancelled*
- *if average non-IFRS Group EBIT ≥ 70% and < 100% of the target average non-IFRS Group EBIT: acquisition of SOP proportional to the % achieved*
- *if average non-IFRS Group EBIT ≥ 100% of the target average non-IFRS Group EBIT: acquisition of 100% of the SOP confirmed*

	Options exercised during the financial year ended 03/31/17 by the ten employees other than executive officers who exercised the largest number of options	Average weighted price	Plan no. Expiry date
			nos. 24, 25, 26 and 28
Complete information for all Group companies combined	449,195	€7.81	04/26/16 10/18/17 10/28/18 09/23/19

3.2.3.5 Summary of free share plans valid as at March 31, 2017

Date of General Meeting	09/24/12	09/24/12	06/27/13	06/27/13
Date of Board meeting	05/14/13	06/17/13	10/09/13	10/29/13
Performance conditions	(1)	(1)	(1)	(1) (2)
Number of beneficiaries	68	48	3	1,298
Corporate Executive Officers				
Yves Guillemot	N/A	N/A	N/A	N/A
Claude Guillemot	N/A	N/A	N/A	N/A
Michel Guillemot	N/A	N/A	N/A	N/A
Gérard Guillemot	N/A	N/A	N/A	N/A
Christian Guillemot	N/A	N/A	N/A	N/A
Type of shares	ordinary	ordinary	ordinary	ordinary
Vesting period + retention period	4+0	4+0	4+0	4+0
Vesting date of the shares	05/15/17	06/19/17	10/09/17	10/30/17
End date of the retention period	05/15/17	06/19/17	10/09/17	10/30/17
End date of the conversion period	N/A	N/A	N/A	N/A
Total number of shares granted initially	160,900	223,163	40,000	694,900
Cumulative number of shares canceled	27,200	20,690	0	125,992
Balance at 03/31/17	133,700	202,473	40,000	568,908

(1) 100% subject to individual performance targets linked to the beneficiary's contribution (Plan of 09/23/2015: not applicable to 1 beneficiary subject to internal performance conditions (see [4])/plan of October 19, 2015: not applicable to 2 beneficiaries subject to internal performance conditions (see [5])/plan of June 23, 2016: not applicable to 3 beneficiaries subject to internal performance conditions (see [7])

(2) Plan of October 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 market price conditions to be met at the end of the retention period of the preference shares:

- *if ↘ of the market price against the Stock Market Floor price *: the AGAP will not give entitlement to any ordinary share*
- *if ↗ of the market price up to 50% against the Stock Market Floor price *: each 1% of ↗ recorded entitles the holder to 0.6 ordinary share*
- *if ↗ of the market price ≥ 50% of the Stock Market Floor price: one AGAP entitles the holder to 30 ordinary shares*

** Average price over the 20 trading days preceding the Board of Directors' meeting granting the shares*

06/27/13	06/27/13	06/27/13	07/01/14	07/01/14	07/01/14	07/01/14
02/11/14	03/17/14	07/01/14	09/24/14	09/24/14	12/16/14	12/16/14
(1)	(1)	(1)	(1)	(1) (3)	(1)	(3) (4)
1	60	1,135	7	328	48	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
ordinary	ordinary	ordinary	ordinary	preference (8)	ordinary	preference (8)
4+0	4+0	4+0	4+0	3+2	4+0	3+2
02/12/18	03/19/18	07/02/18	09/24/18	09/25/17	12/17/18	12/18/17
02/12/18	03/19/18	07/02/18	09/24/18	09/24/19	12/17/18	12/17/19
N/A	N/A	N/A	N/A	09/24/20	N/A	12/17/20
10,000	268,200	572,898	10,710	13,095 (8) 392,850 (3)	242,600	2,409 (8) 72,270 (3)
0	10,200	84,570	0	901 (8) 27,030 (3)	25,000	0
10,000	258,000	488,328	10,710	12,194 (8) 365,820 (3)	217,600	2,409 (8) 72,270 (3)

(4) Internal performance conditions: 60% contingent upon achieving predefined levels of average non-IFRS Group EBIT over three financial years 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 December 16, 2014 and one eligible beneficiary under the plan of September 23, 2015)

(5) Internal performance conditions: 60% contingent upon achieving predefined levels of average non-IFRS Group EBIT over four financial years and 40% contingent upon achieving predefined levels of average Group sales over four financial years (two eligible beneficiaries under the plan of October 19, 2015) – no individual performance conditions (1)

(6) Internal performance condition: 100% contingent upon achieving predefined levels of average non-IFRS Group EBIT over three financial years

(7) Internal performance condition: 100% contingent upon achieving an average level of non-IFRS Group EBIT over three financial years measured proportionally based on a target used as a reference base for calculating proportionality and a floor below which the grant is void

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

Date of General Meeting	07/01/14	07/01/14	09/23/15
Date of Board meeting	09/23/15	09/23/15	10/19/15
Performance conditions	(1)	(1) (3) (4)	(1) (5)
Number of beneficiaries	1,543	24	34
Corporate officers			
Yves Guillemot	N/A	N/A	N/A
Claude Guillemot	N/A	N/A	N/A
Michel Guillemot	N/A	N/A	N/A
Gérard Guillemot	N/A	N/A	N/A
Christian Guillemot	N/A	N/A	N/A
Type of shares	ordinary	preference (8)	ordinary
Vesting period + retention period	4+0	3+2	4+0
Vesting date of the shares	09/23/19	09/24/18	10/21/19
End date of the retention period	09/23/19	09/23/20	10/21/19
End date of the conversion period	N/A	09/23/21	N/A
Total number of shares granted initially	970,220	4,706 (8) 141,180 (3)	183,833
Cumulative number of shares canceled	65,606	0	12,600
Balance at 03/31/2017	904,614	4,706 (8) 141,180 (3)	171,233

(1) 100% subject to individual performance targets linked to the beneficiary's contribution (Plan of September 23, 2015: not applicable to 1 beneficiary subject to internal performance conditions (see (4))/plan of October 10, 2015: not applicable to 2 beneficiaries subject to internal performance conditions (see (5))/plan of June 23, 2013: not applicable to 3 beneficiaries subject to internal performance conditions (see (7))

(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 market price conditions to be met at the end of the retention period of the preference shares:

- *if ↘ of the market price against the Stock Market Floor price *: the AGAP will not give entitlement to any ordinary share*
- *if ↗ of the market price up to 50% against the Stock Market Floor price *: each 1% of ↗ recorded entitles the holder to 0.6 ordinary share*
- *if ↗ of the market price ≥ 50% of the Stock Market Floor price *: one AGAP entitles the holder to 30 ordinary shares*

** Average price over the 20 trading days preceding the Board of Directors' meeting granting the shares*

09/23/15	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15
12/16/15	03/03/16	04/19/16	06/23/16	06/23/16	12/14/16	12/14/16
(3) (6)	(1)	(1)	(1)	(1) (3) (7)	(1)	(3) (7)
2	64	94	1,743	43	2	1
1,333 (8) 39,990 (3)	N/A	N/A	N/A	N/A	N/A	394 (8) 11,820 (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
167 (8) 5,010 (3)	N/A	N/A	N/A	N/A	N/A	N/A
preference (8)	ordinary	ordinary	ordinary	preference (8)	ordinary	preference (8)
3+2	4+0	4+0	4+0	3+2	4+0	3+2
12/17/18	03/03/2020	04/20/20	06/23/20	06/24/19	12/14/20	12/16/19
12/16/20	03/03/2020	04/20/20	06/23/20	06/23/21	12/14/20	12/15/21
12/16/21	N/A	N/A	N/A	06/23/22	N/A	12/15/22
1,500 (8) 45,000 (3)	179,100	384,300	962,410	6,838 (8) 205,140 (3)	10,300	394 (8) 11,820 (3)
0	6,600	61,200	29,750	0	0	0
1,500 (8) 45,000 (3)	172,500	323,100	932,660	6,838 (8) 205,140 (3)	10,300	394 (8) 11,820 (3)

(4) Internal performance conditions: 60% contingent upon achieving predefined levels of average non-IFRS Group EBIT over three financial years and 40% contingent upon achieving predefined levels of average Group sales over three financial years (three eligible beneficiaries under the plan of December 16, 2014 and one eligible beneficiary under the Plan of September 23, 2015)

(5) Internal performance conditions: 60% contingent upon achieving predefined levels of average non-IFRS Group EBIT over four financial years and 40% contingent upon achieving predefined levels of average Group sales over four financial years (two eligible beneficiaries under the plan of October 19, 2015) – no individual performance conditions (1)

(6) Internal performance condition: 100% contingent upon achieving predefined levels of average non-IFRS Group EBIT over three financial years

(7) Internal performance condition: 100% contingent upon achieving an average level of non-IFRS Group EBIT over three financial years measured proportionally based on a target used as a reference base for calculating proportionality and a floor below which the grant is void

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

3.2.3.6 Summary of subscription option and share purchase plans valid as at March 31, 2017

Plan	Plan 25	Plan 26	Plan 27
General Meeting	09/24/12	09/24/12	09/24/12
Board of Directors	10/19/12	10/29/13	30/17/14
Number of beneficiaries	129	62	5
Number granted	936,970	798,125 [2]	100,000
of which corporate executive officers			
Yves Guillemot	N/A	N/A	60,000 [2] [3]
Claude Guillemot	N/A	N/A	10,000 [3]
Michel Guillemot	N/A	N/A	10,000 [3]
Gérard Guillemot	N/A	N/A	10,000 [3]
Christian Guillemot	N/A	N/A	10,000 [3]
Opening date	10/19/13	10/29/14	May 2018 [1]
Expiry date	10/18/17	10/28/18	03/16/19
Subscription or purchase price	France €6.37 World €6.65	France €9.547 World €8.830	€11.92 (no discount)
Exercise terms	25% per year from 10/19/13	25% per year from 10/29/14	Corporate officers: May 2018 [1]
Number of options exercised between allocation and 03/31/17	732,414	369,567	0
Number of options canceled or void since allocation	30,500	70,750	15,000 [5]
Number of options outstanding at 03/31/17	174,056	357,808	85,000

(1) For the corporate officers (plans 27, 31 and 33) and/or members of the Executive Committee (plan 32: 1 beneficiary), the performance conditions to be met are spread over four financial years and based on the cumulative separate financial statements as of March 31. They may exercise their options only once the Nomination and Compensation Committee has confirmed that the performance conditions have been met following the approval of the financial statements in May of the fourth year (Plan 27: May 2018/ Plan 31: May 2019/Plans 32 and 33: May 2020)

(2) 25% of the grant was subject to collective performance conditions: plan of October 29, 2013 (41 beneficiaries)/plan of March 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

Plan 28	Plan 29	Plan 30	Plan 31	Plan 32	Plan 33	Plan 34
09/24/12	09/24/12	09/24/12	09/24/12	09/23/15	09/23/15	09/23/15
09/24/14	12/16/14	09/23/15	12/16/15	06/23/16	12/14/16	03/30/17
116	3	90	3	138	5	39
665,740	62,200	328,100	37,500	758,810	29,344	220,700
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	12,500 [3]	N/A	4,836	N/A
N/A	N/A	N/A	12,500 [3]	N/A	4,836	N/A
N/A	N/A	N/A	12,500 [3]	N/A	4,836	N/A
N/A	N/A	N/A	N/A	N/A	4,836	N/A
09/24/15	12/16/15	09/23/16	May 2019 [1]	06/23/17 May 2020 [1] [4]	12/14/17 May 2020 [1] [4]	03/30/18
09/23/19	12/15/19	09/22/20	12/15/20	06/22/21	12/13/21	03/29/22
€12.92	€14.22	€17.940	€26.85 (no discount)	€33.015	€31.955 (no discount)	France €37 World €39.03
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 [1]	25% per year from 06/23/17 May 2020 [1] [4]	25% per year from 12/14/17 May 2020 [1] [4]	25% per year from 03/30/18
193,895	3,000	26,936	0	0	0	0
48,430	0	22,825	0	36,750	0	0
423,415	59,200	278,339	37,500	722,060	29,344	220,700

(3) 100% of the grant is contingent upon the fulfillment of performance conditions based on an average level of non-IFRS Group 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

(4) Plan 32 (One member of the Executive Committee)/Plan 33 (four Corporate Executive Officers): Internal performance condition: achievement of an average Group EBIT assessed on the cumulative basis of four financial years:

- *if average non-IFRS Group EBIT < 70% of the target average non-IFRS Group EBIT: acquisition of SOP cancelled*
- *if average non-IFRS Group EBIT ≥ 70% and < 100% of the target average non-IFRS Group EBIT: acquisition of SOP proportional to the % achieved*
- *if average non-IFRS Group EBIT ≥ 100% of the target average non-IFRS Group EBIT: acquisition of 100% of the SOP confirmed*

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 Executive 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 or by the AMF Position-Recommendation No. 2009-16 of December 10, 2009, which is a Guide to compiling Registration Documents.

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

5th to 9th resolutions of the Combined General Meeting of September 22, 2017.

Yves Guillemot, Chairman and Chief Executive Officer

Compensation components due or granted Financial year ended March 31, 2017	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€515,004	Compensation applicable as from April 1, 2016 (following a 3% increase). Compensation was unchanged between 2008 and 2016.
Annual variable compensation	€515,004	Short-term variable compensation with a target corresponding to 100% of the fixed compensation and a maximum corresponding to 145% of the fixed compensation based on financial and non-financial criteria: ♦ **Financial criteria:** 120% maximum of fixed compensation with a linear progression between the minimum and the target, then between the target and the maximum

	Thresholds			Achievement of objectives
	Minimum	Target	Maximum	
Total sales	1,500K€	1,610K€	1,670K€	1,460K€
Variable bonus as % of fixed compensation	0%	25%	40%	0%
% digital sales versus total sales	35%	40%	45%	50%
Variable bonus as % of fixed compensation	0%	25%	40%	40%
% EBIT (1) versus total sales	13%	14%	15%	16%
Variable bonus as % of fixed compensation	0%	25%	40%	40%

(1) Group non-IFRS

The total sales target has not been achieved and does not give rise to the associated bonus. The two targets of % of digital sales versus total sales and % EBIT versus total sales have exceeded their maximum thresholds and therefore open the right to the maximum bonus associated with these criteria, i.e. 40% of the fixed compensation for each one.

♦ **Non-financial criteria:** 25% maximum of fixed compensation

	Indicator	Reference period	Target	% of fixed (2)	Achievement of objectives: Final % granted
Attracting, retaining and motivating teams	Average turnover of key talents	5 years	≤ 5%	10%	≤5% 10%
Growth in Ubisoft audience	Increase in the number of players in Asia	N-1	≥ 10%	10%	72% 10%
Development of new markets	Growth in diversification sales (1)	N-1	≥ 25%	5%	-11% 0%

(1) Ancillary products, theme parks, films

(2) No linear regression (if Target achieved: allocation of full bonus / if Target not achieved: no allocation)

The two targets of average turnover of key talents and increase in the number of players in Asia have been achieved and open the rights to the associated bonus, i.e. 10% of the fixed compensation for each one.
The "diversification" sales target has not been achieved and does not give rise to the associated bonus.
In conclusion, the total variable compensation paid corresponds to 100% of the fixed compensation.

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Financial year ended March 31, 2017	Amounts or accounting valuation submitted for a vote	Presentation
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, 2017
Stock options	N/A (accounting valuation)	No stock options were granted to Yves Guillemot during this financial year
Performance shares	€221,822 (accounting valuation)	Grant of 394 preference shares (21st resolution of the General Meeting of September 23, 2015) As one preference share gives the right to 30 ordinary shares, the allocation of 394 preference shares opens the right to a maximum of 11,820 ordinary shares, subject to achieving the following conditions: ♦ Internal performance condition: achievement of an average non-IFRS Group EBIT in absolute value assessed on the cumulative basis of the separate financial statements for the financial years ending March 31, 2017, 2018 and 2019: ♦ in the event that the average non-IFRS Group EBIT achieved is less than 70% of the target average non-IFRS Group EBIT, the rights to the transfer of ownership for the performance options become void ♦ in the event that the average non-IFRS Group EBIT achieved is between 70% (inclusive) and 100% of the target average non-IFRS Group EBIT, the rights to the transfer of ownership of the performance options are proportional to the percentage achieved ♦ in the event that the average non-IFRS Group EBIT achieved exceeds 100% of the target average non-IFRS Group EBIT, 100% of the performance options are acquired ♦ 5-year stock market conditions: ♦ if the market price falls against the Stock Market Floor price: (average price over the 20 trading days preceding the Board of Directors' meeting granting the shares): the preference shares will not give entitlement to any ordinary share ♦ if the market price up to 50% against the Stock Market Floor price: each 1% increase entitles the holder to 0.6 ordinary share ♦ if the increase in the market price ≥ 50% of the Stock Market Floor price: one preference share entitles the holder to 30 ordinary shares
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 *	€40,000 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 Board 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

* *Attendance rate at Board of Directors' meetings for the year ended March 31, 2017 indicated on page 39*

Claude Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2017	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	€50,149 (accounting valuation)	Grant of 4,836 share subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount), i.e. €31.955 Internal performance condition: achievement of an average non-IFRS Group EBIT assessed on the cumulative basis of the separate financial statements for the financial years ending March 31, 2017, 2018, 2019 and 2020: ♦ in the event that the average non-IFRS Group EBIT achieved is less than 70% of the target average non-IFRS Group EBIT, no acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved is between 70% (inclusive) and 100% of the target average non-IFRS Group EBIT, proportional acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved exceeds 100% of the target average non-IFRS Group EBIT, 100% of the options are acquired
Performance shares	N/A	No performance shares were allocated to Claude Guillemot during this 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 *	€40,000 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 Board 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

* *Attendance rate at Board of Directors' meetings for the year ended March 31, 2017 indicated on page 39*

Michel Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2017	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	€50,149 (accounting valuation)	Grant of 4,836 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount), i.e. €31.955 Internal performance condition: achievement of an average non-IFRS Group EBIT assessed on the cumulative basis of the separate financial statements for the financial years ending March 31, 2017, 2018, 2019 and 2020: ♦ in the event that the average non-IFRS Group EBIT achieved is less than 70% of the target average non-IFRS Group EBIT, no acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved is between 70% (inclusive) and 100% of the target average non-IFRS Group EBIT, proportional acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved exceeds 100% of the target average non-IFRS Group EBIT, 100% of the options are acquired
Performance shares	N/A	No performance shares were granted to Michel Guillemot during this 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 *	€40,000 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 Board 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

* *Attendance rate at Board of Directors' meetings for the year ended March 31, 2017 indicated on page 39*

Gérard Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2017	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€62,496	Compensation applicable since January 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	€50,149 (accounting valuation)	Grant of 4,836 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount), i.e. €31.955 Internal performance condition: achievement of an average non-IFRS Group EBIT assessed on the cumulative basis of the separate financial statements for the financial years ending March 31, 2017, 2018, 2019 and 2020: ♦ in the event that the average non-IFRS Group EBIT achieved is less than 70% of the target average non-IFRS Group EBIT, no acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved is between 70% (inclusive) and 100% of the target average non-IFRS Group EBIT, proportional acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved exceeds 100% of the target average non-IFRS Group EBIT, 100% of the options are acquired
Performance shares	N/A	No performance shares were granted to Gérard Guillemot during this 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 *	€40,000 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 Board 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

* *Attendance rate at Board of Directors' meetings for the year ended March 31, 2017 indicated on page 39*

Christian Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2017	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	€50,149 (accounting valuation)	Grant of 4,836 subscription options (23rd resolution of the General Meeting of September 23, 2015) Subscription price: opening price (no discount), i.e. €31.955 Internal performance condition: achievement of an average non-IFRS Group EBIT assessed on the cumulative basis of the separate financial statements for the financial years ending March 31, 2017, 2018, 2019 and 2020: ♦ in the event that the average non-IFRS Group EBIT achieved is less than 70% of the target average non-IFRS Group EBIT, no acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved is between 70% (inclusive) and 100% of the target average non-IFRS Group EBIT, proportional acquisition of options ♦ in the event that the average non-IFRS Group EBIT achieved exceeds 100% of the target average non-IFRS Group EBIT, 100% of the options are acquired
Performance shares	N/A (accounting valuation)	No performance shares were granted to Christian Guillemot during this 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 *	€40,000 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 Board 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

* *Attendance rate at Board of Directors' meetings for the year ended March 31, 2017 indicated on page 39*

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 €1,340 thousand.

During the 2016/2017 financial year, members of the Board of Directors received €475 thousand 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

	03/31/17		03/31/16	
Yves Guillemot, Chairman and Chief Executive Officer	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€1,030,008	-	€645,574	-
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]	€221,822	-	€617,965	-
TOTAL	**€1,251,830**	-	**€1,263,539**	-

	03/31/17		03/31/16	
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]	€50,149	-	€109,125	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€112,645**	-	**€171,621**	-

	03/31/17		03/31/16	
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]	€50,149	-	€109,125	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€74,149**	-	**€133,125**	-

(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	03/31/17 Ubisoft	03/31/17 Other companies	03/31/16 Ubisoft	03/31/16 Other companies
Compensation due for the financial year [1]	€62,496	€613,645 [4]	€86,902 [5]	-
Valuation of multi-annual variable compensation granted during the financial year	-	-	-	-
Valuation of options granted during the financial year [2] [3]	€50,149	-	€109,125	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€112,645**	**€613,645** [4]	**€196,027**	**-**

Christian Guillemot, Executive Vice President	03/31/17 Ubisoft	03/31/17 Other companies	03/31/16 Ubisoft	03/31/16 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]	€50,149	-	-	-
Valuation of performance shares granted during the financial year [2] [3]	-	-	€77,420	-
TOTAL	**€112,645**	**-**	**€139,916**	**-**

(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) For his duties as CEO of the film business
(5) Subject to exchange rate, being the equivalent of US$97,000

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

Yves Guillemot Chairman and Chief Executive Officer		03/31/17		03/31/16	
		Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]
Gross fixed compensation before tax		515,004	515,004	500,004	500,004
Annual variable compensation		145,570	515,004	-	145,570
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	16,000	16,000
	Variable component [3]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**700,574**	**1,070,008**	**540,004**	**685,574**

Claude Guillemot Executive Vice President		03/31/17		03/31/16	
		Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts payable *(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	16,000	16,000
	Variable component [3]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**102,496**	**102,496**	**102,496**	**102,496**

Michel Guillemot Executive Vice President		03/31/17		03/31/16	
		Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts payable *(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	16,000	16,000
	Variable component [3]	24,000	24,000	24,000	24,000
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

Gérard Guillemot Executive Vice President		03/31/17 Amounts paid *(in €)* [1]	03/31/17 Amounts payable *(in €)* [2]	03/31/16 Amounts paid *(in €)* [1]	03/31/16 Amounts payable *(in €)* [2]
Gross fixed compensation before tax		653,359 [4]	653,359 [4]	86,902 [5]	86,902 [5]
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	-
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [3]	16,000	16,000	16,000	16,000
	Variable component [3]	24,000	24,000	24,000	24,000
Benefits in kind		22,782	22,782	-	-
TOTAL		**716,141**	**716,141**	**126,902**	**126,902**

Christian Guillemot Executive Vice President		03/31/17 Amounts paid *(in €)* [1]	03/31/17 Amounts payable *(in €)* [2]	03/31/16 Amounts paid *(in €)* [1]	03/31/16 Amounts payable *(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	16,000	16,000
	Variable component [3]	24,000	24,000	24,000	24,000
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

(4) Of which €590,963 for his duties as CEO of the film business

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

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

	03/31/17		03/31/16	
Corporate Executive Officer	Ubisoft directors' fees	Other compensation	Ubisoft directors' fees	Other compensation
Estelle Métayer				
Fixed component	€10,500 (1) (2)	-	€25,000 (2)	-
Variable component	€22,000 (1) (2)	-	€30,000 (2)	-
TOTAL	**€32,500**	**-**	**€55,000**	**-**
Laurence Hubert-Moy				
Fixed component	€21,000 (3)	-	€26,000 (4)	-
Variable component	€54,000 (3)	-	€39,500 (4)	-
TOTAL	**€75,000**	**-**	**€65,500**	**-**
Pascale Mounier				
Fixed component	€16,000	-	€16,000	-
Variable component	€24,000	-	€24,000	-
TOTAL	**€40,000**	**-**	**€40,000**	**-**
Didier Crespel				
Fixed component	€46,000 (5)	-	€31,000 (6)	-
Variable component	€41,000 (5)	-	€37,000 (6)	-
TOTAL	**€87,000**	**-**	**€68,000**	**-**
Florence Naviner				
Fixed component	€8,000 (1)	-	-	-
Variable component	€12,000 (1)	-	-	-
TOTAL	**€20,000**	**-**	**-**	**-**
Frédérique Dame				
Fixed component	€8,000 (1)	-	-	-
Variable component	€12,000 (1)	-	-	-
TOTAL	**€20,000**	**-**	**-**	**-**

(1) Prorata for the duration of the term of office as director (Estelle Métayer: from April 1, 2016 to September 29, 2016/Florence Naviner and Frédérique Dame: from September 29, 2016 to March 31, 2017)

(2) Including (i) the fixed component received as Chairwoman of the Compensation Committee and (ii) variable component received as member of the Compensation Committee (prorata from April 1, 2016 to September 29, 2016)

(3) Including (i) the fixed component received as Chairwoman of the Nomination and Compensation Committee (from September 30, 2016 to March 31, 2017) and (ii) variable component received as member of the Audit Committee and the Compensation Committee (from April 1, 2016 to September 29, 2016)

(4) Including (i) the fixed component received as Chairwoman of the Nomination Committee and (ii) variable component received as member of the Audit Committee, the Compensation Committee and the Nomination Committee

(5) Including (i) the fixed component received as Chairman of the Audit Committee and (ii) the variable component received as member of the Audit Committee, the Nomination Committee (€2,000 maximum from April 1, 2016 to September 29, 2016) and the Nomination and Compensation Committee (€5,000 maximum from September 30, 2016 to March 31, 2017) and (iii) lump-sum as the lead director

(6) Including (i) the fixed component received as Chairman of the Audit Committee and (ii) variable component received as member of the Nomination Committee

COMPENSATION AND BENEFITS OWED DUE TO CORPORATE OFFICERS LEAVING OFFICE

Name	Combination of the term of office with an employment contract with the Company		Supplementary pension scheme		Indemnities or benefits payable or that may be payable due to termination or change in responsibilities		Compensation relating to a non-compete clause	
	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		✔		✔		✔		✔

3.2.4.3 Report of the Board of Directors on the principles and criteria for the determination, allocation, and award of the components of compensation of the Chairman and Chief Executive Officer and the Executive Vice Presidents

10th and 11th resolutions of the Combined General Meeting of September 22, 2017.

In accordance with the provisions of Article L. 225-37-2 of the French Commercial Code, principles and criteria for the determination, allocation, and award of the fixed, variable and exceptional components of the total compensation and benefits in kind that may be awarded for the financial year ended March 31, 2018 to the Chairman and Chief Executive Officer and to the Executive Vice Presidents in respect of their corporate offices, must be submitted for the approval of the Combined General Meeting of September 22, 2017.

In this context, the Board of Directors that met on May 16, 2017 approved, based on the recommendations of the Nomination and Compensation Committee, the principles of determination and the structure of the compensation of the Chairman and Chief Executive Officer and of the Executive Vice Presidents for 2018.

I. PRINCIPLES

The Board of Directors refers to the principles of determination of the compensation of Corporate Executive Officers set out in the AFEP-MEDEF Code and, to guide its own deliberations, relies on analyses and findings by external experts that inform the Board and its Nomination and Compensation Committee on market practices.

These regular compensation analyses allow comparisons between the compensation structure of the Corporate Executive Officer, its level and progression, the weight of its components, as well as the criteria for variable compensation, with practices in comparable companies.

In particular, the Board ensures that the compensation policy is aligned with the corporate interests of the Company and the interests of shareholders and stakeholders. The performance indicators chosen for determining the variable compensation must be consistent with the Group's strategy.

II. COMPENSATION COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The compensation policy for the Chairman and Chief Executive Officer proposed by the Nomination and Compensation Committee is based on the following pillars:

- reflect the strategic choices conducive to the Group's growth;
- be directly linked to the medium and long-term financial results;
- ensure direct alignment with the interests of investors;
- ensure the compensation package is competitive with regard to market practices.

In line with this vision, a large part of the structure of the compensation package of the Chairman and Chief Executive Officer will be based on variable components, while maintaining a coherent and competitive fixed compensation level. This structure also reflects Ubisoft's entrepreneurial culture, its mission and ambition to develop its leadership position in its market. The overall compensation will be in line with the market median if the set targets are achieved, for short and long-term compensation. In this context, a balance is struck between the fixed compensation, which is below the market median, and the long-term compensation, which is above the median.

Components of fixed compensation	Compensation components subject to performance conditions	
Annual fixed compensation	Annual variable compensation	Long-term compensation
Based on level of responsibility and experience	Annual performance conditions (a minimum of two criteria)	Internal and external performance conditions over at least three financial years
Cash	Cash	Ubisoft shares

Directors' fees made up of a fixed component (40%) and a variable component based on attendance rate at meetings (60%) are also paid to the Chairman and Chief Executive Officer.

Fixed compensation

The Nomination and Compensation Committee considers both benchmarks and Ubisoft's results and ensures that the fixed compensation is at least within the first quartile of comparable companies.

At April 1, 2017, Yves Guillemot's fixed compensation was set at €540,750, i.e. an increase of 5% compared to the financial year ended March 31, 2017. With this increase, the fixed compensation is within the first quartile of comparable companies.

Annual variable compensation

The short-term variable compensation is in line with the Company's economic results. The financial criteria used are designed to reflect each year the achievement of the business plan. The non-financial criteria complement this vision to ensure that the short-term variable compensation is correlated with the achievement of the strategic choices necessary for Ubisoft's growth. The Nomination and Compensation Committee's objective is to maintain a significant weight for the short-term variable component in relation to the fixed component. The target value of the variable compensation is 100% of the fixed compensation, and the maximum is set at 150% of the fixed compensation, it being specified that the minimum level below which no bonus shall be paid is 80%.

The annual variable compensation is still entirely subject to the achievement of stringent objectives reflecting the Group's strategic priorities.

For financial year 2017/2018, the following criteria have been selected:

- total Group sales ("sales"), for 30%;
- EBIT versus sales, for 30%;
- digital sales versus sales, for 30%;
- increase in the number of players in certain strategic territories, for 10%.

For each criterion, the minimum level of achievement is set at 80% of the target, and the maximum at 150%. The variable compensation is proportional to the achievement of each objective between these two levels. The level of targets defined for each criterion is consistent with the Group's objectives.

It is to be noted that, pursuant to Article L. 225-37-2 subparagraph 2 of the French Commercial Code, the payment of the variable compensation components described above will be subject to approval by the General Meeting called to approve the financial statements for the financial year ended March 31, 2018, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

Long-term variable compensation

The long-term variable compensation ensures sustainable and robust value creation. The committee is keen to promote long-term compensation which is correlated, amongst others, with the share market price. The objective is to grant Long-Term Incentives ("LTI") each year that, in the event of achievement of results and share performance, would align the overall compensation package on the market median.

This policy constitutes the counterparty to ambitious development objectives. It is directly aligned with the interests of shareholders and the achievement of objectives in line with the Group's strategic plan

The long-term variable compensation may consist, where recommended by the Nomination and Compensation Committee, in the grant of instruments such as stock options or performance shares ("Share Plans") or a payment in cash as part of multi-annual variable compensation plans ("Multi-annual Compensation"). Irrespective of the mechanism (Share Plan or Multi-annual Compensation), it is linked to stringent performance conditions to be met over a period of several consecutive years, it being understood that the Multi-annual Compensation is only intended to be put in place in the event that Share Plans cannot be granted.

The grant of performance shares to their beneficiaries can only become definitive at the end of the vesting period, which cannot be less than three years.

Share Plans

The long-term incentive policy is decided by the Board of Directors based on the proposal of the Nomination and Compensation Committee as part of the resolutions adopted by the Combined General Meeting of Shareholders.

It takes the form of a long-term incentive plan granted on an annual basis and consisting of the grant of LTI correlated with the share market price and the acquisition of which is subject to internal and external performance criteria. The grant of performance shares to their beneficiaries can only become definitive at the end of the vesting period, which cannot be less than three years.

For the financial year 2017/2018, it is planned to grant performance shares, for which the definitive grant would be subject (i) for 50% on the basis of an average Group EBIT [1] (not strictly an accounting indicator) ("Internal Conditions") and (ii) for 50% on the basis of the performance of the Ubisoft Entertainment SA share, valued with regard to the NASDAQ share index [2] ("External Conditions"). Moreover, the definitive grant after confirmation that the Internal and External Conditions have been met, valued over a minimum period of three financial years, would be subject to an increasing scale based on the Company's share performance level during the vesting period, in line with existing policies. A decrease or no change in the share market price would not give entitlement to any acquisition. However, an increase equal to or of more than 30% would give the right to 100% acquisition. The vesting period would be at least three financial years and would be subject to a minimum retention period of one year. The definitive grant would also be subject to an attendance condition.

(1) Average EBIT over the vesting period based on annual EBITs announced to the market

(2) If TSR strictly lower than the NASDAQ TSR = no grant
If TSR at the level of the NASDAQ TSR = 70% grant
If TSR between 100% and 115% of the NASDAQ TSR = grant between 70% and 100%
If TSR strictly above 115% = 100% grant

The Chairman and Chief Executive Officer does not have recourse to hedging instruments either for options or for shares resulting from the exercise of options or for performance shares throughout his term of office.

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, and in accordance with the provisions of the AFEP-MEDEF Code, the Chairman and Chief Executive Officer is required to retain in registered form at least 5% of the shares resulting from the exercise of options and at least 5% of the performance shares acquired until the expiry of his term of office in the Group.

Multi-annual Compensation

The Chairman and Chief Executive Officer could be entitled, in the event that there is no long-term variable compensation in the form of grant of performance shares, to a long-term incentive plan, granted on an annual basis and composed of long-term monetary compensation indexed to the share market price. The definitive grant is contingent (i) for 50% on the basis of an average Group EBIT (1) (not a strictly accounting indicator) ("Internal Conditions") and (ii) for 50% based on the performance of the Ubisoft Entertainment SA share, valued with regard to the NASDAQ share index (2) ("External Conditions"). Moreover, the definitive grant after confirmation that the Internal and External Conditions have been met, valued over a minimum period of three financial years, would be subject to an increasing scale by threshold based on the Company's share performance level during the vesting period, in line with existing policies. A decrease or no change in the share market price would not give entitlement to any acquisition. However, an increase equal to or of more than 30% would give the right to 100% acquisition.

Director's fees

As a director of the Company, the Chairman and Chief Executive Officer receives directors' fees made up of a fixed component and a variable component determined on the basis of attendance at Board meetings. The amount of directors' fees for the financial year ended March 31, 2017 thus amounted to €40,000.

Other components of compensation

The Chairman and Chief Executive Officer is not entitled to:

- supplementary pension scheme;
- severance payment;
- non-compete indemnity;
- exceptional indemnity.

III. COMPONENTS OF COMPENSATION OF EXECUTIVE VICE PRESIDENTS

The compensation policy for Executive Vice Presidents is determined by the Board of Directors which, based on the work and proposals of the Nomination and Compensation Committee, ensures in particular that this policy is consistent with the principles laid down in the AFEP-MEDEF Code.

Components of fixed compensation	Compensation components subject to performance conditions
Annual fixed compensation	Long-term compensation
Based on level of responsibility and experience	Internal and external performance conditions over three financial years
Cash	Ubisoft shares

The Executive Vice Presidents may, in addition, in their capacity as directors, receive directors' fees made up of a fixed component (40%) and a variable component based on attendance at meetings (60%).

Fixed compensation

The fixed compensation of Executive Vice Presidents is determined taking into account the level, responsibilities and experience in the role and in the Company's area of business and years of service in the Group.

On April 27, 2017, following a proposal of the Nomination and Compensation Committee, the Board of Directors decided to grant to Michel Guillemot, with effect as from April 1, 2017, the same gross annual fixed compensation as to other Executive Vice Presidents, i.e.: €62,496.

Long-term variable compensation

The long-term variable compensation ensures sustainable and robust value creation. The committee is keen to promote long-term compensation which is correlated, amongst others, with the share market price. This policy constitutes the counterparty to ambitious development objectives. It is directly aligned with the interests of shareholders and the achievement of objectives in line with the Group's strategic plan.

The long-term variable compensation may consist, where recommended by the Nomination and Compensation Committee, in the grant of instruments such as stock options or performance shares ("Share Plans") or a payment in cash as part of multi-annual variable compensation plans ("Multi-annual Compensation"). Irrespective of the mechanism (Share Plan or Multi-annual Compensation), it is linked to stringent performance conditions to be met over a period of several consecutive years, it being understood that the Multi-annual Compensation is only intended to be put in place in the event that Share Plans cannot be granted.

(1) Average EBIT over the vesting period based on annual EBITs announced to the market

(2) If TSR strictly lower than the NASDAQ TSR = no grant
If TSR at the level of the NASDAQ TSR = 70% grant
If TSR between 100% and 115% of the NASDAQ TSR = grant between 70% and 100%
If TSR strictly above 115% = 100% grant

Share Plans

The long-term incentive policy is decided by the Board of Directors based on the proposal of the Nomination and Compensation Committee as part of the resolutions adopted by the Combined General Meeting of Shareholders.

For the financial year 2017/2018, it is planned to grant performance shares, for which the definitive grant would be subject (i) for 50% on the basis of an average Group EBIT (1) (not strictly an accounting indicator) ("Internal Conditions") and (ii) for 50% on the basis of the performance of the Ubisoft Entertainment SA share, valued with regard to the NASDAQ share index (2) ("External Conditions"). Moreover, the grant after confirmation that the internal and external conditions have been met, valued over a minimum period of three financial years, would be subject to an increasing scale based on the Company's share performance level during the vesting period in line with existing policies. A decrease or no change in the share market price would not give entitlement to any acquisition. However, an increase equal to or of more than 30% would give the right to 100% acquisition. The vesting period would be at least three financial years and would be subject to a minimum retention period of one year. The definitive grant would also be subject to an attendance condition.

The Executive Vice Presidents do not have recourse to hedging instruments either for options or for shares arising from the exercise of options or for performance shares throughout their term of office.

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, and in accordance with the provisions of the AFEP-MEDEF Code, the Executive Vice Presidents are required to retain in registered form at least 5% of the shares resulting from the exercise of options and at least 5% of the performance shares acquired until the expiry of their term of office in the Group.

Multi-annual Compensation

The Executive Vice Presidents could be entitled, in the event that there is no long-term variable compensation in the form of grant of performance shares, to a long-term incentive plan, granted on an annual basis and composed of long-term monetary compensation indexed to the share market price. The definitive grant is contingent (i) for 50% on the basis of an average Group EBIT (1) (not a strictly accounting indicator) ("Internal Conditions") and (ii) for 50% based on the performance of the Ubisoft Entertainment SA share, valued with regard to the NASDAQ share index (2) ("External Conditions"). Moreover, the definitive grant after confirmation that the Internal and External Conditions have been met, valued over a minimum period of three financial years, would be subject to an increasing scale by threshold based on the Company's share performance level during the vesting period, in line with existing policies. A decrease or no change in the share market price would not give entitlement to any acquisition. However, an increase equal to or of more than 30% would give the right to 100% acquisition.

Director's fees

The Executive Vice Presidents receive, for their term of office as directors of the Company, directors' fees made up of a fixed component (40%) and a variable component (60%) determined on the basis of attendance at Board meetings. The amount of directors' fees for the financial year ended March 31, 2017 for each Executive Vice President thus amounted to €40,000.

Other components of compensation

The Executive Vice Presidents are not entitled to:

- annual variable compensation;
- supplementary pension scheme;
- severance payment;
- non-compete indemnity;
- exceptional indemnity.

(1) Average EBIT over the vesting period based on annual EBITs announced to the market

(2) If TSR strictly lower than the NASDAQ TSR = no grant
If TSR at the level of the NASDAQ TSR = 70% grant
If TSR between 100% and 115% of the NASDAQ TSR = grant between 70% and 100%
If TSR strictly above 115% = 100% grant

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 auditor's report issued in French language 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 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.

Statutory auditors' report, pursuant to Article L. 225-235 of the French Commercial Code, on the report of the Chairman of the Board of Directors of Ubisoft Entertainment SA

Financial year ended March 31, 2017

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, 2017.

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 USED FOR PREPARING AND PROCESSING 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 19, 2017

KPMG S.A.

Vincent Broyé
Partner

Nantes, June 19, 2017

MAZARS

Arnaud Le Néen
Partner

3.4 Auditors

Name	Date of original appointment	Expiration of current term
Primary auditor: **KPMG SA represented by 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: **MAZARS represented by Arnaud Le Néen** 275, boulevard Marcel-Paul Centre Exapole 44800 Saint-Herblain	2016	2022
Alternate auditor: **CBA** 61, rue Henri Regnault Tour Exaltis 92400 Courbevoie	2016	2022

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, 2016 to March 31, 2017 are detailed under **Financial statements** in section 5.1.2.19.

4 Corporate social responsibility

4.1 METHODOLOGY NOTE ON EMPLOYEE-RELATED, ENVIRONMENTAL AND SOCIETAL REPORTING 96
4.1.1 Indicator framework 96
4.1.2 Reporting period 96
4.1.3 Scope of reporting 96
4.1.4 Change in method/ conditions compared with the previous year 96
4.1.5 Reporting principle 96
4.1.6 Methodological clarification of indicators 97
4.1.7 Methodological limits of the indicators 98

4.2 EMPLOYEE-RELATED INDICATORS 98
4.2.1 Employment 98
4.2.2 Developing skills and facilitating performance 101
4.2.3 Diversity and inclusion 102
4.2.4 Well-being, health and social dialog 106
4.2.5 Promotion of and compliance with the fundamental conventions of the International Labour Organization 108

4.3 ENVIRONMENTAL INDICATORS 109
4.3.1 General environmental policy 109
4.3.2 Adapting to climate change 110
4.3.3 Sustainable use of resources 112
4.3.4 Pollution prevention 114
4.3.5 Preserving and developing biodiversity 115
4.3.6 Fight against food waste 115

4.4 SOCIETAL INDICATORS 116
4.4.1 Support for local economic growth 116
4.4.2 Commitment to learning, inclusion and access to new technologies 117
4.4.3 Sharing social events with local communities 119
4.4.4 Developing long-term relationships with stakeholders 119
4.4.5 Subcontractors and suppliers 120
4.4.6 Fair operating practices 120
4.4.7 Other actions taken to protect human rights 121

4.5 INDEPENDENT THIRD PARTY'S REPORT 122
Responsibility of the Company 122
Independence and quality control 122
Responsibility of the independent third party 122

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

4.1.1 INDICATOR FRAMEWORK

Ubisoft based its framework on:

- the 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 G4 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	
	04/01/16 – 03/31/17 (12 months)	01/01/16 – 12/31/16 (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 > 60 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, except for the Canadian subsidiary Hybride Technologies Inc. (105 employees). This subsidiary is not currently included in the Group's HR reporting scope since it does not use the HR information system (HRTB) which the Group's other subsidiaries use for the automated collection of employee data.

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	04/01/16 – 03/31/17	04/01/15 – 03/31/16
Companies outside France	> 60 employees	> 100 employees
French companies	100%	100%
% staff taken into account	95.00%	92.04%

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

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.

(1) The scope defined in this way covered 95% of the Ubisoft Group workforce at the end of March 2017

(2) Scope defined on the basis of the Ubisoft Group workforce at the end of September 2016

(3) The scope defined in this way covered 98.1% of the Ubisoft Group workforce at the end of March 2017

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

Regarding 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 societal **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 improve the reliability of the information published.

4.1.6 METHODOLOGICAL CLARIFICATION OF INDICATORS

Regarding 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 manager of a subsidiary and/or a senior manager reporting directly to the Executive Committee.

Regarding 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.

- The current reporting system does not provide quantitative data for waste electrical and electronic equipment (WEEE) at the Group's main sites. Only qualitative data is published at present. However, the Group is currently considering a quantification methodology for WEEE and is committed to publishing quantitative data within two years.

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

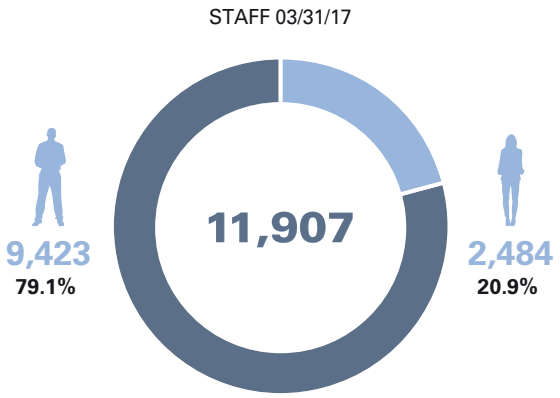
4.2.1.1 Dynamic growth in the Group's headcount

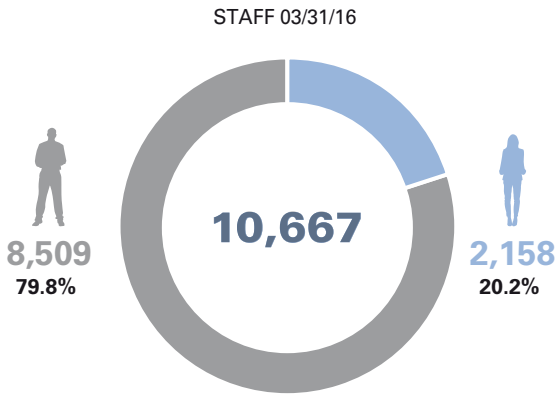
Attracting, developing and retaining the finest talent in the industry is one of the key factors determining Ubisoft's success. The Group is committed to providing the resources that its teams need in order to progress, learn and develop their skills and expertise. This enables the best games of the future to be created, today. With 10,100 employees in game development, Ubisoft is one of the leading figures in the video game industry and wins numerous awards every year for its teams' creative abilities.

At the end of March 2017, Ubisoft had 11,907 (1) employees compared with 10,667 at the end of March 2016. In the 2017/2016 fiscal year, the headcount therefore increased by 1,240 employees, i.e. up 11.6%. This change was mainly due to:

- the need to recruit the people and skills necessary for the Group's growth;
- the addition of new Group entities in 2016, such as the Biñan studios in the Philippines and the Belgrade studio in Serbia.

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





* Total headcount excluding the Canadian subsidiary Hybride Technologies Inc. (105 employees), not currently included in the Group's HR reporting scope

(1) Corresponds to the total Group headcount, or 12,012 people, restated for the Canadian subsidiary Hybride Technologies Inc. (105 employees), not currently included in the Group's HR reporting scope

Breakdown of staff by business line	03/31/17	%	3/31/16	%
Production	10,100	84.8%	8,993	84.3%
Business	1,807	15.2%	1,674	15.7%

Breakdown of staff by employment type	03/31/17	%	3/31/16	%
Full-time employment	11,779	98.9%	10,545	98.9%
Part-time employment	128	1.1%	122	1.1%

4.2.1.2 A steadily growing company

Ubisoft continues to grow and manages a high volume of recruitments each year.

These primarily relate to production activities (86% at the end of March 2017, compared with 85% at the end of March 2016).

	03/31/17	03/31/16
Total number of hires	3,315	2,619
Redundancies/dismissals	204	135

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, 674 interns and apprentices completed an enriching and empowering professional experience at a Ubisoft company, compared with 681 during the previous year. These internships are instructive and act as a springboard for joining the Group. In total, 34.8% 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:

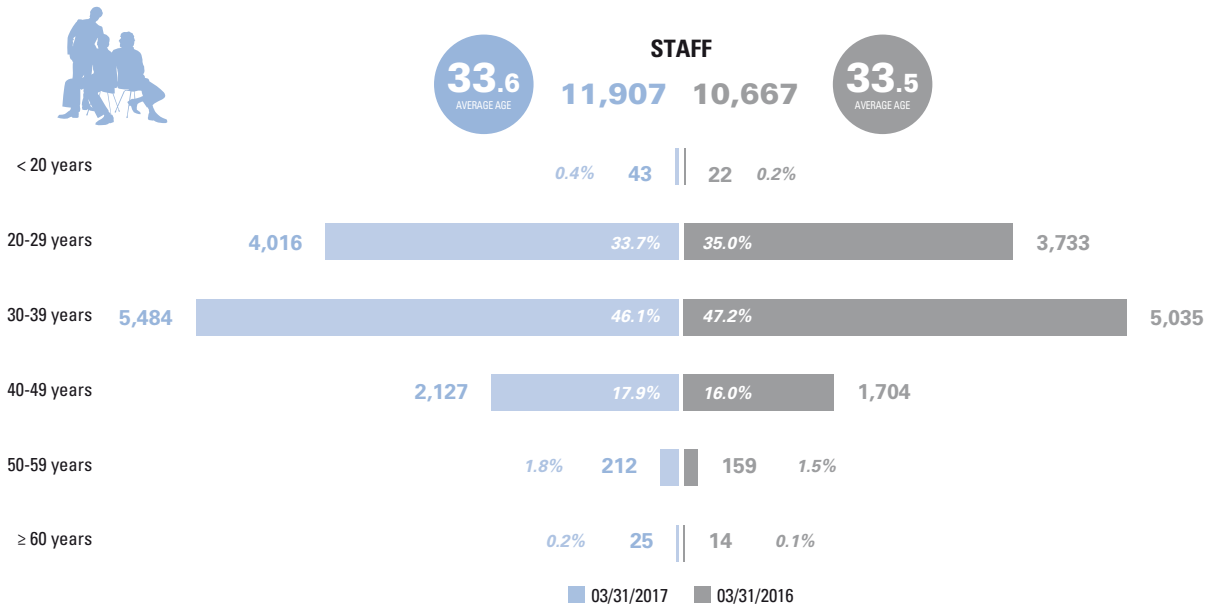
- launched in 2014, the **Graduate Program** received its third intake during the year. The program has been expanded to include four key businesses for games development, with the introduction of the UX design (1) specialization in 2016. The aim of the program is to integrate young talent into fast-growing areas of the business and offer them a two-year training pathway, one 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;
- numerous sites have teamed up with local universities or organizations to train future developers and artists and create a permanent recruitment talent pool for the Group:
  - several studios hold or take part in competitions to develop prototype games, enabling them to identify the most promising talent from specialist courses (design, computer engineering, etc.). These studios often offer internships or mentoring programs to the competition winners. For example, the sixth Ubisoft University competition held during that year by the Montreal studio saw a record number of 134 participants from 11 universities. The Montreal studio offered internships to around 20 participants,
  - the Blue Byte studio in Germany stepped up its "Blue Byte Goes Campus" program. This seeks to develop talent from the best local technological universities through a variety of initiatives: courses and lectures on campus, studio visits, talent mentoring, thesis supervision, etc.
  - the Montreal subsidiary has continued its partnership with the National Theatre School of Canada (NTS) and has developed a similar partnership with the Dawson College theater program. By giving final-year students access to its performance capture studio, Ubisoft offers them the chance to specialize in motion capture, opening up their career prospects within the gaming industry. In 2016, 30 students benefited from these university programs,
  - the Montreal studio (2) also grants scholarships each year to students with an excellent academic record and who come up with ideas for solving a technological challenge designed by a studio production team. Some of these scholarships are specifically intended to encourage women to consider a career in science and technology.

(1) User Experience Design: a new area of specialization for designers

(2) Since 2015/2016, a total of CAD 50 thousand has been awarded in annual grants to several Montreal universities (equivalent to €34 thousand at the end of March 2017)

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

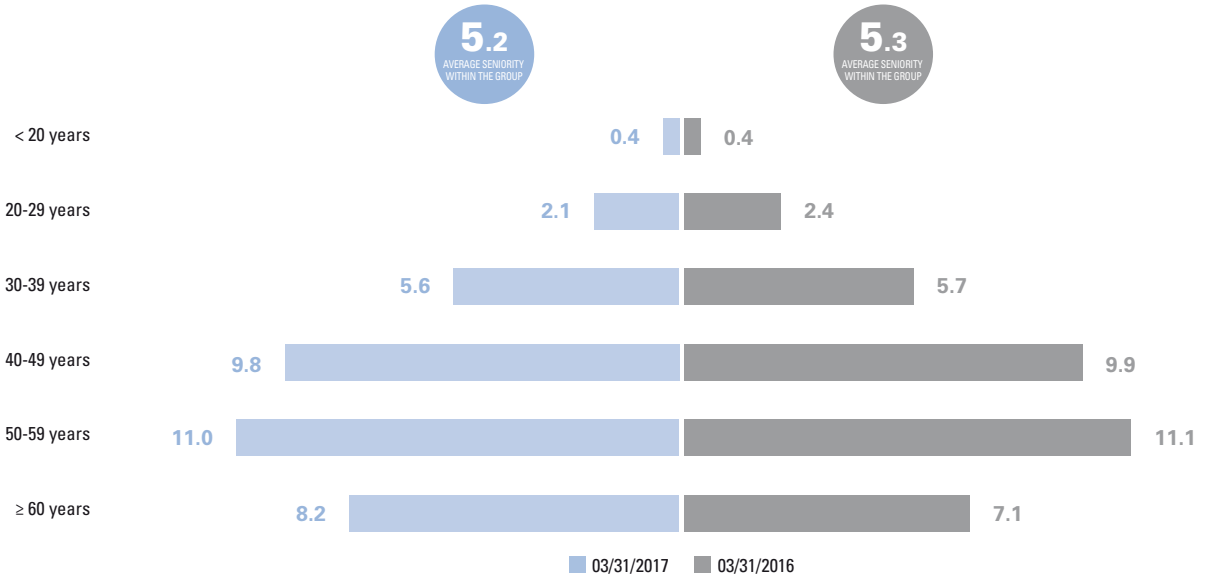
AGE PYRAMID



The average age at the Ubisoft Group is 33.6. This is on a par with the previous year, dominated by the 20-39 age group (79.8%) following extensive recruitment of candidates in their 20s. 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.

Staff have been with the company for an average of 5.3 years, similar to the previous year.

SENIORITY BY AGE BRACKET (IN YEARS)



4.2.2 DEVELOPING SKILLS AND FACILITATING PERFORMANCE

To enable its teams to grow, Ubisoft pays particular attention to developing their skills and motivation with a customized HR policy and a friendly, collaborative work environment.

4.2.2.1 Personalized guidance

Ubisoft is committed to each employee's development. Dedicated HR managers at each site offer each individual one-to-one guidance. In addition, managers are involved in the day-to-day monitoring of their teams.

Employees who have been with the company for more than a year receive an annual appraisal. This equated to 86% of staff in 2016/2017, compared with 87% in 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 sets individual development plan.

The performance management system is currently under review: its philosophy has been redefined to give teams more insight into how they contribute to Ubisoft's strategy, thus giving more meaning to their work. For example, a toolbox has been developed enabling them to manage their own development with clear and ambitious targets, transparent and continuous feedback and facilitated career interviews. The toolbox will be operational in the next financial year.

In addition, the Group currently offers numerous possibilities for advancement in France and abroad, within specific fields and cross-functional roles. During the year under review, 200 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.

4.2.2.2 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. Employee share ownership initiatives regularly take place. During the year, a leveraged employee share ownership scheme was offered to staff in 11 countries where Ubisoft is based. This type of operation reinforces the commitment of staff and gives them the chance to profit from the Company's growth. As at the end of March 2017, the total number of shares held by employees through a Company mutual fund (FCPE) and/or a group savings plan amounted to 2.76% of the share 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. As at the end of March 2017, 17.2% of the Group's employees received such options or shares from all plans combined.

Details of payroll taxes can be found in Note 13 of the financial statements.

4.2.2.3 A training policy adapted to the challenges of the sector

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	03/31/17	03/31/16
% of payroll spent on training (1) (2)	0.66%	0.76%
Training expenditure	€3,281,648	€3,418,148
TOTAL NUMBER OF EMPLOYEES TRAINED	**6,537**	**6,090**
of which employees trained in health and safety	146	101
% of average headcount trained	57.95%	59.56%
TOTAL NUMBER OF TRAINING HOURS	**146,107**	**115,653**
Average duration of training (in hours) per employee trained	22.2	19.0

(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	03/31/17	03/31/16
Number of e-learning modules accessible to all employees	336	293
Total number of e-learning hours	1,252	612
Number of people trained via e-learning	704	NC

Skill-sharing between sites through mobility	03/31/17	03/31/16
Number of international mobility (short- or long-term assignments)	200	197

Training expenditure accounted for just under 0,7% of payroll. In 2016/2017, 6,537 employees completed at least one training course. This is equivalent to just under 58% of the Group's average headcount, compared with almost 60% in the previous year. The high percentage reflects Ubisoft's commitment to supporting its teams' development. This commitment also translates as an increase in the average duration of training per person. This amounted to more than 22 hours, an increase of 17.8% over the previous financial year.

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 purpose of training teams is to address current needs while preparing them for future challenges.

In the gaming industry, skills are developed through real-world project experience or through contact with industry experts. This is why training is mainly provided in-house and can take the form of informal discussions, mentoring, virtual seminars or classroom-based learning.

It can be organized locally by subsidiaries, or internationally at Ubisoft Academies, which offer customized programs with in-house experts tailored to the Group's strategic issues. These programs are specifically aimed at an experienced audience, who will be responsible in turn for developing both their teams and their peer group.

Ubisoft also offers an online training catalogue to meet the training needs of teams and encourage self-tutoring and continuing professional development.

Several years ago, Ubisoft decided to bring educational content production in-house to leverage the existing expertise. To enhance its offering, Ubisoft also calls on external trainers to address the need for more conventional skills in common with other industries (e.g. coding, finance, management, leadership, etc.).

4.2.2.4 Encouraging a collaborative approach within 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.

Teams receive personalized support to help them work effectively together. Prior to projects, training is provided on request and teams are given the tools to facilitate collaboration. At the end of the project, a "post-mortem" is held to share best practice and discuss areas for improvement.

Networking and the sharing of best practice are also facilitated in different ways:

- international meetings of experts are held several times a year. These last for several days and take the form of presentations and roundtables, during which experts are invited to discuss various subjects relating to new trends, tools and best practices to be adopted from game production to post-release management;
- monthly Q&A sessions are held on the internal social network with leading experts;
- feature articles are produced with experts on the Group's strategic issues;
- teams can initiate online discussion forums to exchange ideas on various topics.

The majority of knowledge-sharing events are now broadcasted in video form and are available on the Group's internal network. In some cases they can be live-streamed to allow interaction between the presenters and audience.

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 team, are on hand to provide employees with day-to-day support.

4.2.3 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.

In March 2017, at the Game Developers Conference (one of the largest gatherings of games industry professionals), Ubisoft organized a panel discussion on the power of developers in representing diversity and dissipating of stereotypes in games, arguing that the more diverse teams are, the more they understand consumer expectations and can create less stereotyped and more innovative worlds.

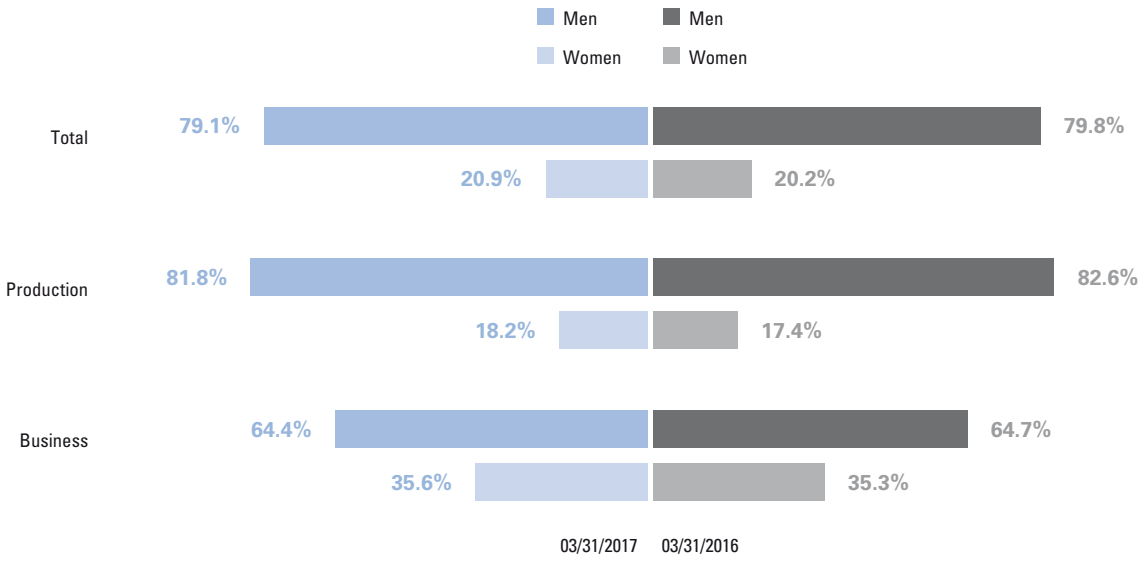
The process of creating a video game also brings together teams with very different backgrounds and training to produce the best game possible. The Group promotes an inclusive work environment through cultural, gender and age diversity.

4.2.3.1 Raising awareness of the importance of diversity among teams

At the end of March 2017, the Group was composed of 20.9% women and 79.1% men. This distribution, like that of the wider gaming industry, is mainly due to the fact that production roles tend to attract men and account for 84.8% of the Ubisoft workforce *(see 4.2.1.1)*. However, in two years the Group has managed to increase its proportion of female employees by more than one percentage point (from 19.8% at the end of March 2015 to 20.9% at the end of March 2017), largely through awareness-raising initiatives.

The Group aims at reflecting the diversity of players, an increasing proportion of whom are women. In this respect, the actions taken *(see section 4.2.3.2)* have already begun to increase the number of women in the Group's workforce.

BREAKDOWN OF MEN/WOMEN IN TOTAL HEADCOUNT



With 24.1% of women managers and 23.1% 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. Today, just as many women as men are in a senior management role and report directly to the chairman and Chief Executive Officer.

Women in management	03/31/17	03/31/16
% of women in top management [1] and/or Executive Committee members [3]	23.1%	26.1%
% of women in management [2] [3]	24.1%	23.3%

(1) A top manager is defined as a manager of a subsidiary and/or a manager reporting directly to the Executive Committee.

(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 (top) managers or Executive Committee members as a percentage of the total employees (top) managers or Executive Committee members

Employment	03/31/17	03/31/16
Female hire rate [1]	23.0%	23.6%

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

At Group level, the Corporate Social Responsibility website, launched in 2016, promotes best practices among the company for increased diversity. The "unconscious bias" awareness campaign also continued during the year, based on an e-learning training module available to all employees.

Local actions are gradually being developed at several sites:

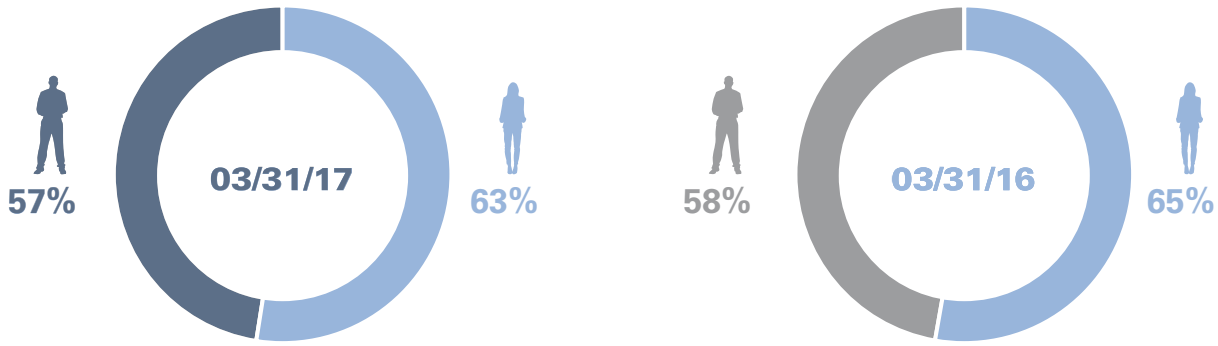
- the display of an equal opportunities policy at French sites, as well as at the San Francisco, Toronto and Newcastle sites;
- the organization of a monthly "Equal Opportunity Group" by the Massive studio in Sweden. Within this internal community, concrete measures are discussed to encourage employees from disadvantaged or under-represented communities to access the same opportunities as other colleagues;
- the San Francisco subsidiary regularly promotes the values of tolerance and diversity of the LGBT community [1] by sponsoring the GaymerX event and Frameline Film Festival;
- lastly, many studios are continuing to partner with associations that advocate for a greater role for women in the industry, particularly among the next generation. The San Francisco and Red Storm studios support the national association Girls Make Games, both financially and through team volunteering. Similarly, the Montreal and Toronto studios are continuing their respective collaborations with the non-profit organizations *Pixelles* and *Ladies Learning Code*.

4.2.3.2 Measures taken to improve gender equality

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. To that end, indicators were defined at Group level to identify the areas in which action is needed to promote gender equality.

Men and women are given the same level of access to learning and skills development, since training is open to everyone. At the end of March 2017, the training rate was as follows:

TRAINING RATE BY GENDER *



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

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

The male-female pay ratio, at an equivalent contribution level, is 104.2% for teams with a full-time, open-ended or fixed-term contract within the Group.

Pay	03/31/17	03/31/16
Male-female pay ratio [1]	104.2%	103.5%

(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

Various initiatives are carried out to improve gender equality and promote inclusion within the work environment:

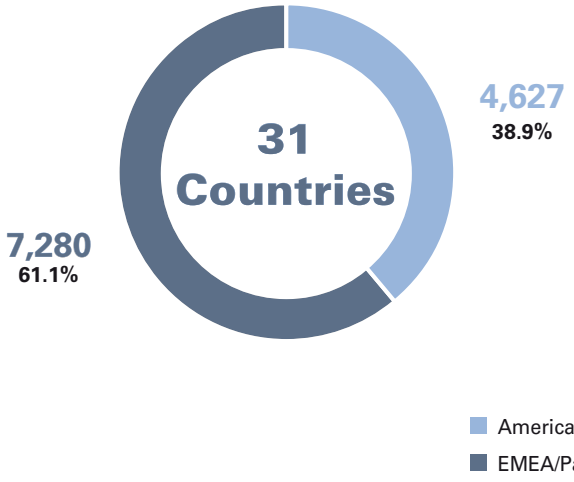
- for example, the Kiev and Helsinki studios train their recruiters to use objective criteria grids during recruitment interviews. In addition, French and North American studios that employ external recruitment firms sensitize providers on the need for neutrality of the vacancies advertised and respect for the Group's gender equality commitments;
- the website of the Montreal studio [1] has a section entitled "Who's under the hat?", featuring profiles on male and female employees to highlight the career of paths of women in a male-dominated professions. Similarly, the Ubisoft "book" published in June 2016 to mark 30 years of the Group and given to all French employees contained 30 portraits of women working for Ubisoft in roles traditionally perceived as male occupations;
- in terms of leadership, sites such as Montreal and San Francisco [2] have set up diversity committees in charge of organizing opportunities for discussion and feedback, conferences and activities showcasing the role of women in the gaming industry, especially in production teams.

4.2.3.3 Cultural diversity

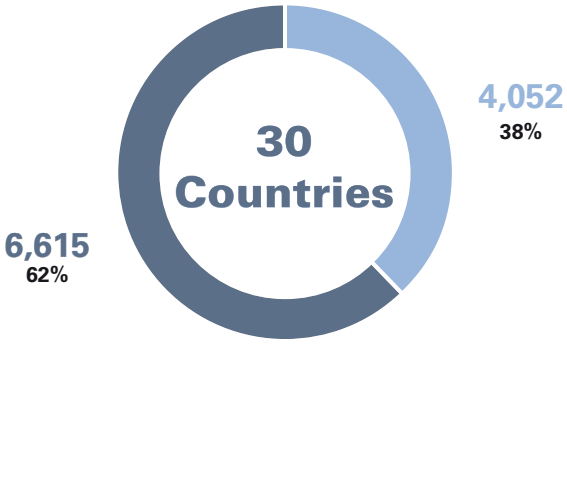
Ubisoft is present in 31 countries across all continents. With 98 different nationalities, Ubisoft cultivates the cultural diversity required for a good understanding of the gamer and improved adaptation of games to cultural differences.

BREAKDOWN OF STAFF BY GEOGRAPHIC REGION

BREAKDOWN OF STAFF BY GEOGRAPHIC REGION
03/31/17



BREAKDOWN OF STAFF BY GEOGRAPHIC REGION
03/31/16



Americas
EMEA/Pacific

(1) Accounting for 28.1% of the Group's workforce at the end of March 2017

(2) Accounting for a total of 31.9% of the Group's workforce at the end of March 2017

4.2.3.4 Measures to support the employment and professional integration of people with disabilities

The employment rate of disabled persons within the Group is 0.56%.

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

In addition, the Group's main sites [1] maintain partnerships to boost the employment and professional integration of people with disabilities: not only during the recruitment process, to identify applications from people with disabilities, but by using companies that mainly employ disabled people for office supplies and recycling.

Under the Canadian Accessibility for Ontarians with Disabilities Act (AODA), the Toronto site has developed an innovative internal policy to educate and train staff on the inclusion of people with disabilities in the workplace. It has also pledged to make its buildings 100% accessible by 2020.

Employment of people with disabilities [1]	03/31/17	03/31/16
Number of disabled workers at the end of the period	33	29
Employment rate of people with disabilities [2]	0.56%	0.57%

(1) Information from companies outside France > 60 people based in countries where the local legislation imposes a quota on firms and French companies (accounting for 47.8% of the Group's workforce at the end of March 2017)

(2) N-1 data corrected

4.2.4 WELL-BEING, HEALTH AND SOCIAL DIALOG

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 [2], 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. Improvements to workplace comfort continued during the year, with renovation work carried out at 18 sites [3].

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."

Ubisoft is also keen to encourage social events. Each subsidiary organizes annual parties, concerts and internal competitions. In addition, most of the studios organize events and internal celebrations to mark the release of our games.

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.

The Group's "flextime" policy is designed to give staff more control over when they start and finish work. 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.

Some subsidiaries also offer flexible working hours for parents. For example, French sites propose adapted start times for parents during the annual back-to-school period, or give parents time off if their child is in hospital.

Furthermore, because Ubisoft's business is highly seasonal, intense game pre-launch periods sometimes entail adjustments in working conditions and additional support for teams (mandatory breaks, provision of meals, massages, etc.).

(1) In 2015, 74.4% employees took part in the internal survey

(2) Accounting for 54.1% of the Group's workforce at the end of March 2017

(3) Applies to the French, Montreal and Bucharest sites, accounting for 56.6% of the Group's workforce at the end of March 2017

4.2.4.3 Monitoring absenteeism rates

Number of days of employee absence by reason [1]	03/31/17	%	03/31/16	%
Illness (all reasons)	45,231	42%	33,848	36%
Occupational accident [2]	532	0%	152	0%
Maternity, paternity and parental leave	23,803	22%	23,016	24%
Leave for family events and personal reasons	36,933	34%	35,730	38%
Other	1,668	2%	1,860	2%
TOTAL	**108,166**	**100%**	**94,606**	**100%**
Group absenteeism rate linked to occupational accidents and illnesses [3]	1.63		1.34	
Average number of days' absence per employee	9.6		9.2	

(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 > 60 employees and French companies (accounting for 95% of the Group's workforce at the end of March 2017), 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 2017, the average number of days' absence per person was 9.6, compared with 9.2 in the previous financial year. The change is due to several cases of long-term illness, monitored individually by HR managers, and an increase in the duration of absences linked to occupational accidents, which have fallen in number *(see section 4.2.4.4)*.

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 2017, the changes in indicators relating to health and safety in the workplace broke down as follows:

Health and safety in the workplace [1]	03/31/17	03/31/16
Number of occupational accidents with time off [2]	16	17
Number of fatal accidents	0	0
Frequency rate of occupational accidents with time off [3]	0.959	1.116
Severity rate of occupational accidents with time off [4]	0.032	0.010
Number of occupational illnesses [5]	0	5

(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 > 60 employees and French companies (accounting for 95% of the Group's workforce at the end of March 2017)

*(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 2017, the few occupational accidents that occurred resulted in longer absences overall (higher severity rate), although their frequency rate is falling.

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.
- **Health and safety training** is provided each year. 146 employees were trained in 2016/2017; Various wellness events are also organized: the Toronto studio holds a "wellness week", while the San Francisco and Red Storm studios in the United

(1) Accounting for 28.1% of the Group's workforce at the end of March 2017

(2) Accounting for 13.5% of the Group's workforce at the end of March 2017

States have programs covering a portion of the costs relating to wellness ("Body, Mind, Soul" program). Lastly, the Montreal site employs a team of full-time ergonomists who advise employees on how to optimize their workspaces to prevent health risks.

- **A hotline** (1) manned by psychologists helps relieve stress and provides greater support for those who need it. The German subsidiary Blue Byte GmbH and the Abu Dhabi studio also offer their staff preventive health screenings to detect and reduce anxiety and obesity (Cardio Stress Test, Body Fat Analysis), along with counseling and coaching if necessary. In addition, when staff are faced with unusually difficult events (such as the death of a coworker), subsidiaries arrange for counselors to be on site to provide support.
- **Access to sports facilities and exercise classes** is a key feature of Ubisoft's wellness policy that almost all Group sites offer. Many subsidiaries also offer courses in meditation or yoga, focusing on relaxation activities. Massages are also available at several sites.
- **Staff can help themselves to a selection of fresh fruit.** Generally speaking, healthy nutrition is encouraged via workshops or nutritional consultations, which offer advice on adopting better eating habits or a healthier lifestyle. Some sites (such as Montreuil and Toronto) go even further by offering employees the option of having locally grown fresh fruit and vegetables delivered, which they can then take home. Not only does this encourage healthy eating, but it supports local producers.

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

	03/31/17	03/31/16
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 17 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 workplace 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. At some sites the opinion poll is conducted via occasional "Pulse Surveys", which provide an insight into the needs of staff and help define the appropriate actions to be taken.

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.

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.

(1) Introduced at the French and Montreal sites, which accounted for 42.7% of the Group's workforce at the end of March 2017

4.2.5.2 Elimination of workplace and professional discrimination

To make the best games on the market, Ubisoft gathers talented employees from different backgrounds and professional profiles *(see section 4.2.3)*. 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 4.2.3.1)*.

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, children may visit our studios for games testing or consumer panel surveys. In 2016, an internal audit of the subsidiaries concerned emphasized the strict formal processes in place to ensure compliance with the ILO conventions and local child labor laws. In addition, Ubisoft remains vocal about its intention to uphold the effective abolition of child labor at sites where this is a sensitive local issue (in India and China, for example).

4.3 Environmental indicators

4.3.1 GENERAL ENVIRONMENTAL POLICY

4.3.1.1 General organization

The Sustainable Development Department has the 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 greenhouse gas emissions *(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 Employee awareness and training

Employee awareness and training are carried out both Group-wide in order to reach all teams, and locally by each subsidiary.

The actions can be both **specific,** targeting IT and electrical equipment, as well as water consumption and use of office consumables, 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 [(1)] to educate and encourage employees to act responsibly on a day-to-day basis. The website also has a questionnaire that employees can use to measure their own carbon footprint. This initiative was supplemented in 2016 with the launch of the Ubisoft Group's Corporate Social Responsibility website, designed to share best practice with staff in different professional environments. For example, various local initiatives have been published internally and a "green" community has emerged through discussions on the internal social network;
- in Canada, the Montreal studio has created a "Ubisoft and the environment" section on its external website, to showcase the actions taken to reduce its environmental footprint. These include energy-saving measures, the promotion of sustainable mobility

(1) Targeting the Group's entire workforce

practices and the responsible procurement policy adopted by the subsidiary. The studio has also introduced a comprehensive recycling system on site, incorporating both waste sorting and composting;

- in Sweden,the Malmö studio's initiatives to reduce its carbon footprint aim at respecting the United Nations 2030 Agenda for Sustainable Development;
- in Ukraine, the Kiev studio educates its employees on environmental issues through its "Green Office" initiative, in particular by being part of the national scheme "Ukraine Without Waste", aimed at reforming the waste management system in various parts of the country;
- other more targeted campaigns are also implemented by numerous sites, for example through posters, email reminders, internal communication and meetings. These focus on the need to reduce the consumption of resources linked to the use of different building systems (e.g. computer hardware, lighting, heating and air conditioning systems, etc.) and on optimizing domestic water consumption. By the end of December 2016, the number of sites that had introduced this type of action for employees had risen sharply, from 21 sites in 2015 to 37 (1) sites in 2016 (2).

4.3.1.3 Preventing environmental risks and pollution

Ubisoft's definition of environmental risk is based on the GRI definition contained in the G4 guidelines (3).

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.

4.3.2.1 Monitoring sources of greenhouse gas emissions

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 (4). The audit estimated its carbon emissions at 68 thousand 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).

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 section 4.3.2.2);*
- 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 updates the quantities of CO_2 released by the main sources of emissions identified (manufacturing, energy, consumables). This update is used in studies with a view to issuing recommendations to optimize certain activities generating significant emissions. In 2016, for example, the Sustainable Development Department analyzed traveler profiles to optimize business trips in future.

The Group is already taking steps *(see section 4.3.1.2)* to optimize its greenhouse gas emissions, one of the major causes of global climate change. Similarly, Ubisoft regularly carries out renovation work on its buildings in response to operational requirements, endeavoring to make them more energy efficient while creating a pleasant and comfortable environment for its employees.

(1) Accounting for 60.7% of the Group's workforce at the end of March 2017

(2) Accounting for 45.1% of the Group's workforce at the end of March 2016

(3) "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."

(4) Source: Greenflex "Ubisoft Environmental Assessment" report, February 4, 2015

4.3.2.2 Group travel policy

To accurately measure the carbon impact of journeys, the Group monitors the total number of kilometers traveled by mode of transport.

In 2016, the total distance covered was 90,587 (1) thousand km (equivalent to 19,455 metric tons of CO_2), broken down as follows:

Number of thousands of km covered in trips per year and by type	2016	2015	tCO_2e_q
Plane	87,151	77,229	19,434
Train	3,436	3,267	21
TOTAL	**90,587**	**80,496**	**19,455**

The increase in the distance covered compared with the previous year, or 12.5%, is mainly due to the growing number and size of game development projects requiring international collaboration between studios.

In addition, the Group's travel 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. To this end, several measures have been put in place:

- efficient management of employees' appointments so that their travel is limited to the absolute minimum (policy of reducing travel);

  For example, the travel policy implemented at sites such as Toronto and Newcastle encourages employees to think about whether their journey is really necessary and to consider alternatives such as video-conferencing. Staff are also encouraged to schedule several business meetings during the same trip to make the most of the journey;
- the use of all communication tools to help optimize and reduce travel.

  The Group has made the use of web conferencing standard 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 "new traveler" induction;
- choosing the least expensive and most environmentally friendly means of transport.

The vast majority of sites have a travel policy that encourages employees to prioritize the most environmentally friendly methods of transport:

- for domestic journeys, the train is the preferred means of travel in Germany and France. In Germany, the national rail operator Deutsche Bahn guarantees the use of 100% "green" electricity for members of the "Bahn Corporate" scheme. In general, employees are encouraged to take the train wherever possible,
- special partnerships have been formed, such as with Navendis, a "green" taxi company in France,
- 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 Milan, Kiev and Singapore. Some studios encourage staff to commute to work by bike. For example, the Blue Byte studio in Germany is a certified "eco-friendly employer" because of the way it promotes cycling as a form of transport to its employees.

In Sweden, the Malmö studio 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.

(1) Information gathered from non-French sites > 25 employees and French sites, accounting for 97.9% of the Group's workforce at the end of March 2017

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 2016, the Group measured consumption of 39,464 thousand kWh (i.e. the equivalent of 5,682 metric tons of CO_2), broken down as follows:

(in thousands of kWh)	Canada [1]	France	Romania	China	United States	Other countries	Total	Metric tons of CO_2 equivalent [2]
Consumption [3] in 2016	18,633	8,487	3,613	1,605	1,557	5,569	39,464	5,674
Consumption [4] in 2015	15,278	7,070	3,282	1,755	1,407	6,369	35,165	6,233

(1) Data for the Montreal, Toronto and Quebec sites (excluding Halifax)
(2) Data calculated on the basis of data from ADEME or local energy suppliers
(3) Data for 48 sites accounting for 97.6% of the Group's workforce at the end of March 2017
(4) Data for 48 sites accounting for 93.7% of the Group's workforce at the end of March 2016

At the end of 2016, the 12.2% increase in electricity consumption compared with the previous year is mainly due to staff recruitment, the expansion of premises and IT upgrades necessary for the Group's growth.

Nevertheless, a significant percentage of the electricity used by the Ubisoft Group comes from renewable sources, which helps to limit its carbon impact. This also explains the fall in carbon emissions in 2016, despite the rise in the Group's electricity consumption. Since 2016, all French sites use electricity 100% generated from renewable energy sources. The Montreal and Quebec sites continue to be supplied by the energy supplier Hydro-Québec, which generates 99% of its power from hydroelectric dams. A total of 31 sites source more than 10% of their electricity from renewable energy (10). Accordingly, around 70% of the electricity used by the Group in 2016 was from renewable energy, compared with 52% in 2015.

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)*	2016	2015	Change
Montreal	5,306	4,387	20.9%
Paris	2,730	2,610	4.6%
TOTAL	**8,035**	**6,997**	**14.8%**

In 2016, the increase in electricity consumption was due to the replacement of servers by more powerful versions and the more intensive use of servers in general to support the growth of the online and digital business.

Nevertheless, 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. Paris has also been equipped with an Optimized Management Interface (O.M.I.) to adjust the air conditioning system in real time depending on server workloads, thereby optimizing power consumption. These facilities ensure that business growth does not impact energy consumption. Upgrading our IT equipment also enables us to increase the density of our rooms (improving the PUE, or *Power Usage Effectiveness*) and encourages the virtualization of less powerful servers.

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 2016, the Paris and Montreal server rooms continued to have a significant virtualization rate of 78.7%, compared with 82.2% in 2015. The change is mainly due to the replacement of some servers by fewer, more efficient servers.

In 2016, 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 introduced measures to **limit the consumption of their air conditioning and lighting systems:**
  - Launching or renewing awareness-raising campaigns

    In 2016, 37 sites [1] conducted awareness campaigns to remind employees of the everyday actions they can take to save electricity. For example, staff are encouraged to switch off lights and computers when leaving work, or to turn on heaters or air conditioning only when necessary;

(1) Accounting for 60.7% of the Group's workforce at the end of March 2017

- Smart devices for lighting and air conditioning systems;

  Some sites have movement sensors or systems that automatically 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. Some of these systems have been extended to the domestic water supply (automation, reduced flow, etc.).

- 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 2016, air conditioning and heating systems at French sites were upgraded to reduce energy consumption. Systems using chlorodifluoromethane gas (R22) – which is harmful to the ozone layer – were replaced with systems that do not damage the ozone layer.
  - The eco-energy retrofit project which began in 2014 for buildings at the Montreal site is still ongoing. Workspaces have been redesigned for optimum sun exposure, while efficient insulation systems reduce energy consumption. In France, photovoltaic panels were installed on the roof of the Lyon studio at the end of 2016. These will be connected to the grid in 2017.
  - The use of low-energy light bulbs is increasing within the Group. Several sites use LED lighting due to its energy-efficient properties and longer life, thereby reducing the environmental impact and providing more efficient lighting.
  - Carbon offsetting can also boost energy efficiency: for example, the building of the UK 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_2 by product and material											
	ABS [1]		PVC		Cardboard		Paper		Polycarbonate		Total 2016	Total 2015 [2]
	t	tCO_2eq	t	tCO_2eq	t	tCO_2eq	t	tCO_2eq	t	tCO_2eq	tCO_2e_q	tCO_2e_q
Non-standard	59	111	413	780	526	559	261	344	143	340	2,134	820
Standard							704	930	3,242	7,717	8,647	6,453
TOTAL											**10,781**	**7,273**

(1) ABS: acrylonitrile butadiene styrene, a thermoplastic polymer

(2) N-1 data adjusted

At the end of 2016, the consumption of raw materials increased proportionally compared with the quantity of standard and non-standard products manufactured.

The Group is continuing its digitalization policy for its video games business. This accounted for 47% of sales at the end of December 2016, compared with 27% in 2015. It effectively translates as a structural decline in raw materials consumption.

Furthermore, the actions taken in the past to reduce the consumption of paper and ink cartridges continued in 2016:

- for example, 40 sites use electronic payslip management [1];
- 32 sites [2] use recycled or certified paper (such as FSC or PEFC);
- some sites, particularly in the US, promote a paperless office.

(1) Ubisoft saved more than 170 thousand sheets of paper in 2016, compared with nearly 150 thousand in 2015

(2) Representing 64.2% of the Group's workforce at the end of March 2017, compared with 33 sites in the previous period representing 63% of the workforce at the end of March 2016

4.3.3.3 Water consumption and supply

Taking into account the Group's business activities, it only uses water for domestic purposes.

In 2016, water [1] consumption, as measured by the Group, stood at 49,067 m³ compared with 49,034 m³ the previous year. This stability is mainly due to the combined effects of increased headcount and reduced scope of data collection [2]. Water consumption represented approximately 7.2 m³ of water per employee per year in 2016, compared with 7.7 m³ in 2015.

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:

- waste electrical and electronic equipment (WEEE);
- paper;
- products that cannot be sold on distribution platforms (marketing, promotional items, etc.);
- other consumables (batteries, ink cartridges, green waste, etc.).

- **Waste electrical and electronic equipment (WEEE):**

  Ubisoft is actively involved in the recycling/sorting of WEEE, which mainly consists of IT equipment (e.g. servers, computers, etc.). In 2016, 42 [3] sites said that they recycled this type of waste.

  Except in a few countries where services of this kind are not available, the sites manage WEEE disposal by calling on external service providers, specialist organizations or 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.

  To a lesser extent, IT equipment and/or electronic equipment that has reached the end of its useful life is donated to schools or charities, or is sold directly or given to employees. Some studios, like Montreal, Montpellier and Sofia, take a socially responsible approach to recycling by donating their used equipment to welfare associations, which redistribute them to people in need.

  In addition, the Group is currently considering a quantification methodology for WEEE and is committed to publishing quantitative data within two years.

- **Paper:**

  Most sites recycle or sort used paper for recycling (43 sites [4] in 2016, compared with 40 [5]in 2015).

  Mindful of the environmental impact of paper consumption, the sites are continuing 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 products at distribution platforms that cannot be donated or reused. 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.

- **Other consumables:**

  most sites have collection points for recycling and sorting waste.

  Several subsidiaries place recycling bins in prominent locations on site, labeled by type of waste. These recycling points are used to sort paper, aluminum, plastic and food waste. These collection points are generally situated in offices, communal areas or at the entrance to each floor. In France, employees at the Montreuil site can also drop off certain used items – such as batteries, light bulbs and mobile phones – at reception for recycling.

  Several studios have also taken measures to reduce the use of plastic cutlery or have invested in crockery. In San Francisco, for example, paper cups been replaced with compostable containers. Montreal has a policy of no paper cups, which is due to come into force in 2017.

(1) Information calculated for 31 sites representing 61.8% of the Group's workforce at the end of March 2017, compared with 33 sites in 2015 representing 64.6% of the Group's workforce at the end of March 2016

(2) Estimated impact of changes in the scope of data collection: -1,990 m³

(3) Representing 88.4% of the Group's workforce at the end of March 2017, compared with 41 sites in 2015 representing 82.9% of the Group's workforce at the end of March 2016

(4) Accounting for 91.4% of the Group's workforce at the end of March 2017

(5) Accounting for 87.9% of the Group's workforce at the end of March 2016

Many sites are continuing to find new ways of repurposing their waste. For example, the Madrid subsidiary has teamed up with the SEUR Foundation, sending part of its plastic waste so that this can be used to make prostheses for children with special orthopedic needs.

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 pollution, discharges to 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. Indeed:

the waste generated by the Group is not classed as hazardous under applicable legislation;

the Group is not affected by accidental spills, given the nature of its business;

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.

However, many sites directly or indirectly help to protect biodiversity:

- in Spain, the Barcelona studio has made a charitable donation to the environmental non-profit association SEO Birdlife, which protects bird species in special protected areas;
- in the United Kingdom, the Future Games of London subsidiary has continued its partnership with Oceana, a marine conservation organization. For example, it has monetized certain features of its Hungry Shark game and donates the proceeds to the organization;
- in France, since 2016 employees at the Montreuil site have been able to buy organic fruit and vegetables from its local partner Steph'ruits, to support sustainable farming techniques that protect biodiversity.

The Ubisoft Group indirectly contributes to protecting biodiversity by using recycled materials, such as paper, wherever possible *(see section 4.3.3.2)*. Using recycled materials helps to reduce demand for virgin materials and save the world's natural reserves.

4.3.6 FIGHT AGAINST FOOD WASTE

The Ubisoft Group is committed to the fight against food waste. However, given the nature of its business and since there is no company cafeteria at many of its sites, it only handles a small quantity of food waste.

Nevertheless, for sites that do have a company cafeteria, efforts are made not to waste leftover food:

- in India, this food is handed out to disadvantaged local communities;
- in Sweden, it is turned into biological gas which can then be used to run public buses in Malmö and for district heating.

(1) Apart from some WEEE, classified as such

4.4 Societal indicators

As a company which is firmly rooted in its local environment, Ubisoft prioritizes local economic development and is committed to forging sustainable links with communities. The Group focuses on three key areas:

- support for local economic growth (section 4.4.1);
- commitment to learning, inclusion and access to new technologies (section 4.4.2);
- share of festive and social events with local populations (section 4.4.3).

In 2016, 42 [1] subsidiaries participated in at least one economic, academic or cultural initiative for the benefit of local communities.

To strengthen its links to the local community, in December 2016 the Sustainable Development Department launched a website open to teams to publicize the Group's main societal goals and share inspirational ideas for local engagement.

4.4.1 SUPPORT FOR LOCAL ECONOMIC GROWTH

Ubisoft's main contribution to local employment is to create jobs as a result of the Group's expansion. In addition, several of its major studios are based in what used to be regarded as "run-down" neighborhoods, where they have revitalized the local economy. For example, the decision to base the French site in Montreuil or the Canadian production studios in the Mile End district of Montreal in 1997 led to the creation of more than 3,500 jobs. Today, the presence of our employees in these neighborhoods generates significant economic, social and cultural vitality. In November 2016, the Montreal studio was recognized by the Greater Montreal Attractiveness Forum for *"its social commitment and because its arrival in Montreal has paved the way for the development of a burgeoning video game industry"*. This is particularly true of Mile End, which is today home to around 100 start-ups. The Montreuil site, meanwhile, supports and showcases local producers and small businesses by offering them the chance to exhibit and sell their products to staff at special company events.

At the end of December 2016, local employees accounted for 80.9% of the workforce, more or less the same as in the previous financial year [2].

In line with its diversity policy, the Ubisoft Group encourages multiculturalism within its subsidiaries by locally recruiting different nationalities and by sending employees on international secondments. This only happens in the case of rare skills not available locally.

Ubisoft also helps to strengthen the local economy by using local suppliers for well-being programs or specific events:

- Ubisoft offers its employees a variety of services (healthy eating, access to exercise and relaxation spaces and classes, local cultural events, etc.) to create a warm and friendly atmosphere at all of its subsidiaries using local service providers;
- in early January, Ubisoft Shanghai teams order the traditional French "galettes des rois" from the Shanghai Young Bakers, a youth training scheme teaching young people from local orphanages the fine art of French pâtisserie;
- Ubisoft Montreal has launched a competition, "Parlez de bouffe, gagnez du Cash" (Talk about food, win cash) aimed at local caterers who strive to be environmentally and socially responsible (for example, by using 100% organic produce, or by hiring people who are in disadvantaged situations). Each caterer will be responsible for feeding Ubisoft employees for a defined period of time. In 2017, staff will vote for their favorite, which will become the official caterer for the studio's cafeteria.

Some of the Group's subsidiaries also help to boost local employment by supporting public schemes and initiatives aimed at facilitating access to the job market or retraining.

- in Sweden, the Massive studio is continuing to contribute to the local "Good Malmö" initiative, involving more than 70 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. In total, 95% of last year's recruits were offered a permanent job with their host company;
- in Singapore, Ubisoft participated in an event organized by the country's largest workers' union on the topic of industrial restructuring, aimed at showcasing employment opportunities in Asia's booming video game sector.

Lastly, as a creative company, Ubisoft supports innovation and digital entrepreneurship in its host communities. Several studios now assist technology start-ups and provide them with the tools they need to grow. For example, the Canadian project *"Les créatifs ♥ le futur Mtl inc."*, which was first launched in 2015, continues to offer large firms based in Montreal the opportunity to coach young entrepreneurs. In 2016, Ubisoft Montreal lent its support to SmartHalo, a start-up specializing in the manufacture of a smart device to make cycling in the city safer and easier (smart navigation, built-in alarm, etc.).

(1) Accounting for 98.6% of the Group's workforce at the end of December 2016

(2) Local employees represented 81.2% of the Group's workforce at the end of March 2016

4.4.2 COMMITMENT TO LEARNING, INCLUSION AND ACCESS TO NEW TECHNOLOGIES

Each year Ubisoft engages with local communities by offering innovative ways of training the next generation of skilled and passionate people and by supporting causes linked to its business. These partnership initiatives – implemented in association with local schools, NGOs or government agencies – are tailored to local issues to further the development of local communities.

4.4.2.1 Offering new learning pathways

In 2016, Ubisoft upheld **its commitment to train the next generation on new technologies and gaming.** The growing interest among young graduates in the opportunities offered by the Group's subsidiaries and the development of skills sponsorship have contributed significantly to the strength and credibility of the schemes launched in recent years. Three programs stand out for their ability to offer new learning pathways for local pupils, students and graduates:

- in Canada, the CODEX program, launched in 2015 by Ubisoft Montreal, 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. Following its success, several areas of the scheme saw a significant rise in the number of participants in 2016. For example:
  - the Ubisoft University Competition, in which students have around 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, saw a record number of participants with 17 teams competing, for a total of 134 students from 11 universities in Quebec. The competition is also an opportunity to teach young women about careers in the gaming industry: 20% of the participants were female,
  - in 2016, "Kids Code Jeunesse", which teaches programming to Canadian children from the ages of 7 to 12, was attended by 1,100 children taught by 40 staff volunteers from the studio,
  - "Fusion Jeunesse", a program aimed at encouraging high-school students to design a video game with supervision from Ubisoft mentors, has seen a threefold increase in the number of partner schools and the number of participants.
  - As part of this program, Ubisoft Montreal has committed to invest more than CAD 8 million [1] over five years, including more than a thousand hours a year of mentoring by Ubisoft employees;
- in Romania, the Bucharest studio is keen to ensure that the next generation has the right skills and passion to work in the industry. Since 2015 it has offered a range of courses in collaboration with various universities, providing students and graduates with an introduction to video game development. In 2016, some courses saw an increase in the number of participants. For example:
  - "Gamecelerator" is a project in partnership with the "Junior Achievement Romania" organization. It offers high-school students who are passionate about the subject the chance to design a game, supervised by Ubisoft developers, who explain the challenges facing the gaming industry and help develop the students' technical and business skills. In 2016, more than 400 high-school students applied and 100 were selected (compared with 80 in 2015),
  - the internship program has allowed students in art, programming and design to work on AAA games and to develop real-world projects alongside their mentors. In 2016, students had the unique opportunity to develop a virtual reality game. This gave them an introduction to the technical tools used to make this type of game;
- in Germany, the "Blue Bye Goes Campus" program, designed to attract and train the brightest talent from local technical universities, was extended in 2016:
  - throughout the year it focused on local schools, with courses and lectures on campus, studio visits, talent mentoring, thesis supervision, etc.
  - Ubisoft has an even closer partnership with some universities, including the prestigious University of Cologne, with which the Blue Byte studio has set up its first R&D program based around the creation process for game content.

  In 2016, the Blue Byte studio held another "Newcomer Award", a competition in which teams of students submit prototype games in a bid to win coaching sessions with the studio. A total of 30 teams from 15 German universities took part in the competition. Five teams were chosen to be mentored by senior programmers at the studio.

Several studios have also introduced new initiatives to raise awareness and educate young people about the importance of digital and other technologies. In Sweden, the Massive studio has joined forces with the charity "Kodscentrum" to teach basic coding to vulnerable children from deprived neighborhoods. In Canada, the Halifax studio invites its staff to volunteer for the "Digital Discovery Camp", a two-week summer camp in Nova Scotia where young people are given a fun introduction to robotics, coding and game design. Similarly, the Nadeo studio in France donated licenses for the *Trackmania* and *Shootmania* games to the Salvation Army, which offers alternative forms of teaching to boys who shown little interest in learning and who have been removed from mainstream education. The games can therefore be used as a source of motivation and as a way of introducing young people to digital technology.

(1) Equivalent to €5.6 million at the end of March 2017

Ubisoft is also continuing to collaborate closely with academic institutions and research facilities on two types of initiative:

- working with schools to develop course content:
  - in Singapore, the tripartite collaboration is continuing between the DigiPen Institute of Technology Singapore, the Singapore Workforce Development Agency (WDA) and the Ubisoft studio in Singapore. Launched in 2009, it consists of a 10-month training course with three different areas of specialization (Programming, Game Design and Art),
  - in the United States, the Red Storm studio has renewed its partnership with the University of North Carolina at Chapel Hill by offering courses on the history of video games;
- participation in research work:
  - in 2016 Ubisoft Montreal launched "The Forge", a program that harnesses university research to address the technological innovation needs of the industry. As part of this program, the "Com Tox" project seeks to understand and limit the toxicity of online communities. Similarly, the "Players" project is designed to measure the frustration felt by players during the first hour of play in order to offer an unparalleled entertainment experience.

4.4.2.2 Supporting good causes linked to our business

Each year, Ubisoft is involved in charity work with local non-profit associations almost wherever its subsidiaries are based. Charity work is managed at a local level and aims at **developing bonds by promoting learning, inclusion and access to new technologies in a fun way.**

WORKING WITH LOCAL CHARITIES

Ubisoft is committed to ensuring that everyone has **access to learning, in all its forms.** In France, for example, the Montreuil site has a longstanding commitment to "Télémaque", a non-profit association that promotes equal opportunities and uses culture and extra-curricular activities as a vehicle for social inclusion. The Shanghai studio is continuing its partnership with the NGO "Children of Madaifu", which educates children from poverty-stricken Chinese provinces. Once the children reach working age, they are eligible for workplace integration schemes such as the "Shanghai Young Bakers", which Ubisoft's Shanghai office also sponsors financially.

Committed to higher standards, respect for differences and being open to others, Ubisoft is involved in various philanthropic actions to promote **inclusion and foster a sense of community:** for example, the San Francisco subsidiary sponsored the Frameline Film Festival and attended the GaymerX convention – two events that celebrate tolerance and diversity of the LGBT (lesbian, gay, bisexual and transgender) community in films and video games. In Romania, the collaboration in recent years with the "Light into Europe" association has involved Ubisoft employees in training guide dogs for the blind and visually impaired to acclimatize them to a working environment and to help their owners find work.

In a society facing growing demand for digital skills and tools, our studios also provide human and material resources to facilitate **the digitalization of communities.** Some subsidiaries, such as Nadeo and the Montreal, Sofia and Montpellier studios, donate their used IT equipment (e.g. computers, printers, etc.) to charities and schools each year. In the United Kingdom, the Future Games of London studio supports "Life lites", a charity that provides children in hospices with technology packages to enhance their stay. In 2016, more than 9,000 children in hospices were given access to technology.

USING GAMING TO HELP GOOD CAUSES

Ubisoft sometimes uses gaming to promote good causes.

For example, Ubisoft Singapore supported the development of the game "Kindly Ever After", designed by students from the local polytechnic school. The game illustrates the importance of citizenship, integrity and acts of compassion in everyday life through a variety of short challenges.

In the United Kingdom, the partnership between the Future Games of London studio and Oceana, an organization for the protection of sharks and marine life, has developed significantly: the studio has introduced monetized features into its **Hungry Shark®** game, the proceeds of which [1] are donated to the organization. It also offers the charity free advertising.

Lastly, several of our flagship brands are involved with causes true to their values and universe. During the 2016 Youth Olympic Games, the **Assassin's Creed** franchise teamed up with the Mouvement International du Parkour, which champions freedom of movement in urban spaces. Parkour is a physical discipline that uses urban features such as buildings, fences and rooftops for running, jumping and other challenges. In the United States, the **Just Dance** franchise has partnered the "Boys & Girls Clubs of America" to encourage the younger members of the association to get into dance and to promote a healthy lifestyle with regular physical exercise.

FOSTERING COMMUNITY ENGAGEMENT AMONG TEAMS

Several Ubisoft subsidiaries have introduced schemes to encourage employees to get involved in voluntary and community work. Each year, the studios Red Storm (United States), Massive (Sweden) and Blue Byte (Germany) offer their employees the chance to do community work.

(1) USD 50 thousand in 2016, equivalent to €46 thousand at the end of March 2017

Other subsidiaries facilitate involvement with the non-profit sector by putting employees in touch with charities looking for volunteers. For example, Ubisoft Toronto organizes group activities for interested volunteers, in partnership with the city's community center. Each year, Ubisoft Montreuil asks its employees to support three non-profits committed to solidarity and equal opportunities.

Lastly, some subsidiaries reward staff for the voluntary work they do in their spare time by making a financial donation to the charity concerned, in proportion to the number of hours' voluntary work done by the employee.

4.4.3 SHARING SOCIAL EVENTS WITH LOCAL COMMUNITIES

Entertainment is at the heart of Ubisoft's business. Several subsidiaries have therefore hosted or participated in a variety of local events. These are an opportunity to strengthen the bonds among teams, fans and local communities.

Several studios have sponsored "geek" festivals and exhibitions:

- for the fourth consecutive year, Ubisoft Sofia took part in "Aniventure", Bulgaria's biggest event for Japanese anime and video games. The studio organized a giant treasure hunt at the event, as well as a "cosplay" contest. Just under 160 people took part, with prizes awarded to four winners;
- in the United States, at the "Comic Con" conference in North Carolina, the Red Storm studio hosted a "drink and draw" gathering where drinks, snacks, accessories and drawing materials were on offer;
- in France, Ubisoft International helped to curate an exhibition on art in video games at the Musée des Arts Ludiques in Paris, contributing drawings, animations and digital sculptures.

Other studios have also hosted public events open to local communities:

- in India, the Pune studio invited local residents to play Just Dance on the occasion of the event Happy Streets. This annual event allows residents to take back ownership of the local area and helps to build a sense of community;
- in France, to mark Ubisoft's 30th anniversary, the Montreuil site held a barbecue in front of its main building and invited local companies, retailers, partners and neighbors.

Lastly, several studios are committed to making our industry more accessible, and to demonstrating the growing importance of digital and innovation in a relaxed environment:

- in Canada, the Toronto studio held an "Industry Night" for local companies, government agencies, start-ups and partners. At this informal event, guests were given a tour of the studio, together with a company presentation and an opportunity for networking;
- in China, the Chendgu site organized a one-off event on the theme of "gamification", which was open to the general public. During the event, designers from the studio explained how this concept could be applied to current issues and everyday life.

4.4.4 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 dialog with each stakeholder to foster a 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 dialog 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 (e.g. Just Dance Bus in Europe) or games industry events (E3, Gamescom, etc.)
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 ♦ Dialog with employee representation bodies (if applicable) ♦ Organization of Sharetimes and other teamworking initiatives
Research facilities and companies	♦ Collaborative approach, creation of and participation in R&D programs, university chairs and professional integration associations
Communities, NGOs	♦ Partnerships with local NGOs and/or non-profits
Local businesses	♦ Partnerships with local businesses (local retailers, etc.)
State, public organizations, etc.	♦ Participation in working groups and local and international organizations on the challenges facing our industry ♦ Local meetings with town councils or local government

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 Group 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 is constantly expanding its scope of action to assist subsidiaries with the purchasing process and to ensure Group-wide consistency. Communication and monitoring systems are deployed across the Group to ensure that information is properly shared and to keep track of 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.

The Group's subsidiaries increasingly choose to buy from suppliers that respect the environment, local communities and human rights. Calls for tender include clauses ensuring compliance with the fundamental conventions of the ILO and/or asking suppliers to confirm their environmental commitment (e.g. France and Germany).

Subsidiaries may adapt their approach in view of specific CSR issues. In Canada, for example, the Toronto site has drawn up a list of environmental certifications which are used as purchasing criteria (e.g. EnergyStar, BirdFriendly, Rainforest Alliance Certified, FSC, etc.). In Montreal, the search for the site's new catering firm is being conducted on the basis of social and environmental criteria. In France, since 2016 the Montreuil sites have negotiated an agreement for electricity generated solely from renewable energy.

The majority of sites continues to look for partnerships with suppliers offering the best guarantees in terms of respect for the environment and social commitment for a given 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 when it comes to helping disadvantaged people into employment. For calls for tender issued in France, the Group asks suppliers to provide any information showing how they encourage and facilitate the employment of disadvantaged people.

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 more environmentally committed: in addition to being ISO 50001 certified for its energy management system and a Sony "Green Partner", this partner also ensures that its suppliers comply with the legal requirements regarding prohibited substances.

Several sites have introduced a supplier selection policy, incorporating environmental, employee-related or ethical selection criteria into calls for tender:

- in France, the service provider in charge of cleaning the Montreuil premises was selected because it minimizes the use of chemicals;
- in Canada, the redevelopment project for the Montreal site was awarded to an agency specializing in sustainable buildings and LEED (Leadership in Energy and Environmental Design) architecture. The agency takes into account sustainable environmental criteria from project design through to completion.

4.4.5.3 Outsourcing

As part of its video game production, publishing and distribution business, Ubisoft occasionally outsources services, in particular pertaining to IT support, external/freelance development and related activities. In 2016, this accounted for 18% of the Group's external purchases and charges.

4.4.6 FAIR OPERATING PRACTICES

4.4.6.1 Preventing corruption

Ubisoft is committed to the fair treatment of its suppliers, employees and service providers. It condemns any type of fraud, wrongdoing or conflict of interest likely to taint the relationship with its various partners.

The Group continues to strengthen its formal anti-corruption procedures by building on existing arrangements.

Group procedures are rolled out to all sites:

- formal expenditure processes define 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;
- the code of ethics for purchasing managed by the Group summarizes the guidelines (fairness, impartiality, integrity, legality, loyalty, honesty) and illustrates situations that could give rise to conflicts of interest, together with Ubisoft's policy on buyers (e.g. refusing gifts from suppliers above a certain amount);
- a strict transparency policy in the purchasing department is based on systematic transaction monitoring and an ordering system involving several members of staff who sign off on the various stages of the transaction.

Additional procedures are also implemented locally:

- implementation of tendering procedures that systematically require at least three supplier tenders to be received above a certain purchasing threshold, or that require several approval levels in order to validate tenders (Quebec, Pune, Newcastle);
- insertion of anti-corruption clauses in contracts and confidentiality agreements signed by partners (Toronto, Abu Dhabi).

Following on from this, in early 2017, Ubisoft published a code of conduct for the Group. This serves as a decision-making tool for any sensitive situations in which employees may find themselves on a daily basis. It includes a section on corruption risks and provides references and key contacts to enable everyone to comply with the procedures (systematic use of open and competitive tendering, identical information guaranteed for all suppliers, limitation on the value of gifts offered by a supplier, etc.).

4.4.6.2 Consumer health and safety

Ubisoft pursues its commitment to consumer health and safety through its involvement with trade associations for the gaming industry, such as SELL [1] in France and the PédaGoJeux website or ESA [2] in the United States. An in-depth study was launched this year on sensitive issues relating to gaming (time spent, sleep, vision, sensitive content, etc.). Working with external experts, the aim is to update the guidance for players and their families. The Group's commitment is also reflected in several of its flagship games (Rainbow Six, The Division, For Honor, etc.), where codes of conduct have been published specifically for users.

The Group's code of conduct, which was issued in early 2017, outlines Ubisoft's responsibility towards its players based on three key issues:

- The protection of users' personal data:

  To protect its users' personal data, Ubisoft only collects information relevant to the gaming experience. It does not sell the data to third parties without users' consent, and only keeps the data for the necessary period of time. The Group also routinely informs users of the reasons for collecting data, the type of data collected, and how the data are used. In addition, the personal details of minors are only collected with the written consent of his or her legal representative.

- Respect for the age classification of games:

  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 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.

- The prevention of toxic behaviors in gaming communities:

  Several Ubisoft games have introduced moderator tools to tackle potential toxic behaviors in games. *Tom Clancy's Rainbow Six, Tom Clancy's The Division* and *For Honor* have introduced codes of conduct to educate players about respect for the community, cyber-bullying and cheating. Our "Consumer Relationship Centers" in Europe and North America also encourage players who witness harmful behaviors to report them immediately so that the appropriate action can be taken (warning, sanctions, etc.).

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 section 4.2.3),* compliance with the ILO conventions *(see section 4.2.5)* and the various examples of partnerships or initiatives which aim to foster the inclusion of disadvantaged persons. *(see sections 4.4.1 and 4.4.2).*

(1) SELL: Syndicat des éditeurs de logiciels de loisirs

(2) ESA: Entertainment Software Association

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 report issued in French language 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 societal information for the year ended March 31, 2017, 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.

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 guidelines used by the Company (hereinafter "the Guidelines"), 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 and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

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 Guidelines (Reasoned opinion on the fairness of CSR Information).

Our audit called upon the expertise of five individuals and took place over a total period of around three weeks between November 2016 and June 2017. We called upon the assistance of our CSR experts in performing our audit.

We performed the work described below in accordance with the Decree of May 13, 2013 defining the conditions under which the independent third party performs its engagement, and the professional standards of the Compagnie nationale des Commissaires aux comptes relating to this assignment and ISAE 3000 concerning the reasoned opinion on the fairness of the CSR Information (2).

(1) The scope of which is available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

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 section "Methodology note on employee-related, environmental and societal reporting" in 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.

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 Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account industry best practice where relevant;
- 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 the 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 of sites that we selected [2] 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 using sampling to verify the calculations and reconcile data with source documents. The selected sample covers 26% of the workforce, considered representative of the employee-related element, between 16% and 26% of the environmental data, considered representative [3] of the environmental element, and 100% of the societal data, considered representative of the societal element.

(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
Quantitative societal indicator: Percentage of local employees registered at the end of the period.

(2) Ubisoft Montreuil and Ubisoft Srl (Romania)

(3) See the list of environmental indicators in the footnote on page 3 of this report

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 judgment 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

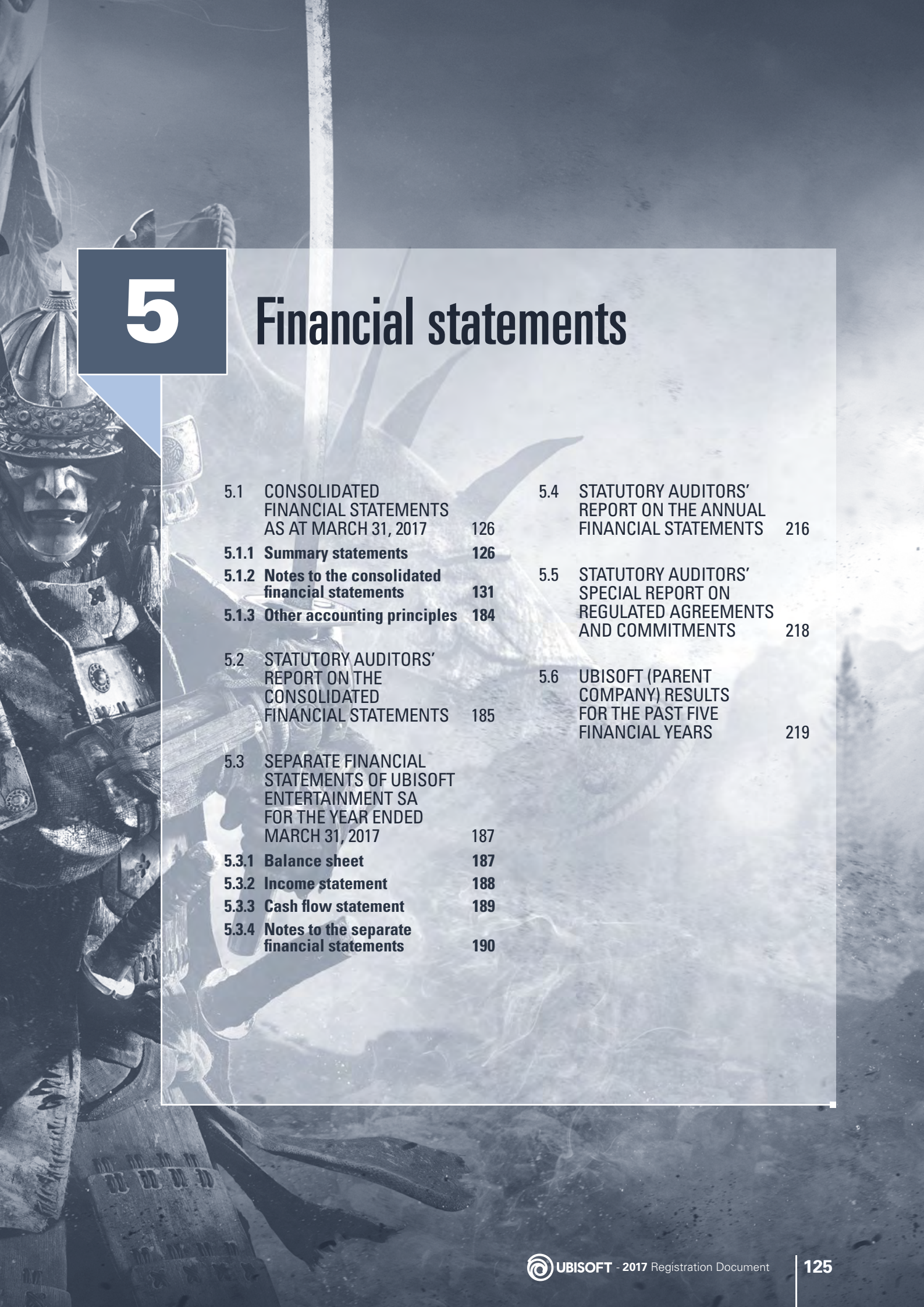
Based on this work, we did not identify any material misstatement likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Guidelines.

Paris La Défense and Rennes, June 19, 2017

KPMG SA

Anne Garans
Partner
Sustainability Services

Vincent Broyé
Partner



5 Financial statements

5.1 CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017 126

5.1.1 Summary statements 126

5.1.2 Notes to the consolidated financial statements 131

5.1.3 Other accounting principles 184

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 185

5.3 SEPARATE FINANCIAL STATEMENTS OF UBISOFT ENTERTAINMENT SA FOR THE YEAR ENDED MARCH 31, 2017 187

5.3.1 Balance sheet 187

5.3.2 Income statement 188

5.3.3 Cash flow statement 189

5.3.4 Notes to the separate financial statements 190

5.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS 216

5.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS 218

5.6 UBISOFT (PARENT COMPANY) RESULTS FOR THE PAST FIVE FINANCIAL YEARS 219

5.1 Consolidated financial statements as at march 31, 2017

5.1.1 SUMMARY STATEMENTS

Statement of financial position

ASSETS

(in € thousands)	Notes	Net 03/31/17	Net 03/31/16
Goodwill	17 to 20	180,735	106,194
Other intangible assets	23 to 24	736,465	647,602
Property, plant and equipment	25	106,375	83,946
Investments in associates	5.1.2.12	(68)	-
Non-current financial assets	36	5,478	4,339
Deferred tax assets	29	88,831	122,193
Non-current assets		**1,117,815**	**964,274**
Inventory and work in progress	10	25,359	19,374
Trade receivables	5	405,557	419,577
Other receivables	12/30	146,467	100,985
Current financial assets	37	1,131	13,780
Current tax assets		32,967	41,464
Cash and cash equivalents	35	852,699	461,375
Current assets		**1,464,180**	**1,056,555**
TOTAL ASSETS		**2,581,995**	**2,020,829**

LIABILITIES

(in € thousands)	Notes	03/31/17	03/31/16
Capital	46/47	8,752	8,710
Premiums		280,975	215,125
Consolidated reserves	49/50	736,276	701,267
Consolidated earnings		107,813	93,408
Total equity		**1,133,816**	**1,018,510**
Provisions	32	4,246	8,888
Employee benefit liabilities	14	9,079	6,618
Long-term borrowings and other financial liabilities	35	640,705	277,383
Deferred tax liabilities	29	72,773	47,648
Non-current liabilities		**726,803**	**340,537**
Short-term borrowings and other financial liabilities	35	293,403	228,218
Trade payables	11	178,283	206,246
Other liabilities	6/32	219,817	213,807
Current tax liabilities		29,872	13,511
Current liabilities		**721,376**	**661,782**
TOTAL LIABILITIES		**2,581,995**	**2,020,829**

Consolidated income statement

(in € thousands)	Notes		03/31/17	%	03/31/16	%
Sales	**4**		**1,459,874**	**100%**	**1,393,997**	**100%**
Cost of sales			(270,887)		(305,065)	
Gross profit			**1,188,987**	**81%**	**1,088,932**	**78%**
R&D costs	8		(548,735)		(509,779)	
Marketing costs	8		(316,806)		(305,735)	
Administrative and IT costs	8		(122,538)		(117,296)	
Operating profit (loss) from continuing operations			**200,908**	**14%**	**156,122**	**11%**
Current operating income before stock-based compensation		237,744			169,040	
Stock-based compensation	15	(36,836)			(12,918)	
Operating profit (loss) from continuing operations		**200,908**			**156,122**	
Other non-current operating income and expenses	9		(25,094)		(19,334)	
Operating profit (loss)			**175,814**	**12%**	**136,788**	**10%**
Interest on borrowings			*(12,081)*		*(8,429)*	
Income from cash			*1,265*		*989*	
Net borrowing cost			(10,816)		(7,440)	
Result from foreign-exchange operations			(2,288)		(5,168)	
Other financial expenses			(5,449)		(3,666)	
Other financial income			2 ,348		2,548	
Net financial income	**34**		**(16,205)**	**0%**	**(13,726)**	**-1%**
Share of profit of associates	5.1.2.12		(338)			
Total income tax	27		(51,457)	-4%	(29,654)	-2%
INCOME FORTHE PERIOD [1]			**107,813**	**7%**	**93,408**	**7%**
Earnings per share	**51**					
Basic earnings per share *(in €)*			0.98		0.86	
Diluted earnings per share *(in €)*			0.92		0.82	

(1) The profit (loss) for the period is entirely attributable to equity holders

Statement of comprehensive income

(in € thousands)	03/31/17	03/31/16
Net income for the period	**107,813**	**93,408**
Items reclassified subsequently under profit or loss	**5,018**	**(11,688)**
Foreign exchange gains and losses on foreign operations	12,005	(26,127)
Effective part of the change in fair value of cash flow hedges [1]	(10,656)	22,663
Tax on other comprehensive income reclassified subsequently under profit or loss [1]	3,669	(8,225)
Items not reclassified subsequently under profit or loss	**(832)**	**-**
Actuarial gains and losses on post-employment obligations	(1,013)	(39)
Tax on other comprehensive income	176	5
Other income not subject to tax	5	34
Total other comprehensive income	**4,186**	**(11,688)**
COMPREHENSIVE INCOME FORTHE PERIOD [2]	**111,998**	**81,720**

(1) See details in Note 38.
(2) The profit (loss) for the period is entirely attributable to equity holders.

Consolidated table of change in equity

(in € thousands)	Capital	Premiums	Consolidated reserves	Hedging reserve	Own shares	Foreign exchange gains and losses	Profit (loss) for the period	Total equity
POSITION AT 03/31/15	**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**
Net income							107,813	107,813
Other comprehensive income			(832)	(6,987)		12,005		4,186
Profit (loss)			**(832)**	**(6,987)**		**12,005**	**107,813**	**111,998**
Allocation of consolidated profit (loss) in N(1)			93,407				(93,407)	-
Change in the share capital of the parent company	42	(10,617)	(53,697)					(64,272)
Options on ordinary shares issued		36,836						36,836
OCEANE equity component		39,631	(12,854)					26,777
Sales and purchases of own shares					3,967			3,967
POSITION AT 03/31/17	**8,752**	**280,975**	**729,527**	**132**	**6,027**	**590**	**107,813**	**1,133,816**

Cash flow statement

(in € thousands)	Notes	03/31/17	03/31/16
Cash flows from operating activities			
Consolidated profit (loss)		107,813	93,408
Share of profit of associates		338	-
Net amortization and depreciation on property, plant and equipment and intangible assets	17/21	474,635	462,800
Net provisions	5/10/32/19	(2,563)	449
Cost of stock-based compensation	15	36,836	12,918
Gains/losses on disposals		408	104
Other income and expenses calculated	38	(10,655)	24,335
Income tax expense	28	51,457	29,654
Cash flows from operating activities		**658,269**	**623,668**
Inventory	10	(5,381)	(11)
Customers	5	31,934	(402,877)
Other assets (excluding deferred tax assets)	30/37	17,240	(27,359)
Trade payables [2]	11/26	(45,082)	116,466
Other liabilities (excluding deferred tax liabilities)	32	32,994	35,917
Deferred income and prepaid expenses	6/12	(8,124)	22,489
Change in WCR linked to operating activities		**23,582**	**(255,375)**
Current income tax expense		(36,140)	(27,586)
Total cash flow generated by operating activities [1]		**645,711**	**340,707**
Cash flows from investing activities			
Payments for internal and external developments [2]	24	(496,588)	(489,464)
Payments for other intangible assets	24	(10,482)	(7,570)
Payments for property, plant and equipment	25	(52,432)	(34,929)
Proceeds from the disposal of intangible assets and property, plant and equipment		603	67
Payments for the acquisition of financial assets	36	(44,373)	(34,391)
Refund of loans and other financial assets	36	43,322	34,115
Changes in scope [3]		(105,642)	358
Cash generated by investing activities		**(665,594)**	**(531,814)**
Cash flow from financing activities			
New finance leases contracted	35	1,416	-
New borrowings	35	669,165	234,540
Accrued interest	35	(18)	14
Refund of finance leases	35	(898)	(891)
Refund of borrowings	35	(214,663)	(230,216)
Funds received from shareholders in capital increases		9,465	21,924
Sales/purchases of own shares		(67,844)	(77,272)
Associated current accounts		-	258
Cash generated by financing activities		**396,623**	**(51,643)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**376,742**	**(242,750)**
Cash and cash equivalents at the beginning of the period		255,688	505,215
Foreign exchange, losses/gains		(114)	(6,777)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [3]		**632,314**	**255,688**
(1) including interest paid		*(7,862)*	*(8,414)*
(2) including changes linked to guaranteed, unpaid commitments		*4,978*	*1,478*
(3) including cash in companies acquired and disposed of		*26,422*	*371*

The change in net cash breaks down as follows:

	03/31/17	03/31/16
Cash and cash equivalents	852,699	461,375
Bank overdrafts	(220,385)	(205,687)
CASH AND CASH EQUIVALENTS ON THE CASH FLOW STATEMENT	**632,314**	**255,688**

The main changes are covered in section 2.5.4 of the annual report.

5.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Note 1 Description of the business 132
Note 2 Main Changes in scope 134
Note 3 Scope of consolidation 135
Note 4 Sales 135
Note 5 Trade receivables 136
Note 6 Deferred income 137
Note 7 Segment reporting 137
Note 8 Operating expenses by destination 139
Note 9 Other non-current operating expenses 140
Note 10 Inventory 141
Note 11 Trade payables 141
Note 12 Prepaid expenses 142
Note 13 Personnel costs 142
Note 14 Employee benefits 143
Note 15 Compensation in shares and equivalents 144
Note 16 Compensation of corporate officers (related party transaction) 149
Note 17 Goodwill impairment 150
Note 18 Goodwill 150
Note 19 Key assumptions used to calculate recoverable values 151
Note 20 Sensitivity of recoverable amounts 152
Note 21 Depreciation and amortization 153
Note 22 Impairment of non-current assets 155
Note 23 Brands 156
Note 24 Other intangible assets 157
Note 25 Property, plant and equipment 158
Note 26 Amounts due to suppliers of non-current assets 160
Note 27 Analysis of tax expenses/savings 160
Note 28 Reconciliation between the theoretical income tax liability and the recognized income tax liability 161
Note 29 Deferred tax 162
Note 30 Other receivables 165
Note 31 Transfers of financial assets 166
Note 32 Other liabilities 167
Note 33 Related party transactions 169
Note 34 Gains and losses relating to financial assets and liabilities 169
Note 35 Net financial debt 170
Note 36 Financial assets 171
Note 37 Cash flow hedging and other derivative instruments 173
Note 38 Equity impacts of the hedge accounting 174
Note 39 Interest-rate risk 174
Note 40 Liquidity risk 174
Note 41 Covenants 175
Note 42 Foreign exchange risk 175
Note 43 Credit and counterparty risk 176
Note 44 Securities risk 177
Note 45 Fair value hierarchy of financial assets and liabilities 178
Note 46 Capital 178
Note 47 Number of Ubisoft Entertainment SA shares 179
Note 48 Dividends 179
Note 49 Own shares 179
Note 50 Translation reserve 179
Note 51 Earnings per share 180
Note 52 Off-balance sheet commitments related to Company financing 181
Note 53 Off-balance sheet commitments towards Company employees 181
Note 54 Leases 182
Note 55 Other commitments 182

The notes and tables that follow are presented in thousands of euros, unless expressly stated otherwise.

5.1.2.1 Description of the business and the basis of preparation for the financial statements

NOTE 1 DESCRIPTION OF THE BUSINESS

Financial year highlights

- **May 2016: Signature of a finance lease agreement**

On May 12, 2016, Ubisoft Entertainment SA signed a finance lease agreement for the acquisition of real estate assets, for a total of €4,022 thousand with repayments starting at the end of the refurbishment work.

- **August 2016: "MMO" Employee stock ownership plan**

The Board of Directors decided to carry out a share disposal reserved for members of the Group savings scheme in France and abroad, as well as members of the Group savings scheme for the United States, in accordance with the provisions of article L. 3332-24 of the French Labor Code. Beneficiaries were offered the option of acquiring company shares with a 15% discount as part of a leverage formula. They benefited from an additional contribution equal to 100% of their personal contribution, capped at €1,000 per holder. After a five-year period, or before the end of this period in the event of early release, each beneficiary is also guaranteed to receive their initial investment in euros (comprising his/her personal contribution increased by the additional contribution) as well as a multiple of the possible average protected increase in the share price.

On August 30, 2016, Ubisoft Entertainment SA delivered 2,101,563 shares at the price of €30.86 to the investment fund Amundi Ubi Share Ownership 2016, as well as 293,570 shares to American employees.

- **September 2016: Bond issue with an option to convert into new and/or exchangeable shares**

On September 27, 2016, based on the 15th resolution of the Combined General Meeting of September 23, 2015, Ubisoft Entertainment SA issued bonds with an option to convert into new shares and/or exchange for existing shares (OCEANE) to institutional investors for an amount of €400 million with maturity in 2021. The unit par value of the bonds is €54.74 with an issue premium of 60%. The OCEANE are not interest-bearing and will be repaid at par.

- **September 2016: Signature of a contract for the acquisition of own shares**

The transaction concerns the buyback by Ubisoft of all of the 3,625,178 Ubisoft shares held by Bpifrance, i.e. 3.2% of the share capital for an amount of €122.5 million. The transaction was completed in October 2016.

- **October 2016: Signature of a contract for the acquisition of real estate assets**

The real estate assets, land and buildings, were acquired for an amount of 135 MSEK (€14 million) by the company Ubisoft Fastigheter Sweden AB.

Company presenting the consolidated financial statements

Ubisoft Entertainment is domiciled in France at 107, avenue Henri-Fréville, 35207 Rennes.

The consolidated financial statements of Ubisoft Entertainment for the year ended March 31, 2017 cover Ubisoft Entertainment SA and the entities it controls or over which it exerts significant influence (collectively referred to as "the Group").

The financial statements were approved by the Board of Directors, which authorized their publication on May 16, 2017. They will be presented for approval at the General Meeting.

5.1.2.2 Basis of preparation for the financial statements of March 31, 2017

The consolidated financial statements for the financial year ended March 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2017, as adopted by the European Union.

Over the periods presented, the standards and interpretations adopted by the European Union are similar to the compulsory application standards and interpretations published by the IASB, with the exception of IAS 39 and the texts currently being adopted, for which Ubisoft does not anticipate application to have a significant impact. Consequently, the Group's financial statements are prepared in accordance with IFRS standards and interpretations, as published by the IASB.

The principles retained for the preparation of the financial statements at March 31, 2017 are the result of the application:

- of all the standards approved by the European Commission and published in its official journal prior to March 31, 2017 and which have been mandatory since April 1, 2016;
- recognition and measurement options available under IFRS:

Standard		Option used
IAS 2	Inventory	Measurement of inventories according to the weighted average unit cost
IAS 16	Property, plant and equipment	Measurement at historical amortized cost
IAS 36	Intangible assets	Measurement at historical amortized cost

5.1.2.3 Texts with mandatory application after April 1, 2016 and not applied early

Ubisoft has not opted for early application of the new standards, amendments or interpretations published at March 31, 2017 (adopted or being adopted by the European Union).

The main texts that could have an impact on future consolidated financial statements are:

Standards (date of application)	Standards (date of application by the Group)	Consequences for the Group
IFRS 15 (January 1, 2018)	Revenue from contracts with customers (applicable to financial years beginning on or after April 1, 2018)	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.
IFRS 9 January 1, 2018)	Financial instruments (applicable to financial years beginning on or after April 1, 2018)	IFRS 9 outlines a single method for determining whether a financial asset must be measured at amortized cost or at fair value, a single, forward-looking impairment model based on expected loss and a new approach to hedge accounting.
IFRS 16 January 1, 2019)	Leases (applicable to financial years beginning on or after April 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".

IFRS 15 standard will be retrospectively applied starting April 1, 2018 and treated:

- by applying the method of cumulative catch-up, under which the cumulative impact relative to the new standard at the beginning of the first year of application (April 1, 2018) is booked in equity, without restatement of the comparative presented period;
- either retreating the comparative presented period.

We are studying the option of transition which will be retained as well as the impacts of the application of this standard on our financial statements and notes.

The estimated impact of the new standard will be on the accounting of video games revenue having important online functionalities. The online component will have to be identified as a separate and spread obligation on the expected length of service at the release date of the games.

5.1.2.4 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 principles 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.

The General Management uses its judgment to define the accounting treatment of certain transactions.

Relevant Note		Key sources of estimation
Note 2	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.
Notes 19-20-23	Impairment losses	Main assumptions used to determine the recoverable value of assets with indefinite useful lives
Note 21	Depreciation on commercial software	Future sales projections used to calculate expected cash flows.
Note 14	Employee benefits	Discount rate, inflation, return on plan assets and wage growth.
Note 15	Payments in shares	Model and underlying assumptions used to determine fair values.
Note 32	Provisions	Underlying assumptions made to appraise and estimate risks.
Note 4	Sales	The assumptions used for provisions and returns made on retail sales are based on expected inventory sell-off over the 6 to 12 months after closing and any reductions in the unit selling price granted by the Company.
Note 29	Corporation tax	Assumptions used to recognize deferred tax assets and methods of applying tax legislation.

The accounting principles outlined below were applied:

- on a permanent basis to all periods presented in the consolidated financial statements;
- consistently by all Group entities.

5.1.2.5 Main Changes in scope and consolidation scope

NOTE 2 MAIN CHANGES IN SCOPE

Acquisition

- **October 2016: Acquisition of the company Ketchapp SAS**

On October 3, 2016, Ubisoft acquired the company, Ketchapp SAS, which joined its international studio network. Ubisoft became the fourth-largest mobile games publisher by number of downloads.

(Source: AppAnnie. From September 2015 to August 2016, excluding Chinese Android data).

Ketchapp publishes free-to-play games for mobiles and tablets, including several which were met with immediate success (such as 2048, ZigZag, Stack, Stick Hero, Twist, Ballz and Jelly Jump).

(in € thousands)	At the acquisition date
Net assets and liabilities acquired	25,703
Goodwill resulting from the acquisition	66,624
Fair value of the consideration transferred	92,327
Cash acquired	26,422

Goodwill amounted to €66.6 million, and mainly represented the human capital that could not be identified separately.

The calculation of the goodwill is provisional as at March 31, 2017, with the estimate of the acquisition price and its allocation still being analyzed at the closing date, particularly with regard to the estimate of future results in the calculation of the possible counterparty, the group committed to pay an additional price based on the achievement of objectives of cumulative operating results.

- **February 2017: Acquisition of the mobile game Growtopia**

Ubisoft Entertainment SA acquired the mobile game Growtopia, social and multiplayer game, available on mobile, Tablet and PC. This acquisition was considered a business combination.

(in € thousands)	At the acquisition date
Goodwill resulting from the acquisition	27,900
Fair value of the consideration transferred	27,900

As the acquired assets could not be recognized in the statement of financial position, all amounts paid were recognized in goodwill.

The calculation of the goodwill is provisional as at March 31, 2017, with the estimate of the acquisition price and its allocation still being analyzed at the closing date, particularly with regard to the estimate of future results in the calculation of the possible counterparty the group committed to pay an additional price based on the achievement of objectives of cumulative operating results.

Opening of subsidiaries

- **August 2016:** Shanghai UNO Network Technology Co. Ltd, held at 20% by Shanghai Ubi Computer Software Co. Ltd responsible for project management of the Just Dance brand in China
- **September 2016:** Ubisoft DOO Belgrad, production studio
- **September 2016:** Ubisoft Entertainment Philippines, production studio
- **October 2016:** Ubisoft Fastigheter AB, real estate asset owner company in Sweden

Mergers of subsidiaries

- **March 2017:** Merger of Ketchapp SAS with Ubisoft Mobile Games SARL

The merger has no impact on the consolidated financial statements.

NOTE 3 SCOPE OF CONSOLIDATION

As at March 31, 2017, 67 entities were consolidated (63 entities as at March 31, 2016).

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 of control	Percentage of interest	Consolidation method	Business
Ubisoft Entertainment SA	France	Parent company	Parent company	FC	
Ubisoft Ltd	United Kingdom	100%	100%		Distribution
Ubisoft Inc.	United States	100%	100%		Distribution
Ubisoft GmbH	Germany	100%	100%		Distribution
Ubisoft Srl	Romania	100%	100%		Production
Ubisoft Entertainment Inc.	Canada	100%	100%		Production/ distribution
Ubisoft France SAS	France	100%	100%		Distribution
Shanghai Ubi Computer Software Co. Ltd	China	100%	100%		Production
Ubisoft EMEA SAS	France	100%	100%		Distribution
Ubisoft Production Internationale SAS	France	100%	100%		Production
Ubisoft Toronto Inc.	Canada	100%	100%		Production
Ubisoft Montpellier SAS	France	100%	100%		Production
Ubisoft Paris SAS	France	100%	100%		Production
Ubisoft Entertainment Sweden AB	Sweden	100%	100%		Production
Blue Byte GmbH	Germany	100%	100%		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.

The Group's organization chart is presented in section 2.3 of the annual report.

As at March 31, 2017, all companies of the Group are fully consolidated with the exception of Shanghai UNO Network Technology Co.Ltd using equity method.

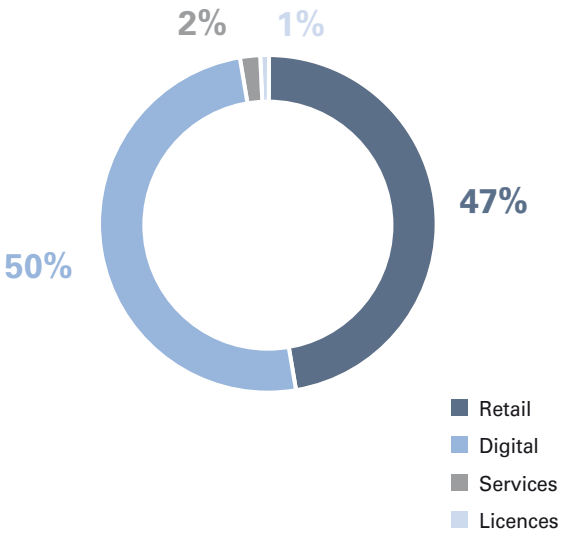
5.1.2.6 Sales

NOTE 4 SALES

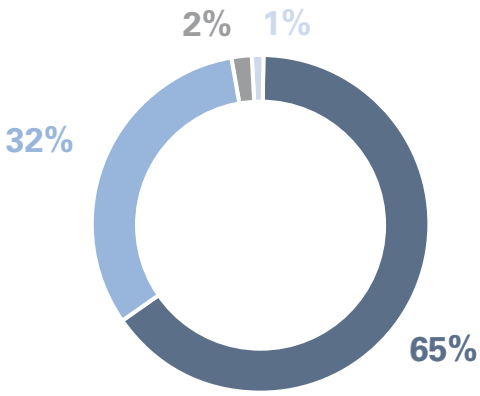
Sales	03/31/17	03/31/16	Change	Change current rates	Change constant rates
Retail	687,611	904,665	(217,054)	-24%	-23.4%
Digital	729,265	446,747	282,519	63.2%	62.8%
Services	25,158	23,464	1,692	7.2%	7.2%
Licenses	17,840	19,121	(1,281)	-6.7%	-6.8%
TOTAL	**1,459,874**	**1,393,997**	**65,877**	**4.7%**	**4.9%**

At current exchange rates, sales increased by 4.7% between 2017 and 2016 and by 4.9% at constant exchange rates.

BREAKDOWN OF SALES 03/31/17



BREAKDOWN OF SALES 03/31/16



ACCOUNTING PRINCIPLE

Retail games sales

Revenue from the sale of boxed video games is recognized at the date of product delivery to the distributors, less a provision for returns and the impact of estimated price guarantees and rebates, if applicable.

For boxed games sold in retail but also including digital content (season pass, DLC, etc.), part of this content is isolated and reclassified in digital sales. The allocation is made on the basis of the individual sale of each element included in the offer.

Digital sales

These correspond to the sale of games or additional content through 100% digital media (content for download: downloadable video games, DLC, etc.). Revenue from digital sales is recognized at the date the downloadable content is made available.

If applicable, deferred income is recognized to defer the recognition of sales revenue where the content sold has not been made available to customers at the closing date.

NOTE 5 TRADE RECEIVABLES

Trade and other receivables	Gross Opening balance	Movement	Reclassifications	Changes in scope	Foreign exchange gains and losses	Gross Closing balance
Trade receivables	420,097	(31,934)	(73)	1,609	16,891	406,590
TOTAL AT 03/31/17	**420,097**	**(31,934)**	**(73)**	**1,609**	**16,891**	**406,590**
TOTAL AT 03/31/16	**25,296**	**402,877**	**(59)**	**(23)**	**(7,994)**	**420,097**

Provisions	Opening balance	Provisions	Reversals	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Trade receivables	520	1,662	(1,066)	(73)	-	(10)	1,033
TOTAL AT 03/31/17	**520**	**1,662**	**(1,066)**	**(73)**	**-**	**(10)**	**1,033**
TOTAL AT 03/31/16	**1,392**	**327**	**(1,117)**	**(59)**	**-**	**(23)**	**520**

All trade receivables are due in less than one year.

The analysis of credit risk appears in Note 43.

A provision for bad debts is recognized following an individual analysis of trade receivables due at the statement of financial position date.

ACCOUNTING PRINCIPLE

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.

NOTE 6 DEFERRED INCOME

	03/31/16	Change	Foreign exchange	03/31/17
Deferred income	41,992	(2,738)	1,437	40,691
TOTAL	**41,992**	**(2,738)**	**1,437**	**40,691**

Deferred income mainly comprises €33,800 thousand in deferred income on revenue from digital sales compared to €34,363 thousand the previous year. Revenue from digital sales is recognized at the date the downloadable content is made available.

NOTE 7 SEGMENT REPORTING

In accordance with IFRS 8, the Group produces segment reports.

The operating segments reported correspond to the publication/production activities and to 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).

Operating profit (loss) by sector

	03/31/17				3/31/16			
	Publishing/ Production	Distribution EMEA Distribution Zone	North America Distribution Zone	GROUP	Publishing/ Production	Distribution EMEA Distribution Zone	Distribution North Americas Distribution Zone	GROUP
Sales	**95,015**	**683,825**	**681,034**	**1,459,874**	**64,352**	**671,503**	**658,142**	**1,393,997**
Cost of sales	(3,571)	(147,579)	(119,737)	(270,887)	(2,382)	(160,659)	(142,024)	(305,065)
Gross profit	**91,444**	**536,246**	**561,297**	**1,188,987**	**61,970**	**510,844**	**516,118**	**1,088,932**
R&D costs	(518,305)	(3,283)	(135)	(521,723)	(499,008)	(1,167)	(161)	(500,336)
Marketing costs	(42,845)	(128,278)	(141,992)	(313,115)	(22,432)	(132,085)	(149,929)	(304,446)
Administrative and IT costs	(62,548)	(28,370)	(25,487)	(116,405)	(61,307)	(27,355)	(26,448)	(115,110)
Cross-sectoral [1]	731,518	(359,665)	(371,853)	-	656,615	(334,361)	(322,254)	-
Current operating income before stock-based compensation	**199,264**	**16,650**	**21,830**	**237,744**	**135,838**	**15,876**	**17,326**	**169,040**
Stock-based compensation [2]	(36,836)	-	-	(36,836)	(12,918)	-	-	(12,918)
OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS	**162,428**	**16,650**	**21,830**	**200,908**	**122,920**	**15,876**	**17,326**	**156,122**

(1) 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, and royalties paid to third-party developers, etc.)

(2) 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.

Assets by segment

	03/31/17				03/31/16			
	Publishing/ Production	EMEA Distribution	North America Distribution Zone	TOTAL	Publishing/ Production	EMEA Distribution	North America Distribution Zone	TOTAL
Goodwill	161,186	19,548	-	180,735	77,694	28,500	-	106,194
Other intangible assets and property, plant and equipment	816,651	7,182	19,007	842,840	704,020	7,713	19,815	731,548
Non-current financial assets	4,490	564	356	5,410	3,651	579	109	4,339
Deferred tax assets	70,640	9,093	9,099	88,830	104,177	9,281	8,734	122,193
Non-current assets	**1,052,967**	**36,387**	**28,461**	**1,117,815**	**889,542**	**46,073**	**28,659**	**964,274**
Current assets	136,282	181,067	260,033	577,383	110,677	193,049	236,211	539,937
Current financial assets	1,131	-	-	1,131	13,780	-	-	13,780
Current tax assets	31,844	1,099	23	32,967	40,401	1,020	43	41,464
Cash and cash equivalents	684,647	165,161	2,890	852,699	328,233	130,547	2,595	461,375
Current assets	**853,905**	**347,328**	**262,947**	**1,464,180**	**493,091**	**324,615**	**238,849**	**1,056,555**
TOTAL ASSETS	**1,906,872**	**383,715**	**291,408**	**2,581,995**	**1,382,633**	**370,688**	**267,507**	**2,020,829**

The significant assets of the group are carried by the parent company Ubisoft Entertainment SA and detailed in the notes to the financial statements presented in this financial report. There are no significant assets on the balance sheet of other entities of the group.

As the Group's segment liabilities are not subject to regular presentations to the Management, they are not included in the segment information.

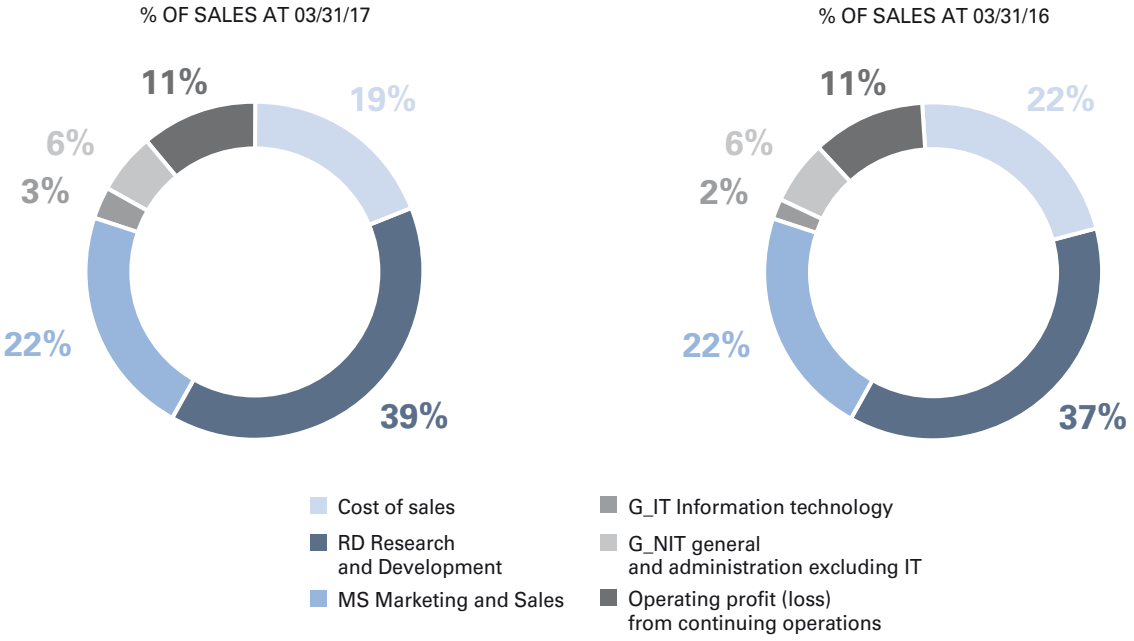
5.1.2.7 Purchases and other expenses

NOTE 8 OPERATING EXPENSES BY DESTINATION

R&D costs increased by €39 million in to reach €548.7 million (37.6% of sales), compared with €509.8 million for the 2015/16 financial year (36.6%).

SG&A costs increased by €16.3 million to €439.3 million (30.1% of sales), compared with €423 million (30.3%) the previous year:

- variable marketing expenses stood at €218.5 million (15.0% of sales), stable compared with €217.3 million (15.6%) for 2015/16;
- overheads totaled €220.8 million (15.1% of sales) compared with €205.7 million (14.8%) in 2015/16.



Details of provisions and reversals of provisions and depreciation and amortization by destination

Net provisions	03/31/17 Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Depreciation, amortization and impairment of non-current assets	449,540	184	433,118	2,390	13,846
Provisions for trade receivables	689	-	-	689	-
Provisions for risks and charges	186	-	232	(46)	-
Provisions for post-employment liabilities	1,419	-	809	380	231
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/17	**451,834**	**184**	**434,159**	**3,413**	**14,077**
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/16	**444,268**	**457**	**427,971**	**1,503**	**14,337**

ACCOUNTING PRINCIPLE

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.) less public grants received or to be received, operating costs, incidental costs and other significant research and development costs:

- royalties;
- depreciation and amortization 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.

NOTE 9 OTHER NON-CURRENT OPERATING EXPENSES

	03/31/17	03/31/16
Goodwill	20,466	19,103
Brands	4,628	231
TOTAL	**25,094**	**19,334**

Other non-current operating expenses include impairment of goodwill and brands recognized further to impairment test or when the market value has become lower than the book value.

As those expenses are non-recurring and relevant, they are presented as non-current expenses.

NOTE 10 INVENTORY

Inventory and work in progress	Opening balance	Change in inventory (result)	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Goods	24,759	5,381	-	-	1,062	31,202
TOTAL AT 03/31/17	**24,759**	**5,381**	**-**	**-**	**1,062**	**31,202**
TOTAL AT 03/31/16	**25,883**	**11**	**(6)**	**-**	**(1,129)**	**24,759**

Provisions	Opening balance	Provisions/ Reversals	Changes in scope	Foreign exchange gains and losses	Closing balance
Goods	5,385	262	-	196	5,843
TOTAL AT 03/31/17	**5,385**	**262**	**-**	**196**	**5,843**
TOTAL AT 03/31/16	**7,458**	**(1,818)**	**-**	**(255)**	**5,385**

ACCOUNTING PRINCIPLE

Inventory is valued using the weighted average cost method.

The net 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 (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.

NOTE 11 TRADE PAYABLES

Trade payables	As at 03/31/16 Gross	Cash flows from operating activities (result)	Reclassifications	Changes in scope	Foreign exchange gains and losses	As at 03/31/17 Gross
Suppliers	205,140	(39,908)	-	7,724	4,418	177,374
TOTAL AT 03/31/17	**205,140**	**(39,908)**	**-**	**7,724**	**4,418**	**177,374**
TOTAL AT 03/31/16	**93,609**	**118,145**	**-**	**(2,115)**	**(4,500)**	**205,139**

Trade payables includes commitments made under license agreements including the portion not yet paid.

At March 31, 2017, these outstanding commitments stood at €22,588 thousand compared with €17,611 thousand the previous year.

As these debts are short-term and do not bear interest, the interest-rate risk is not significant.

ACCOUNTING PRINCIPLE

Trade payables are recorded at amortized cost. Trade payables of less than one year are not discounted.

NOTE 12 PREPAID EXPENSES

	03/31/16	Change	Foreign exchange	Reclassifications	03/31/17
Prepaid expenses	20,790	5,386	78	37	26,291
TOTAL	**20,790**	**5,386**	**78**	**37**	**26,291**

These are mainly expenses committed for a trade show after the year-end (€5.3 million), IT maintenance and miscellaneous general expenses.

5.1.2.8 Employee benefits

NOTE 13 PERSONNEL COSTS

Permanent staff broke down as follows at March 31, 2017:

	03/31/17	03/31/16
Americas	4,627	4,052
EMEA/Pacific	7,280	6,615
TOTAL	**11,907**	**10,667**

The average headcount in 2016/2017 was 11,280.

	03/31/17	03/31/16
Salaries	544,776	503,279
Payroll taxes	133,803	118,927
Wage subsidies	(111,539)	(98,071)
Stock-based compensation [1]	36,836	12,918
TOTAL	**603,876**	**537,053**

(1) See details in Note 15

The Group had total expenses of €20,268 thousand on its defined contribution plans.

Grants and tax credits presented as a reduction in personnel costs are as follows:

Country	Type	03/31/17	03/31/16
Canada	Multimedia credit	63,477	52,318
	Research tax credit (1)	9,014	9,749
	Other (1)	12,207	12,926
France	Research tax credit	2,788	2,395
	Video game tax credit	8,396	7,275
	Audiovisual tax credit	1,181	710
	CICE	2,270	1,896
	Other	862	456
Singapore	Economic Development Board tax credit	5,227	4,991
United Kingdom	Video game tax credit	3,718	1,495
	Other	101	227
Abu Dhabi	Grants	1,573	2,686
Other		725	947
TOTAL		**111,539**	**98,071**

(1) The payment of certain grants and tax credits is contingent upon the generation of taxable income

NOTE 14 EMPLOYEE BENEFITS

Provisions for post-employment benefits

	Opening balance	Provisions	Change in other comprehensive income	Reversals	Foreign exchange gains and losses	Changes in scope	Closing balance
Provisions for post-employment benefits	6,618	1,445	1,013	(26)	29	-	9,079
TOTAL AT 03/31/17	**6,618**	**1,445**	**1,013**	**(26)**	**29**	**-**	**9,079**
TOTAL AT 03/31/16	**5,430**	**1,251**	**39**	**(84)**	**(24)**	**6**	**6,618**

Assumptions

	Japan		Italy		France		India	
	03/31/17	03/31/16	03/31/17	03/31/16	03/31/17	03/31/16	03/31/17	03/31/16
Wage growth	2.09%	2.87%	3% and 5.6%	3% and 4.9%	1.50 to 2%	1.50 to 2%	7%	10%
Discount rate	1.18%	1.78%	1.18%	1.78%	1.18%	1.78%	7.35%	7.90%
Average remaining working life	15.05 years	17.01 years	30.69 years and 38.76 years	22.85 and 30.89 years	31.17 years	31.35 years	33.17 years	33.17 years

Death rate assumptions are based on published statistics and tables.

The definition of and principles for the measurement and recognition of these benefit liabilities are presented below.

An increase of 50 basis points in the discount rate would result in a fall of 9.8% in the amount of the benefit liability.

A decrease of 50 basis points in the discount rate would result in a rise of 11.1% in the amount of the benefit liability.

ACCOUNTING PRINCIPLE

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.

In France, Italy and Japan, 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).

In India, the discount rate is based on the current yield rate for the Indian government's bond market at the closing date.

NOTE 15 COMPENSATION IN SHARES AND EQUIVALENTS

Impact on the financial statements:

EQUITY AT 03/31/16	**112,344**
Personnel costs	**36,836**
Stock options	*3,531*
Free share grants	*22,743*
MMO	*10,562*
EQUITY AT 03/31/17	**149,180**

The impact of these stock-based compensation payments on reserves corresponds to all equity instruments issued by Ubisoft as at March 31, 2017 (see section 5.1.1 Statement of changes in equity).

Stock options

The fair value of share subscription or purchase options, subject to satisfaction of presence and performance requirements for corporate officers and members of Executive Committee 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

	24th plan		25th plan		26th plan		27th plan
Total number of shares granted	3,256,413 (1)		936,970		798,125		100,000
Start of exercise period	04/27/12		10/19/13		10/29/14		Mai 2018
Expiry date of options	04/26/16		10/18/17		10/28/18		03/16/19
Strike price of options	€6.77	€6.77	€6.37	€6.65	€9.54	€8.83	€11.92
	France	World	France	World	France	World	
Maturity *(in years)*	5		5		5		5
Volatility	30%		30%		30%		30%
Risk-free interest rate	2.72%		0.35%		0.75%		0.50%
Estimated dividend rate	0%		0%		0%		0%
Annual turnover rate	5%		5%		5%		0%
Fair value of options after stock split *(€/share)*	€1.85	€1.31	€1.79	€1.28	€1.98	€1.69	€2.90
	France	World	France	World	France	World	
Options at April 1, 2016	369,889		550,231		640,386		85,000
Options granted during the period	-		-		-		-
Options exercised during the period	369,888		366,300		272,828		-
Options cancelled during the period	1		9,875		9,750		-
Options outstanding at March 31, 2017	-		174,056		357,808		85,000

(1) Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012

	28th plan	29th plan	30th plan	31st plan	32nd plan	33rd plan		34th plan		Total
Total number of shares granted	665,740	62,200	328,100	37,500	758,810	29,344		220,700		
Start of exercise period	09/24/15	12/16/15	09/23/16	May 2019	06/23/17 (1)	12/14/17 (1)		03/30/18		
Expiry date of options	09/23/19	12/15/19	09/22/20	12/15/20	06/22/21	12/13/21		03/29/22		
Strike price of options	€12.92	€14.22	€17.94	€26.85	€33.02	€31.95		€37 €	€39.03	
								France	Canada	
Maturity *(in years)*	5	5	5	5	5	5		5		
Volatility	42%	42%	42%	42%	42%	35%		35%		
Risk-free interest rate	0.50%	0.15%	0.13%	0.13%	0%	0%		0%		
Estimated dividend rate	0%	0%	0%	0%	0%	0%		0%		
Annual turnover rate	5%	5%	5%	5%	5%	0%		5%		
Fair value of options *(€/share)*	€4.29	€4.62	€4.35	€8.73	€8.55	€8.72	€6.74	€12.10	€8.75	
					-	Corporate officers	Employees			
Options at April 1, 2016	565,915	60,700	325,100	37,500	-	-		-		2,634,721
Options granted during the period	-	-	-	-	758,810	29,344		220,700		1,008,854
Options exercised during the period	120,195	1,500	26,936	-	-	-		-		1,157,647
Options cancelled during the period	22,305	-	19,825	-	36,750	-		-		98,506
Options outstanding at March 31, 2017	423,415	59,200	278,339	37,500	722,060	29,344		220,700		2,387,422

(1) May 2020 for Executive Committee Members (Plan 32) and corporate officers (Plan 33)

The average price of options exercised during the period was €8.18.

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, 2016 [2]	113,318
Purchase options granted during the period	-
Purchase options exercised during the period	113,318
Purchase options cancelled during the period	-
Purchase options outstanding at March 31, 2017	-

(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 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.

	03/31/13	
Grant date	10/19/12	02/08/13
Maturity – vesting period *(in years)*	4 years	4 years
Fair value of the instrument in € *(per share)*	€6.76	€7.6
Percentage of operating targets reached	100%	100%
Number of instruments as at April 1, 2016	363,040	291,000
Number of instruments granted during the period	-	-
Number of instruments cancelled during the period	15,250	4,000
Number of instruments exercised during the period	347,790	287,000
Number of instruments as at March 31, 2017	-	-

	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, 2016	143,700	210,803	40,000	610,778	10,000	261,200
Number of instruments granted during the period	-	-	-	-	-	-
Number of instruments cancelled during the period	10,000	8,330	-	41,870	-	3,200
Number of instruments exercised during the period	-	-	-	-	-	-
Number of instruments as at March 31, 2017	133,700	202,473	40,000	568,908	10,000	258,000

	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, 2016	520,068	10,710	382,200	232,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	31,740	-	16,380	15,000	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2017	488,328	10,710	365,820	217,600	72,270

	03/31/16				
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, 2016	950,944	141,180	183,833	45,000	179,100
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	46,330	-	12,600	-	6,600
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2017	904,614	141,180	171,233	45,000	172,500

	03/31/17					Total
Grant date	04/19/16	06/23/16	06/23/16	12/14/16	12/14/16	
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years	
Fair value of the instrument in € *(per share)*	€27.29	€33.55	€20.10	€32	€17.63	
Percentage of operating targets reached	100%	100%	100%	100%	100%	
Number of instruments as at April 1, 2016	-	-	-	-	-	4,648,426
Number of instruments granted during the period	384,300	962,410	205,140	10,300	11,820	1,573,970
Number of instruments cancelled during the period	61,200	29,750	-	-	-	302,250
Number of instruments exercised during the period	-	-	-	-	-	634,790
Number of instruments as at March 31, 2017	323,100	932,660	205,140	10,300	11,820	5,285,356

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	
Grant date	07/21/15	04/02/15
Subscription price *(in €)*	12.18	14.22
Data at date of announcement to employees:		
Share price *(in €)*	16.41	17.46
Number of shares subscribed	134,116	179,300
Fair value of the benefit in € per share	**4.23**	**3.24**

Group savings scheme – Massive Multishare Ownership

In August 2016, Ubisoft implemented an employee stock ownership plan for the benefit of a certain number of its employees (see note 1).

The financial product associated with this plan comprises a guaranteed capital portfolio, with a share in any rise in the Ubisoft share price over a 5-year period.

This plan was notably financed by Ubisoft via a 15% discount on the shares allocated to the operation.

The assumptions used to value the guaranteed capital component and optional component are based on the estimated volatility of the security concerned, a risk-free discount rate, the estimated dividend rate and the anticipated exit rate.

The compensation is recognized in income on the plan subscription date.

	03/31/17
Grant date	08/30/16
Reference price	€36.30
Subscription price	€30.86
Discount	15%
Number of shares	2,395,133
Subscription amounts:	
♦ Employees	4,189 K€
♦ Additional contribution	3,203 K€
Expense for the financial year	10,562 K€

ACCOUNTING PRINCIPLE

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 is recognized as personnel expenses in return:

- for consolidated reserves, when they are settled by transfer of shares to the beneficiaries, valued at the fair value of the instrument assessed at the date of grant;
- for a liability when they are settled in cash, with this liability 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 option 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 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 savings scheme:** 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:** compensation is recognized in income over the vesting period of the rights, allowing for the vesting terms.
- **Free share grants settled in cash:** compensation is recognized in income 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:** compensation is recognized in income 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.

NOTE 16 COMPENSATION OF CORPORATE OFFICERS (RELATED PARTY TRANSACTION)

Compensation of corporate executive 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 of the CEO, since April 1, 2014, includes a short-term variable compensation element based on financial (including EBIT) and non-financial criteria. With regard to the past financial year, the Nomination and Compensation Committee retained the principle of an annual variable compensation, the principal of extraordinary compensation, as implemented during the financial year ended March 31, 2015, having not be retained for the years ended March 31, 2016 and 2017.

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 of corporate executive officers during the year by companies controlled by the Company within the meaning of IAS 24.16 was €1,855 thousand for the 2016-2017 financial year.

Corporate executive officers are not eligible for any severance or non-compete indemnity, nor a supplementary pension scheme in accordance with their function in the Company.

	03/31/17	03/31/16
Short-term benefits (1)	2,055	1,310
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)	466	182
TOTAL	**2,521**	**1,492**

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 stock-based compensation calculated in accordance with IFRS 2

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 September 29, 2016 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €600 thousand.

During the 2016/2017 financial year, members of the Board of Directors received €475 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.

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.

5.1.2.9 Goodwill

NOTE 17 GOODWILL IMPAIRMENT

Goodwill impairment recorded in the financial statements as at March 31, 2017 can be broken down as follows:

CGU	03/31/17	03/31/16
Publishing/Production	**935**	**-**
Distribution	**9,815**	**1,462**
Distribution rights France	2,362	1,462
Distribution rights Germany	5,789	-
Distribution rights Canada	1,664	-
Production/Distribution	**9,716**	**10,498**
Owlient	8,000	7,000
Other	1,716	3,498
TOTAL	**20,466**	**11,960**

As at March 31, 2017, impairment was recognized due to the insufficient outlook on financial flows.

NOTE 18 GOODWILL

	03/31/17			03/31/16
CGU	Gross value	Cumulative impairment losses	Net amount	Net amount
Publishing/Production	**58,539**	**-**	**58,539**	**58,196**
Distribution	**10,103**	**3,824**	**6,279**	**16,056**
Distribution rights France	10,103	3,824	6,279	8,641
Distribution rights Germany	-	-	-	5,789
Distribution rights Canada	-	-	-	1,626
Production/Distribution	**130,917**	**15,000**	**115,917**	**31,942**
Ketchapp	66,624	-	66,624	-
Growtopia	27,827	-	27,827	-
Owlient	26,559	15,000	11,559	19,559
Future Games of London	9,907	-	9,907	11,708
Other	-	-	-	1,676
TOTAL	**199,559**	**18,824**	**180,735**	**106,194**

The change in goodwill as at March 31, 2017 is allocated as follows:

	03/31/17	03/31/16
Gross value at the start of the period	**118,154**	**129,906**
Acquisitions	94,524	-
Foreign exchange gains and losses	654	(2,935)
Derecognitions	(13,774)	(8,817)
Gross value at the end of the period	**199,559**	**118,154**
Cumulative losses at the start of the period	**11,960**	**-**
Impairment losses	20,466	20,777
Foreign exchange gains and losses	172	-
Derecognitions	(13,774)	(8,817)
Cumulative losses at the end of the period	**18,824**	**11,960**
Net goodwill	**180,735**	**106,194**

Information relating to entries into the scope is detailed in Note 2.

NOTE 19 KEY ASSUMPTIONS USED TO CALCULATE RECOVERABLE VALUES

MARCH 31, 2017

	Publishing/ Production	Distribution	*Distribution rights France*	*Other*	Production/ Distribution	*Owlient*	*Future Games of London*	*Other*
Basis used for recoverable value	Value-in-use							
Source used	Internal plan							
Methodology	Discounted cash flows							
Discount rate	9%							
Perpetuity growth rate	1.50%		0.50%	0.50%		0%	1.50%	1.50%

MARCH 31, 2016

	Publishing/ Production	Distribution	*Distribution rights France*	*Other*	Production/ Distribution	*Owlient*	*Future Games of London*	*Other*
Basis used for recoverable value	Value-in-use							
Source used	Internal plan							
Methodology	Discounted cash flows							
Discount rate	8.14%							
Perpetuity growth rate	1.50%		1%	1%		1%	1.50%	[1% to 1.5%]

NOTE 20 SENSITIVITY OF RECOVERABLE AMOUNTS

On the basis of foreseeable events to date, the Group considers that potential changes in the key assumptions described in the accounting principles hereafter would not lead to a surplus in the carrying amount compared with the recoverable value.

The table below shows the discount rate and EBIT growth rate required for an impairment to be recognized for material CGUs not impaired at March 31, 2017, excluding acquisitions during the financial year:

	Publishing/Production	Production/distribution
Data (in € millions)		Future Games of London
Estimated recoverable value of the tested CGU	1,135.3	55.1
Carrying amount of the tested CGU	248.0	14.7
Change in cash flows leading to an impairment	-81%	-74%
Discount rate leading to an impairment	31.80%	29.70%
Perpetuity growth rate leading to an impairment	Not sensitive	Not sensitive

ACCOUNTING PRINCIPLE

Goodwill 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 groups of assets:

- for goodwill of sales and ***marketing subsidiaries:*** the CGU is the geographical area in which the sales and marketing subsidiary operates;
- for goodwill of ***production subsidiaries:*** the CGU corresponds to all production activity (internal studios) and publishing activity (parent company) assets, with 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, of 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 9% at March 31, 2017 (against 8.14% at March 31, 2016).

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.

5.1.2.10 Non-current assets

NOTE 21 DEPRECIATION AND AMORTIZATION

	3/31/17				
	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Amortization of intangible assets	**422,875**	**-**	**414,823**	**45**	**8,007**
Released commercial software	325,891	-	325,891	-	-
Commercial software in production	41,048	-	41,048	-	-
External developments	19,694	-	19,694	-	-
Office software	10,403	-	2,380	45	7,978
Brands	4,628	-	4,628	-	-
Movies being marketed	20,296	-	20,296	-	-
Movies in production	886	-	886	-	-
Other	29	-	-	-	29
Amortization and depreciation of property, plant and equipment	**31,293**	**184**	**22,925**	**2,345**	**5,839**
Buildings	745	-	261	-	484
Fixtures and fittings	6,635	105	4,564	443	1,523
Computer hardware and furniture	20,256	79	14,511	1,844	3,822
Development kits	3,581	-	3,581	-	-
Transport equipment	76	-	8	58	10
TOTAL DEPRECIATION AND AMORTIZATION 03/31/17	**454,168**	**184**	**437,748**	**2,390**	**13,846**
TOTAL DEPRECIATION AND AMORTIZATION 03/31/16	**441,989**	**457**	**426,839**	**2,102**	**12,591**

ACCOUNTING PRINCIPLE

Depreciation, amortization and value impairment of other intangible assets (excluding brands)

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.

Depreciation, amortization and value impairment for brands

Given Ubisoft's brand development policy, all 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 9% (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 terminal value resulting from the perpetuity growth rate of the normative cash flow from royalties.

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 the royalty expenses due to third-party publishers.	
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 the brands is defined using the royalty method to forecast revenue associated with the brand tested (taking a terminal value into account). Impairment is recognized when this value is below the net accounting value.
Film	According to the "net income acquired during the financial year/total net income discounted using a rate based on a valuation of the average cost of equity. The Group considers that the use of this amortization method, based on the income from these activities according to the estimated income method, is justified as there is a strong correlation between the products and consumption of the economic benefits associated with the works in question.	In the event that the total net investment amount resulting from the application of this method exceeds the forecast net income, an additional impairment is recognized for the asset concerned.
Engines and tools	3 years, straight-line	No impairment test in the absence of any indication of impairment.
Information system developments	3 to 5 years, straight-line	
Office software	1 to 3 years, straight-line	No impairment test in the absence of any indication of impairment.

Depreciation, amortization and value impairment of property, plant and equipment

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	Duration *(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 IAS 16, the Group is led to periodically revise its durations of depreciation based on the observed useful life.

Pursuant to amendments to IAS 16 and 38 on amortization methods applicable as at January 1, 2016, the useful lives presented above are not subject to modification. Given the expected obsolescence of the non-current assets, the durations indicated reasonably reflect the life of the non-current assets.

No impairment test is performed in the absence of any indication of impairment.

NOTE 22 IMPAIRMENT OF NON-CURRENT ASSETS

Depreciation and amortization of intangible assets	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	700,243	325,891	(408,963)	29,468	-	5	646,644
Released external software developments	64,354	19,694	(21,404)	6,017	-	-	68,661
Commercial software in production	29,992	41,048	-	(29,468)	-	-	41,572
External software developments in progress	6,017	-	-	(6,017)	-	-	-
Office software	45,785	10,403	(5,059)	-	4	822	51,955
Brands	1,538	4,628	(2,532)	-	-	840	4,474
Movies being marketed	13,922	20,296	(1,530)	35	-	-	32,723
Movies in production	-	886	-	-	-	-	886
Other	414	29	(277)	-	-	4	170
TOTAL AT 03/31/17	**862,265**	**422,875**	**(439,765)**	**35**	**4**	**1,671**	**847,085**
TOTAL AT 03/31/16	**842,292**	**412,594**	**(373,825)**	**(17)**	**(17,436)**	**(1,343)**	**862,265**

No intangible assets are used to secure any borrowings.

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Buildings	766	250	-	-	-	22	1,038
Leased buildings	963	495	-	-	-	-	1,458
Fixtures and fittings	24,752	6,635	(997)	419	-	523	31,332
Computer hardware and furniture	85,684	20,257	(14,383)	(261)	-	1,693	92,990
Development kits	18,213	3,581	(10,972)	-	-	275	11,097
Transport equipment	177	76	(36)	-	-	-	217
TOTAL AT 03/31/17	**130,555**	**31,294**	**(26,388)**	**158**	**-**	**2,513**	**138,132**
TOTAL AT 03/31/16	**113,928**	**29,395**	**(7,843)**	**(356)**	**678**	**(5,247)**	**130,555**

NOTE 23 BRANDS

	03/31/17			03/31/16
Net values of brands	Gross value	Cumulative impairment losses	Net amount	Net amount
Driver	16,837	(4,474)	12,363	15,810
Tom Clancy	39,456	-	39,456	42,645
Other	16,226	-	16,226	17,682
TOTAL	**72,519**	**(4,474)**	**68,045**	**76,137**

Key assumptions used to calculate recoverable values

	Tom Clancy	Other	Driver
Basis used for recoverable value	Value-in-use		Market value
Source used	Internal plan		External assessment
Methodology	Royalty method		Royalty method
Discount rate	9%		7.81%
Perpetuity growth rate	1.5%		

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 key assumptions would not lead to a surplus in the carrying amount compared with the recoverable value.

The recoverable value of brands is seven times their net carrying amount.

NOTE 24 OTHER INTANGIBLE ASSETS

	03/31/17			At 03/31/16
Other intangible assets	Gross	Depreciation and amortization	Net	Net
Released commercial software	809,380	(646,644)	162,736	113,472
Released external software developments	75,860	(68,661)	7,199	8,292
Commercial software in production	466,317	(41,572)	424,745	367,326
External software developments in progress	29,815	-	29,815	22,960
Office software	71,284	(51,955)	19,329	18,232
Other intangible assets in progress	3,369	-	3,369	5,121
Brands	72,519	(4,474)	68,045	76,137
Movies being marketed	46,181	(32,723)	13,458	2,000
Movies in production	8,630	(886)	7,744	34,009
Other	195	(170)	25	53
TOTAL	**1,583,550**	**(847,085)**	**736,465**	**647,602**

Change in other intangible assets	Opening balance	Increase	Decrease	Reclassification of software in production	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	813,715	14,817	(409,144)	386,076	-	3,863	53	809,380
Released external software developments	72,646	6,200	(21,405)	18,419	-	-	-	75,860
Commercial software in production	397,318	454,439	181	(386,076)	454	-	-	466,316
External software developments in progress	28,977	19,257	-	(18,419)	-	-	-	29,815
Office software	64,017	5,112	(5,103)	-	6,263	7	988	71,284
Other intangible assets in progress	5,121	5,361	(363)	-	(6,750)	-	-	3,369
Brands	77,675	-	(3,032)	-	-	-	(2,124)	72,519
Movies being marketed	15,922	2,449	(1,538)	-	29,348	-	-	46,181
Movies in production	34,009	4,404	9	-	(29,768)	-	(24)	8,630
Other	467	8	(285)	-	-	-	5	195
TOTAL AT 03/31/17	**1,509,867**	**512,047**	**(440,680)**	**-**	**(453)**	**3,870**	**(1,102)**	**1,583,550**
TOTAL AT 03/31/16	**1,414,517**	**498,512**	**(373,941)**	**-**	**(17)**	**(17,674)**	**(11,530)**	**1,509,867**

The increase in commercial software in production of €454,439 thousand and in released commercial software of €14,817 thousand can be explained by the capitalized production costs of €475,285 thousand, and foreign exchange losses of €(6,030) thousand.

Reclassifications between accounts result mainly from the transfer of intangible assets in progress.

ACCOUNTING PRINCIPLE

Other intangible assets include:

- commercial software developments;
- external software developments;
- engines and tools;
- information system developments;
- office software;
- brands;
- films.

Recognition of 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.

Recognition of other intangible assets (excluding brands)

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", projects are only recognized as non-current assets if they meet the following criteria:

- the technical feasibility required for completion of the intangible asset leading to its commissioning or sale;
- the intention to complete the intangible asset and commission or sell it;
- its ability to commission or sell the intangible asset;
- the probability that the intangible asset will generate future economic benefits;
- the availability of suitable technical, financial and other resources to complete the development and commissioning or sale of the intangible asset;
- the ability to reliably measure the expenses attributable to the intangible asset during its development.

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 "commercial software and external software development in production" as development progresses. Once they are released, these costs are transferred to the "released commercial 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.

NOTE 25 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	At 03/31/17 Gross	Cumulative depreciation and amortization	At 03/31/17 Net	At 03/31/16 Net
Land	3,743	-	3,743	71
Leased land	2,639	-	2,639	1,639
Buildings	12,994	(1,038)	11,956	1,678
Leased buildings	10,356	(1,458)	8,898	8,934
Fixtures and fittings	67,915	(31,332)	36,583	30,483
Computer hardware and furniture	129,455	(92,990)	36,465	32,086
Development kits	16,130	(11,097)	5,033	6,665
Transport equipment	343	(217)	126	134
Non-current assets in progress	932	-	932	2,256
TOTAL	**244,507**	**(138,132)**	**106,375**	**83,946**

Change in property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Changes in scope	Foreign exchange gains and losses	Closing balance
Land	71	3,677	-	-	-	(5)	3,743
Leased land	1,639	1,000	-	-	-	-	2,639
Buildings	2,444	10,799	-	-	-	(249)	12,994
Leased buildings	9,897	459	-	-	-	-	10,356
Fixtures and fittings	55,235	7,916	(1,035)	4,731	-	1,068	67,915
Computer hardware and furniture	117,770	23,502	(14,524)	499	5	2,203	129,455
Development kits	24,878	1,824	(10,872)	-	-	300	16,130
Transport equipment	311	83	(53)	-	-	2	343
Non-current assets in progress	2,256	3,169	-	(4,555)	-	62	932
TOTAL AT 03/31/17	**214,501**	**52,429**	**(26,484)**	**675**	**5**	**3,381**	**244,507**
TOTAL AT 03/31/16	**194,911**	**34,928**	**(7,888)**	**(315)**	**834**	**(7,969)**	**214,501**

ACCOUNTING PRINCIPLE

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.

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.

Property

Ubisoft owns land and buildings:

- in Canada, 111 Chemin de la gare, Piedmont, Québec, premises occupied by the subsidiary Hybride Technologies Inc.
- in France, 8, rue de Valmy in Montreuil-sous-Bois (1st floor of the building);
- in Sweden, Ängelholmsgatan 1, 214 22 Malmö.

No property, plant or equipment is used to secure any borrowings.

As at March 31, 2017, no impairment test was performed because there was no indicator of impairment of property, plant and equipment.

NOTE 26 AMOUNTS DUE TO SUPPLIERS OF NON-CURRENT ASSETS

Amounts due to suppliers of non-current assets	As at 03/31/16 Gross	Cash flows from operating activities (result)	Reclassifications	Changes in scope	Foreign exchange gains and losses	As at 03/31/17 Gross
Suppliers of non-current assets	1,107	(196)	-	-	(3)	908
TOTAL AT 03/31/17	**1,107**	**(196)**	**-**	**-**	**(3)**	**908**
TOTAL AT 03/31/16	**1,310**	**(202)**	**-**	**-**	**(1)**	**1,107**

5.1.2.11 Income tax

NOTE 27 ANALYSIS OF TAX EXPENSES/SAVINGS

	03/31/17	03/31/16
Current tax	(36,140)	(27,586)
Deferred tax	(15,317)	(2,068)
TOTAL	**(51,457)**	**(29,654)**

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, 2017, the tax group's loss carryforwards totaled €604,363 thousand, including €639,604 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, 2017, the tax group generated a current income tax expense of €4,713 thousand;
- in the UK, the tax group includes four companies: Ubisoft Ltd, Ubisoft Reflections Ltd, Future Games of London Ltd and Ubisoft CRC Ltd. As at March 31, 2017, the tax group had generated a current income tax expense of €10,882 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% for deferred tax with an expected use before March 31, 2020 and 28% for deferred tax used after this date).

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.

NOTE 28 RECONCILIATION BETWEEN THE THEORETICAL INCOME TAX LIABILITY AND THE RECOGNIZED INCOME TAX LIABILITY

	03/31/17
Profit (loss) for the period	107,813
Total income tax	(51,457)
Consolidated income, excluding tax, profit from associates and income from discontinued activities	159,270
Theoretical tax (34.43%)	**54,842**
Payments of tax deferred from previous years:	
Impact of changes in the rate on the tax basis	*12,187*
Other	*(385)*
Impact of permanent differences between net income and consolidated earnings:	
Cancellation of provisions for impairment	*4,806*
Cancellation of studio margin	*(4,603)*
Additional payment IFRS 2	*11,059*
Other permanent differences	*2,310*
Impact of permanent differences between net income and taxable income:	732
Taxation of foreign companies at different tax rates	(23,071)
Other adjustments	
Adjustments on the previous financial year	*91*
Impact of tax consolidation	*(47)*
Tax credits	*(6,913)*
Other	*449*
TOTAL INCOME TAX	**51,457**
ACTUAL TAX RATE	**32.30%**

NOTE 29 DEFERRED TAX

Breakdown by nature of tax on the statement of financial position and income statement

	03/31/16	Change in income	Change in other comprehensive income	Change in equity	Foreign exchange, losses/ gains	Other reclassifications	03/31/17
Intangible assets							
Elimination of margin on intangible assets (1)	*10,467*	*7,064*	-	-	-	-	*17,531*
Capitalized losses and tax credits							
Losses	*22,147*	*(20,591)*	-	-	*7*	-	*1,563*
Investment tax credit	*54,326*	*464*	-	-	*1,026*	*(33,102)*	*22,714*
Hedging derivatives	899	(564)	-	-	-	-	335
Other							
Temporary tax differences (2)	*31,809*	*11,430*	-	-	*1,747*	*(644)*	*44,342*
Other consolidation adjustments	*2,545*	*(375)*	*176*	-	-	-	*2,346*
TOTAL DEFERRED TAX ASSETS	**122,193**	**(2,572)**	**176**	**-**	**2,780**	**(33,746)**	**88,831**
Intangible assets							
Brands	*(1,735)*	*1,284*	-	-	*(178)*	*(3,498)*	*(4,127)*
Tax credits	(32,942)	4,477	-	-	(1,056)	-	(29,522)
Hedging derivatives	(4,767)	709	3,669	-	-	-	(389)
Other financial instruments	(142)	3,361	-	(14,780)	-	-	(11,561)
Accelerated depreciation and amortization	-	(24,072)	-	-	-	-	(24,072)
Other	(8,062)	1,497	-	-	(35)	3,498	(3,102)
TOTAL DEFERRED TAX LIABILITIES	**(47,648)**	**(12,745)**	**3,669**	**(14,780)**	**(1,269)**	**-**	**(72,773)**
TOTAL NET DEFERRED TAXES	**74,545**	**(15,317)**	**3,845**	**(14,780)**	**1,511**	**(33,746)**	**16,058**

(1) Corresponds to the elimination of the internal margin invoiced by the production studios to the parent company on capitalized commercial software developments

(2) The main differences relate to:

- *provisions for credit notes by sales and marketing subsidiaries in respect of price protection: €9.2;*
- *R&D expenses by production studios: €17 million;*
- *deferral of rent-free periods: €3.7 million;*
- *provisions for personnel expenses (bonus, paid leave): €3.3 million;*
- *difference in book and tax amortization of non-current assets: €7.7 million;*
- *inventory impairment: €1.1 million*

Breakdown by expiry of net deferred taxes

	Deferred tax assets		Deferred tax liabilities	
(in € thousands)	Short term	Long term	Short term	Long term
Net accelerated amortization Tax Group France [1]	-	-	(99,167)	74,466
Losses of other subsidiaries	1,563	-	-	-
Elimination of margin on intangible assets	11,688	5,843	-	-
Investment tax credit	10,866	11,848	(22,282)	(7,240)
Provision for post-employment liabilities	-	2,346	-	-
Temporary differences and other consolidation adjustments	40,972	3,705	(418)	(13,606)
Brands	-	-	-	(4,127)
Other	-	-	(249)	(150)
TOTAL	**65,089**	**23,742**	**(122,116)**	**49,343**

(1) Deferred tax on losses has been reclassified under accelerated depreciation

Deferred tax assets

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 five to six years, a period that 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, 2017. The agreement on transfer pricing policies for FY03 to FY13 signed in October 2016 between the French and Canadian administrations has no impact on the Group's estimate for the recovery period for tax assets.

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 developer salaries with a margin that includes their overheads.

The use of tax losses capitalized as at March 31, 2017 is not limited in time.

Taxes on capitalized/non-capitalized losses

	03/31/17			03/31/16		
(in € thousands)	Capitalized losses	Non-capitalized losses	Total	Capitalized losses	Non-capitalized losses	Total
Tax Group France [1]	-	-	-	20,378	-	20,378
Other subsidiaries France	1,405	1,265	2,670	1,425	1,265	2,690
Hybride Technologies Inc.	-	-	-	198	-	198
Other	158	60	218	146	175	321
TOTAL	**1,563**	**1,325**	**2,888**	**22,147**	**1,440**	**23,587**

(1) Deferred tax on accelerated depreciation has been reclassified under loss carryforwards

Investment tax credits

	03/31/17	03/31/16
Capitalized investment tax credit	22,714	54,326
TOTAL	**22,714**	**54,326**

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 (five to eight years).

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.

The multimedia 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.

The investment tax credits are taxable during the year following their 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, 2017, the provision recognized for commercial software was €122.4 million and €0.5 million for external software. In accordance with IAS 12, the cancellation of the accelerated tax depreciation generates a deferred tax liability, which is then reclassified under loss carryforwards.

ACCOUNTING PRINCIPLE

Income tax (income or expense) includes the current tax expense (or income) and deferred tax expense (or 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.

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.

5.1.2.12 Investments in associates

In view of the Articles of Association for the partnership, Shanghai Ubi Computer Software Co.Ltd does not exercise exclusive control but has joint control with the other investors.

Shanghai UNO Network Technology Co. Ltd is a limited liability company that grants rights and obligations on the net assets to investors, and for which liability is limited to the amount of their investment.

The partnership is equivalent to a joint venture and is accounted for under the equity method.

Company	Main activities	Main co-shareholder	Share of capital
Shanghai UNO Network Technology Co., Ltd	Project management for the Just Dance brand in China	The Workshop Netease Shanghai Ubi Computer Software Co.Ltd	60% 20% 20%

	03/31/16	Share of income	Foreign exchange	Changes in scope	03/31/17
Shanghai UNO Network Technology Co., Ltd	-	(338)	(2)	272	(68)
TOTAL	**-**	**(338)**	**(2)**	**272**	**(68)**

The investment in Shanghai UNO Network Technology Co.Ltd does not have a significant impact on the Group's financial statements.

ACCOUNTING PRINCIPLE

In accordance with IFRS 10, "Two or more investors collectively control an investee when they must act together to direct the relevant activities. In such cases, because no investor can direct the activities without the co-operation of the others, no investor individually controls the investee. Each investor would account for its interest in the investee in accordance with the relevant IFRSs, such as IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures or IFRS 9 Financial Instruments."

Associates are entities over which Ubisoft Entertainment SA exercises significant influence on the financial and operational policies but no control. The carrying amount of securities in an entity accounted for under the equity method corresponds to the acquisition cost of the investment increased by the share of the net income for the period.

An impairment test is carried out at least once a year and when there are objective indications of impairment losses.

Impairment is recognized if the recoverable value comes to be less than the carrying amount, with the recoverable value being the higher of fair value minus cost of sale (net fair value) and value-in-use. This is recognized under profit or loss for entities accounted for under the equity method. Impairment may be reversed if the recoverable value once again exceeds the carrying amount.

5.1.2.13 Other assets and liabilities

NOTE 30 OTHER RECEIVABLES

	03/31/16					03/31/17
Other receivables	Net	Change	Foreign exchange	Reclassifications	Changes in scope	Net
Advances and prepayments received	1,889	(34)	5	(37)	-	1,823
VAT	47,235	1,739	(558)	-	934	49,350
Grants receivable	28,736	720	1,210	33,745	-	64,411 (2)
Other tax and employee-related receivables	1,936	78	81	-	-	2,095
Other	399	2,112	3	(29)	12	2,497
Prepaid expenses (1)	20,790	5,386	78	37	-	26,291
TOTAL	**100,985**	**10,001**	**819**	**33,716**	**946**	**146,467**

(1) See details in Note 12

(2) Including €56 million in grants receivable in Canada

Ubisoft Entertainment Inc. did not dispose of receivables in respect of the CTMM grant in the second half of the financial year ended March 31, 2017 (see Note 31).

All other receivables are due in less than one year.

None were subject to impairment.

ACCOUNTING PRINCIPLE

Other receivables (excluding grants)

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.

Grants receivable

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 or post-launch expenses corresponding to the development of the benefiting commercial software.

Any claims on the public body that awarded the grant are classified as "loans and receivables" as per IAS 39.

NOTE 31 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets not derecognized in their entirety

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 (income tax credit for the production of multi-media titles).

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.

Data 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	€23.5M
Carrying amount of assets still recognized	€3.5M
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.

Data 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 assets/liabilities representing continuing involvement	N/A	N/A
Carrying amount of assets/liabilities representing continuing involvement	N/A	N/A
Fair value of assets/liabilities representing continuing 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	€31.3M	€13.8M
Maturity of assets representing continuing involvement	N/A	N/A

There is also a factoring program in the United States, which was not used during the financial year.

NOTE 32 OTHER LIABILITIES

Other liabilities

	03/31/16	Change	Foreign exchange	Changes in scope	03/31/17
Advances and prepayments received	194	(85)	6	-	113
Employee-related liabilities	99,819	12,048	1,550	-	113,417
Other tax liabilities	47,677	(3,868)	(747)	82	43,144
Other liabilities	24,125	(1,558)	(116)	-	22,451
Deferred income [1]	41,992	(2,738)	1,437	-	40,691
TOTAL	**213,807**	**3,799**	**2,130**	**82**	**219,817**

(1) See Note 6

Other liabilities mainly include:

- €1.9 million earn out provisioned for the acquisition of Related Designs Software GmbH with an expiry date over one year;
- €6.6 million of liabilities towards the sellers of Growtopia in respect of the retention of part of the acquisition price;
- incentive rental income (payments received by the tenant from the lessor or periods of free rent to perform leasehold improvements) and rental debt at Ubisoft Entertainment Inc. for €11.8 million.

ACCOUNTING PRINCIPLE

Other payables are recorded at amortized cost.

Cash flows linked to short-term recoverable amounts are not discounted.

Provisions

Provisions	Opening balance	Provisions	Reversals (Provision used)	Reversals (Provision unused)	Changes in scope	Foreign exchange gains and losses	Closing balance
Provision for tax risk	4,956	-	-	(5,073)	-	117	-
Provision for other financial risks	2,346	476	(199)	-	-	81	2,704
Other provisions for risks	1,586	-	-	(46)	-	2	1,542
TOTAL AT 03/31/17	**8,888**	**476**	**(199)**	**(5,119)**	**-**	**200**	**4,246**
TOTAL AT 03/31/16	**7,497**	**2,230**	**(328)**	**-**	**-**	**(511)**	**8,888**

The Canadian company Ubisoft Entertainment Inc. was subject to a tax audit relative to transfer pricing policies for the fiscal years FY03 to FY13.

In October 2016, an agreement was signed between the French and Canadian administrations putting end to litigation whithout double taxation (no interest or penalty) for the Group. The tax risk provision of €5 million was reversed as no longer relevant.

The provision for other financial risks of €2.7 million at Ubisoft Entertainment Inc. relates to the risk on the Canadian Multimedia Titles Credit (CTMM).

Other provisions for risks relate to commercial disputes in progress.

ACCOUNTING PRINCIPLE

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 counterparty) 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.

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 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 VAT and income tax. The Company partially contests the proposal and has recognized a provision of €16 thousand in the financial statements;
- Ubisoft Entertainment SA 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 VAT and income tax. The Company fully contests the proposal 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 GmbH and Blue Byte GmbH; the audit began in March 2017 and relates to income tax and the transfer pricing policy.

These tax audits are unrelated to each other. Furthermore, it is not possible to predict when the inspections are due to end.

NOTE 33 RELATED PARTY TRANSACTIONS

The services provided by the parent company to related parties are conducted according to normal market conditions.

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 transactions invoiced by related parties are conducted according to normal competition conditions.

No transactions exist with the corporate officers, with the exception of their compensation for their duties as Chief Executive Officer and Executive Vice Presidents (see Note 16 Compensation of the corporate officers).

Ubisoft Entertainment SA has not bought own shares from related parties.

There are no other significant transactions with related parties.

5.1.2.14 Assets, liabilities and net financial income

NOTE 34 GAINS AND LOSSES RELATING TO FINANCIAL ASSETS AND LIABILITIES

	03/31/17	03/31/16
Income from cash	1,265	989
Interest on borrowings	(12,081)	(8,429)
Net borrowing cost	**(10,816)**	**(7,440)**
Foreign exchange gains	63,325	93,407
Foreign exchange losses	(65,613)	(98,575)
Result from foreign-exchange operations	**(2,288)**	**(5,168)**
Other financial income [1]	2,348	2,548
Financial income	**2,348**	**2,548**
Other financial expenses [1]	(5,449)	(3,666)
Financial expenses	**(5,449)**	**(3,666)**
TOTAL	**(16,205)**	**(13,726)**

(1) Other financial expenses include an expense of €5 million related to an earn-out revaluation after the business combination's evaluation period and other financial income includes income of €2 million related to an earn-out revaluation after the business combination's evaluation period

ACCOUNTING PRINCIPLE

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.

NOTE 35 NET FINANCIAL DEBT

Net Financial debt is one of the indicators used by the Group. This aggregate, which is not defined by IFRS guidelines, may not be comparable with similar indicators in other companies. This is additional information that should be considered as a substitute for the analysis of the Group's assets and liabilities.

	03/31/17			03/31/16		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank borrowings	3,746	211,014	214,760	4,090	207,730	211,820
Bond issuance	1,324	420,695	422,019	-	61,100	61,100
Borrowings resulting from the restatement of finance-leases	976	8,996	9,972	900	8,553	9,453
Commercial papers	66,000	-	66,000	15,000	-	15,000
Bank overdrafts and short-term loans	219,900	-	219,900	205,207	-	205,207
Accrued interest	485	-	485	480	-	480
Foreign exchange derivatives [1]	972	-	972	2,541	-	2,541
Total borrowings (A)	**293,403**	**640,705**	**934,109**	**228,218**	**277,383**	**505,601**
Cash and bank balances	840,940	-	840,940	422,123	-	422,123
Investments of less than 3 months [2]	11,759	-	11,759	39,252	-	39,252
Total positive cash and cash equivalents (B)	**852,699**	**-**	**852,699**	**461,375**	**-**	**461,375**
TOTAL NET DEBT (A-B)			**81,410**			**44,226**
TOTAL NET DEBT (EXCLUDING DERIVATIVES)			**80,438**			**41,684**
Fixed-rate debt			549,478			137,354
Variable-rate debt			384,631			368,247

(1) Measured at fair value (level 2, IFRS 7 hierarchy). The fair value hierarchy was unchanged from March 31, 2015
(2) UCITS measured at fair value (level 1, IFRS 7 hierarchy)

The amounts presented in Cash and cash equivalents are readily available to the Group and have a negligible risk of changes in value.

♦ **Main characteristics of the bond issuance: OCEANE**

On September 19, 2016, the Board of Directors, acting under the authorization of the Extraordinary General Meeting of September 23, 2015, granted the issue of bonds with a conversion and/or exchange option for new or existing company shares for an amount of €399,999,959.80.

Number and nominal amount: 7,307,270 bonds with a par value of €54.74

Each bond carries entitlement to the conversion into one new or existing share

Issue price: €54.74

Date of dividend entitlement and settlement: September 27, 2021

Bond duration: 5 years

Interest: zero coupon

Change in borrowings

Current and non-current financial liabilities	Opening balance	Increase	Decrease	Changes in scope	Foreign exchange gains and losses	Closing balance
Bank borrowings	211,820	5,610	(2,676)	-	8	214,760
Bond issuance	61,100	360,925	(6)	-	-	422,019
Borrowings resulting from the restatement of finance-leases	9,453	1,416	(898)	-	1	9,972
Commercial papers	15,000	263,000	(212,000)	-	-	66,000
Bank overdrafts and short-term loans	205,207	14,660	-	-	34	219,901
Accrued interest	480	5	-	-	-	485
Foreign exchange derivatives	2,541	-	(1,569)	-	-	972
TOTAL AT 03/31/17	**505,601**	**645,610**	**(217,143)**	**-**	**42**	**934,109**
TOTAL AT 03/31/16	**458,965**	**288,924**	**(242,190)**	**61**	**(159)**	**505,601**

ACCOUNTING PRINCIPLE

Financial liabilities include:

- bank borrowings, equity and bonds;
- commercial paper;
- obligations relating to finance lease agreements; bank overdrafts and short-term loans;
- derivatives with a negative market value;
- trade payables.

Financial liabilities are presented as "non current" except those with a maturity of less than 12 months from the closing date, which are classified as "current liabilities".

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 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.

Bond issuance

In accordance with IAS 32 "Financial instruments: Presentation", for financial instruments that include a liability and equity component, the component parts must be accounted for and presented separately according to their substance.

The component presented in financial debt is assessed, at the date of issue, on the basis of the future contractual cash flows discounted at the market rate (taking into account the issuer's credit risk) for a debt with similar characteristics but not including an option for conversion or repayment in shares.

The value of the conversion option is calculated by the difference between the bond's issue price and the fair value of the liability component. This amount is recognized in "Consolidated reserves" in equity (see section 5.1.1 Change in equity).

Cash flows linked to short-term recoverable amounts are not discounted. Long-term flows are discounted whenever the impact is significant.

Negative cash and cash equivalents

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.

NOTE 36 FINANCIAL ASSETS

Non-current financial assets	At 03/31/17 Gross	Cumulative impairment	At 03/31/17 Net	At 03/31/16 Net
Equity investments in non-consolidated companies	1	-	1	-
Deposits and sureties	5,362	-	5,362	4,232
Other non-current receivables	115	-	115	107
TOTAL	**5,478**	**-**	**5,478**	**4,339**

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	-	-	-	-	1	-	1
Deposits and sureties	4,232	1,505	(461)	-	5	80	5,362
Other non-current receivables	107	42,868	(42,861)	-	-	2	115
TOTAL AT 03/31/17	**4,339**	**44,373**	**(43,322)**	**-**	**6**	**82**	**5,478**
TOTAL AT 03/31/16	**4,162**	**34,391**	**(34,115)**	**-**	**29**	**(128)**	**4,339**

The change in other non-current receivables primarily reflects purchases and sales of own shares held under the liquidity agreement.

ACCOUNTING PRINCIPLE

Financial assets include:

- short-term and long-term loans and advances;
- derivatives with a positive market value;
- investment securities;
- positive cash and cash equivalents;
- trade receivables.

Financial assets 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" or "cash equivalents".

Recognition and measurement of financial assets (excluding derivatives)

In accordance with IAS 39 "Financial instruments: recognition and measurement", the financial assets owned by the Group are broken down into three categories:

- **loans and receivables** (non-derivative financial assets subject to fixed or determinable payments, and which are not listed on an active market);
- **held-for-trading assets** (investments or securities bought and held primarily with a view to a short-term resale)

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:

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 at least on each closing date.

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.

NOTE 37 CASH FLOW HEDGING AND OTHER DERIVATIVE INSTRUMENTS

	03/31/17			03/31/16
Current financial assets	Gross	Impairment	Net	Net
Foreign exchange derivatives [1]	1,131	-	1,131	13,780
TOTAL	**1,131**	**-**	**1,131**	**13,780**

(1) 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 45)

ACCOUNTING PRINCIPLE

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.

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 held by the Group and 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 an active market;
- **Level 2:** the fair value is determined on the basis of observable inputs.

Note 45 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.

NOTE 38 EQUITY IMPACTS OF THE HEDGE ACCOUNTING

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 03/31/16	**7,119**
Gains/losses on cash flow hedging	
Foreign exchange hedges	*201*
Deferred tax	*(69)*
Reclassification under profit or loss	
Foreign exchange hedges	*(10,857)*
Deferred tax	*3,738*
AT 03/31/17	**132**

The portion reclassified under profit or loss is recognized under current operating income.

5.1.2.15 Information relating to market risks and to the fair value of financial assets and liabilities

In the course of its business, the Group may be exposed to varying degrees of interest-rate, liquidity, foreign exchange, counterparty and credit risks, as well as financing risks. The Group has put in place a policy for managing these risks, which is described below.

NOTE 39 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 primarily uses 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, 2017, the Group's debt was primarily comprised of fixed-rate Euro PP and Oceane type bonds, a Schuldschein loan with a mix of variable and fixed rates, loans, commercial papers and bank overdrafts.

Analysis of variable-rate debt's sensitivity to interest-rate risk

The Group's exposure to a change in interest rates on debt is presented in the following table:

Liabilities	Type of rate	Rate	Nominal	Interest p.a.	Change of 1%	Difference
Borrowings	Variable	0.00%	(155,000)	-	(1,550)	(1,550)
TOTAL			**(155,000)**	**-**	**(1,550)**	**(1,550)**

NOTE 40 LIQUIDITY RISK

To finance temporary requirements related to the increase in working capital during especially busy periods, as at March 31, 2017, the Group had a €250 million syndicated loan,

€15 million in loans, €60 million in bilateral lines, €79 million in credit lines with banks and €66 million in commercial paper (as part of a program for a maximum amount of €300 million).

The Group has also issued Euro PP bonds for €60 million, Oceanes for €400 million, and a Schuldschein type loan for €200 million.

The Group implemented cash agreements allowing centralized management at parent bank level of the bank accounts of the majority of Group companies.

Analysis of financial liabilities by maturity

	03/31/17		Schedule			
	Carrying amount	Total contractual flows [1]	< 1 year	1 to 2 years	3 to 5 years	> 5 years
Current and non-current financial liabilities						
Bank borrowings	214,760	214,760	3,746	3,116	207,898	-
Commercial papers	66,000	66,000	66,000			
Bond issuance	422,019	422,019	1,324	59,868	360,827	-
Borrowings resulting from the restatement of finance leases	9,972	9,972	976	953	2,931	5,112
Trade payables	178,284	178,284	175,899	1,344	843	198
Other operating liabilities [2]	219,817	219,817	214,373	1,312	4,072	60
Current tax liabilities	29,872	29,872	29,872	-	-	-
Cash liabilities	220,385	220,385	220,385	-	-	-
Derivative liabilities						
Non-hedge derivatives	972	168,664	168,664			
TOTAL	**1,362,081**	**1,529,773**	**881,239**	**66,593**	**576,571**	**5,370**

(1) Liabilities are presented at the closing exchange rate, while variable-rate interest is calculated based on the closing spot rate

(2) Other operating debts at more than one year are mainly related to the deferred payments of consideration transferred as part of business combinations

NOTE 41 COVENANTS

Under the terms of the syndicated loan, bilateral credit lines and the Schuldschein loan, the Company is required to comply with the following financial ratios (covenants):

	2016/2017	2015/2016
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, 2017, the Company is in compliance with all these ratios and expects to remain so during the 2017/2018 financial year.

Other borrowings are not governed by covenants.

NOTE 42 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 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, 2017, 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 directly 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:

	03/31/17							03/31/2016					
	USD	CAD	GBP	SGD	JPY	RUB	SEK	USD	CAD	GBP	SGD	JPY	SEK
Forwards [1]	USD	CAD	GBP	SGD	JPY	RUB	SEK	USD	CAD	GBP	SGD	JPY	SEK
Swap	(448)	-	(155)	-	-	-	-	4,886	5,510	3,211	-	-	-
FOREIGN EXCHANGE DERIVATIVES QUALIFYING AS HEDGES	**(448)**	**-**	**(155)**	**-**	**-**	**-**	**-**	**4,886**	**5,510**	**3,211**	**-**	**-**	**-**
Forwards [1]	414	197	54	77	66	(54)	8	(2,243)	(27)	(94)	37	(58)	18
FOREIGN EXCHANGE DERIVATIVES NOT QUALIFYING AS HEDGES	**414**	**197**	**54**	**77**	**66**	**(54)**	**8**	**(2,243)**	**(27)**	**(94)**	**37**	**(58)**	**18**

(1) 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 [1]	740,100	28,459	(439,080)	29,601
Futures contracts	(217,000)	(6,800)	-	-
Net position after hedging	523,100	21,659	(439,080)	29,601

(1) Transaction position brought about by any operation triggering a payment or future earnings

NOTE 43 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 (see counterparty risk) fails 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, in the North America distribution zone, accounts for 15% of Group sales excluding tax. The top 5 account for 49% and the top 10 for 60%.

Moreover, in order to protect itself against the risk of default, the Group's main subsidiaries, which generate approximately 80% of sales excluding digital sales are covered by credit.

At closing, the maximum credit risk exposure, represented by the carrying amount of financial assets, was as follows:

	Notes	03/31/17 Carrying amount	03/31/17 Provisions	03/31/17 Net carrying amount	03/31/16 Net carrying amount
Trade receivables	5	406,590	1,033	405,557	419,577
Other current trade receivables	30	146,467	-	146,467	100,985
Foreign exchange derivatives	37	1,131	-	1,131	13,780
Current tax assets		32,967	-	32,967	41,464
Cash and cash equivalents	35	852,699	-	852,699	461,375

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, 2017, investments consisted of UCITS, accounts and term deposits and interest-bearing accounts.

NOTE 44 SECURITIES RISK

Risk to the Company's shares

Legal framework

The Combined General Meeting of September 29, 2016 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 23, 2015, allowing the Company in accordance with article L. 225-209 of the French Commercial Code to:

General Meeting Resolution	Conclusion	Duration of authorization	Date of implementation by the Board
17th resolution	Buy back or have bought back by the Company its own shares	18 months	09/29/16
18th resolution	Reduce the capital by cancellation of shares	18 months	03/30/17

As at March 31, 2017, the Company held 4,056,809 own shares with a value of €134,689 thousand. Own shares are deducted from equity at cost of sale.

NOTE 45 FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

Reconciliation by accounting class and category

	Notes	Hierarchy IFRS 7	03/31/17 Amortized cost	03/31/17 Fair value	03/31/16 Amortized cost	03/31/16 Fair value
Assets recognized at fair value						
Foreign exchange derivatives	37	2		1,131		13,780
Equity investments in non-consolidated companies	36	2		1		-
Net investment securities	35	1		11,759		39,252
Assets recognized at amortized cost						
Trade receivables	5		405,557		419,577	
Other trade receivables	30/12		146,467		100,985	
Current tax assets			32,967		41,464	
Deposits and sureties	36		5,362		4,232	
Other non-current receivables	36		115		107	
Cash	35		840,940		422,123	
Liabilities recognized at fair value						
Foreign exchange derivatives	35	2		(972)		(2,541)
Liabilities recognized at amortized cost						
Borrowings	35		(933,137)		(503,059)	
Trade payables	11		(178,283)		(206,246)	
Other operating liabilities	6/32		(219,817)		(213,807)	
Current tax liabilities			(29,872)		(13,511)	

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.

5.1.2.16 Equity

NOTE 46 CAPITAL

As at March 31, 2017, the capital of Ubisoft Entertainment SA was €8,752,233.18, divided into 112,932,041 shares with a par 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.

NOTE 47 NUMBER OF UBISOFT ENTERTAINMENT SA SHARES

AT 04/01/16	**112,387,818**
Exercise of subscription options	1,157,647
Free share grants	634,790
Cancellation of own shares	(1,248,214)
AT 03/31/17	**112,932,041**

The maximum number of shares to be created is 14,980,048:

- 2,387,422 through the exercising of stock options;
- 5,285,356 through the allocation of free shares;
- 7,307,270 through the conversion of the OCEANEs into shares.

The details of stock options and allocations of free shares are given in Note 15.

NOTE 48 DIVIDENDS

No dividend was paid in respect of 2015/2016 earnings.

The 2012 Finance Law stipulates a deduction of 3% from the amount of dividends paid. The potential maximum impact resulting from the distribution of all distributable reserves as at March 31, 2017 would be €890 thousand.

NOTE 49 OWN SHARES

Occasionally, in accordance with the legal framework, the Group buys its own shares on the market.

As at March 31, 2017, the Company held 4,056,809 own shares:

- liquidity agreements: 22,098 shares valued at €831 thousand (down €393 thousand on March 31, 2016);
- employee stock ownership: 3,366 shares valued at €113 thousand (down €362 thousand on March 31, 2016);
- shares held with a view to possible acquisitions: 4,031,345 shares valued at €133,745 thousand.

The changes mainly relate to the operations below:

- as part of the MMO operation, 1,833,833 shares, previously allocated to acquisitions, were reallocated to cover stock option plans for a value of €48,283 thousand. Ubisoft Entertainment SA delivered 2,395,133 securities at the acquisition price of €30.86;
- cancellation of 1,248,214 shares;
- acquisition of 3,625,178 shares held by Bpifrance.

Own shares held at March 31 are recognized as a deduction from equity, for an amount of €134,689 thousand (€53,697 thousand increase compared with March 31, 2016) and are valued at an average price of €33.20.

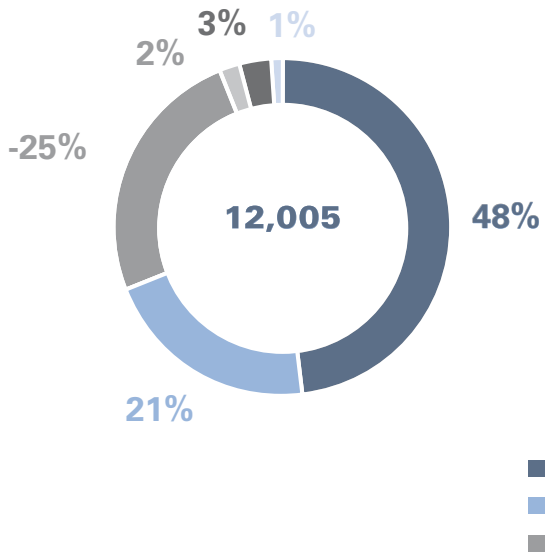
NOTE 50 TRANSLATION RESERVE

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.

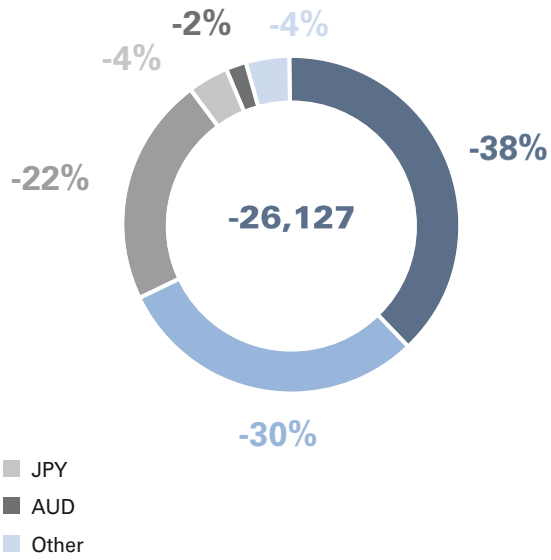
The foreign exchange gains and losses in "Equity attributable to owners of the parent" ranged from €(12) million, between March 31, 2016 and March 31, 2017. This change is due primarily to the following currencies:

Currency	closing rate 03/31/2017	closing rate 03/31/2016	Impact
USD	1.0691	1.1385	11,315
CAD	1.4265	1.4738	5,103
GBP	0.85553	0.79155	(5,874)
JPY	119.55	127.9	568
AUD	1.3982	1.4807	610
Other			283
TOTAL			**12,005**

CHANGE IN TRANSLATION RESERVE AT 03/31/17



CHANGE IN TRANSLATION RESERVE AT 03/31/16



USD JPY
CAD AUD
GBP Other

ACCOUNTING PRINCIPLE

The operating currency of Ubisoft Group'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.

NOTE 51 EARNINGS PER SHARE

NET INCOME RESTATED FOR FINANCIAL EXPENSES ON THE OCEANE AS AT MARCH 31, 2017		**110,581**
Weighted average number of shares in circulation		109,887,359
Dilutive shares		9,789,592
Stock options	*840,591*	
Free share grants	*5,285,356*	
OCEANE	*3,663,645*	
Weighted average number of shares after exercise of the rights on dilutive instruments		119,676,951
DILUTED EARNINGS PER SHARE AS AT MARCH 31, 2017		**0.92**

ACCOUNTING PRINCIPLE

Methods of calculating earnings per share

♦ **Earnings per share**

Basic earnings per share are equal to net 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 earnings before dilution, plus the after-tax amount of any savings in financial expenses resulting from the conversion of the dilutive 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.

5.1.2.17 Unrecognized contractual commitments

NOTE 52 OFF-BALANCE SHEET COMMITMENTS RELATED TO COMPANY FINANCING

Summary

Type	03/31/17	03/31/16
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	69,110	85,367
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not utilized	310,000	310,000
Foreign exchange hedges	328,193	607,256

Breakdown of commitments of over €10 million

Type	Description	Maturity	03/31/17
Commitments given			
Financial guarantees			**69,110**
Ubisoft Entertainment Inc.,	Loan guarantee	05/01/19	35,000
Commitments received			
Lines of credit received and not utilized			**310,000**
Syndicated loan		07/09/19	250,000
Committed lines of credit		03/31/18	10,000
Committed lines of credit		07/23/17	15,000
Committed lines of credit		04/30/19	35,000

NOTE 53 OFF-BALANCE SHEET COMMITMENTS TOWARDS COMPANY EMPLOYEES

To ensure the stability of the activity of Ubisoft, 0.7% of the Group's employees benefited from amendments to their employment contracts between June and September 2016: in the event of change of control, and at the initiative of the employee or the company, beneficiaries will be able to receive compensation within a period not exceeding 2 years after the change of control.

The estimated maximum amount of benefits to be paid would be approximately €42 million gross.

NOTE 54 LEASES

Finance leases

				Remaining lease payments			
Initial value	Amortization	Net amount	Lease payments made	<1 year	Between 1 & 5 years	> 5 years	Residual value
10,142	981	9,597	911	911	4,557	3,427	-

The finance leases relate to two real estate assets (land and buildings) and to transport equipment.

Operating leases

These primarily include €29,433 thousand in property leases, none of which exceed ten years.

NOTE 55 OTHER COMMITMENTS

The Group has no other material off-statement of financial position commitments.

5.1.2.18 Events after the reporting period

N/A.

5.1.2.19 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)	2016/2017	2015/2016	2016/2017	2015/2016
Audit				
♦ Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	-	112	-	79%
♦ Fully consolidated subsidiaries	-	29	-	20%
♦ Services other than audits				
♦ Issuer	-	-	-	-
♦ Fully consolidated subsidiaries	-	1	-	1%
Subtotal	**-**	**142**	**-**	**100%**
Services other than audits for fully consolidated subsidiaries				
♦ Legal, tax, social	-	-	-	-
♦ Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
TOTAL	**-**	**142**	**-**	**100%**

	KPMG			
	Amount (excluding tax)		%	
(in € thousands)	2016/2017	2015/2016	2016/2017	2015/2016
Audit				
♦ Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	189	231	26%	31%
♦ Fully consolidated subsidiaries	534	505	72%	67%
♦ Services other than audits				
♦ Issuer	25	18	2%	2%
♦ Fully consolidated subsidiaries	-	-	-	-
Subtotal	**748**	**754**	**100%**	**100%**
Services other than audits for fully consolidated subsidiaries				
♦ Legal, tax, social	-	-	-	-
♦ Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
TOTAL	**748**	**754**	**100%**	**100%**

	MAZARS			
	Amount (excluding tax)		%	
(in € thousands)	2016/2017	2015/2016	2016/2017	2015/2016
Audit				
♦ Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	156	-	58%	-
♦ Fully consolidated subsidiaries	113	-	42%	-
♦ Services other than audits				
♦ Issuer	-	-	-	-
♦ Fully consolidated subsidiaries	-	-	-	-
Subtotal	**269**	**-**	**100%**	**-**
Services other than audits for fully consolidated subsidiaries				
♦ Legal, tax, social	-	-	-	-
♦ Other (> 10% of audit fees)	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
TOTAL	**269**	**-**	**100%**	**-**

5.1.3 OTHER ACCOUNTING PRINCIPLES

Comparability of financial statements

CHANGE IN CONSOLIDATION METHOD, MEASUREMENT AND PRESENTATION

N/A.

OTHER CHANGES IN METHOD

N/A.

CHANGE IN ESTIMATION

N/A.

OTHER ITEMS AFFECTING COMPARABILITY OF FINANCIAL STATEMENTS

N/A.

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.

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 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 principles of subsidiaries are amended to align them with those adopted by the Group.

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.

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.

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.

5.2 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of one of the statutory auditors' report on the consolidated financial statements issued in French language 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,

Pursuant to the assignment entrusted to us by your General Meeting, we hereby present to you our report for the financial year ended March 31, 2017 on:

- 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 of examining, on the basis of sampling and other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also involves assessing the accounting principles followed, 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.

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 "Accounting principle" section of Note 24 "Other intangible assets" and the "Accounting principle" section of Note 21 "Depreciation and amortization" in the notes to the consolidated financial statements describe the accounting principles for the recognition and impairment of commercial software and external software 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 an indefinite useful life. It also assesses whether there is any indication of impairment of other intangible assets, in accordance with the methods described in the "Accounting principle" section of Note 20 "Sensitivity of recoverable amounts" and the "Accounting principle" section of Note 21 "Depreciation and amortization" of the notes 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 notes mentioned above provide appropriate information.

Provisions and contingent liabilities

The "Contingent liabilities" section of Note 32 "Other liabilities" 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 "Contingent liabilities" section of the notes to the consolidated financial statements provides appropriate information.

Deferred tax assets

The "Deferred tax assets" section of Note 29 "Deferred taxes" of the notes to the consolidated financial statements describes the accounting principles for the recognition and measurement of 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, examining the implementation methods used for these estimates and verifying 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, in accordance with the professional standards applicable in France, the specific verification required by law of the information provided in the Group's Management report.

We have no matters to report regarding the accuracy of this information and its consistency with the consolidated financial statements.

Statutory Auditors

Rennes, June 19, 2017	**Nantes, June 19, 2017**
KPMG SA	**MAZARS**
Vincent Broyé **Partner**	**Arnaud Le Néen** **Partner**

5.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2017

5.3.1 BALANCE SHEET

Assets

(in € thousands)	Notes	Gross	Depreciation and amortization	03/31/17 Net	03/31/16 Net
Intangible assets	20	1,484,998	798,974	686,024	541,190
Property, plant and equipment	21	13,746	6,096	7,650	7,372
Non-current financial assets	23	564,099	72,129	491,970	407,514
Non-current assets		**2,062,843**	**877,199**	**1,185,644**	**956,076**
Advances and prepayments made	11	26,730	-	26,730	15,820
Trade receivables	5	427,758	-	427,758	392,901
Other receivables	6	63,471	-	63,471	129,511
Investment securities	24	11,792	-	11,792	39,726
Cash	24	450,207	-	450,207	209,449
Current assets		**979,959**	**-**	**979,959**	**787,407**
Prepaid expenses and deferred charges	9	17,978	-	17,978	16,567
TOTAL ASSETS		**3,060,780**	**877,199**	**2,183,581**	**1,760,050**

Liabilities

(in € thousands)	Notes	03/31/17	03/31/16
Capital	27	8,752	8,710
Premiums		89,272	99,889
Reserves		848	848
Retained earnings		45,274	150,580
Earnings for the period		(104,869)	(105,306)
Regulated provisions		640,288	517,376
Equity	**26**	**679,565**	**672,097**
Provisions	17	27,048	74,175
Borrowings (1) (2)	25	761,515	357,667
Other financial liabilities	25	507,594	440,964
Trade payables		186,014	204,654
Fiscal and social liabilities		8,691	9,455
Liabilities on non-current assets		794	390
Other liabilities	15	11,480	121
Liabilities		**1,476,088**	**1,013,251**
Prepaid expenses and deferred charges	16	880	527
TOTAL LIABILITIES		**2,183,581**	**1,760,050**
(1) Including current portion of borrowings		*92,771*	*92,667*
(2) Including current bank credit facilities and bank credit balances		*90,087*	*91,239*

5.3.2 INCOME STATEMENT

(in € thousands)	Notes	03/31/17 (12 months)	03/31/16 (12 months)
Production for the period	3	1,319,663	1,199,870
Other operating income and reinvoiced costs	4	391,013	367,923
Total operating income		**1,710,676**	**1,567,794**
Other purchases and external expenses	10	826,177	775,020
Taxes and duties		1,907	4,617
Personnel costs		1,734	1,072
Other expenses		478	905
Depreciation, amortization and provisions	18	786,202	732,569
Total operating expenses		**1,616,498**	**1,514,183**
OPERATING INCOME		**94,178**	**53,611**
Financial income from investments		20,542	-
Other interest received		5,354	7,788
Reversals of provisions and reinvoiced costs		69,771	1,898
Foreign exchange gains		54,712	81,923
Net proceeds on sale of investment securities		3	110
Total financial income		**150,382**	**91,719**
Provisions		88,918	27,966
Other interest paid		8,479	7,980
Foreign exchange losses		54,885	80,653
Total financial expenses		**152,282**	**116,598**
NET FINANCIAL INCOME	**22**	**(1,900)**	**(24,879)**
NET INCOME FROM CONTINUING OPERATIONS		**92,278**	**28,732**
NON-RECURRING ITEMS	**5.3.4.6**	**(249,367)**	**(139,200)**
NET INCOME BEFORE TAX		**(157,089)**	**(110,468)**
Income tax	5.3.4.7	(52,220)	(5,162)
PROFIT (LOSS) FOR THE PERIOD		**(104,869)**	**(105,306)**

5.3.3 CASH FLOW STATEMENT

(in € thousands)	Notes	03/31/17	03/31/16
Cash flows from operating activities			
Earnings		(104,869)	(105,306)
Net depreciation and amortization of property, plant and equipment and intangible assets	4-18	420,725	397,852
Changes in provisions		142,597	166,193
(Gains) losses on disposal of non-current assets		532	20
Net cash from operation		**458,985**	**458,759**
Trade receivables	5	(34,857)	(264,711)
Advances and prepayments made		(1,723) (1)	(2,053) (1)
Other assets		67,313	(34,474)
Trade payables		(23,213) (2)	126,534 (2)
Other liabilities		10,948	(14,236)
Total changes in working capital		**18,468**	**(188,940)**
Net cash generated by operating activities		**477,453**	**269,819**
Cash flows from investment activities			
Acquisitions of intangible assets	20	(573,454) (3)	(532,543) (3)
Acquisitions of property, plant and equipment	21	(1,497)	(2,762)
Acquisitions of equity investments	23	(92,693)	(309)
Acquisitions of other non-current financial assets	23	(198,433)	(134,905)
Proceeds from the disposal of non-current assets		3,834	-
Repayment of loans and other financial assets	23	144,416	55,699
Net cash used by investment activities		**(717,827)**	**(614,820)**
Cash flows from financing activities			
Capital increase	26	90	222
Capital reduction	26	(97)	-
Increase in issue premium	26	9,376	21,702
Reduction in issue premium	26	(19,943)	-
New medium-term borrowings		667,981	234,014
Repayment of medium-term borrowings		(214,408)	(229,863)
Accrued dividends		(3,000)	-
Deferred expenses		(3,805)	(43)
Change in current accounts		18,156	64,765
Net cash generated by financing activities		**454,350**	**90,797**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**213,976**	**(254,204)**
Net cash position at beginning of the fiscal year	24	157,936	412,140
Net cash position at end of the fiscal year	24	371,912	157,936

(1) Including €9,187 thousand linked to commitments guaranteed but not paid in advances and prepayments made
(2) Including €4,977 thousand linked to commitments guaranteed but not paid in trade payables
(3) Including €4,210 thousand linked to commitments guaranteed but not paid in intangible assets

5.3.4 NOTES TO THE SEPARATE FINANCIAL STATEMENTS

SOMMAIRE DES NOTES ANNEXES

Note 1	Description of the business	191
Note 2	Comparability of financial statements	192
Note 3	Production for the period	192
Note 4	Other operating income and reinvoiced costs	192
Note 5	Trade receivables	193
Note 6	Other receivables	193
Note 7	Statement of receivables	194
Note 8	Accrued income	194
Note 9	Prepaid expenses and deferred charges	194
Note 10	Other purchases and external expenses	195
Note 11	Advances and prepayments made	195
Note 12	Supplier payment terms	196
Note 13	Statement of liabilities	196
Note 14	Accrued expenses	196
Note 15	Other liabilities	196
Note 16	Prepaid expenses and deferred charges	197
Note 17	Provisions in the balance sheet	197
Note 18	Depreciation, amortization and provisions	198
Note 19	Impairment of non-current assets	199
Note 20	Intangible assets	200
Note 21	Property, plant and equipment	201
Note 22	Net financial income	202
Note 23	Non-current financial assets	203
Note 24	Investment securities and cash	204
Note 25	Borrowings	204
Note 26	Statement of changes in equity	207
Note 27	Capital	207
Note 28	Financial commitments and other information	211
Note 29	Related party transactions	213

5.3.4.1 Description of the business and the basis of preparation for the financial statements

NOTE 1 DESCRIPTION OF THE BUSINESS

Financial year highlights

Acquisition/Creation of subsidiaries

- **September 2016:** creation of Ubisoft DOO Belgrad, production studio.
- **October 2016:** acquisition of 100% of the company Ketchapp SAS, which joined its international studio network. Ubisoft becomes the fourth largest publisher of mobile games by number of downloads.

Disposals and contribution of shares

- **February 2017:** Ubisoft Entertainment SA transfers 100% of the shares of Ketchapp SAS to its subsidiary Ubisoft Mobile Games SARL.

Financing

- **September 2016: Bond issue with an option to convert into new and/or exchangeable shares**

On September 27, 2016, based on the 15th resolution of the Combined General Meeting of September 23, 2015, Ubisoft Entertainment SA issued bonds with an option to convert into new shares and/or exchange for existing shares (OCEANE) to institutional investors for an amount of €400 million with maturity in 2021. The unit par value of the bonds is €54.74 with an issue premium of 60%. The OCEANE are not interest-bearing and will be repaid at par.

- **September 2016: Signature of a contract for the acquisition of own shares**

The transaction concerns the buyback by Ubisoft of all 3,625,178 Ubisoft shares held by Bpifrance, i.e. 3.2% of the share capital. The transaction was completed in October 2016.

- **March 2017: Arrangement of a €5 million loan agreement**

Ubisoft Entertainment SA took out a €5 million loan, the final repayment date of which is March 30, 2021. The loan is intended to finance capital goods.

Other highlights

- **May 2016: Signature of a finance lease agreement**

On May 12, 2016, Ubisoft Entertainment SA signed a finance lease agreement for the acquisition of real estate assets, for a total of €4,022 thousand, with repayments starting at the end of the refurbishment work (scheduled for the end of May 2017).

- **August 2016: "MMO" Employee stock ownership plan**

The Board of Directors decided to carry out a share disposal reserved for members of the Group savings schemes in France and abroad, as well as members of the Group savings scheme for the United States, in accordance with the provisions of Article L. 3332-24 of the French Labor Code. Beneficiaries were offered the option of acquiring company shares with a 15% discount as part of a leverage plan. They benefited from an additional contribution equal to 100% of their personal contribution, capped at €1,000 per holder. After a five-year period, or before the end of this period in the event of early release, each beneficiary is also guaranteed to receive their initial investment in euros (comprising his/her personal contribution increased by the additional contribution) as well as a multiple of the possible average protected increase in the share price.

On August 30, 2016, Ubisoft Entertainment SA delivered 2,101,563 shares at the price of €30.86 to the investment fund Amundi Ubi Share Ownership 2016, as well as 293,570 shares to American employees.

- **February 2017: Signing of a contract for the acquisition of Growtopia assets**

Ubisoft Entertainment SA acquired the mobile game Growtopia, a social multiplayer game, available on mobile, Tablet and PC.

General information

The financial year is a 12-month period from April 1, 2016 to March 31, 2017.

General principles

Ubisoft Entertainment SA's separate financial statements have been prepared in accordance with the ANC's accounting regulation 2014-03, amended by regulation 2015-06 of November 23, 2015 and regulation 2016-07 of November 4, 2016.

General accounting conventions were applied in accordance with the principle of financial prudence and the following basic rules: going-concern assumption, continuity of accounting principles from one financial year to the next, independence of financial years, fair presentation, consistency and accuracy, and in accordance with the general rules governing the preparation and presentation of separate 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.

NOTE 2 COMPARABILITY OF FINANCIAL STATEMENTS

Change in estimation

None.

Items affecting comparability

N/A.

5.3.4.2 Sales

NOTE 3 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.

	03/31/17	03/31/16
Sales	777,546	664,395
Capitalized production costs for commercial software developments	530,926	514,592
Capitalized production costs for external software developments	11,191	20,883
PRODUCTION FOR THE PERIOD	**1,319,663**	**1,199,870**

The breakdown of sales by geographic region was as follows:

	03/31/17		03/31/16	
	(in € thousands)	*(in %)*	*(in € thousands)*	*(in %)*
Europe	352,391	45%	303,103	46%
North America	382,309	49%	321,415	48%
Asia	37,213	5%	27,177	4%
Rest of the world	5,633	1%	12,700	2%
SALES	**777,546**	**100%**	**664,395**	**100%**

NOTE 4 OTHER OPERATING INCOME AND REINVOICED COSTS

	03/31/17	03/31/16
Reversals of provisions for impairment of commercial software developments [1]	363,996	333,063
Reversals of provisions for impairment of external software developments	828	1,572
Reversal of provisions for brand impairment	221	-
Reinvoiced costs	25,968	33,288
TOTAL	**391,013**	**367,923**

(1) See Note 18 for details

Reinvoiced costs essentially correspond to the rebilling of development kits, payments received under agreements with third parties, general expenses, etc.

NOTE 5 TRADE RECEIVABLES

(in € thousands)	Gross	Impairment	03/31/17 Net	03/31/16 Net
Trade receivables	235,600	-	235,600	136,358
Related accounts	192,158	-	192,158	256,543
TOTAL	**427,758**	**-**	**427,758**	**392,901**

"Trade receivables" basically consists of intra-group receivables.

Customer payment terms

Pursuant to the provisions of Articles L. 441-6-1 paragraph 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 break down as follows:

	Receivables by contractual due date (1)			
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 03/31/17	234,838	-	-	234,838
As at 03/31/16	136,912	4	-	136,916

(1) Before discounting at the closing rate

NOTE 6 OTHER RECEIVABLES

(in € thousands)	Gross	Impairment	03/31/17 Net	03/31/16 Net
Suppliers – credit notes to receive	6,218	-	6,218	17,400
Government (VAT credit, tax)	31,132	-	31,132	60,646
Partner current account advances	23,282	-	23,282	71,449
Other miscellaneous debtors	2,839	-	2,839	16
TOTAL	**63,471**	**-**	**63,471**	**129,511**

The change in partner current account advances corresponds to the advances made to subsidiaries to finance their specific business needs.

The change in the "State" item is mainly due to the refund of tax prepayments made in the previous financial year.

NOTE 7 STATEMENT OF RECEIVABLES

(in € thousands)	Gross amount	< 1 year	> 1 year
Receivables on non-current assets	**985**		
Other non-current financial assets	985	-	985
Receivables on current assets	**530,357**		
Advances and prepayments made	26,730	26,730	-
Trade receivables	427,758	427,758	-
Government (VAT credit, sundry)	31,132	31,132	-
Group and associates	23,282	23,282	-
Other miscellaneous debtors	9,057	9,057	-
Prepaid expenses	12,398	8,820	3,578
TOTAL	**531,342**	**526,779**	**4,563**

ACCOUNTING PRINCIPLE

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.

NOTE 8 ACCRUED INCOME

	03/31/17	03/31/16
Associated company – credit notes to receive	6,218	17,400
Income not yet invoiced (1)	192,158	256,543
Interest receivable from banks	307	301
Other	77	12
TOTAL	**198,760**	**274,256**

(1) Mainly relate to transactions with subsidiaries

NOTE 9 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Prepaid expenses	13,340	12,398	13,340	12,398
Credit line issuance costs	1,396	-	436	960
Loan issuance costs	1,148	3,805	684	4,269
Foreign exchange gains and losses (assets)	683	351	683	351
TOTAL 03/31/17	**16,567**	**16,554**	**15,143**	**17,978**
TOTAL 03/31/16	**15,959**	**14,066**	**(13,458)**	**16,567**

5.3.4.3 Purchases and Other expenses

NOTE 10 OTHER PURCHASES AND EXTERNAL EXPENSES

	03/31/17	03/31/16
Production services subcontracted to subsidiaries	657,148	594,152
Production services subcontracted to external developers	11,735	20,913
Other purchases and external expenses	157,294	159,955
TOTAL	**826,177**	**775,020**

Other purchases and external expenses consist mainly of subcontracting administration expenses, royalties, advertising expenses, and property and equipment lease payments.

NOTE 11 ADVANCES AND PREPAYMENTS MADE

The sum of €26,730 thousand in "Advances and prepayments made" is primarily comprised of guaranteed advances on license agreements which break down as follows:

(in € thousands)	03/31/17	03/31/16
Net at opening	**15,370**	**20,809**
New guarantees	18,476	7,597
Reclassifications	-	(5,948)
Depreciation and amortization	7,276	7,088
NET AT YEAR-END	**26,560**	**15,370**

ACCOUNTING PRINCIPLE

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.

NOTE 12 SUPPLIER PAYMENT TERMS

Pursuant to the provisions of Articles L. 441-6-1 paragraph 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 [1]		
Due date	Total trade payables: 0 to 30 days	Total trade payables: 31 to 60 days	Total
At 03/31/17	83,961	245	84,206
At 03/31/16	134,072	147	134,219

(1) Before discounting at the closing rate

NOTE 13 STATEMENT OF LIABILITIES

(in € thousands)	Gross amount	< 1 year	> 1 year
Bond issuance	461,324	1,324	460,000
Bank borrowings and debts	300,191	91,448	208,743
Other borrowings and financial liabilities	507,594	505,434	2,160
Trade payables	186,014	184,842	1,172
Fiscal and social liabilities	8,691	8,691	-
Other liabilities	11,480	11,480	-
Liabilities on non-current assets	794	794	-
TOTAL	**1,476,088**	**804,013**	**672,075**

NOTE 14 ACCRUED EXPENSES

	03/31/17	03/31/16
Bank charges payable	208	243
Interest accrued on current accounts	147	77
Trade payables, invoices not yet received [1]	101,777	70,928
Credit notes to be issued [1]	4,839	121
Fiscal and social liabilities	1,389	590
TOTAL	**108,360**	**71,959**

(1) Mainly relate to transactions with subsidiaries

NOTE 15 OTHER LIABILITIES

	03/31/17	03/31/16
Trade receivables – credit notes to issue [1]	4,839	121
Other liabilities [2]	6,641	-
TOTAL	**11,480**	**121**

(1) Credit notes to issue relate to associated companies
(2) Other liabilities concern the balance due for the Growtopia acquisition

NOTE 16 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Conversion rate adjustment (liabilities)	527	880	(527)	880
TOTAL 03/31/17	**527**	**880**	**(527)**	**880**
TOTAL 03/31/16	**3,983**	**527**	**(3,983)**	**527**

NOTE 17 PROVISIONS IN THE BALANCE SHEET

			Reversals		
	03/31/16	Provisions	Provision used	Provision unused	03/31/17
Provisions for risks					
For foreign exchange risks	2,923	189	2,923	-	189
For subsidiary risks	71,252	21,854	-	66,247	26,859
Impairments					
On equity investments	6,976	65,749	-	601	72,124
On own shares	-	5	-	-	5
TOTAL 03/31/17	**81,151**	**87,797**	**2,923**	**66,848**	**99,172**
TOTAL 03/31/16	**55,817**	**27,227**	**1,893**	**-**	**81,151**

Details of the changes in equity investment impairments are provided in Note 23 "Non-current financial assets".

Details of the changes in regulated provisions are provided in Note 26 "Statement of changes in equity".

ACCOUNTING PRINCIPLE

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.

5.3.4.4 Non-current assets

NOTE 18 DEPRECIATION, AMORTIZATION AND PROVISIONS

	03/31/17	03/31/16
Amortization of intangible assets	**784,986**	**731,552**
Released commercial software developments [1]	*714,930*	*687,805*
Released external software developments	*13,235*	*17,267*
Commercial software and external software developments in progress [1]	*54,286*	*24,479*
Other	*2,535*	*2,001*
Amortization and depreciation of property, plant and equipment	**1,216**	**1,018**
Buildings	*39*	*39*
Fixtures and fittings	*1,037*	*880*
Computer hardware and furniture	*131*	*93*
Transport equipment	*9*	*6*
TOTAL	**786,202**	**732,570**

(1) Net reversals (see Note 4) on commercial software and external software developments amount to €405,221 thousand and €12,408 thousand respectively

ACCOUNTING PRINCIPLE

Depreciation, amortization and value impairment of property, plant and equipment

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, projected 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 the royalty expenses due to third-party publishers.	
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 the brands is defined using the royalty method to forecast revenue associated with the brand tested (taking a terminal 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, projected 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 amortization and impairment of assets, the Company is required to periodically revise its amortization 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 9% at March 31, 2017, against 8.14% at March 31, 2016.

Depreciation, amortization and value impairment of property, plant and equipment

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

NOTE 19 IMPAIRMENT OF NON-CURRENT ASSETS

Depreciation and amortization of intangible assets	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	738,728	350,935	412,349	24,235	701,549
Released external software developments	27,299	12,408	10,966	6,017	34,758
Commercial software developments in progress	24,801	54,286	-	(24,235)	54,852
External software developments in progress	6,017	-	-	(6,017)	-
Brands and operating licenses	221	(221)	-	-	-
Other	6,996	2,637	1,818	-	7,815
TOTAL 03/31/17	**804,062**	**420,045**	**425,133**	**-**	**798,974**
TOTAL 03/31/16	**774,420**	**397,021**	**349,772**	**(17,607)**	**804,062**

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	126	39	-	-	165
Fixtures and fittings	4,436	1,037	-	-	5,473
Transport equipment	19	9	-	-	28
Computer hardware and furniture	666	134	370	-	430
TOTAL 03/31/17	**5,247**	**1,218**	**370**	**-**	**6,096**
TOTAL 03/31/16	**4,964**	**1,051**	**768**	**-**	**5,247**

NOTE 20 INTANGIBLE ASSETS

(in € thousands)	Gross	Depreciation and amortization	03/31/17 Net	03/31/16 Net
Released commercial software developments	861,901	701,549	160,352	115,739
Released external software developments	35,905	34,758	1,147	3,684
Commercial software developments in progress	527,091	54,852	472,239	394,481
External software developments in progress	9,299	-	9,299	12,189
Brands and operating licenses	9,116	-	9,116	9,927
Goodwill [1]	27,900	-	27,900	-
Other	13,786	7,815	5,971	5,170
TOTAL	**1,484,998**	**798,974**	**686,024**	**541,190**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	854,467	14,812	412,349	404,971	861,901
Released external software developments	30,983	520	10,966	15,368	35,905
Commercial software in progress	419,282	516,114	3,334	(404,971)	527,091
External software developments in progress	18,206	6,461	-	(15,368)	9,299
Brands and operating licenses	10,148	-	1,032	-	9,116
Goodwill [1]	-	27,900	-	-	27,900
Other	12,166	3,438	1,818	-	13,786
TOTAL 03/31/17	**1,345,252**	**569,245**	**429,499**	**-**	**1,484,998**
TOTAL 03/31/16	**1,171,168**	**535,532**	**349,787**	**(11,659)**	**1,345,253**

(1) Acquisition of Growtopia assets

The €530,926 thousand increase in commercial software is solely the result of capitalized production.

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.

ACCOUNTING PRINCIPLE

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 developments" or "Released external software developments" for amortization and impairment, where applicable.

♦ **Brands:**
Acquired brands are recognized at acquisition cost and tested for impairment at least annually according to the method described above.

NOTE 21 PROPERTY, PLANT AND EQUIPMENT

(in € thousands)	Gross	Depreciation and amortization	03/31/17 Net	03/31/16 Net
Buildings	765	165	600	639
Fixtures and fittings	11,922	5,473	6,449	6,238
Transport equipment	48	28	20	29
Computer hardware and furniture	972	430	542	466
Non-current assets in progress	39	-	39	-
TOTAL	**13,746**	**6,096**	**7,650**	**7,372**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	765	-	-	-	765
Fixtures and fittings	10,674	1,247	-	-	11,922
Transport equipment	48	-	-	-	48
Computer hardware and furniture	1,132	210	370	-	972
Non-current assets in progress	-	39	-	-	39
TOTAL 03/31/17	**12,619**	**1,497**	**370**	**-**	**13,746**
TOTAL 03/31/16	**10,625**	**2,762**	**768**	**-**	**12,619**

ACCOUNTING PRINCIPLE

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.

5.3.4.5 Financial assets and liabilities and net income

NOTE 22 NET FINANCIAL INCOME

	03/31/17	03/31/16
Financial income		
Financial income from investments	20,542	-
Other interest received	5,354	7,788
Reversals of provisions and reinvoiced costs	69,771	1,898
Foreign exchange gains	54,712	81,923
Net proceeds on sale of investment securities	3	110
	150,382	**91,719**
Financial expenses		
Amortization and provisions	88,918	27,965
Other interest paid	8,479	7,980
Foreign exchange losses	54,885	80,653
	152,282	**116,598**
NET FINANCIAL INCOME	**(1,900)**	**(24,879)**

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, 2017, the amounts hedged giving rise to forward purchases and sales of foreign currencies amounted to €328,193 thousand *(see Note 28 "Off-statement of financial position commitments")*.

ACCOUNTING PRINCIPLE

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, 2017, 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.

NOTE 23 NON-CURRENT FINANCIAL ASSETS

(in € thousands)	Gross	Impairment	03/31/17 Net	03/31/16 Net
Equity investments	425,538	72,124	353,414	325,970
Receivables related to equity investments	3,000	-	3,000	-
Other non-current investments	134,582	5	134,577	80,518
Deposits and sureties	979	-	979	1,026
TOTAL	**564,099**	**72,129**	**491,970**	**407,514**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Closing balance
Equity investments	332,945	92,593	-	425,538
Receivables related to equity investments	-	3,000	-	3,000
Other non-current investments	80,518	198,415	144,351	134,582
Deposits and sureties	1,026	18	65	979
TOTAL 03/31/17	**414,489**	**294,026**	**144,416**	**564,099**
TOTAL 03/31/16	**334,879**	**135,314**	**55,704**	**414,489**

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 5.3.4.8)*.

Provisions	Opening balance	Increase	Decrease	Closing balance
Equity investments	6,975	65,749	600	72,124
Other non-current investments	-	5	-	5
TOTAL 03/31/17	**6,975**	**65,754**	**600**	**72,129**
TOTAL 03/31/16	**7,965**	**-**	**(990)**	**6,975**

The change in provisions for impairment of equity investments is due to the decrease in the value in use of the companies' securities.

ACCOUNTING PRINCIPLE

- ***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 in use, depreciation is recognized for the difference.

  The value in 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. Where applicable, the provisional data utilized are updated using a rate based on a valuation of the average cost of capital, which stood at 9% at March 31, 2017.
- ***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.

NOTE 24 INVESTMENT SECURITIES AND CASH

Type	Gross value	Fair value	Provision	Net amount
UCITS	11,680	11,758	-	11,680
Own shares	113	135	-	113
TOTAL	**11,792**	**11,893**	**-**	**11,792**

The cash breakdown is as follows:

	03/31/17	03/31/16
Investment securities	11,792	39,726
Cash	450,207	209,449
Bank overdrafts and short-term loans	(90,087)	(91,239)
TOTAL	**371,912**	**157,936**

The net change in cash and cash equivalents is mainly due to the issuance of bonds with the option of conversion into and/or exchange for new or existing shares (OCEANE).

ACCOUNTING PRINCIPLE

Investment securities consist of interests in mutual funds and short-term investments and are measured at the lower of cost or market value.

NOTE 25 BORROWINGS

	03/31/17	03/31/16	
Bonds [1]	460,000	60,000	
Medium/long-term borrowings [2]	210,000	205,000	
Accrued interest [1]	1,637	1,653	
Bank overdrafts	89,878	91,014	
Borrowings	**761,515**	**357,667**	
Fixed-rate debt	516,353	111,358	
Variable-rate debt	245,162	247,309	
	< 1 YEAR	**FROM 1 TO 5 YEARS**	**> 5 YEARS**
Amounts payable at March 31, 2017	92,771	668,744	-

(1) Bonds for €20 million and €40 million and OCEANE for €400 million, accrued interest at the closing date came to €1,324 thousand
(2) Loan of €10 million and €200 million Schuldschein loan, accrued interest at the closing date came to €104 thousand

- Main characteristics of the bond issuance: OCEANE

On September 19, 2016, the Board of Directors, acting on the authorization of the Extraordinary General Meeting of September 23, 2015, approved the issuance of bonds with a conversion and/or exchange option for new or existing Company shares for €399,999,959.80.

Quantity and par value:	7,307,270 bonds with a par value of €54.74
Each bond carries entitlement to the conversion into one new or existing share	
Issue price:	€54.74
Date of dividend entitlement and settlement:	September 27, 2021
Term of the bond:	5 years
Interest:	zero coupon

The breakdown of borrowings by currency was as follows:

	03/31/17	03/31/16
Euro	761,425	348,097
US dollar	88	9,403
Other currencies	2	167
BORROWINGS	**761,515**	**357,667**

- The €507,594 thousand of other financial liabilities in the statement of financial position consists of:
  - €437 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 €4.4 million;
  - commercial papers of €66 million.

ACCOUNTING PRINCIPLE

Borrowings are recorded at their nominal repayment amount. Unused agreements at the statement of financial position date are listed in the off-statement of financial position commitments.

Debt issuance costs are capitalized (in deferred expenses) and amortized on a straight-line basis over the lifetime of the borrowings concerned.

5.3.4.6 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.

	03/31/17	03/31/16
Non-recurring income		
Non-recurring income from capital transactions	13,446	1,712
Non-recurring reversals	201,548	178,689
Non-recurring expenses		
Non-recurring expenses on management transactions	131,709	225
Non-recurring expenses on capital transactions	8,086	644
Non-recurring provisions	324,566	318,732
NON-RECURRING ITEMS	**(249,367)**	**(139,200)**

At the end of March 2017, non-recurring items mainly comprised:

- €324,453 thousand in allocations for accelerated depreciation on development expenditure for software;
- €201,548 thousand in reversals for accelerated depreciation on development expenditure for software;
- expenses relating to prior periods following the agreement signed by the competent French and Canadian authorities for €131,535 thousand.

Signing of a French/Canadian agreement:

An agreement on transfer pricing policies for FY03 to FY13 was signed in October 2016 between the French and Canadian administrations.

For Ubisoft Entertainment SA, the agreement resulted in:

- invoicing by Ubisoft Entertainment Inc. for €131,535 thousand,
- a tax deduction for €128,204 thousand, resulting in a tax refund of €37,228 thousand and the reinstatement of tax credits for €10,155 thousand.

ACCOUNTING PRINCIPLE

Non-recurring items

Non-recurring income and expenses include extraordinary items, or items relating to prior periods, and items that by nature are classed as non-recurring under accounting legislation (chiefly the proceeds from asset disposals).

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 depreciation;
- development expenditure of software. The Company decided to adopt immediate deductibility of expenditure for the development of software in accordance with Article 236 of the CGI (French General Tax Code).

5.3.4.7 Income tax

At March 31, 2017, the tax group included Ubisoft Entertainment SA (holding company), and all subsidiaries with their registered offices in France, with the exception of those created or acquired during the financial year.

On a standalone basis (disregarding the tax consolidation group), Ubisoft Entertainment SA's figures were as follows:

	03/31/17	03/31/16
Net income before tax from continuing operations	92,278	28,732
Non-recurring items	(249,367)	(139,200)
Net income before tax	(157,089)	(110,468)
Income tax (credit)	(52,220)	(5,162)
Net accounting income	(104,869)	(105,306)
Taxable income	(51,102)	(84,999)

	Net income before tax	Income tax		Net income
		Theoretical (tax credit)	Due	
Current	92,278	(24,224)	27	92,305
Non-recurring	(249,367)	41,818	47,383	(201,984)
			47,410	
Tax consolidation			*4,810*	*4,810*
TOTAL	**(157,089)**	**17,594**	**52,220**	**(104,869)**

Tax income comprised:

- cancellation of the tax expense recorded by the subsidiaries of the tax consolidation group in the amount of €4,810 thousand;
- tax credits to the holding company of €27 thousand;
- tax accruals in respect of prior periods for €47,383 thousand *(see section 5.3.4.6 for details)*.

The tax group losses carried forward at March 31, 2017, amounted to €604,363 thousand, including €639,604 thousand of accelerated tax depreciation related to the application of Article 236 of the CGI (General Tax Code).

ACCOUNTING PRINCIPLE

Ubisoft Entertainment SA is the head of the consolidated tax group it forms with its French subsidiaries.

For subsidiaries within the consolidated tax group, the amount of their tax liability had they not been consolidated counts towards the income tax expense of the entire group. The additional income tax expense or saving resulting from the difference between the tax due from the consolidated subsidiaries and the tax calculated for the entire group is recognized by Ubisoft Entertainment SA as head of the group.

5.3.4.8 Equity

NOTE 26 STATEMENT OF CHANGES IN EQUITY

(in € thousands)	03/31/16	Allocation of 2015/2016 earnings	Capital increase: by cash contribution	Capital increase: by deduction from premiums	Reduction of capital by cancellation of own shares	Earnings for the period	Regulated provisions: Provisions	Regulated provisions: Reversal	03/31/17
Capital	8,710		90	49	(97)				8,752
Premiums	99,889		9,375	(49)	(19,943)				89,272
Legal reserve	848								848
Retained earnings	150,580	(105,306)							45,274
Earnings for the period	(105,306)	105,306				(104,869)			(104,869)
Regulated provisions	517,376						324,459	(201,548)	640,288
TOTAL	**672,097**	**-**	**9,465**	**-**	**(20,040)**	**(104,869)**	**324,459**	**(201,548)**	**679,565**

NOTE 27 CAPITAL

At the end of March 2017, Ubisoft Entertainment SA's capital of €8,752,233.18 was composed of 112,932,041 shares.

Number of Ubisoft Entertainment SA shares

AT 04/01/16	**112,387,818**
Exercise of subscription options	1,157,647
Free share grants	634,790
Cancellation of own shares	(1,248,214)
AT 03/31/17	**112,932,041**

The maximum number of shares to be created is 14,980,048:

- 2,387,422 through the exercise of stock options;
- 5,285,356 through the allocation of free shares;
- 7,307,270 through the conversion of OCEANE bonds into 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

	24th plan	25th plan	26th plan	27th plan	28th plan	29th plan
Total number of shares granted	3,256,413 (1)	936,970	798,125	100,000	665,740	62,200
Start of exercise period	04/27/12	10/19/13	10/29/14	May 2018	09/24/15	12/16/15
Expiry date of options	04/26/16	10/18/17	10/28/18	03/16/19	09/23/19	12/15/19
Strike price of options	€6.77 (1) (France) / €6.77 (1) (World)	€6.37 (France) / €6.65 (World)	€9.54 (France) / €8.83 (World)	€11.92	€12.92	€14.22
Options at April 1, 2016	369,889	550,231	640,386	85,000	565,915	60,700
Options granted during the period	-	-	-	-	-	-
Options exercised during the period	369,888	366,300	272,828	-	120,195	1,500
Options cancelled during the period	1	9,875	9,750	-	22,305	-
Options outstanding at March 31, 2017	-	174,056	357,808	85,000	423,415	59,200

	30th plan	31st plan	32nd plan	33rd plan	34th plan		Total
Total number of shares granted	328,100	37,500	758,810	29,344	220,700		
Start of exercise period	09/23/16	May 2019	06/23/17 (2)	12/14/17 (2)	03/30/18		
Expiry date of options	09/22/20	12/15/20	06/22/21	12/13/21	03/29/22		
Strike price of options	€17.94	€26.85	€33.02	€31.95	€37.00 (France)	€39.03 (World)	
Options at April 1, 2016	325,100	37,500	-	-	-		2,634,721
Options granted during the period	-	-	758,810	29,344	220,700		1,008,854
Options exercised during the period	26,936	-	-	-	-		1,157,647
Options cancelled during the period	19,825	-	36,750	-	-		98,506
Options outstanding at March 31, 2017	278,339	37,500	722,060	29,344	220,700		2,387,422

(1) Subscription number and price adjusted following the issuance of share subscription warrants on April 10, 2012.
(2) May 2020 for Executive Committee Members (Plan 32) and corporate officers (Plan 33)

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, 2016 (1)	113,318
Purchase options granted during the period	-
Purchase options exercised during the period	113,318
Purchase options cancelled during the period	-
Purchase options outstanding at March 31, 2017	-

(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 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.

	03/31/13		03/31/14					
Grant date	10/19/12	02/08/13	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	4 years	4 years
Number of instruments as at April 1, 2016	363,040	291,000	143,700	210,803	40,000	610,778	10,000	261,200
Number of instruments granted during the period	-	-	-	-	-	-	-	-
Number of instruments cancelled during the period	15,250	4,000	10,000	8,330	-	41,870	-	3,200
Number of instruments exercised during the period	347,790	287,000	-	-	-	-	-	-
Number of instruments as at March 31, 2017	-	-	133,700	202,473	40,000	568,908	10,000	258,000

	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, 2016	520,068	10,710	382,200	232,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	31,740	-	16,380	15,000	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2017	488,328	10,710	365,820	217,600	72,270

	03/31/16				
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
Number of instruments as at April 1, 2016	950,944	141,180	183,833	45,000	179,100
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	46,330	-	12,600	-	6,600
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2017	904,614	141,180	171,233	45,000	172,500

	3/31/17					
Grant date	04/19/16	06/23/16	06/23/16	12/14/16	12/14/16	Total
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years	
Number of instruments as at April 1, 2016	-	-	-	-	-	4,648,426
Number of instruments granted during the period	384,300	962,410	205,140	10,300	11,820	1,573,970
Number of instruments cancelled during the period	61,200	29,750	-	-	-	302,250
Number of instruments exercised during the period	-	-	-	-	-	634,790
Number of instruments as at March 31, 2017	323,100	932,660	205,140	10,300	11,820	5,285,356

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	
Grant date	07/21/15	04/02/15
Subscription price *(in €)*	12.18	14.22
Number of shares subscribed	134,116	179,300

Group savings scheme – Massive Multishare Ownership

	03/31/17
Grant date	08/30/16
Maturity – vesting period *(in years)*	5 years
Reference price	€36.30
Subscription price	€30.86
Discount	15%
Number of shares	2,395,133
Subscription amounts *(in € thousand)*:	
♦ Employees	4,189
♦ Additional contribution	3,203
Expense for the financial year *(in € thousand)*	10,562

Own shares

As at March 31, 2017, the Company held 4,056,809 own shares.

Number of shares in portfolio:	
♦ Liquidity agreements	22,098
♦ Share buyback program	4,031,345
♦ Coverage of purchased stock options	3,366

The changes mainly relate to the operations below:

- as part of the MMO operation, 1,833,833 shares, previously allocated to acquisitions, were reallocated to cover stock option plans. Ubisoft Entertainment SA delivered 2,395,133 securities at the acquisition price of €30.86;
- cancellation of 1,248,214 shares;
- acquisition of 3,625,178 shares held by Bpifrance.

5.3.4.9 Unrecognized contractual commitments

NOTE 28 FINANCIAL COMMITMENTS AND OTHER INFORMATION

Off-balance sheet commitments related to Company financing

Summary

Type	03/31/17	03/31/16
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	69,110	85,367
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not used	275,000	275,000
Foreign exchange hedges (1)	328,193	607,256

(1) Fair value in euros valued at the guaranteed price

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/17
Commitments given by Ubisoft Entertainment SA			
Financial guarantees			69,110
Ubisoft Entertainment Inc.	Loan guarantee	05/01/19	35,000
Commitments received by Ubisoft Entertainment SA			
Lines of credit received and not used			275,000
Syndicated loan		07/09/19	250,000
Committed lines of credit		03/30/18	10,000
Committed lines of credit		07/25/17	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):

	2016/2017	2015/2016
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, 2017, the Company is in compliance with all these ratios and expects to remain so during the 2017/2018 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	981	8,172
TOTAL	**10,142**	**436**	**981**	**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	2,040	911	4,557	1,990	7,458	-
TOTAL	**911**	**2,040**	**911**	**4,557**	**3,427**	**8,895**	**-**

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.

Staff

At March 31, 2017, the staff consisted of five corporate officers.

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, since April 1, 2014, the compensation of the CEO includes a short-term variable compensation element based on financial (including EBIT) and non-financial criteria. With regard to the past financial year, the Nomination and Compensation Committee retained the principle of an annual variable compensation, the principal of extraordinary compensation, as implemented during the financial year ended March 31, 2015, having not be retained for the years ended March 31, 2016 and 2017.

The 21st and 23rd resolutions of the General Meeting of September 23, 2015 authorized 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 paid/owed by the Company to corporate executive officers during the financial year was €1,242 thousand.

Corporate executive officers are not eligible for any severance or non-compete indemnity. Additionally, they do not 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 September 29, 2016 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €600 thousand.

During the 2016/2017 financial year, members of the Board of Directors received €475 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.

Contingent assets and liabilities

Contingent liabilities

The Company is currently undergoing a tax audit for the period from April 1, 2012 to March 31, 2015. The Company fully contests the proposed income tax adjustment and consequently no provision has been recognized in the financial statements.

Events after the reporting period

None.

NOTE 29 RELATED PARTY TRANSACTIONS

Two 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.

The five corporate officers of the Company hold management roles for which they receive compensation and are granted free preference shares and/or stock options. Information on these transactions can be found above.

5.3.4.10 Subsidiaries and shareholdings (March 31, 2017)

	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	116,415
Ubisoft EMEA SAS	France	Euro	11,960	24,928
Ubisoft International SAS	France	Euro	50,008	9,166
Ubisoft France SAS	France	Euro	20,623	7,255
Ubisoft GmbH	Germany	Euro	11,950	16,287
Ubisoft Entertainment Inc.	Canada	Canadian dollar	3,887	177,035
Owlient SAS	France	Euro	80	11,836
Ubisoft Mobile Games SARL	France	Euro	92,399	(65,982)
Other French subsidiaries [1]				
Other foreign subsidiaries [1]				
TOTAL				
Investments (between 10% and 50% of capital held)				

(1) Detailed information on significant subsidiaries is provided. Other subsidiaries comprise a significant number of subsidiaries, but the value of the shares is not significant

Percentage of capital held *(as a %)*	Carrying amount of the Investment held *(in € thousands)* Gross	Net	Loans and advances granted by the Company and not yet repaid *(in € thousands)*	Sales excluding tax *(in thousands of currency units)*	Profit for the last financial year *(in thousands of currency units)*	Dividends received *(in € thousands)*
100%	96,991	96,991	-	738,330	14,967	-
100%	55,158	55,158	-	433,107	3,591	-
100%	50,008	50,008	-	136,351	2,025	-
100%	22,872	22,872	-	50,740	(618)	-
100%	27,101	23,504	-	80,385	(5,052)	-
100%	2,666	2,666	-	649,928	188,833	-
100%	20,094	20,094	-	8,242	1,993	-
100%	92,399	30,455	-	49,965	4,038	-
	24,476	20,956	-			-
	33,773	30,710	15,890			17,542
	425,538	**353,414**				
	-	-				

5.4 Statutory auditors' report on the annual financial statements

This is a free translation into English of one of the statutory auditors' general report issued in French language 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,

Pursuant to the assignment entrusted to us by your General Meeting, we hereby present to you our report for the financial year ended March 31, 2017 on:

- the audit of the annual financial statements of Ubisoft Entertainment, 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 separate financial statements contain no material misstatements. An audit consists of examining, on the basis of sampling and other selection methods, evidence supporting the amounts and disclosures in the separate financial statements. It also involves assessing the accounting principles followed, 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 separate 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

Note 18 ("Depreciation, amortization and provisions") and Note 20 ("Intangible assets") describe the accounting principles for the recognition and impairment of commercial software developments and external software 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

Note 23 ("Non-current financial assets") describes the accounting principles for the recognition and impairment 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 separate 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.

Rennes and Nantes, June 19, 2017

Statutory Auditors

KPMG	**MAZARS**
Vincent Broyé	Arnaud Le Néen

5.5 Statutory auditors' special report on regulated agreements and commitments

This is a free translation into English of one of the statutory auditors' report on regulated agreements and commitments issued in French language 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 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.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted for the approval of the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the General Meeting that remained in effect during the financial year.

Rennes and Nantes, June 19, 2017

Statutory Auditors

KPMG	**MAZARS**
Vincent Broyé	Arnaud Le Néen

5.6 Ubisoft (parent company) results for the past five financial years

Exercise	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Capital *(in €)*	7,441,041	8,200,040	8,478,237	8,710,056	8,752,233
Number of ordinary shares	96,013,433	105,806,973	109,396,612	112,387,818	112,932,041
Number of preference shares	-	-	-	-	-
Maximum number of shares to be created:	23,277,869	12,742,995	8,307,244	7,283,147	14,980,048
through the exercise of stock options	*12,880,409*	*9,859,628*	*4,875,020*	*2,634,721*	*2,387,422*
through the allocation of free shares	*1,879,528*	*2,883,367*	*3,432,224*	*4,648,426*	*5,285,356*
through the exercise of share subscription warrants	*8,517,932*	-	-	-	-
through the conversion of OCEANE bonds	-	-	-	-	*7,307,270*
Sales *(in € thousands)*	933,598	786,733	1,100,316	1,199,870	1,319,663
Net profit (loss) before tax, investments and provisions *(in € thousands)*	392,737	243,524	568,900	453,577	406,234
Income tax *(in € thousands)*	(3,002)	(3,342)	25,741	(5,162)	(52,220)
Employee profit-sharing	-	-	-	-	-
Net income after tax, investments and provisions *(in € thousands)*	(30,462)	(184,120)	150,700	(105,306)	(104,869)
Distributed earnings	-	-	-	-	-
Per share, profit (loss) after tax, before provisions *(in €)*	4.12	2.30	4.97	4.55	4.06
Per share, profit (loss) after tax and provisions *(in €)*	(0.32)	(1.74)	1.38	(0.94)	(0.92)
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll [1] *(in € thousands)*	649	649	949	789	1,185
Social security contributions and employee benefits *(in € thousands)*	228	272	438	283	549

(1) Compensation of one corporate officer recognized as subcontracting was not included

6 Information on the Company and its capital

6.1 LEGAL INFORMATION 222
6.1.1 Information about the Company 222
6.1.2 Articles of Association 222

6.2 SHARE CAPITAL AND STOCK OWNERSHIP 224
6.2.1 Share capital 224
6.2.2 Potential capital as at March 31, 2017 225
6.2.3 Financial authorizations 226
6.2.4 Changes in capital in the three financial years to May 16, 2017 227
6.2.5 Employee stock ownership through the Company Mutual Fund (Fcpe) 227
6.2.6 Convertible, exchangeable or cum-warrant securities 227
6.2.7 Share buyback 228
6.2.8 Breakdown of capital and voting rights 232
6.2.9 Factors likely to have an impact in the event of a public offering 234

6.3 SECURITIES MARKET 236
6.3.1 Provider of securities services 236
6.3.2 Ubisoft share data 236
6.3.3 Change in the share price over the last 24 months 237
6.3.4 Transactions covered by Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF's General Regulation 238

6.4 SECURITIES OTHER THAN EQUITY SECURITIES 240

6.5 FINANCIAL COMMUNICATION 241
6.5.1 Documents available to the public 241
6.5.2 Financial reporting calendar for the 2017/18 financial year 241

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 IT, 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.

Disclosure 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 capital or voting rights as set out in the above 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 under 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 surplus 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, profits 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 ownership of existing shares that enjoy 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 liquidation surplus and right to dividends: Each preference share carries entitlement, until the Conversion Date, to the liquidation surplus 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 specified 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 specified that they have voting rights in Special Meetings of holders of preference shares.

General Meeting (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 fraction; 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, 2017, the number of shares outstanding totaled 112,932,041 fully paid-up shares with a par value of €0.0775 each, equivalent to a share capital of €8,752,233.18.

The following table shows the number of shares created and/or canceled between April 1, 2016, and March 31, 2017:

AT 04/01/16	**112,387,818 SHARES**
Exercise of subscription options	1,157,647 shares
Free share grants	634,790 shares
Cancellation of own shares *(see 6.2.7.1)*	- 1,248,214 shares
AT 03/31/17	**112,932,041 SHARES**

6.2.2 POTENTIAL CAPITAL AS AT MARCH 31, 2017

Free share grants *(see 3.2.3.5)*	Number of potential shares	Potential dilution
Attendance and/or performance conditions	5,285,356	4.47%

Share subscription options *(see 3.2.3.6)*		Number of potential shares	Potential dilution
Open	Plans 25, 26, 28, 29 and 30	753,304	0.66%
Open and not open	Plans 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34	2,387,422	2.07%

Share issuance warrants *(see 6.2.6.2)* [1]		Number of potential shares	Potential dilution
Number of share issuance warrants in circulation	10,780,000	10,780,000	8.71%

(1) Equity line: Share issuance warrants exercisable at the option of the Company for successive capital increases for a maximum amount of €835,450 (line set up on March 27, 2015)

OCEANE bonds *(see 6.2.6.1)* [2]		Number of potential shares	Potential dilution
Number of OCEANE bonds	7,307,270	7,307,270	6.08%

(2) Issuance on September 27, 2016 of bonds with the option of conversion into and/or exchange for new or existing shares (OCEANE), maturing in 2021, admitted to trading on the open market (Freiverkehr)

6.2.3 FINANCIAL AUTHORIZATIONS

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use 2016/2017	Issuance or cancellation from 04/01/16 to 03/31/17
Share buyback	09/23/15 10th resolution (1)	18 months 03/22/17	10% of the share capital Maximum purchase price: €40	See 6.2.7	
	09/29/16 17th resolution	18 months 03/28/18	10% of the share capital Maximum purchase price: €60		
Reduction in capital through cancellation of treasury shares	09/29/16 18th resolution	18 months 03/28/18	10% of the share capital	03/30/17	(1,248,214)
Capital increase by capitalization of reserves, earnings, premiums or other	09/23/15 12th resolution	26 months 11/22/17	€10 million	10/12/16 02/03/17	634,790 shares created (2)
Capital increase with preferential subscription rights preserved	09/23/15 13th resolution (3)	26 months 11/22/17	Share 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 (3)	26 months 11/22/17	Share capital: €1,450 thousand Debt securities: €400 million	N/A	N/A
Capital increase with waiver of preferential subscription rights by way of a private placement	09/23/15 15th resolution (3)	26 months 11/22/17	Share capital: €1,450 thousand Debt securities: €400 million	09/19/16	Issuance of 7,307,270 OCEANE bonds (4)
Capital increase as consideration for contributions in kind	09/23/15 17th resolution (3)	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)	09/29/16 19th resolution (3)	26 months 11/28/18	1% of the share capital on the date of the Board decision	N/A	N/A
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	09/29/16 20th resolution (3)	18 months 03/28/18		02/08/17	Current: 1,140,523 shares maximum (5)
Capital increase reserved for categories of beneficiaries as part of an employee share offering	09/29/16 21st resolution (3)	18 months 03/28/18			
Allotment of stock purchase or subscription options	09/23/15 22nd resolution (3) ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.30% of the share capital on the date of the Board decision	06/23/16 12/14/16 03/30/17	989,510 options granted
	09/23/15 23rd resolution (3) Corporate Executive Officers	38 months 11/22/18	0.05% of the share capital on the date of the Board decision	12/14/16	19,344 options granted
Free share grants	09/23/15 20th resolution (3) ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.7% of the share capital on the date of the Board decision ♦ 0.25% maximum in preference shares	04/19/16 06/23/16 12/14/16	1,357,010 ordinary shares allocated 6,838 preference shares/ 205,140 ordinary shares (6)
	09/23/15 21st resolution (3) Corporate Executive Officers	38 months 11/22/18	0.05% of the share capital on the date of the Board decision (preference shares only)	12/14/16	394 preference shares/ 11,820 ordinary shares (6)

(1) The unused portion of this authorization was canceled by the General Meeting of September 29, 2016, which adopted a similar resolution

(2) Delivery of free shares – Plan: 10/19/12 and 02/08/13

(3) Charged against the overall limit of €4 million set by the General Meeting of September 23, 2015 (24th resolution)

(4) Issuance of bonds with the option of conversion into and/or exchange for new or existing shares (OCEANE), for a nominal amount of €399,999,959.80, represented by 7,307,270 bonds with a par value of €54.74, listed on the open market (Freiverkehr) of the Frankfurt Stock Exchange

(5) Capital increase scheduled for July 27, 2017

(6) Conversion ratio of one preference share for 30 ordinary shares, subject to trading conditions

6.2.4 CHANGES IN CAPITAL IN THE THREE FINANCIAL YEARS TO MAY 16, 2017

Date of the Board meeting [2]	Type of transaction	Number of shares issued or canceled	Amount *(in cash)*	Premiums	Cumulative number of shares	Amount of share capital [1]
04/04/14	Exercise of SOP from 03/01/14 to 03/31/14	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 04/01/14 to 05/31/14	436,966	€33,864.86	€1,629,102.30	106,243,939	€8,233,905.27
07/15/14	Exercise of SOP from 06/01/14 to 06/30/14 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 07/01/14 to 09/30/14	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 10/01/14 to 10/31/14	450,736	€34,932.04	€1,168,349.40	107,805,624	€8,354,935.86
04/02/15	Exercise of SOP from 11/01/14 to 02/28/15 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 03/01/15 to 03/31/15	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 04/01/15 to 05/31/15	698,113	€54,103.76	€3,788,622.01	110,274,025	€8,546,236.94
07/21/15	Exercise of SOP from 06/01/15 to 06/30/15 and subscription of FCPE Ubi Actions	944,440	€73,194.10	€7,004,856.16	111,218,465	€8,619,431.04
04/08/16	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
10/12/16	Increase by capitalization of reserves and exercise of SOP from 04/01/16 to 09/30/16	1,137,781	€88,178.02	€6,102,320.56	113,525,599	€8,798,233.92
02/03/17	Increase by capitalization of reserves and exercise of SOP from 10/01/16 to 01/31/17	526,792	€40,826.38	€2,089,010.05	114,052,391	€8,839,060.30
03/30/17	Exercise of SOP from 02/01/17 to 02/28/17	80,078	€6,206.05	€794,380.07		
	Cancellation of own shares	(1,248,214)	€96,736.59	€19,943,321.92	112,884,255	€8,748,529.76
04/10/17	Exercise of SOP from 03/01/17 to 03/31/17	47,786	€3,703.42	€389,911.87	112,932,041	€8,752,233.18

(1) Share capital (leading to a revision of the Articles of Association and K-bis (registry document))
(2) Or recorded by the Chairman and Chief Executive Officer in case of delegation

6.2.5 EMPLOYEE STOCK OWNERSHIP THROUGH THE COMPANY MUTUAL FUND (FCPE)

As at March 31, 2017, employees held 2,846,358 shares, or 2.52% of the share capital, through the Company mutual funds.

6.2.6 CONVERTIBLE, EXCHANGEABLE OR CUM-WARRANT SECURITIES

6.2.6.1 Bonds with the option of conversion into and/or exchange for new or existing shares (OCEANE)

Pursuant to the authority granted by the General Meeting of September 23, 2015 to the Board of Directors in its 15th resolution, and the delegation of that authority by the Board to its Chairman and Chief Executive Officer at its meeting on September 19, 2016, it was decided on September 21, 2016 to proceed with the issuance of OCEANE bonds, without shareholder preferential subscription rights, by way of a private placement conforming to the conditions laid down in Article L. 411-2-II of the French Monetary and Financial Code.

CONVERSION DURING THE FINANCIAL YEAR ENDED MARCH 31, 2017

N/A.

ISSUE AMOUNT

€399,999,959.80.

NUMBER OF OCEANE BONDS ISSUED

7,307,270.

PAR VALUE OF OCEANE BONDS

€54.74 (including a 60% premium).

ISSUE PRICE OF OCEANE BONDS

At par.

NOMINAL INTEREST RATE

The OCEANE bonds are non-interest-bearing.

CONVERSION RATIO OF THE OCEANE BONDS

ONE (1) new or existing share for ONE (1) OCEANE bond.

DATE OF ISSUE AND SETTLEMENT OF THE OCEANE BONDS

September 27, 2016.

BOND DURATION

5 years.

MATURITY DATE OF THE OCEANE BONDS

September 27, 2021.

PRIVATE PLACEMENT

In France and other countries, except for the United States, Canada, Japan and Australia.

LISTING OF THE OCEANE BONDS

On the open market of the Frankfurt Stock Exchange (Freiverkehr), ISIN code FR0013204286.

LISTING OF THE UNDERLYING SHARES AND DIVIDEND ENTITLEMENT

The new or existing shares issued or delivered (as the case may be) in the event of conversion of the OCEANE bonds will bear current dividend rights.

6.2.6.2 Share issuance warrants (BEA) in connection with an equity line

Pursuant to the authority granted to the Board of Directors by the General Meeting of June 27, 2013 in its 18th resolution, and the delegation of that authority by the Board to its Chairman and Chief Executive Officer on March 19, 2015, it was decided on March 27, 2015 to proceed with the issuance, without shareholder preferential subscription rights, of BEA exercisable at the option of the Company, by way of a private placement with a view to establishing an equity line (the "Equity Line 2015"). The warrants were underwritten by CA-CIB, a qualified investor within the meaning of Article L. 411-2 of the French Monetary and Financial Code. By an amendment dated March 23, 2017, the Company and CA-CIB mutually agreed to extend the issue until March 27, 2018.

USE DURING THE FINANCIAL YEAR ENDED MARCH 31, 2017

N/A.

TYPE AND CATEGORY OF BEA

The BEA issued by the Company are securities granting entitlement to capital within the meaning of Articles 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

€835,450 or a maximum of 10,780,000 shares can be created.

SUBSCRIPTION PRICE OF ONE NEW SHARE

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 three trading days preceding its setting.

BEA EXERCISE PERIOD

The term, which was initially due to expire on March 27, 2017, has been extended by one additional year to March 27, 2018.

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

This chapter includes the information required under Article L. 225-211 of the French Commercial Code, together with the information to be included in the description of the share buyback program pursuant to Articles 241-2 and 241-3 of the General Regulation of the *Autorité des Marchés Financiers* (AMF).

6.2.7.1 Authorization in place at the time of this report

LEGAL FRAMEWORK

The Combined General Meeting of September 29, 2016 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 23, 2015, allowing the Company in accordance with Article L. 225-209 of the French Commercial Code to:

General Meeting Resolution	Conclusion	Duration of authorization	Date of implementation by the Board
17th resolution	Buy back or have bought back by the Company its own shares	18 months	09/29/16
18th resolution	Reduce the capital by cancellation of shares	18 months	03/30/17 *

* *Cancellation with effect from 03/31/17 of 1,248,214 shares (market purchase price: €20,040,058.31, or €96,736.59 in par value)*

POSITION AT 03/31/17

Percentage of own shares held directly and indirectly	3.59%
Number of shares in portfolio (1)	4,056,809
Portfolio book value	€134,683,887.58
Portfolio market value (2)	€162,454,916.41

(1) Breakdown by purpose below
(2) Closing price on March 31, 2017: €40.045

NUMBER OF SHARES HELD AS AT 03/31/17 (BY PURPOSE)

	Number of shares	
Purpose	03/31/16	03/31/17
To support the share price via an AMAFI liquidity contract	45,800	22,098
Acquisitions	2,240,000	4,031,345
Employee stock ownership coverage	113,824	3,366
Coverage of securities eligible for share allotment	-	-
Cancellation	1,248,214	-
TOTAL TREASURY SHARES HELD	**3,647,838**	**4,056,809**
PERCENTAGE OF OWN SHARES HELD	**3.25%** (1)	**3.59%** (2)

(1) Based on 112,387,818 shares as at March 31, 2016
(2) Based on 112,932,041 shares as at March 31, 2017

BREAKDOWN OF OWN-SHARE PURCHASES AND SALES OVER THE YEAR

(Article L. 225-211 of the French Commercial Code)

Treasury shares held at 03/31/2016 [1]	3,647,838	% capital	3.25%	Value of the shares at 03/31/16	at purchase price	€80,991,884.77
					par value	€282,707.45

(1) Based on 112,387,818 shares as at March 31, 2016

Shares acquired in FY17	5,206,234	Average purchase price	€33.84
Shares sold in FY17	1,153,916	Average selling price	€29.16

Execution fees	-

Shares transferred in FY17 (employee share plans)	2,395,133	% capital [2]	2.12%
Shares reallocated in FY17	1,833,833	% capital [2]	1.62%
Shares canceled in FY17 (capital reduction)	1,248,214	% capital [2]	1.11%

Treasury shares held at 03/31/17 [2]	4,056,809	% capital	3.59%	Value of the shares at 03/31/2017	at purchase price	€134,683,887.58
					par value	€314,402.70

(2) Based on 112,932,041 shares as at March 31, 2017

SUMMARY OF THE IMPLEMENTATION OF THE PROGRAM FROM 05/12/16 TO 05/16/17 (EXCLUDING LIQUIDITY AGREEMENT)

	Number of shares	Average unit price *(in €)*	Cumulative amount *(in €)*
PERIOD FROM 12/05/16 TO 03/31/17			
Acquisition	4,189,338 [1]	34.22	143,378,828.67
Disposal/Transfer	(1,833,833) [2]	30.86	(73,913,804.38)
Cancellation by way of capital reduction	(1,248,214)	16.05	(20,040,058.51)
PERIOD FROM 04/01/17 TO 05/16/17			
Acquisition	-	-	-
Disposal/Transfer	-	-	-
Cancellation by way of capital reduction	-	-	-

(1) Including the acquisition of 3,625,178 securities from Bpifrance at the price of €33.80 on October 3, 2016
(2) Transfer under the MMO employee stock ownership plan 2016 (PEGI via FCPE and/or direct share ownership)

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 22, 2017

Pursuant to Articles 241-2 and 241-3 of the *Autorité des Marchés Financiers* (AMF) General Regulation, the share buyback program to be submitted for the approval of the Combined General Meeting on September 22, 2017 is described below.

Details of the securities liable to be repurchased: ordinary shares in Ubisoft Entertainment SA listed on Euronext Paris, compartment A, ISIN code FR0000054470.

Maximum percentage of the share capital and maximum number of securities liable to be repurchased: 10% of the total number of shares comprising the share capital on the repurchase date, i.e. as a guide, based on the number of outstanding shares as at April 30, 2017 (112,965,507), taking into account the number of shares held as at May 16, 2017 (4,050,947 shares representing 3.59% of the share capital): 7,245,603 or 6.41%.

BREAKDOWN OF EQUITY SECURITIES HELD AS AT MAY 16, 2017 (BY PURPOSE)

Percentage of own shares held directly and indirectly	3.59%
Number of shares in portfolio	4,050,947
Liquidity agreements	16,236
Employee stock ownership coverage	3,366
Cancellation	-
Acquisitions	4,031,345
Portfolio book value	€134,610,782.28
Portfolio market value (1)	€197,422,902.05

(1) Closing price on May 16, 2017: €48.735

Maximum purchase price: €75, or a maximum of €847,241,250 based on the share capital as at April 30, 2017.

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 *Autorité des Marchés Financiers* (AMF);
- to meet obligations resulting from stock option plans, free share allocation plans or to proceed with any other allocations or disposals of shares to Group employees and/or Corporate Executive Officers, or for the benefit of some of them, particularly in the context of a company and/or group 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 22, 2017.

6.2.8 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

6.2.8.1 Change over the last three financial years

	03/31/17		03/31/16		03/31/15	
	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	**11,655,772**	**17,722,932**	**6,555,764**	**13,043,717**	**7,031,092**	**13,683,760**
	10.321%	*14.787%*	*5.833%*	*10.555%*	*6.427%*	*11.048%*
Yves Guillemot	**988,567**	**1,906,350**	**917,783**	**1,835,566**	**917,783**	**1,759,511**
	0.875%	*1.534%*	*0.817%*	*1.485%*	*0.839%*	*1.421%*
Claude Guillemot	**732,475**	**1,454,838**	**722,363**	**1,444,726**	**722,363**	**1,412,726**
	0.649%	*1.171%*	*0.643%*	*1.169%*	*0.660%*	*1.141%*
Michel Guillemot	**378,715**	**747,318**	**380,103**	**760,206**	**505,103**	**1,010,206**
	0.335%	*0.601%*	*0.338%*	*0.615%*	*0.462%*	*0.816%*
Gérard Guillemot	**535,659**	**1,061,206**	**525,547**	**1,051,094**	**525,547**	**1,051,094**
	0.474%	*0.854%*	*0.468%*	*0.851%*	*0.480%*	*0.849%*
Christian Guillemot	**116,625**	**222,744**	**106,625**	**212,744**	**106,119**	**212,238**
	0.103%	*0.179%*	*0.095%*	*0.172%*	*0.097%*	*0.171%*
Other members of the Guillemot family	**83,864**	**167,707**	**83,843**	**167,686**	**83,843**	**167,395**
	0.074%	*0.135%*	*0.074%*	*0.136%*	*0.077%*	*0.135%*
Guillemot Corporation SA	**443,874**	**887,748**	**443,874**	**887,748**	**443,874**	**887,748**
	0.393%	*0.744%*	*0.395%*	*0.718%*	*0.406%*	*0.717%*
CONCERT [1]	**14,935,551**	**24,170,843**	**9,735,092**	**19,403,487**	**10,335,724**	**20,184,678**
	13.225%	*20.167%*	*8.663%*	*15.701%*	*9.448%*	*16.298%*
Ubisoft Entertainment SA	**4,056,809**	**-**	**3,647,838**	**-**	**402,492**	**-**
	3.592%	*-*	*3.246%*	*-*	*0.368%*	*-*
Employees [3]	**2,846,358**	**3,615,086**	**824,916**	**1,649,636**	**917,482**	**1,659,005**
	2.520%	*3.016%*	*0.734%*	*1.335%*	*0.839%*	*1.339%*
Public	**91,093,323**	**92,069,047**	**98,179,162**	**102,523,467**	**97,740,914**	**102,009,611**
	80.662%	*76.817%*	*87.357%*	*82.964%*	*89.345%*	*82.363%*
TOTAL	**112,932,041**	**119,854,976**	**112,387,818**	**123,576,590**	**109,396,612**	**123,853,294**
	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 9,574,214 double voting rights at March 31, 2017
(2) In accordance with the Articles of Association, a double voting right is conferred on shares that have been registered for at least two years
(3) Shares held by employees through Company mutual funds (FCPE)

6.2.8.2 Breakdown of capital and voting rights as at April 30, 2017

	Capital		Voting rights theoretical		Voting rights exercisable at AGM	
	Number of shares	%	Number	%	Number	%
Guillemot Brothers SE	11,655,772	10.318%	18,061,764	14.659%	17,722,932	14.790%
Yves Guillemot	988,567	0.875%	1,906,350	1.547%	1,906,350	1.591%
Claude Guillemot	732,475	0.649%	1,454,838	1.181%	1,454,838	1.214%
Michel Guillemot	378,715	0.335%	747,318	0.607%	747,318	0.624%
Gérard Guillemot	495,659	0.439%	981,206	0.796%	981,206	0.819%
Christian Guillemot	116,625	0.103%	222,744	0.181%	222,744	0.186%
Other members of the Guillemot family	83,864	0.074%	167,707	0.136%	167,707	0.139%
Guillemot Corporation SA	443,874	0.393%	887,748	0.720%	887,748	0.741%
CONCERT	**14,895,551**	**13.186%**	**24,429,675**	**19.827%**	**24,090,843**	**20.104%**
Ubisoft Entertainment SA	4,047,480	3.583%	4,047,480	3.285%	-	-
Employees *	2,807,181	2.485%	3,547,989	2.879%	3,547,989	2.961%
Public	91,215,295	80.746%	91,191,812	74.009%	92,191,812	76.935%
TOTAL	**112,965,507**	**100%**	**123,216,956**	**100%**	**119,830,644**	**100%**

* *Shares held by employees through Company mutual funds (FCPE)*

6.2.8.3 Shareholders exceeding 5% of the share capital as at May 16, 2017 (1)

Shareholder	% capital (2)	% voting rights gross (2)	% voting rights net (2)
Vivendi	26.578%	24.170%	25.055%
FMR LLC (3)	9.997%	9.424%	9.091%

(1) Information provided on the basis of statements made to the Company and/or to the AMF and summarized hereafter, or contained in the list of registered shareholders managed by BPSS

(2) Based on the number of shares and voting rights as at April 30, 2017

(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, 2017, and until May 16, 2017, it was disclosed that the following legal thresholds had been crossed:

Name of shareholder	Date	Threshold (in %)		Type	Declaration of intent	Interest after crossing of threshold (in %)	
		Capital	Voting rights			Capital	Voting rights
Vivendi SA	04/27/16	-	15%	Up due to an acquisition on the market	✔	17.73%	15.66%
	06/14/16	20%	-	Up due to an acquisition on the market	✔	20.10%	17.77%
	07/14/16	-	20%	Up due to an acquisition on the market	✔	22.63%	20.00%
	12/07/16	25%	-	Up due to an acquisition on the market	✔	25.15%	22.92%
Guillemot family	09/05/16	10%	-	Up due to an off-market acquisition	✔	12.84%	18.91%
Guillemot Brothers SE	09/16/16	10%	-	Up due to an acquisition on the market	✔	10.30%	14.12%
JP Morgan Chase & Co (1)	09/16/16	5%	5%	Up due to an off-market acquisition	-	8.94%	7.90%
JP Morgan Securities plc	09/16/16	5%	5%	Up due to an off-market acquisition	-	8.94%	7.90%
Bpifrance (2)	03/10/16	-	5%	Down due to an off-market disposal	-	0%	0%
Caisse des dépôts et consignations (2)	03/10/16	-	5%	Down due to an off-market disposal	-	0%	0%
BlackRock Inc., acting on behalf of the clients and funds it manages (3)	02/23/17	5%	-	Up due to an increase in the number of Company shares held as collateral	-	5.05%	4.59%
	02/27/17	5%	-	Down due to a decrease in the number of Company shares held as collateral	-	4.87%	4.43%
FMR LLC (4)	04/04/17	10%	-	Up due to a decrease in the total number of shares	✔	10.10%	9.18%
	04/20/17	10%	-	Down due to a disposal on and off the market	-	9.99%	9.09%

(1) Through the companies JP Morgan Securities plc and JP Morgan Clearing Corp., which it controls

(2) Through the company Bpifrance Participations

(3) The BlackRock interest is held on behalf of clients, although the fund manager has discretion in exercising the voting rights attached to the shares held, unless clients specifically ask to keep control of voting rights

(4) FMR LLC is a holding company of an independent group of management companies, acting on behalf of funds, commonly referred to as Fidelity Investments

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

Under the rules of the mutual funds Ubi Actions and Ubi Share Ownership (the "FCPE"), the Supervisory Boards 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. At March 31, 2017, the mutual funds held 2.52% of the share capital and 2.91% of the theoretical voting rights, or 3.016% of the voting rights that can be exercised at the General Meeting.

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 29, 2016, 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 22, 2017 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 on reclaiming the real economy (the "Florange Law"), the authorization to issue shares and securities with or without preferential subscription rights, submitted for approval to the General Meeting of September 22, 2017, prohibits the Board of Directors from initiating such issuance during a public offering for 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 "Option") 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 the event of termination of the appointment of corporate officers of Ubisoft Entertainment SA.

6.3 Securities market

6.3.1 PROVIDER OF SECURITIES SERVICES

BNP PARIBAS

Grands Moulins de Pantin

Shareholder Relations – 9, rue du Débarcadère – 93761 PANTIN Cedex

6.3.2 UBISOFT SHARE DATA

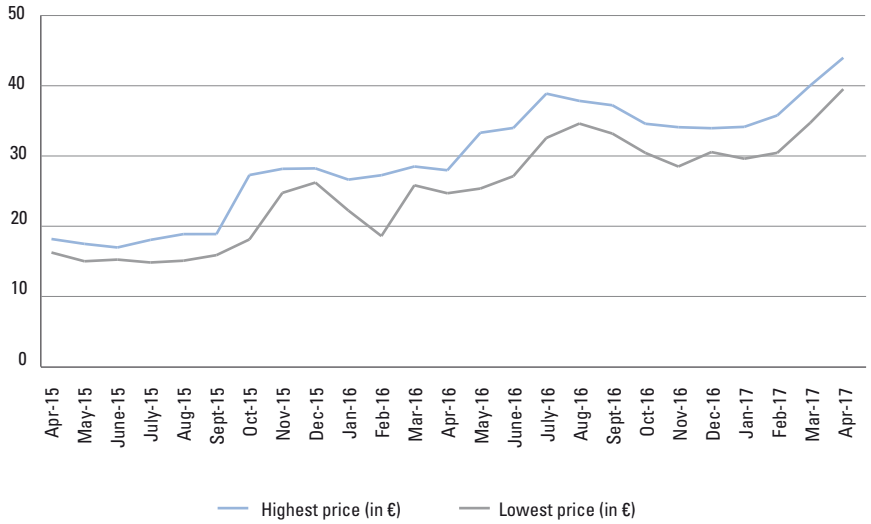
ISIN code	FR0000054470
Place listed	Euronext Paris – Compartment A
Par value	€0.0775
Number of shares outstanding as at 03/31/17 (1)	112,932,041
Closing price on 03/31/17 (2)	€40.045
Market capitalization as at 03/31/17	€4,522,363,581.85
Flotation price on 07/01/96	€38.11
Five-for-one stock split on 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)*
2015			
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
May 2016	33.31	25.365	5,873,024
June 2016	33.995	27.13	5,833,578
July 2016	38.88	32.57	5,044,515
August 2016	37.845	34.615	4,730,714
September 2016	37.225	33.195	6,456,873
October 2016	34.59	30.44	4,507,204
November 2016	34.10	28.50	8,086,403
December 2016	33.955	30.555	4,374,087
2017			
January 2017	34.15	29.615	5,942,041
February 2017	35.78	30.45	4,916,654
March 2017	40.045	34.735	4,004,904
April 2017	43.99	39.52	3,927,426

(Source: Euronext)



6.3.4 TRANSACTIONS COVERED BY ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE AND ARTICLE 223-26 OF THE AMF'S GENERAL REGULATION

TRANSACTIONS INVOLVING SECURITIES AND/OR FINANCIAL INSTRUMENTS

Surname, first name, position at the transaction date	Type of transaction	Date of transaction	Number of shares	Type	Unit price	Amount of transaction
SECURITIES TRANSACTIONS BY MANAGER						
Yves Guillemot Chairman and Chief Executive Officer	Exercise	04/25/16	70,784	Options	€6.77	€479,207.68
Michel Guillemot Executive Vice President	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
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
Christian Guillemot Executive Vice President	Acquisition	11/30/16	10,000	Shares	€33.0443	€330,443
Alain Martinez Chief Financial Officer	Subscription	08/30/16	272	Shares	€30.86	€8,420
Christine Burgess-Quémard Executive Director, Worldwide Production	Exercise	05/24/16	645	Options	€6.37	€4,108.65
	Disposal	05/27/16	37,992	Shares	€32.2628	€1,225,728.30
	Exercise	05/27/16	5,156	Options	€6.37	€32,843.72
	Disposal	05/31/16	20,994	Shares	€33.1714	€696,400.37
	Exercise	05/31/16	3,867	Options	€6.37	€24,632.79
	Disposal	06/24/16	9,499	Options	€28	€265,972
	Exercise	070/7/16	26,131	Options	€6.37	€4,102.28
			2,855	Options	€6.65	€18,985.75
	Disposal	07/07/16	3,495	Shares	€34.252	€119,753.98
	Subscription	08/30/16	515	Shares	€30.86	€15,920
	Disposal	10/10/16	2,649	Shares	€32	€84,768
	Exercise	11/04/16	2,578	Options	€6.37	€16,421.86
	Disposal	11/04/16	2,578	Shares	€33.2675	€85,763.615
	Disposal	11/08/16	4,226	Shares	€32	€135,232
	Exercise	01/02/17	860	Options	€6.37	€5,478.20
			2,250	Options	€9.547	€21,480.75
	Disposal	01/02/17	860	Shares	€34	€29,240
			2,250	Shares	€34.0133	€76,529.925
			3,370	Shares	€34.0111	€114,617.407
	Disposal	01/03/17	3,505	Shares	€34.0471	€119,335.0855
			20,500	Shares	€34.0595	€698,219.75
	Exercise	02/10/17	8,187	Options	€9.5470	€78,161.289
	Disposal	02/10/17	8,187	Shares	€34.0216	€278,534.839
Serge Hascoët Chief Creative Officer	Exercise	07/19/16	12,187	Options	€6.37	€77,631.19
			24,375	Options	€9.547	€232,708.13
	Disposal	07/19/16	36,562	Shares	€35.5214	€1,298,733.43
	Subscription	08/30/16	126	Shares	€30.86	€3,920
	Disposal	02/13/17	16,250	Shares	€35.1579	€571,315.875
Alain Corre Executive Director, EMEA	Subscription	08/30/16	321	Shares	€30.86	€9,920

Surname, first name, position at the transaction date	Type of transaction	Date of transaction	Number of shares	Type	Unit price	Amount of transaction
SECURITIES TRANSACTIONS BY RELATED PERSONS						
Guillemot Brothers SE related legal entity managed by Christian Guillemot, Executive Vice President of Ubisoft Entertainment SA	Acquisition	06/24/16	214,907	Shares	€32.2662	€6,934,232.24
	Acquisition	06/27/16	21,682	Shares	€30.7958	€667,714.53
			85,093	Shares	€30.9934	€2,637,321.38
	Acquisition	06/28/16	39,444	Shares	€31.7359	€1,251,790.83
	Acquisition	07/05/16	27,103	Shares	€32.9856	€894,008.71
	Acquisition	07/25/16	111,771	Shares	€35.3363	€3,949,573.58
	Acquisition	07/26/16	31,271	Shares	€35.4015	€1,107,040.03
	Acquisition	07/27/16	42,367	Shares	€35.6084	€1,508,621.08
	Acquisition	07/28/16	3,432	Shares	€36.80	€126,297.06
	Acquisition	07/29/16	11,515	Shares	€36.4736	€419,993.504
	Acquisition	03/08/16	30,000	Shares	€36.0326	€1,080,978
	Disposal	08/09/16	170,000	Shares	€36.8521	€6,264,857
	Disposal	08/10/16	90,000	Shares	€36.1668	€3,255,012
	Disposal	08/11/16	140,000	Shares	€36.8412	€5,157,768
	Acquisition	08/12/16	81,415	Shares	€36.5399	€2,974,895.96
	Acquisition	08/18/16	76,653	Shares	€35.5547	€2,725,374.40
	Acquisition	08/19/16	74,021	Shares	€35.6441	€2,638,447.50
	Acquisition	08/25/16	30,800	Shares	€34.9053	€1,075,083.20
	Acquisition	08/29/16	28,425	Shares	€34.938	€993,112.65
	Acquisition	08/30/16	72,866	Shares	€35.442	€2,582,516.70
	Acquisition	08/31/16	90,983	Shares	€35.3869	€3,219,606.30
	Acquisition	09/12/16	26,251	Shares	€35.1491	€922,699.024
	Disposal	09/14/16	81,961	Shares	€35.2339	€2,887,805.60
	Disposal	09/15/16	18,039	Shares	€35.2436	€635,759.30
	Acquisition	09/15/16	107,297	Shares	€35.7614	€3,837,090.90
	Acquisition	09/16/16	368,046	Shares	€35.4604	€13,051,058.3784
	Acquisition	09/19/16	4,000,008	Shares	€36.07255563	€144,290,511.10
	Acquisition	09/21/16	24,657	Shares	€34.4703	€849,934,187.1
Natural person related to Christian Guillemot Executive Vice President	Acquisition	09/08/16	1	Share	€36.675	€36.675
Natural person related to Claude Guillemot Executive Vice President	Acquisition	09/15/16	10	Shares	€36	€360
	Acquisition	09/16/16	10	Shares	€35.35	€353.50

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% p.a.

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 bondholder 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% p.a.

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 bondholder 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 *Autorité des Marchés Financiers* (AMF) website (www.amf-france.org).

Regulatory information is available on the company's website (www.ubisoftgroup.com).

Person responsible for information:

Yves Guillemot

Chairman and Chief Executive Officer

28, rue Armand-Carrel

93108 Montreuil-sous-Bois Cedex

Tel.: (33) 01 48 18 50 00

www.ubisoftgroup.com

6.5.2 FINANCIAL REPORTING CALENDAR FOR THE 2017/18 FINANCIAL YEAR

	Date
Q1 sales	Week commencing July 17, 2017
H1 results	Week commencing November 6, 2017
Q3 sales	Week commencing February 5, 2018
Year-end results	Week commencing May 7, 2018

These dates are provided for information purposes only and will be confirmed during the year.

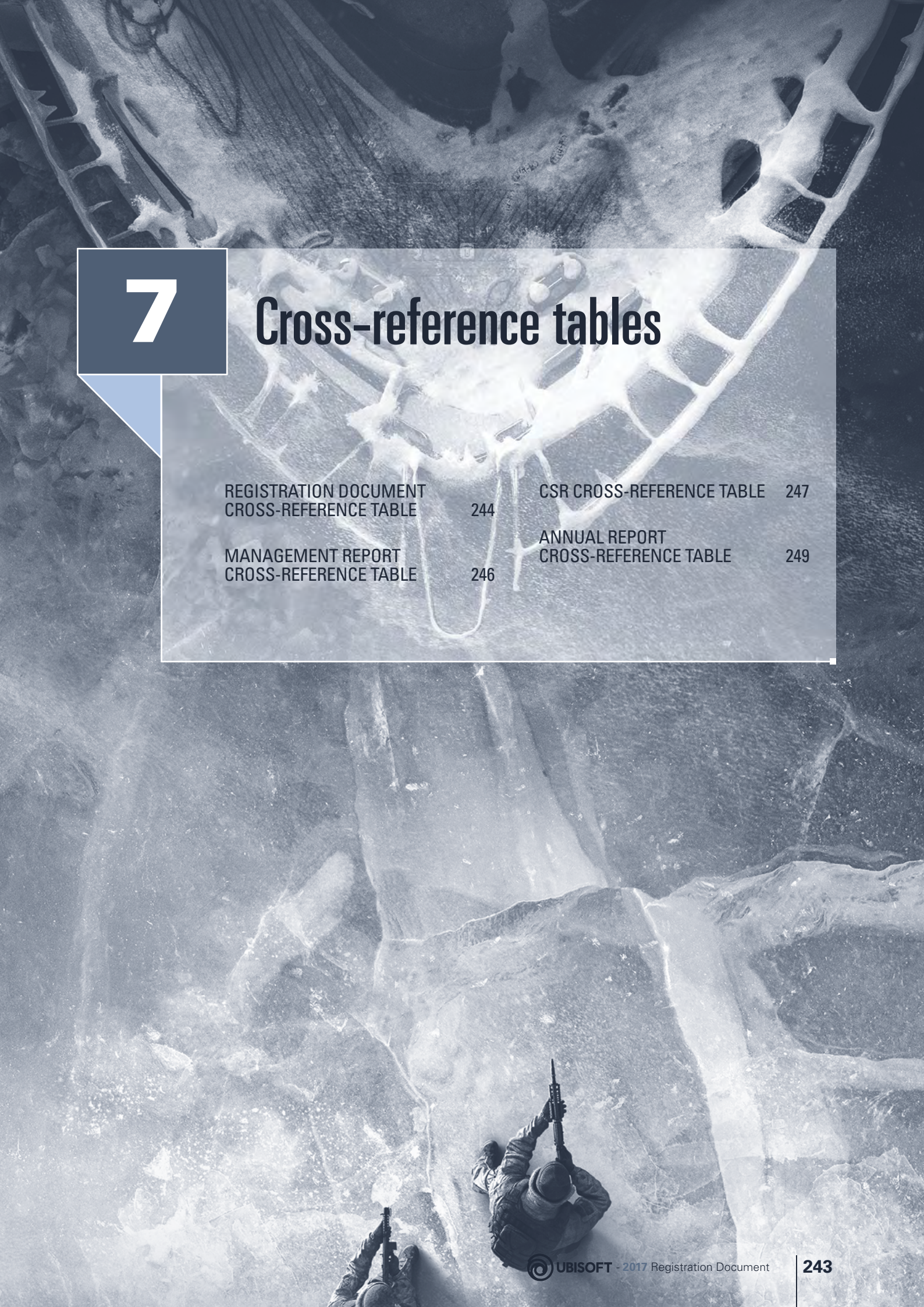
7 Cross-reference tables

REGISTRATION DOCUMENT CROSS-REFERENCE TABLE 244

MANAGEMENT REPORT CROSS-REFERENCE TABLE 246

CSR CROSS-REFERENCE TABLE 247

ANNUAL REPORT CROSS-REFERENCE TABLE 249



Registration Document cross-reference table

This Registration Document was prepared in accordance with the provisions of Annex I to Regulation (EC) No. 809/2004 of April 29, 2004 (the "Prospectus Regulation"), the recommendations of the European Securities and Markets Authority and AMF Position Recommendation No. 2009-16 of December 10, 2009 ("Guide to compiling registration documents").

		Registration Document	
Registration Document cross-reference table		Chapters	Pages
1.	**PERSONS RESPONSIBLE**		**4**
2.	**STATUTORY AUDITORS**	**3.4**	**94**
3.	**SELECTED FINANCIAL INFORMATION – Key figures**	**1**	**5**
4.	**RISK FACTORS**	**3.1.2**	**48**
5.	**INFORMATION ON THE ISSUER**		
5.1	**Company history and evolution**		
5.1.1	Company name and trading name	6.1.1	222
5.1.2	Registration number and location	6.1.1	222
5.1.3	Date of incorporation and term	6.1.1	222
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	222 and 241
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 48
6.3	Non-recurring events impacting main activities or primary markets	2.5.2 - 3.1.2.1	16 and 48
6.4	Dependency on certain agreements	N/A	
6.5	Competitive position	3.1.2.1	48
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	5.1.2.10 note 25	158
8.2	Property, plant, equipment and environmental issues	N/A	
9.	**REVIEW OF THE FINANCIAL POSITION AND EARNINGS**		
9.1	Financial position	2.5.4	17
9.2	Operating income	2.5.3	17
10.	**CASH AND CAPITAL**		
10.1	Information on the capital	2.4.3 and 5.1.2.16 note 47	14 and 179
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**	**19**
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 45
14.2	Conflicts of interest	3.1.1.4	47
15.	**COMPENSATION AND BENEFITS**		
15.1	Compensation paid and benefits in kind	3.2	61
15.2	Provisions recognized for the purposes of paying pensions, retirement benefits or other benefits	5.1.2.8 note 14	143
16.	**FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES**		
16.1	Terms of office of the members of the Board of Directors	3.1.1.2	22
16.2	Service agreements binding members of administrative and management bodies	3.1.1.4	47
16.3	Information on the Audit Committee and the Nomination and Compensation Committee	3.1.1.2	22
16.4	Statement of compliance with the current corporate governance regime	3.1.1.1	22
17.	**EMPLOYEES**		
17.1	Number of employees	4.2.1.1	98
17.2	Equity interests and stock options	4.2.2.2	101
17.3	Agreement on employee profit-sharing in the issuer's capital	4.2.2.2	101
18.	**MAIN SHAREHOLDERS**		
18.1	Breakdown of capital and voting rights	6.2.8	232
18.2	Different voting rights	6.2.8	232
18.3	Control of the issuer	6.2.8	232
18.4	Agreement that could lead to a change of control	6.2.9	234
19.	**RELATED PARTY TRANSACTIONS**	**5.1.2.13 note 33**	**169**
20.	**FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND SALES OF THE ISSUER**		
20.1	Historical financial information	5	125
20.2	Pro forma financial information	N/A	
20.3	Financial statements	5	125
20.4	Examination of the annual historical financial information	5	125
20.5	Date of the most recent financial information	6.5.2	241
20.6	Interim and other financial information	N/A	
20.7	Dividend distribution policy	5.1.2.16 note 48	179
20.8	Legal proceedings and arbitration	3.1.2.2	52
20.9	Significant change in financial or commercial position	2.5 - 3.1.2.1	15 and 48
21.	**ADDITIONAL INFORMATION**		
21.1	Capital	6.2.1	224
21.2	Memorandum and Articles of Association	6.1.2	222
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**	**241**
25.	**INFORMATION ON SHAREHOLDINGS**	**5.3.4.10**	**214**

Management report cross-reference table

The management report for the 2016/2017 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 Board of Directors of Ubisoft Entertainment SA on May 16, 2017.

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	2.5.3 - 2.5.4	17
Guidelines on the use of financial instruments	3.1.2.3 - 5.1.2.14 note 37	53 and 173
Sales of subsidiaries and controlled companies by activity	2.3 - 5.3.4.10	11 and 214
Non-financial key performance indicators	4.2 - 4.3 - 4.4	98 - 109 - 116
Future development of the Company and the Group	2.6	19
Significant events occurring since the closing date of the period	5.1.2.18	182
Description of the main risks and uncertainties facing the Group	3.1.2	48
R&D activities	2.4.1	13
Deadline for payment of trade payables and trade receivable balances	5.3.4.2 note 5 - 5.3.4.3 note 12	193 and 196
CORPORATE SOCIAL RESPONSIBILITY (CSR)		
Review of the social and environmental impact of the business, including the ways in which the Company's activities and its products and services might be contributing to climate change. It also examines the Company's societal commitments towards sustainable development, the circular economy, the fight against food waste, the prevention of discrimination and the promotion of diversity	4.2.3 - 4.3.2 - 4.3.3 - 4.3.4.1 - 4.3.6	103 110 - 112 114 - 115
Collective agreements signed by the Company and impacts on economic performance and on the working conditions of employees	4.2.4.5	108
Information relating to hazardous activities	4.3.1.3 - 4.3.4.1	110 and 114
CORPORATE GOVERNANCE		
Offices and positions held in any company by each of the corporate officers during the financial year	3.1.1.2	22
Compensation and benefits in kind paid to every corporate officer	3.2	61
Terms of subscription, exercise of subscription options and purchase of shares granted to corporate officers	3.2.3	66
Conditions for granting free shares to corporate officers	3.2.3	66
Summary of transactions carried out by directors on Company securities	6.3.4	238
CAPITAL AND OWNERSHIP		
Shareholding structure and changes made during the financial year	6.2.8	232
List of Company subsidiaries and companies controlled by it	2.3.3	12
Disposal of shares in order to regularize cross shareholdings	N/A	
Share buyback information	6.2.7	228
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	227
Factors likely to have an impact in the event of a public offering	6.2.9	234
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	45
Details of dividends distributed over the past three financial years	5.1.2.16 note 48	179
Net financial income of the Company over the past five financial years	5.6	219
Non tax deductible expenses	N/A	
Anti-competitive practices	N/A	
Appointment/reappointment of Statutory Auditors	3.4	94

CSR cross-reference table

This Registration Document was prepared in accordance with Decree No. 2012-557 of April 24, 2012 (Article 225 of Law No. 2010-788 of July 12, 2010, also known as 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	98
♦ By gender	4.2.1.1	98
♦ By age	4.2.1.3	100
♦ By geographical region	4.2.3.3	105
Hires and redundancies/dismissals	4.2.1.2	99
Compensation and its evolution	4.2.2.2 - 5.1.2.8 note 13	101 and 142
Organization of labor		
Organization of working hours	4.2.4.2	106
Absenteeism	4.2.4.3	107
Employee relations		
Organization of social dialogue	4.2.4.5	108
Collective agreements	4.2.4.5	108
Health and safety		
Health and safety conditions in the workplace	4.2.4.4	107
Agreements signed with labor unions and staff representatives in relation to health and safety	4.2.4.5	108
Occupational accidents, in particular their frequency and severity, occupational illnesses	4.2.4.4	107
Training		
Training policies implemented	4.2.2.3 - 4.2.2.4	101 - 102
Total number of training hours	4.2.2.3	101
Equal opportunity		
Measures taken to encourage gender equality	4.2.3.2	104
Measures taken in favor of the employment and integration of disabled people	4.2.3.4	106
Anti-discrimination policy	4.2.3	103
Promotion of and compliance with the provisions of the fundamental conventions of the ILO	4.2.5	108
ENVIRONMENTAL INFORMATION		
General environmental policy		
The Company's handling of environmental issues and, where applicable, environmental assessment and certification procedures	4.3.1.1	109
Employee training and information initiatives on environmental protection	4.3.1.2	109
Resources devoted to the prevention of environmental risks and pollution	4.3.1.3	110
Sum of provisions and guarantees for environmental risk	4.3.1.4	110
Pollution		
Prevention, mitigation and remediation measures for discharges into the air, water and soil with a significant environmental impact	4.3.4.2	115
Consideration of noise and any other forms of pollution specific to an activity	4.3.4.2	115
Circular economy		

CSR cross-reference table	Registration Document Chapters	Pages
Waste prevention and management		
Prevention, recycling, reuse, other forms of recovery and disposal of waste	4.3.4.1	114
Actions to prevent food waste	4.3.6	115
Sustainable use of resources		
Water consumption and supply according to local constraints	4.3.3.3	114
Raw materials consumption and measures taken to use them more efficiently	4.3.3.2	113
Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	4.3.3.1	112
Land use	4.3.3.4	114
Climate change		
The main sources of greenhouse gas emissions resulting from the Company's activities, including from the use of the products and services it produces	4.3.2	110
Adapting to the consequences of climate change	4.3.2	110
Protecting biodiversity		
Measures taken to preserve/develop biodiversity	4.3.5	115
SOCIETAL INFORMATION		
Territorial, economic and social impacts of the business		
in relation to employment and regional development	4.4.1	116
for local communities	4.4.2 - 4.4.3	117 - 119
Relations with stakeholders		
Conditions for dialogue with these individuals or organizations	4.4.4	119
Partnership or sponsorship initiatives	4.4.2	117
Subcontractors and suppliers		
Consideration of employee-related and environmental issues in the purchasing policy	4.4.5.1	120
Consideration in supplier and subcontractor relations of their employee-related and environmental responsibilities	4.4.5.2	120
Importance of subcontracting	4.4.5.3	120
Fair operating practices		
Actions taken to prevent corruption	4.4.6.1	120
Measures taken to protect consumer health and safety	4.4.6.2	121
Other action taken to protect human rights	**4.4.7**	**121**
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 activity, and the use of the goods and services that it produces, on climate change	4.3.2	110
Information on the Company's societal commitments in favor of:		
♦ sustainable development	4.3.3	112
♦ the circular economy	4.3.4.1	114
♦ preventing food waste	4.3.6	115
♦ promoting diversity and preventing discrimination	4.2.3 - 4.4.2	103 and 117
Collective agreements signed by the Company and impacts on economic performance and on the working conditions of employees	4.2.4.5	108

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 Regulation. 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	187
Consolidated financial statements of the Group	5.1	126
Statutory Auditors' general report on the annual financial statements	5.4	216
Statutory Auditors' report on the consolidated financial statements	5.2	185
Management report including the information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and 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	5.1.2.19	182
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	22
Statutory Auditors' report on the Chairman of the Board of Directors' report	3.3	93

© 2017 Ubisoft Entertainment. All Rights Reserved. Ubisoft and the Ubisoft logo are trademarks of Ubisoft Entertainment in the US and/or other countries. Far Cry: Based on Crytek's original Far Cry directed by Cevat Yerli. Prince of Persia © 2005-2015 Ubisoft Entertainment. All Rights Reserved. Based on Prince of Persia® created by Jordan Mechner. Prince of Persia is a trademark of Waterwheel Licensing LLC in the US and/or other countries used under license by Ubisoft Entertainment.

Microsoft, XBOX 360, XBOX ONE are trademarks of the Microsoft group of companies and are used under license from Microsoft.

« PlayStation » is a registered trademark of Sony Interactive Entertainment Inc.

Nintendo, Wii, Wii U, Nintendo Switch, Nintendo DS and Nintendo 3DS are trademarks of Nintendo.

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 on request from Ubisoft's business address

at 28, rue Armand Carrel – 93108 Montreuil-sous-Bois cedex, France

Ubisoft Entertainment
French Corporation *(Société Anonyme)* with a Board of Directors
and share capital of €8,786,875.99
Registered office: 107, avenue Henri Fréville
BP 10704 – 10704 RENNES CEDEX 2
335 186 094 RCS RENNES

This document is printed in compliance with ISO 14001.2004 for an environmental management system.



REGISTERED OFFICE
Ubisoft Entertainment
107, avenue Henri Fréville
35207 Rennes Cedex 2

BUSINESS ADDRESS
Ubisoft Entertainment
28, rue Armand Carrel
93108 Montreuil-sous-Bois Cedex
Tel: +33 (0)1 48 18 50 00
Fax: +33 (0)1 48 57 07 41

AUSTRALIA
AUSTRIA
BELGIUM
BRAZIL
BULGARIA
CANADA
CHINA
DENMARK
FINLAND
FRANCE
GERMANY
HONG KONG
INDIA
ITALY
JAPAN
KOREA
MEXICO
NETHERLANDS
PHILIPPINES
POLAND
ROMANIA
RUSSIA
SERBIA
SINGAPORE
SPAIN
SWEDEN
SWITZERLAND
UKRAINE
UNITED ARAB EMIRATES
UNITED KINGDOM
UNITED STATES

LABRADOR +33 (0)1 53 06 30 80