

UBISOFT

2019

REGISTRATION DOCUMENT

and Annual Report

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UBISOFT

Registration Document 2019

and Annual Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration Document was filed on June 7, 2019 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, 2018, presented in the Registration Document filed on June 6, 2018 under No. D.18-0544, pages 142 to 246;**
- **the consolidated and separate financial statements and the relevant Statutory auditors' reports for the financial year ended March 31, 2017, presented in the Registration Document filed on July 21, 2017 under No. D.17-0787, pages 125 to 219.**

Message from the Chairman

Dear Shareholders and Partners,

Ubisoft achieved a record performance in the 2018/2019 financial year, in line with the plan that the Group set itself three years ago.

Over the past three years, we have continued to radically transform the Company. We have launched high-quality games and experiences at a steady pace. The Group's digital transformation has been much faster than anticipated and we have reduced our dependence on new launches, switching to a much more recurring model. We have also diversified our portfolio through the development of two high-potential sectors, PC and mobile, and are chasing strong growth in Asia.

As a result, our net bookings* have risen 46% in three years. Non-IFRS operating income reached €446 million for the period (+164% over three years), with a record non-IFRS operating margin of 22%, up 10 points on the 2015/2016 financial year. I would like to thank all Ubisoft staff for their outstanding performance.

Today, Ubisoft is ideally positioned within the video game industry and has key strengths that represent the pillars of its long-term strategy. We are building a sustainable organization while remaining agile. Our aim is to establish a strong corporate culture with a view to attracting the best talent. With our extensive global studio network and collaborative approach, we boast unrivaled production capacity and can deliver quality content at a steady pace. We own all our key brands, which gives us excellent visibility. In recent years, we have been forging a special relationship with our communities. Highly engaged and continually expanding, they represent the core value of our games. With Uplay, we now have a high-performance, fast-growing online service and distribution platform, enabling us to cement this close relationship over the long term.

Although video games are now the largest segment of the entertainment industry, they are still only in the early stages of development and are set to undergo further profound transformation. We expect to reach five billion players over the next 10 years, as barriers between platforms and regions disappear. The growing success of console and PC franchises on mobile devices and the advent of cloud gaming will play an important role in these major developments. For a start, cloud gaming will be enhanced by multi-screen offerings and exciting new experiences with access to unprecedented technological capability. As an indication of the future scale of this transformation, more and more platforms are competing for quality content and access to engaged player communities. Our recent partnerships with Tencent, Epic and Google reflect these trends and the relevance of our positioning.

In this respect, there are numerous opportunities for Ubisoft to create value: Growing the audience and player engagement with larger games and more powerful post-launch content – creating new gaming genres, segments and experiences – adapting our console and PC franchises for mobile devices – preparing the advent of the next generation of consoles – seizing the opportunities afforded by streaming and cloud gaming – developing our Uplay platform – investing in artificial intelligence. To fully capitalize on all these opportunities, and in a bid to support the Group's growth and continue to grow our profitability over the coming years, we are accelerating investment in our people and studios. This organic investment approach has consistently paid off at Ubisoft and has created significant value for the Company's talent, players and shareholders in recent years. We are confident about the future and excited about the opportunities available to us.

I would like to extend my warmest thanks to our shareholders and partners for their loyalty, support and trust.

Yves Guillemot

Chairman and Chief Executive Officer

* Net bookings correspond to historical sales (sales excluding impacts from the application of IFRS 15)

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 299 of Chapter 8 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 185 to 186 and 204 to 208 of the 2017 and 2018 Registration Documents.

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

The Statutory auditors' report on the consolidated financial statements for the financial year ended March 31, 2018 appears on pages 204 to 208 of the 2018 Registration Document. It contains an observation drawing the attention of the reader to the "Comparability of financial statements" note in the Notes to the consolidated financial statements which shows the impact of the early application of IFRS 9 as of April 1, 2017.

The Statutory auditors' report on the consolidated financial statements for the financial year ended March 31, 2019 appears on pages 228 to 232 of this Registration Document. It contains an observation drawing the attention of the reader to the "Comparability of financial statements" note in the Notes to the consolidated financial statements which shows the impact of the early application of IFRS 15 as of April 1, 2018.

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, 2017 (pages 216 and 217 of the 2017 Registration Document) contains no comment.

The Statutory auditors' report on the separate financial statements for the financial year ended March 31, 2018 (pages 240 and 243 of the 2018 Registration Document) contains a comment drawing the attention of the reader to the "Comparability of financial statements" note of the Notes to the separate financial statements regarding the first application of ANC [Accounting Standards Commission] rule No. 2015-05 regarding the accounting of forward financial instruments and hedging transactions beginning on April 1, 2017.

The Statutory auditors' report on the separate financial statements for the financial year ended March 31, 2019 (pages 264 to 268 of this Registration Document) contains no comment.

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

Yves GUILLEMOT,

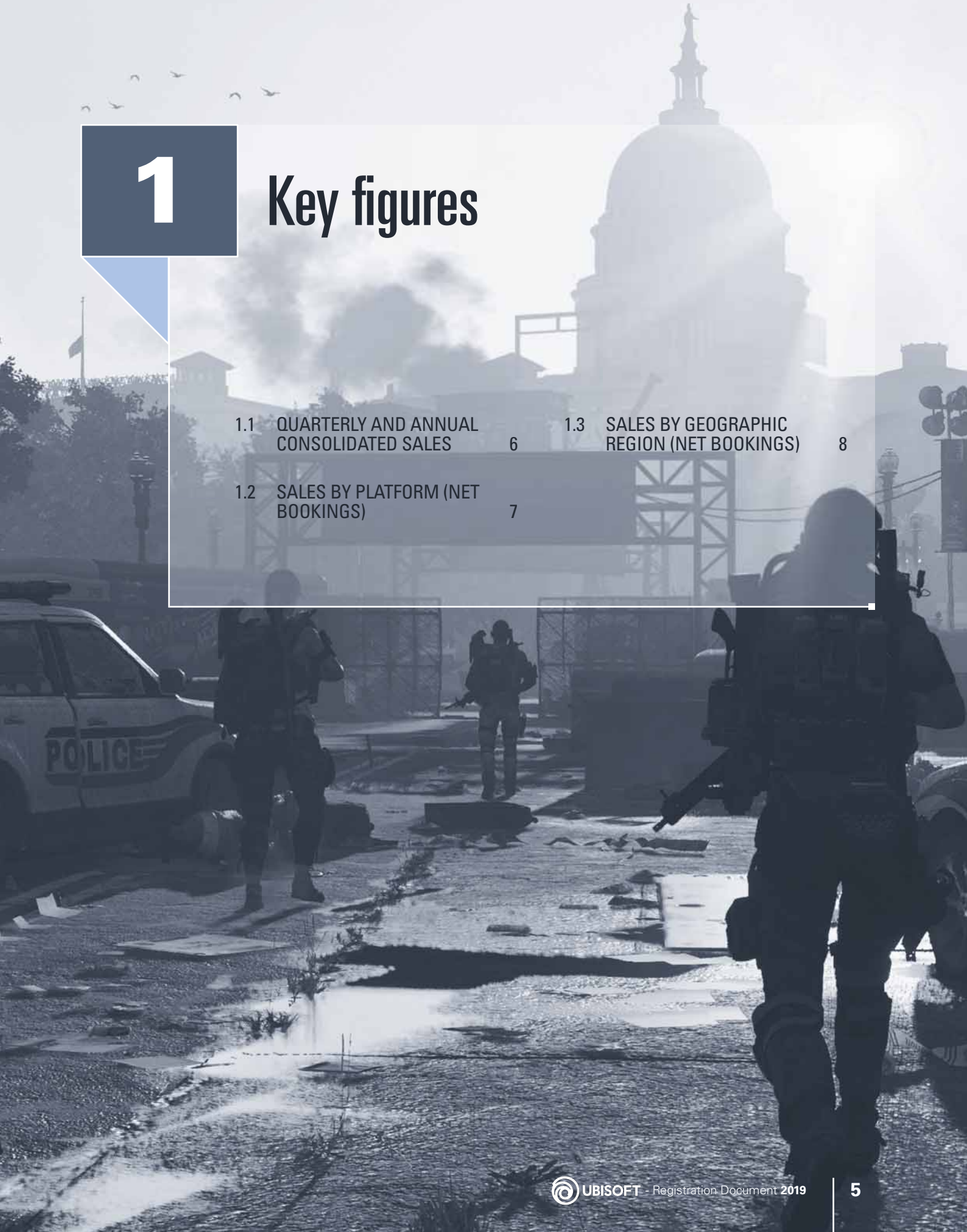
Chairman and Chief Executive Officer

1 Key figures

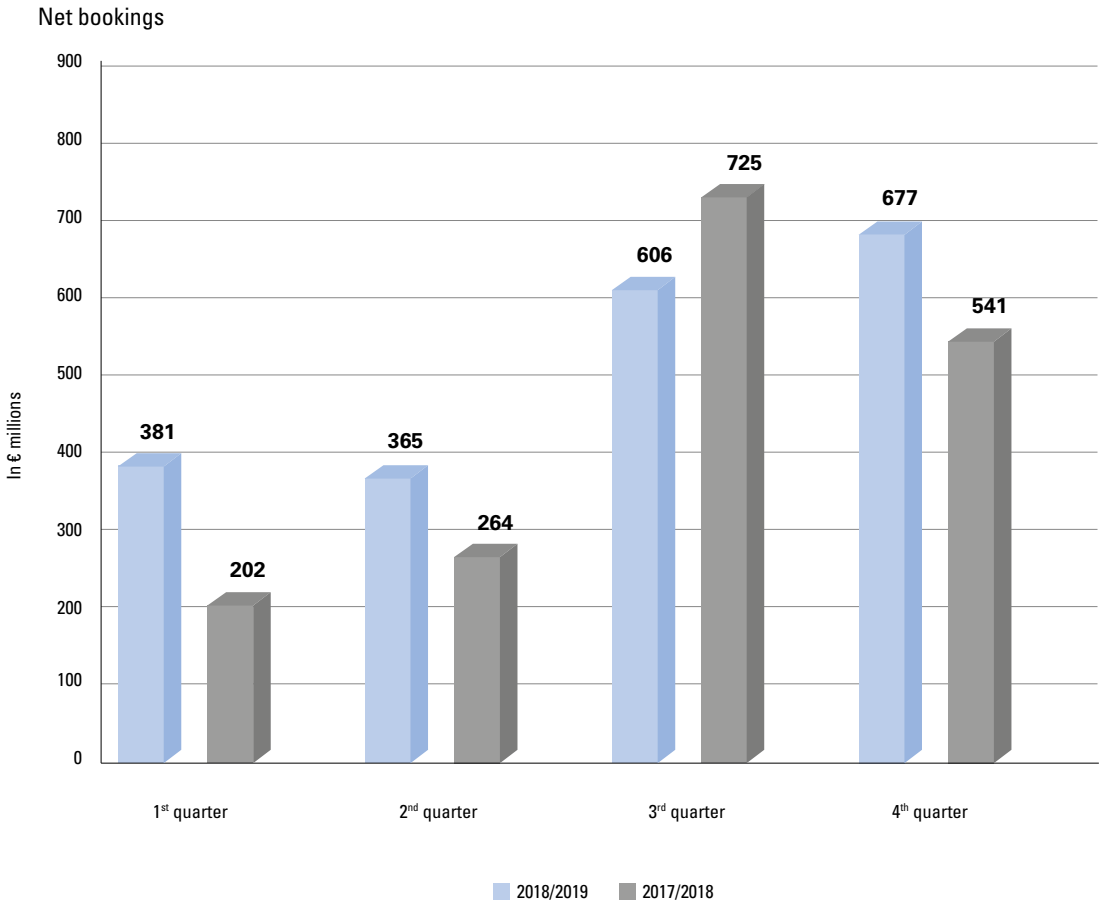
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1.1 Quarterly and annual consolidated sales



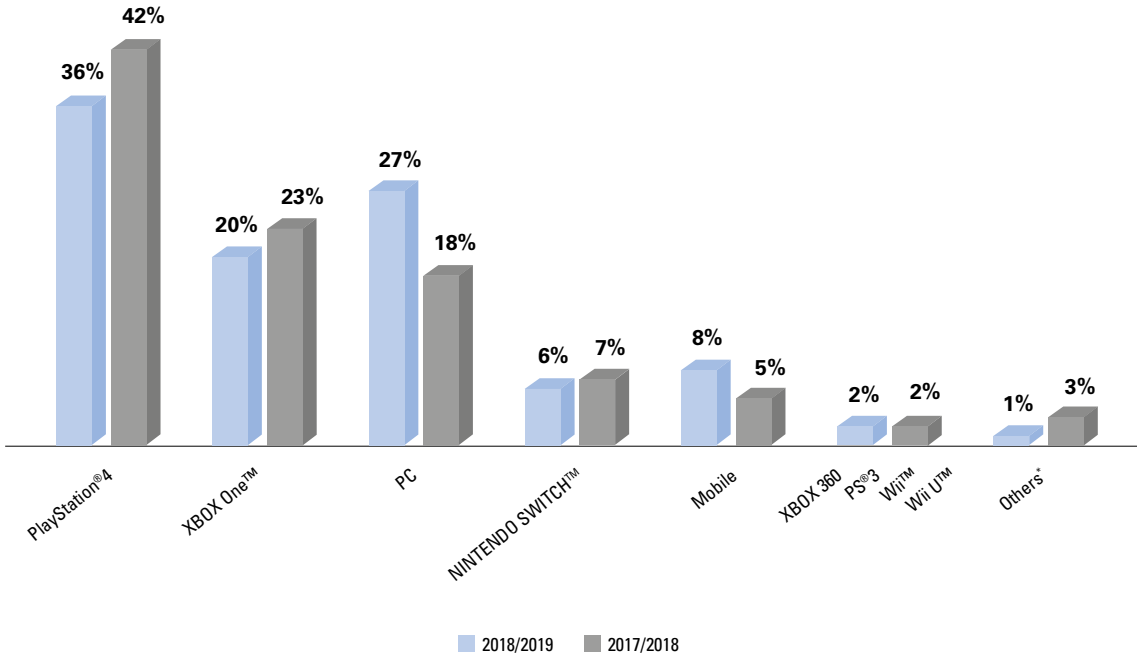
Net bookings [1] *(in € millions)*	2018/2019	2017/2018	Change at current exchange rates	Change at constant exchange rates [2]
1st quarter	381	202	88.8%	96.1%
2nd quarter	365	264	38.0%	37.7%
3rd quarter	606	725	-16.4%	-16.6%
4th quarter	677	541	25.2%	21.9%
FINANCIAL YEAR TOTAL	**2,029**	**1,732**	**17.1%**	**16.8%**

(1)See definition section 2.6.1

(2) The method used for calculating net bookings at constant exchange rates is to apply to the figures for the period in question, the average exchange rates used for the same period of the previous financial year.

IFRS 15 sales *(in € millions)*	2018/2019
1st quarter	400
2nd quarter	367
3rd quarter	562
4th quarter	516
FINANCIAL YEAR TOTAL	**1,845**

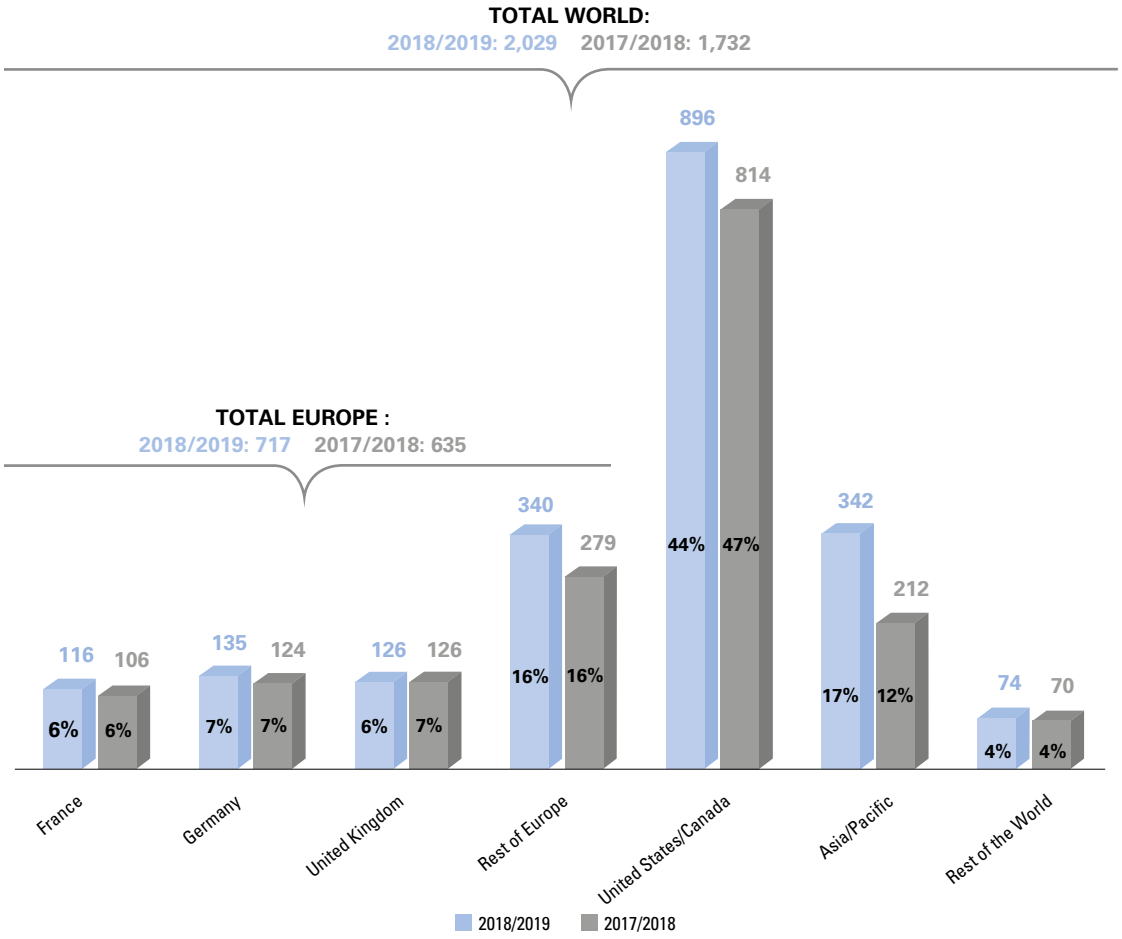
1.2 Sales by platform (Net bookings)



* *Derivatives, etc.*

1.3 Sales by geographic region (Net bookings)

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



2 Group presentation

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2.1 Group business model and strategy

Ubisoft is a leading figure in the video game industry. The Group's main business activities are centered around the production and "operation" of video games for consoles, PCs, smartphones and tablets in both physical and digital formats.

Ubisoft sets itself apart from the competition through its strong and renowned corporate culture as well as through its unique production organization which enables the Group to continuously create successful new brands, retain all its most important franchises, and regularly launch games and new high quality content.

This strategy has enabled Ubisoft to grow significantly and organically over the years.

By leveraging these assets, the Group has substantially transformed and expanded its portfolio of franchises, which are now increasingly focused on long-term player engagement: *Assassin's Creed*®, *The Crew*®, *Far Cry*®, *For Honor*®, *Tom Clancy's Ghost Recon*®, *Tom Clancy's*® *Rainbow Six Siege*, *Tom Clancy's The Division*® and *Watch Dogs*®.

In addition, thanks to the strong growth in its digital activities in recent years, Ubisoft has succeeded in transforming its business model to focus on activities that are more profitable and recurring.

Thanks to one of the richest and most diversified portfolios of franchises in the video game industry, full ownership of its brands and studios, its position as the second biggest player in the industry in terms of production and a culture with a deep commitment to the long-term, risk-taking and collaboration, the Group offers a sustainable environment to enrich the lives of players, fully develop employee talents, and create long-term value for its shareholders.

Player communities are at the heart of the value of our games. The digital transformation that has taken place over the last 10 years has enabled Ubisoft to establish direct relationships with these communities.

Ubisoft endeavors to creates game experiences that enrich players' lives, and environments within which they can fully and safely enjoy the game experience with their friends. This requires:

- the creation of games that go beyond pure entertainment:
  - with *Assassin's Creed*, players can explore history by immersing themselves into the era of the Crusades, the Italian Renaissance, the American or French Revolution, or the Industrial Revolution during the Victorian era, Ancient Egypt or even Ancient Greece. They can also interact with well-known historical figures such as Leonardo da Vinci, Napoleon, George Washington, Cleopatra, Socrates, etc.,
  - *Just Dance*® is now a fitness game with acknowledged benefits,
  - games such as *The Division*, *Ghost Recon Wildlands* and *Rainbow Six Siege* require anticipation, strategic thinking and team work,
  - open world games such as *Far Cry*, *The Crew* or *Watch Dogs* give players the freedom to define their own experience,
  - in addition, some Ubisoft games touch on diverse subjects such as autism, slavery or even the situation of those who fought during the First World War, through soldiers' letters,
  - *Dig Rush*, a game developed in collaboration with doctors, helps to treat amblyopia (ocular deficiency),
  - lastly, *Rocksmith*® is an excellent way to learn how to play the guitar.
- the adoption of monetization and engagement policies that respect the player experience and that are sustainable over the long term. Ubisoft's golden rule during AAA game development is to allow players to fully enjoy the game without having to spend more. Our monetization offering for paying games provides more fun for players by allowing them to personalize their avatars or to advance more quickly; however, it is always optional;
- the development of a secure game environment. Ubisoft is constantly investing in effective solutions to protect players' privacy and data and to combat toxic online behavior. The recent acquisition of "i3D.net", with its solid online infrastructures and experienced teams, reflects this commitment.

Ubisoft's growth over its 33-year existence has been primarily organic and it has always placed its teams at the heart of its value creation. The Group's long-term potential very much depends on its ability to attract and retain the best talents in a very competitive environment. On the strength of its experience, the Group is determined to continue to develop an organization that allows employees to learn, reach their full potential and perform to the best of their abilities. Ubisoft has therefore established a strong corporate culture:

- focused on innovation and risk-taking;
- with a long-term approach in order to give staff the opportunity to achieve their visions and to adapt to changes in the market;
- by offering a stimulating work environment that is respectful of everyone;
- by developing staff autonomy so that they can thrive, unleash their potential, and constantly improve processes;
- by encouraging effective collaboration, relying on the sharing of skills, knowledge, and technologies;
- with particular attention paid to individual, collective, and team well-being.

Over the coming years, Ubisoft will benefit from many solid growth drivers, notably with a significant opportunity in the digital realm, due to the expansion of multiplayer experiences and the greater integration of "Live" services.

The Group will also leverage the strong growth potential of its mobile and PC segments, particularly on the Asian market, as well as the growing importance of esports. The potential from these opportunities must be seen in the light of certain risks, such as those related to regulations, particularly in China, and those associated with game times and monetization. Ubisoft pays close attention to these matters in order to be fully compliant with current regulations.

New game modes and forms of monetization are cropping up on PCs and consoles, Ubisoft's traditional segments. This is particularly the case for Free-to-Play and subscriptions, which along with the paymium model, make it possible to reach a greater and more diverse audience and to strengthen player engagement. This means that Ubisoft games must be sufficiently flexible to adapt to these three types of monetization (paymium, Free-to-Play, and subscription). This impact is likely to be amplified by the advent of streaming, which the Group sees as a major long-term opportunity.

On the one hand, it will make it possible to expand the addressable market by making it possible to play anywhere, anytime and on any type of screen (including mobile) without having to purchase an expensive console or PC in order to play.

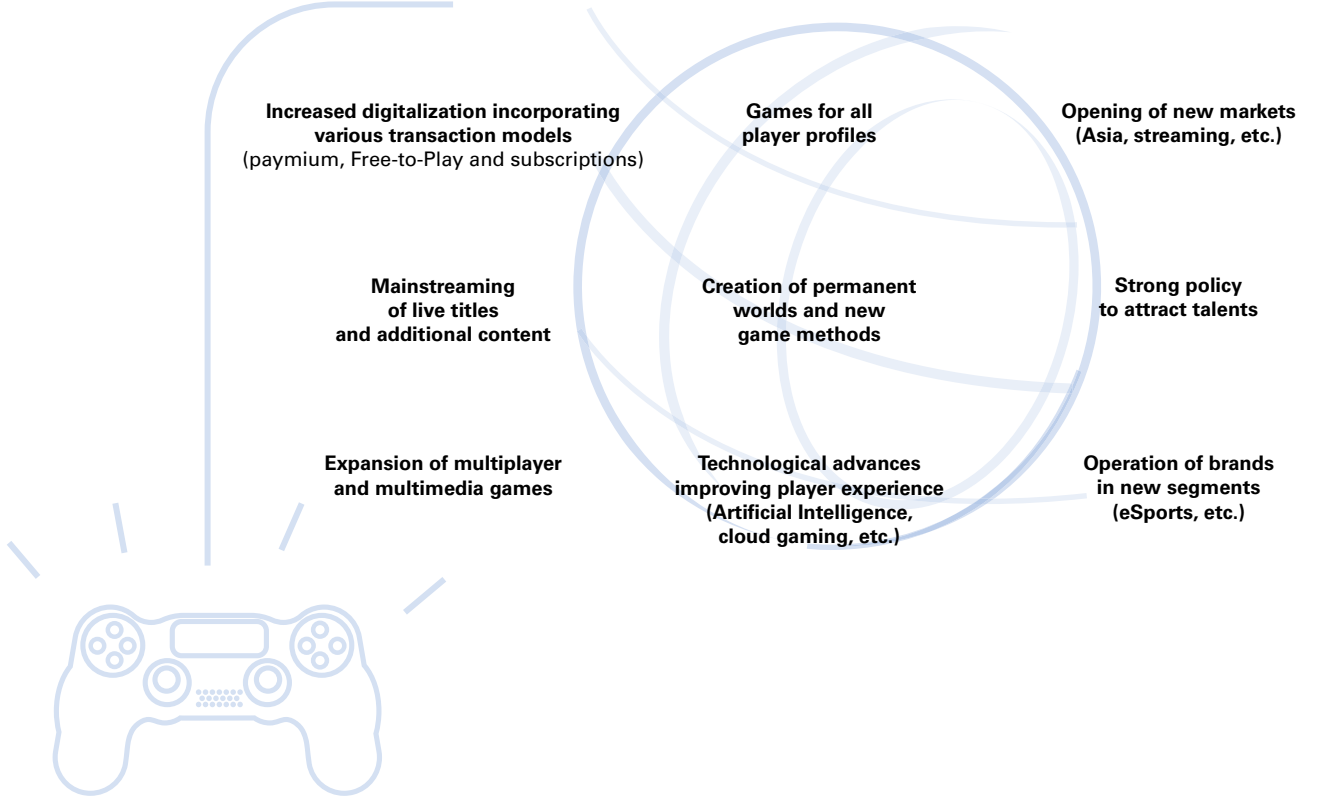
On the other, the video game industry has always progressed through technological advances and cloud gaming will provide unrivaled technological capacity to developers, which they will leverage to create more captivating, richer, and higher quality permanent worlds. Nevertheless, although cloud gaming offers significant potential, it also raises questions regarding its monetization model. Ubisoft will keep a close eye on the impact of streaming on the environment since it requires intensive use of servers.

Artificial intelligence should also play a major role in the long term, making it possible to adapt game experiences according to the profile of each player.

Video games are now the largest entertainment industry in the world. The industry's importance will continue to grow thanks to its unique features: interactivity, social connection with the communities and the fact that players are active rather than passive, as they are on other media. The industry's development will continue to leverage new technological advances and to have a growing impact on people's daily lives. Ubisoft is ideally positioned to benefit from this long-term dynamic, as it has been for over 30 years, thanks to its ability to outperform, to show agility, and to react quickly.

Thanks to the complete control of its brands and studios, a unique corporate culture that allows talents to thrive and achieve their full potential, a rich and varied franchise portfolio, and a keen desire to enrich the lives of players, Ubisoft offers a long-term vision to its talented employees, its player community and its shareholders.

Trends/Outlook for Ubisoft's business



OUR STRATEGY TO ENRICH THE LIVES OF OUR PLAYERS WHILE CREATING ORIGINAL AND MEMORABLE GAME EXPERIENCES



Video games for consoles,
PCs and mobiles in digital and physical format

OUR STRATEGY

Development of franchises with strong player engagement to provide them with benefits beyond entertainment.

- **Closer developer/player and communities relationships**
- **More electronic, multiplayer and multimedia games, leveraging new technologies and accessible to all**
- **A protected environment, monetized option, respectful of players' private data and developing positive relationships within communities**

RESOURCES

VALUE CREATION FOR OUR STAKEHOLDERS

Enriching players' lives through entertainment and more

PLAYERS

High quality and diversified games and experiences	100 million unique active players (excluding mobile) Games that promote strategic and collective thinking, learning, cognitive skills, etc.
Engaged player communities who are stakeholders in our universes	Brands recognized for their quality and their relationships with their communities
Games tailored to the individual permitting a positive and risk-free experience	Prevention of toxic behaviors and problematic game usage A monetization policy that is exclusively optional Data protection strengthened by the GDPR Games accessible to people with disabilities

Thanks to a **corporate culture** focused on the long-term, **creativity** and **innovation**

ECONOMIC AND STRATEGIC

Ownership of all our brands, studios and key technologies	All the main brands are wholly owned
Acknowledged capacity for adaptation and agility in the video game industry	Transformation of *Assassin's Creed* into an RPG franchise and of *Rainbow Six* into an esports game
Organic growth and targeted acquisitions	Net bookings: + 102% over 5 years Targeted acquisitions: i3D.net
An R&D policy that incorporates the most recent technological advances	*Google Stadia / Assassin's Creed Odyssey*
Internalization of the vast majority of the production	Percentage of internal production in total R&D expenses: 96%
Long-term presence of the founders on the Board of Directors (mainly independent) and a stable Executive Committee	Solid governance
Transformation of the business model toward more recurring activity (back catalogue) and more profitability (digitalization)	Percentage of recurring revenue (back catalog): 57% Percentage of digital revenue: 69% Non-IFRS operating margin: from -6.5% for FY14 to 22% in FY19

A fulfilling work environment

TALENTS

An appropriate production force	15,985 employees in 29 countries
An attractive employer brand	2,243 net jobs created in FY19
Teams that reflect the diversity of our players	21% female representation within our teams/ 101 nationalities
190,928 hours of training to remain on the leading edge of the market	65% of employees trained during the financial year
A collaborative culture	10 years of experience in collaborative culture

Long-term relationships with our business partners

BUSINESS PARTNERS

Trusted partners (Nintendo, Sony, Microsoft, EPIC, Google, Tencent, etc.)	Long-term win-win relationships Leading partner of *Google Stadia* Collaboration with *Tencent* in China
A responsible supply chain (i.e. for the manufacturing of derived products, etc.)	Criteria focused on Human Rights in the selection of partners
Limited use of outsourcing	16% outsourcing (excluding film) in 2018

By developing **our local roots**

LOCAL SOCIO-ECONOMIC ECOSYSTEM

Partnerships with local suppliers Direct and indirect job creation in regions with high potential	80% of purchasing in France with local partners - 1,658 indirect jobs created in Quebec in 2018
A commitment to social causes related to our business Local charitable activities	135 "Play for Good" charitable activities
Contribution to regional standing through technology and culture	University chairs in Quebec, India and France Station F partnerships with innovative start-ups

And **by optimizing our environmental impact**

ENVIRONMENT

Increasing digitalization of products	Carbon emissions from a downloaded game lower than those of a physical game
A policy of optimization of our own servers	Low impact of servers in the carbon audit
Management of the circular economy related to our business	Recycling of our WEEE*

* Waste electrical and electronic equipment

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.

2007-2019: 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*, *The Crew* and *Tom Clancy's The Division*.

2012 launch of Ubisoft Club (Uplay), an online (PC and consoles) and distribution (PC) services platform.

Between 2013 and 2019, the percentage of digital net bookings rose from 11.7% to 69%.

Studios opened in Chengdu (China) in 2007, Singapore and Kiev in 2008 and Toronto in 2009. Launch in 2011 of the Motion Pictures business. Opening of studios in the Philippines and in Belgrade in 2016, in Bordeaux, Berlin, Saguenay and Stockholm in 2017, and in India, Ukraine and Winnipeg in 2018.

Acquisitions:

- the *Tom Clancy* name for video games and ancillary products, the Massive Entertainment studio (Sweden) and Pune (India) in 2008;
- Nadeo studio in 2009;
- 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 publisher of the Free-to-Play Ketchapp mobile games and the assets of the Leamington studio in 2016;
- the Free-to-Play mobile game *Growtopia*® in 2017;
- the 1492 Studio and Blue Mammoth Games studios, specializing in Free-to-Play games, in 2018 and i3D.net, the leader in hosting solutions for the video game industry in 2019.

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

2.3 Financial year highlights

April 2018 – *Far Cry 5* smashes the franchise's sales records

Ubisoft announced that first-week sales of *Far Cry 5* were more than double those achieved for *Far Cry 4*, making this game the most rapidly sold throughout the franchise's entire history. Digital sales alone represent over 50% of all sales.

April 2018 - Ubisoft announces the opening of Ubisoft Winnipeg

Ubisoft is bolstering its creative power in Canada with the opening of Ubisoft Winnipeg in Manitoba province. This new studio is an addition to a global network of 13,000 employees in over 30 countries throughout the world, 4,500 of whom are based in Canada.

May 2018 - Application of IFRS 15

In the context of the first application of IFRS 15 on the recognition of revenue effective from the 2018/2019 financial year, Ubisoft presented the main impacts of this standard on the recognition of its sales and on its financial communication.

June 2018 - Adoption of all resolutions by Ubisoft's General Meeting of June 27, 2018

The shareholders approved all the resolutions on the agenda, expressing their full support for Ubisoft's strategy and management. The shareholders notably approved the resolutions permitting the establishment of the free share allocation plans for employees, an essential tool for the Group's recruitment and talent retention policy.

October 2018 - Ubisoft appoints Frédérick Duguet as Group Chief Financial Officer

Ubisoft announced the appointment of Frédérick Duguet as Group Chief Financial Officer to replace Alain Martinez who retired at the end of 2018. This appointment became effective January 1, 2019.

November 2018 - Ubisoft announces the acquisition of i3D.net to strengthen its infrastructures and provide a premium experience to players.

50 million players use i3D.net's servers on a daily basis, making it a leader in hosting solutions for the video game industry. It is among the top 10 hosts in the world, boasting the widest network and thereby offering exceptional flexibility and scalability to 3,000 customers spread out over 33 datacenters throughout the world. This acquisition substantially strengthens Ubisoft's ability to deliver high quality experiences to its communities.

2.4 Subsidiaries and equity investments

2.4.1 INVESTMENTS DURING THE FINANCIAL YEAR

Creation of new companies

- ***April 2018:*** Ubisoft Winnipeg Inc., production studio based in Canada.
- ***May 2018:*** Creation of Dev Team LLC, in the United States.

Acquisition

- ***February 2019:*** Acquisition of the i3D.net group

On February 28, 2019, Ubisoft Entertainment SA acquired 100% of the Dutch group "Performance Group B.V." along with its five wholly-owned subsidiaries. i3D.net is a leader in hosting solutions for the video game industry. With 50 million players using its servers on a daily basis, i3D.net is one of the top 10 hosting services with the most extensive network worldwide, thereby providing exceptional flexibility and scalability to 3,000 customers spread out over 33 datacenters throughout the world.

Mergers

- ***March 2019***: Merger of Ubisoft Motion Pictures Sarl with Script Movie Sarl.

2.4.2 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 in physical format to large retailers and independent wholesalers, and in digital format 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

	03/31/19			03/31/18			03/31/17		
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)	822,405	61,766	34,814	780,977	23,083	19,068	672,834	21,782	13,639
of which intra-group sales	*44,206*			*44,540*			*43,124*		
Ubisoft EMEA SAS*	793,004	10,693	6,008	582,122	7,259	3,181	433,107	4,731	3,591
of which intra-group sales	*183,936*			*168,289*			*149,851*		
Ubisoft Ltd (United Kingdom)*	86,719	8,324	54,572	81,718	1,608	15,719	77,259	1,917	8,388
Ubisoft Entertainment Inc. (Canada) Distribution only	46,551	3,921	3,155	56,783	1,473	1,078	53,030	1,092	- 786
Ubisoft GmbH (Germany)*	92,600	2,094	956	79,382	1,559	1,228	80,385	2,441	- 5,052
Ubisoft France SAS*	56,876	1,359	721	57,949	12,305	3,813	50,740	1,426	- 618

* *Excluding IFRS 15 for subsidiaries in the EMEA region for the 2018/2019 financial year*

Relations between the parent company and subsidiaries

The existence of the subsidiaries involves:

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

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

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

2.4.3 SIMPLIFIED ORGANIZATION CHART

The organization chart below shows the Group companies and/or branches as at March 31, 2019. 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 Blue Byte GmbH — Germany
- Ubi Studios SL — Spain
- Ubisoft Studios Srl — Italy
- Ubisoft Toronto Inc. (1) — Canada
- Ubisoft Winnipeg Inc. (1) — Canada
- Ubisoft Entertainment Inc. (2) — Canada
- Ubisoft Reflections Ltd (1) — United Kingdom
- Red Storm Entertainment Ltd (1) — United Kingdom
- RedLynx Oy (1) — Finland
- Ubisoft Entertainment Sweden AB — Sweden
- Ubisoft EooD — Bulgaria
- Ubisoft Srl — Romania
- Ubisoft Ukraine LLC — Ukraine
- Ubisoft Doo Beograd — Serbia
- Shanghai Ubi Computer Software Co. Ltd — China
- Chengdu Ubi Computer Sofware Co. Ltd — China
- Ubisoft Osaka KK — Japan
- Ubisoft Entertainment India Private Ltd — India
- Red Storm Entertainment Inc. (1) — United States
- Blue Mammoth Games LLC (1) — United States
- BMG Europe BV (1) — Netherlands
- Ubisoft Singapore Pte Ltd — Singapore
- 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 Entertainment Inc. (2) — Canada
- 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 game production

- Ubisoft Paris – Mobile Sarl — France
- 1492 Studio SAS (1) — France
- Ubisoft Sarl — Morocco
- Ubisoft Emirates FZ LLC — United Arab Emirates
- Ubisoft Barcelona Mobile SL (1) — Spain
- Future Games of London Ltd (1) — United Kingdom

Film

- Ubisoft Motion Pictures Sarl — France
- Ubisoft Motion Pictures Rabbids SAS (1) — France
- Hybride Technologies Inc. (1) — Canada
- Ubisoft L.A. Inc. (1) — United States
- Script Movie Inc. (1) — United States
- Dev Team LLC (1) — United States

Production / Distribution (3)

- Ubisoft Mobile Games Sarl — France
- Owlient SAS — France

Other business

- Ubisoft International SAS — France
- Ubisoft Learning & Development Sarl — France
- Ubisoft Fastigheter AB (1) — Sweden

Game hosting

- Performance Group BV — Netherlands
- i3D.net BV (1) — Netherlands
- i3D.net LLC (1) — United States
- SmartDC Holding BV (1) — Netherlands
- SmartDC BV (1) — Netherlands
- SmartDC Heerlen BV (1) — Netherlands

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

2.5 Research and development, investment and financing policy

2.5.1 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 thus 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 by jointly developing innovative prototypes to find out more about player behavior. In addition, the Strategic Innovation Lab, which reports to General Management, and whose mission is to anticipate the future and to help the organization prepare itself for it, supports these research efforts and strategic recommendations with prototypes and open innovation projects with the academic world, industrial partners and startups. Lastly, 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 its work focused on the production of high quality games, Ubisoft also invests in the fields of animation and film via its entity Ubisoft Motion Pictures, which produces the animated television series "Raving Rabbids" broadcast on France Télévision in France, and primarily on Netflix for the rest of the world. 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 2018/2019 financial year, commercial software and movie costs reached €768 million, 13% higher than the previous year.

2.5.2 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, increased in 2018/2019.

(1) See section 5.4.1.3

	2018/2019	2017/2018	2016/2017
Internal production-related capex	€759 million	€671 million	€568 million
Capex per member of production staff	€59,742	€61,217	€59,578

2.5.3 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 as well as marketing costs before receiving any income. 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 €920 million, the Ubisoft Group financed investment expenditure on internal and external production of games and films to the tune of €801 million for the 2018/2019 financial year.

Other sources of finance

Over the 2018/2019 financial year, the Ubisoft Group used the following resources to meet its operating cash requirements:

- a syndicated loan of €300 million signed in July 2017, over five years, with two one-year extension options: the first extension option exercised in 2018 extended the maturity to July 2023;
- a Schuldschein type loan of €50 million granted in March 2015 (maturing in March 2020);
- a €400 million OCEANE bond (maturing in September 2021);
- a bond issue of €500 million (maturing in January 2023);
- bilateral credit lines of €10 million (maturing in less than one year);
- three loans with scheduled refunds:
  - €2.5 million maturing in March 2021,
  - €1.7 million maturing in April 2019,
  - €0.3 million maturing in September 2019.
- a short-term marketable securities program of NEU CP (Negotiable European Commercial Paper) with a ceiling of €300 million.

The Group may also use:

- disposals of receivables on rights to Canadian multimedia title credits (CTMM) in Canada, as one-time transactions;
- invoice discounting and receivables factoring in Germany and the United Kingdom.

DISCOUNTING AND FACTOR-FINANCED RECEIVABLES AT THE CLOSING DATE

(in € millions)	03/31/19	03/31/18	03/31/17
United Kingdom	2.3	-	13.8
Germany	4.7	-	31.3
FACTOR-FINANCED RECEIVABLES	**7.0**	**-**	**45.1**
France	-	-	-
DISCOUNT	**-**	**-**	**-**

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

Covenant management

With regard to the syndicated loan, the Schuldschein type loan 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, 2019, the Ubisoft Group was in compliance with these ratios and expects to remain so during the 2019/2020 financial year.

Financing in 2019/2020

For the 2019/2020 financial year, and unless the Company makes a major acquisition, Ubisoft should be able to finance its operations from cash and facilities at its disposal, including at least €1,200 million in lines of credit of more than one year.

2.6 2018/2019 performance review (non-IFRS data)

2.6.1 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:

- net bookings correspond to historical sales (sales excluding impacts from the application of IFRS 15);
- non-IFRS operating profit (loss), calculated based on net bookings corresponds to the operating profit (loss) after deduction of the following items:
  - 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 net bookings. 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 IFRS 9,
  - 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,
  - the restatement net of taxes of the impacts associated with the application of IFRS 15,
  - current and deferred taxes.
- the change in non-IFRS working capital, which includes movements in deferred tax and restates the impacts net of tax associated with the application of IFRS 15, thus canceling 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 cash and cash equivalents net of borrowings and excluding derivatives.

RECONCILIATION OF IFRS NET INCOME AND NON-IFRS NET INCOME

(in € millions with the exception of per share data)	2018/2019 IFRS	2018/2019 Adjustments	2018/2019 Non-IFRS	2017/2018 IFRS	2017/2018 Adjustments	2017/2018 Non-IFRS
IFRS 15 sales	**1,845.5**		**1,845.5**	**1,731.9**	**-**	**1,731.9**
Deferred services/other divergences* between the two standards		183.1	183.1		na	na
Net bookings			**2,028.6**	**1,731.9**	**-**	**1,731.9**
Total operating expenses	**(1,686.5)**	**103.9**	**(1,582.6)**	**(1,509.6)**	**77.8**	**(1,431.8)**
Stock-based compensation	(54.7)	54.7	-	(39.6)	39.6	-
Goodwill/brand impairment	(49.2)	49.2	-	(38.2)	38.2	-
OPERATING PROFIT (LOSS)	**159.0**	**287.0**	**446.0**	**222.3**	**77.8**	**300.1**
NET FINANCIAL INCOME	(10.9)	8.4	(2.4)	(13.4)	7.7	(5.7)
Share in profit of associates	0.3	-	0.3	(0.2)	-	(0.2)
Total income tax	(48.4)	(61.9)	(110.4)	(69.2)	(4.4)	(73.6)
Profit (loss) for the period	**100.0**	**233.6**	**333.5**	**139.5**	**81.1**	**220.6**
Earnings per share	**0.89**	**1.91**	**2.80**	**1.18**	**0.62**	**1.80**

**Concerns license and distribution agreements*

2.6.2 CHANGES IN THE INCOME STATEMENT

(in € thousands)	03/31/19	03/31/18
IFRS 15 sales	**1,845,522**	**1,731,894**
Deferred services/other divergences between the two standards	183,128	na
Net bookings	**2,028,650**	**1,731,894**
Gross profit	1,699,678	1,435,074
Non-IFRS R&D costs	(700,370)	(661,090)
Non-IFRS SG&A costs	(553,279)	(473,867)
Non-IFRS current operating profit	**446,030**	**300,117**
Non-IFRS net financial income	**(2,430)**	**(5,687)**
Share of profit of associates	294	(224)
Non-IFRS income tax (credit)	(110,352)	(73,640)
NON-IFRS NET INCOME	**333,543**	**220,566**
Equity	920,018	889,330
Investment expenditure on internal and external game and film production	801,325	720,173
Staff	15,985	13,742

Gross profit as a percentage of net bookings grew to 83.8%, or €1,699.7 million in absolute value, compared with a gross profit of 82.9% (€1,435.1 million) in 2017/2018.

Non-IFRS operating profit amounted to €446.0 million, up 48.6% from the €300.1 million generated in 2017/2018.

The change in operating profit breaks down as follows:

- €264.6 million increase in gross profit;
- R&D costs rose by €39.3 million to stand at €700.4 million (34.5% of net bookings), compared with €661.1 million for 2017/2018 (38.2%);
- SG&A costs were also up by €79.4 million, at €553.3 million (27.3% of net bookings), compared with €473.9 million (27.4%) for the previous year:
  - variable marketing expenses stood at €296.0 million (14.6% of net bookings), an increase over the €233.2 million (13.5%) for 2017/2018,
  - overheads totaled €257.3 million (12.7% of net bookings) compared with €240.7 million (13.9%) in 2017/2018.

Non-IFRS net income totaled €333.5 million, corresponding to non-IFRS (diluted) net earnings per share of €2.80, compared with a non-IFRS net income of €220.6 million for 2017/2018, or €1.80 per share.

2.6.3 CHANGE IN WCR AND BORROWINGS

Based on the non-IFRS cash flow statement, working capital requirements were down by €84.7 million compared to a €45 million increase during the preceding financial year.

Cash flows generated from operating activities stood at €384.7 million (compared with €169.9 million generated in 2017/2018). This reflects cash flows from operations of €300 million (compared with €214.9 million for 2017/2018) and a decrease in WCR of €84.7 million.

The net financial position at March 31, 2019 was -€293.8 million, compared to -€548.1 million at March 31, 2018. This change is the result of the following:

- cash flow generation: €384.7 million;
- receipts and disbursements relating to other intangible assets and property, plant and equipment: -€74.4 million;
- receipts and disbursements relating to non-current financial assets: €98.2 million;
- acquisitions: -€86.2 million;
- exercise of stock options and employee stock ownership: €131.9 million;
- purchases/sales of own shares: -€201.9 million;
- change in the option value of the convertible bond: -€8.6 million;
- Effect of foreign exchange gains and losses: €10.8 million.

NON-IFRS CASH FLOW STATEMENT (UNAUDITED)

(in € thousands)	03/31/19	03/31/18
Non-IFRS cash flows from operating activities		
Consolidated profit (loss)	99,985	139,452
+/- Share of profit of associates	(294)	224
+/- Net depreciation and amortization of gaming software & movies	485,928	462,207
+/- Other net depreciation and amortization of non-current assets	98,330	81,824
+/- Net provisions	22,039	4,052
+/- Cost of stock-based compensation	54,686	39,558
+/- Gains/losses on disposals	261	308
+/- Other income and expenses calculated	(5,401)	8,578
+/- Internal development and license development costs	(587,699)	(521,290)
+/- IFRS 15 Impact	132,164	-
Non-IFRS cash flows from operations	**300,000**	**214,914**
Inventory	(31,326)	229
Customers	(18,031)	(61,544)
Other assets	29,648	(78,567)
Trade payables	3,181	15,243
Other liabilities	101,203	79,591
+/- Change in non-IFRS WCR	**84,675**	**(45,048)**
Total non-IFRS cash flow generated by operating activities	**384,675**	**169,865**
Non-IFRS cash flows from investing activities		
- Payments for other intangible assets and property, plant and equipment	(74,403)	(59,366)
+ Proceeds from the disposal of intangible assets and property, plant and equipment	25	20
- Payments for the acquisition of financial assets	(43,816)	(131,493)
+ Repayment of loans and other financial assets	142,057	29,790
+/- Changes in scope *	(84,327)	(77,589)
Total non-IFRS cash flow used by investing activities	**(60,464)**	**(238,638)**
Cash flows from financing activities		
+ New borrowings	603,661	894,598
+ New finance leases contracted	21	5,054
- Repayment of finance leases	(1,300)	(1,672)
- Repayment of borrowings	(572,177)	(487,677)
+ Proceeds from shareholders in capital increases	131,910	48,951
+/- Sales/purchases of own shares	(201,899)	(411,498)
Cash generated by financing activities	**(39,784)**	**47,756**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**284,427**	**(21,017)**
Cash and cash equivalents at the beginning of the period	583,354	632,314
Foreign exchange, losses/gains	10,831	(27,943)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**878,612**	**583,354**
* *Including cash in companies acquired and disposed of*	*(2,254)*	*4,738*

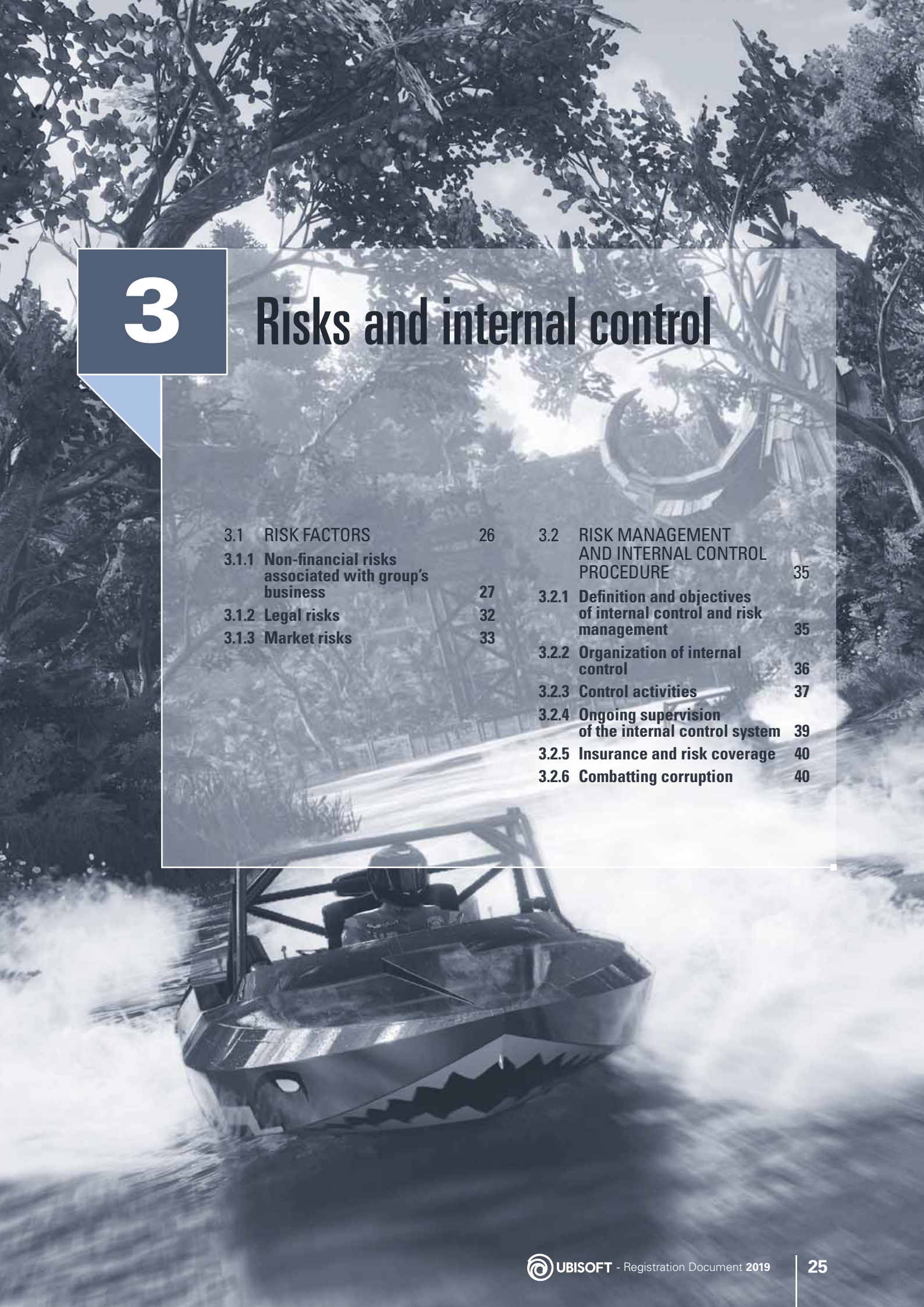
2.7 Outlook

In 2018, the global video game market recorded growth of 13% (EMEA, Latin America, North America and Asia Pacific - source Newzoo). Growth is set to continue in 2019, still due to the sharp increase in digital revenues and a dynamic console and PC market.

In mid-May, the Group communicated its initial objectives for the 2019/2020 financial year: net bookings of around €2,185 million and non-IFRS operating profit of about €480 million.

Net bookings will be supported by:

- the significant ramp-up in new launches with four AAA titles including *Ghost Recon® Breakpoint*. The remaining three titles will be revealed at a later date and will be launched during the fourth fiscal quarter;
- the solid growth in absolute value of players' recurring investment, expected to grow as a percentage of net bookings over 2018/2019;
- the digital segment expected to reach over 70% of net bookings;
- the back catalog expected to reach around 50% of net bookings.



3 Risks and internal control

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3.1 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 describes the material risks, which fall 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 financial and non-financial 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.

Summary of the main risk factors for Ubisoft

		Main impacts					
	Risks	Players	Economic/ strategic	Talents	Business partners	Local socio-economic ecosystem	Environment
Risks related to the Group's business	Risks associated with market changes	✔	✔		✔		✔
	Risks associated with product strategy, positioning and brand management	✔	✔	✔			
	Risks of a delay or poor start to the release of a flagship game		✔				
	Risk of dependency on the success of big hits		✔				
	Risk of dependency on customers		✔		✔		
	Risk of dependency on suppliers and subcontractors		✔		✔		
	Risks of human rights violations			✔	✔		
	Gaming risks and consumer protection	✔	✔				
	Risks associated with the acquisition and integration of new entities		✔	✔		✔	
	Risks associated with recruiting and retaining talent			✔		✔	
	Risks associated with information security and infrastructure	✔	✔	✔	✔		
	Industrial and environmental related risks						✔
Legal risks	Risks associated with intellectual property rights		✔				
	Risks associated with regulations						
	Collection and processing of personal data	✔		✔	✔		
	Information confidentiality	✔	✔	✔			
	Consumer protection	✔	✔				
	Policies supporting the sector		✔			✔	
	Fiscal policies		✔			✔	
	Risks associated with administrative and legal proceedings		✔				
Financial risks	Foreign exchange, financing and liquidity, interest rate, counterparty risk		✔				
	Risk to the Company's shares		✔				

3.1.1 NON-FINANCIAL RISKS ASSOCIATED WITH GROUP'S BUSINESS

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 and economic models requiring significant R&D investment.

The Group endeavors to anticipate new challenges such as the dematerialization of physical media, piracy, online and mobile games, the progressive ramp-up of streaming, the emergence of new competitors in Asia, and the introduction of new regulations. More specifically:

- increasing concentration in digital distribution could make Ubisoft dependent on a limited number of platforms, which are also developing effective ecosystems for player acquisition and engagement. As such, the emergence of new platforms and distributors, coupled with the priority that Ubisoft gives to producing high-quality content and services enabling it to build a direct relationship with increasingly numerous and engaged player communities, are strategic when it comes to negotiating with our partners. In addition, digital distribution 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;
- the increasing size of communities exposes Ubisoft to the impact of a community suddenly switching to a rival game; it is essential therefore for the Group to continue developing quality content and services and continually measure community sentiment;
- the Chinese market, with its vast potential, is hampered by a restrictive and changing regulatory environment.

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 growing importance of Free-to-Play (FTP) and the emergence of subscription plans expose the Group to the risks of these new models, as well as to increased competition. This requires significant adaptability.

In developing these new business models, Ubisoft is exposed to new risks and is increasingly dependent on its ability to develop and monetize its games.

Size of the video games market [1]	2018 *(in € billions)*
Digital sales	31.2
Sales of physical games	8.9

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

Market share physical + digital* sales (GSD, GFK, NPD, Famitsu, internal estimates)	03/31/19		03/31/18	
	Independent publisher	Market share	Independent publisher	Market share
NCSA	4e	9.6%	3e	10.6%
EMEA	3e	9.9%	3e	10.2%

* *Excluding sale of additional content*

The Ubisoft Group's main competitors are video game publishers such as *Electronic Arts, Activision Blizzard King, Take Two Interactive, Epic Games, Bethesda, CD Projekt, Tencent* and *Netease*.

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;
- growing its digital business, in particular through Live services and its mobile offering. By staying in constant contact with players, Ubisoft can tailor its content in light of their feedback to ensure that it fulfills the demand.

Moreover, Ubisoft is mindful of consumer expectations around corporate social responsibility. It has taken a multi-pronged approach to deliver a rewarding gaming experience with benefits that extend beyond the game into learning, creativity, social interaction, etc. The Group also tracks key market trends to offer an inclusive gaming experience catering for individual needs and preferences. This ranges from making its games accessible for people with disabilities, to reflecting local cultures and customizing the gaming experience with a diverse palette of characters and worlds.

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

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

The Company has embarked on a market expansion strategy, promoting its brands in other segments of the entertainment market, especially cinema and television. 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 and TV series derived from its franchises. The Company's ability to recoup its investment will partly depend on the success of the production and its profitability, as well as the ability of the film and television studios, responsible for production, 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 and TV 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. Ubisoft has developed an increasingly efficient process of editorial supervision, quality control and testing of its games so that they are released with an increasingly high level of quality. The extra time spent on developing games is therefore crucial, with automated processes designed to streamline production.

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.

Although the Group is now less dependent on game launches, the market remains highly competitive and seasonal. Delaying the release of a highly anticipated game could have a negative impact on the Group's income and future earnings, and potentially lead to a fall in its share price. Failing to meet production and product release schedules could also increase development and marketing expenses. Although this is not always the case, situations where much-anticipated flagship games are delayed can result in the Group's operating profit being significantly lower than expected. 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. Moreover, the increasing share of the back catalogue and digital, offering a larger recurrence in revenues and better profitability, enable it to be less reliant on game launches.

SEASONAL TRENDS IN THE VIDEO GAME BUSINESS

Sales/quarter (net bookings) *(in € millions)*	2018/2019	Breakdown	2017/2018	Breakdown	2016/2017	Breakdown
1st quarter	381	19%	202	12%	139	10%
2nd quarter	365	18%	264	15%	142	10%
3rd quarter	606	30%	725	42%	530	36%
4th quarter	677	33%	541	31%	649	44%
CONSOLIDATED ANNUAL SALES	**2,029**	**100%**	**1,732**	**100%**	**1,460**	**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. The growing share of the back catalog and digital, offering higher repeat revenue and better profitability, enable it to gradually be less dependent on these new launches.

Risk of dependency on customers

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

Share as a %	2018/2019	2017/2018	2016/2017
Main customer	20%	18%	15%
Top 5 customers	46%	54%	49%
Top 10 customers	55%	64%	60%

Ubisoft's main customers are spread out worldwide. They are structured as:

- digital distributors: In the digital market, there are few customers, but with worldwide distribution. The Company considers that given the quality of the counterparties, the counterparty risk on digital sales is limited;
- physical distributors: In order to protect themselves against the risk of default, the Group's main subsidiaries, which generate approximately 88% of consolidated sales, excluding digital sales, are covered by credit insurance.

Ubisoft 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. As a result, Ubisoft could come under significant competitive pressure.

Despite this, Ubisoft is committed to fair competition, supporting industry development through partnerships with publishers' associations that respect and protect consumers and ensuring that partnerships with industry players safeguard consumer interests.

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 95% 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 human rights

The main issues around human rights concern:

- Ubisoft employees, in terms of non-discrimination, decent working conditions, prevention of psychosocial risks, freedom of association, respect for privacy, protection of personal data, safe working environment and prohibition of forced and child labor;
- the Group's suppliers and subcontractors, in terms of child labor, forced labor and workplace health and safety conditions;
- players (see section above on "Gaming risks and consumer protection").

The actions taken to mitigate the risks associated with these issues are described in sections 5.4.3 "Guarantee a respectful & safe working environment for all" and 5.6.2, "Application of the law on the duty of care".

Despite the measures taken, human rights risks may still exist, jeopardizing Ubisoft's reputation and its ability to retain the best talent in the market.

Gaming risks and consumer protection

Offering a safe gaming environment is a strategic priority for the Group, which conducts numerous initiatives to inform, safeguard and support vulnerable players. The measures taken (1) include preventing toxic behavior in online communities, safeguarding minors and their families, mitigating the risks around problem gaming and protecting personal data.

Despite these measures and the precautions taken, the risk of harm to consumers may still exist. This could damage Ubisoft's reputation and cause the Group to lose customers.

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 entities. Their integration 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. The Group seeks to foster an employer culture based on inclusiveness, workplace wellness and personal skills development, which helps to retain new talent (2).

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 entities also means integrating 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;
- schemes to promote workplace wellness and employee fulfillment.

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.

(1) See section 5.3.2 "Offering our players a safe gaming environment for a positive gaming experience"

(2) See section 5.4.1 "Sustain organic growth"

Ubisoft cultivates a work environment based on personal fulfillment, teamwork and workplace wellness. This unique employer culture builds loyalty among existing employees and is a major pull factor in a highly competitive market.

Ubisoft offers training courses and conferences to enable everyone to remain at the forefront of knowledge in his or her field. The industry demands innovative, state-of-the-art expertise which is continually changing. These courses thus avoid any skills obsolescence among our teams, which would be detrimental to the quality of the games produced.

Mindful of the diversity of its talent, Ubisoft is committed to fairness among all employees and offers the same opportunities for recruitment, development and remuneration for equivalent performance [1]. Any sense of unfairness harbored by employees would adversely affect their commitment and motivation. To monitor this risk, the Group measures the level of engagement and motivation of its staff through various employee satisfaction surveys.

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;
- fraud involving real and virtual currencies, which could lead to financial losses or loss of profits;
- 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 financial 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;
- the installation of security operation automation tools that enable an improved response to incidents;
- the implementation of a crisis management organization including an alert tool for physical threats or risks to employees, as well as crisis cells in each site and at headquarters;
- compliance with the General Data Protection Regulation (GDPR) on the processing of personal data within the European Union, in addition to other regulations linked to Ubisoft's business, notably with regard to reducing the dispersion of confidential data;
- the reinforcement of the vulnerability management program to control and limit IT system risks;
- 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 reinforcement of the level of security of games and services through the implementation of anti-cheat systems, anti-piracy, and other measures such as the use of ethical hacking services to combat all types of improper use. In particular, for 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. Moreover, the integration of "anti-piracy" and "anti-cheat" tools enables new gamers to be attracted and retained;

(1) See section 5.4.2.2 "Guarantee the same opportunities between men and women"

- 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, using innovative information campaigns;
- the creation of a multidisciplinary unit to coordinate the implementation of preventive and corrective measures and to respond quickly and effectively to fraud involving real and virtual currencies.

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).

In addition, the Group's environmental approach is based on optimizing its carbon footprint, making teams aware of environmental issues, and managing resources and waste. This approach limits Ubisoft's environmental footprint. All initiatives are detailed in section 5.7 "Optimizing the Group's environmental footprint".

3.1.2 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 its 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 when collecting personal data from minors.

Ensuring that personal data is collected and used responsibly and transparently is central to Ubisoft's approach (2) aimed at offering everyone a safe gaming environment.

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.

(1) Ubisoft's definition of environmental risk is based on the GRI definition contained in the G4 guidelines: "An environmental risk refers to the possibility of incidents or accidents occurring that are caused by the activities of a company, which may have harmful and significant repercussions for the environment. Environmental risk is measured by considering the probability of occurrence of an event (risk) and the level of danger."

(2) All the standards and measures put in place are described in section 5.3.2 of the Group's statement of non-financial performance

Regulations on the processing of personal data are constantly and significantly changing. For example, the General Data Protection Regulation (EU) 2016/679, which strengthens and unifies data protection for individuals in the European Union, entered into force on May 25, 2018.

Ubisoft endeavors to put in place the necessary measures to comply with these current 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 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.

In addition, to help tackle tax evasion, each year the Group publishes a detailed report covering its sites (Country by country reporting), and presenting, country by country, its sales, pre-tax profit, taxes paid and due, headcount, etc. It is clear from this that it does not choose its locations for tax reasons, but is driven by a commitment to offer the best service to players around the world.

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.

3.1.3 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 3.2.3 "Control activities". Additional information and figures, notably on exposure to these different risks, are also detailed in the consolidated financial statements. *(See 6.1.2.18).*

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 noncommercial 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 41 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	10,793	7,175
GBP	905	573
CAD	461	3,055

(1) In thousands of euros for the 2018/2019 financial year

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

Currency	Impact on equity [1]
USD	477
GBP	499

(1) In thousands of euros for the 2018/2019 financial year

FINANCING AND LIQUIDITY RISK

In the course of its operating activities, the Group does not have significant debts. Operating cash flows are generally sufficient to finance operating activities and organic growth. However, the Group issued bonds for €960 million, of which €60 million was reimbursed during the financial year, as part of the diversification of its financing activities.

Moreover, to finance temporary requirements related to the increase in working capital during especially busy periods, the Group had, at March 31, 2019, a €300 million syndicated loan, a €50 million Schuldschein loan, €4.6 million in loans, €10 million in bilateral credit lines and other bank credit facilities totaling €79 million, and €226 million in commercial paper (NEU CP – Negotiable European 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, 2019, the Group's debt included bonds, a Schuldschein loan, loans, commercial paper (NEU CP) and bank overdrafts.

The sensitivity of debt to a change in interest rates is described in note 38 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, 2019, the Company held 1,558,212 own shares with a value of €103,293 thousand.

The shares may be 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;

- 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.

On March 20, 2018, Ubisoft committed to buy back from Vivendi 7,590,909 of its own shares as part of a structured transaction in the form of a forward sale of shares by Vivendi to Crédit Agricole Corporate and Investment Bank (CACIB) and a forward buyback mechanism by Ubisoft from CACIB, enabling Ubisoft to spread share buybacks over the financial years ending March 31, 2019 to March 31, 2021. Therefore, Ubisoft has entered into the following with CACIB:

- a pre-paid forward contract for 4,545,454 of its own shares, settled by the delivery of securities maturing in 2021 or in advance at a price of €66. According to IAS 32, this contract is qualified as an equity instrument that reduces the Group's equity;
- a swap agreement for 3,045,455 shares settled in advance. The shares thus purchased at the contractual price of €66 were delivered on November 9, 2018. On February 1, 2019, Ubisoft canceled 1,522,728 of these shares. The remaining shares are intended to be used in share compensation plans or share-indexed compensation plans for employees or to be cancelled.

To prevent the risk of non-delivery of shares at maturity or during early unwinding of the forward contract, Ubisoft has concluded these contracts with a leading bank.

3.2 Risk management and internal control procedure

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 and the Audit Committee.

3.2.1 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 and the Audit Committee;
- 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.

3.2.2 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;
- **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 Audit Committee annually defines the priority internal control objectives that it communicates to the Internal Control Department;
- **the Internal Control Department:** prepares and implements the risk management assessment methodology based on an approach focused on the processes that enable risks and key controls to be identified. The Internal Control Department formalizes the risk mapping and provides support to operational employees through the implementation of internal control tools and software. It organizes activity monitoring through the definition of key indicators to assess the relevance of the internal control system and facilitate decision making;
- **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 then 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 analyzis 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, etc.) to minimize the risk of fraud.

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 analyzes 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.

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 paragraph 3.2.3.

3.2.3 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 an annual in-depth review of the multiannual forecasts (three or five years), 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 analyzis 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 Department**s are specialists in all legal business matters and particularly in acquisition law, corporate law, contract 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 analyzis 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 and ensures compliance with reporting requirements;
- **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. A periodic review of medium-term projects is also carried out to take into account changes in 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. To this end, rules and control measures are established 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.

3.2.4 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:
  - ensuring that risk levels associated with their business and functional organization are taken into account,
  - ensuring that activities carried out locally are in line with Group strategy and guidelines,
  - justifying investments and expenditure,
  - evaluating the efficient utilization of resources (human, material or financial.
- 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.

For the 2018/2019 period, as part of an effort to continuously improve the Internal Control system, the Group focused its efforts on increasing its control capacity and the rollout of the anti-corruption program, namely by:

- increasing the staffing of the Internal Control Department;
- the deployment of the anti-corruption program within the context of the project for achieving compliance with the law of December 9, 2016, regarding transparency, the fight against corruption and the modernization of the economy ("Sapin II");
- the expansion of periodic controls standardized for all Group entities, in collaboration with the Statutory auditors, in order to increase the effectiveness of external audits. A set of controls specific to the fight against corruption was also defined and disseminated among the subsidiaries;
- the establishment of an information system for risk management providing greater internal control efficiency for the mapping of processes and the monitoring of the action plans and control plans;
- the creation of a network of internal control personnel mainly comprising financial managers from the various Group subsidiaries.

During the 2019/2020 financial year, the Group will continue to support the subsidiaries in their efforts to establish a proactive assessment of operational risks and to define the associated actions and control plans.

3.2.5 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: 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 have subscribed (1);
- **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 insurance policies covering building construction and work, vehicles, health, employee pension funds and 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, 2019 amounted to €1,836 thousand excluding credit insurance.

3.2.6 COMBATTING CORRUPTION

Ubisoft has adopted a zero tolerance policy toward all types of corruption and is committed to complying with the relevant anti-corruption laws under all circumstances.

To comply with the requirements introduced by Article 17 of the law of December 9, 2016 regarding transparency, the fight against corruption, and the modernization of the economy ("Sapin II"), Ubisoft has implemented a corruption prevention program.

This program is in the process of being deployed through the eight measures described in Article 17 of the "Sapin II" law:

- Code of conduct: A code of conduct defining the types of behavior to be prohibited as being likely to constitute acts of corruption or influence peddling. This code of conduct will be incorporated into the internal rules of the Group's French companies;
- Internal whistleblowing system: An internal whistleblowing system has been established to receive information provided by employees in the event of situations that contravene the company's code of conduct;
- Mapping of corruption risks: A risk mapping was completed to identify risks according to business lines and geographic regions where the company operates;
- procedures to evaluate the situation of first-tier third parties and intermediaries;
- accounting control procedures: accounting controls, whether internal or external, ensure that ledgers, accounts and entries are not used to dissimulate acts of corruption or influence peddling;
- a training framework customized according to exposure to corruption risks and influence peddling for all Group employees;
- a disciplinary system to sanction company employees for infringing the code of conduct;
- a control and assessment system for the measures implemented.

The Group also established an intranet site dedicated to combating corruption. This site's purpose is to provide the necessary resources to staff to act in compliance with the integrity principles defined by the Group.

(1) Representing 88% of non-digital Group sales as at the end of March 2019



4 Report on corporate governance

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This chapter contains the report of the Board of Directors on corporate governance to be presented to the Shareholders' General Meeting, in accordance with the provisions of Articles L. 225-37, paragraph 6, and L. 225-37-2 to L. 225-37-5 of the French Commercial Code.

It was presented to the Nomination and Compensation Committee prior to its adoption by the Board of Directors at its meeting of May 15, 2019.

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 Human Resources Department and the Administration Department in charge of its preparation.

4.1 Corporate governance

4.1.1 CORPORATE GOVERNANCE CODE

The Company refers to the AFEP-MEDEF Corporate Governance Code for listed companies as revised in June 2018 (the "AFEP-MEDEF Code") which is available on the AFEP website (www.afep.com).

In accordance with the provisions of Article L. 225-37-4, 8° of the French Commercial Code, the following table indicates the AFEP-MEDEF Code recommendations that were not taken into consideration by the Company and the reasons for this.

Provisions of the AFEP-MEDEF Code	Explanation
17.1 Composition (of the Compensation Committee) *"It is recommended [...] that one of its members be an employee director."*	Lionel Bouchet, elected March 7, 2018 as director representing employees, sits on the Corporate Social Responsibility ("CSR") Committee established on September 12, 2018, in view of his interest in matters pertaining to sustainable development. His operational vision enables him to grasp the technological challenges associated with CSR both at the level of player communities and the teams.
17.3 Operating procedures (of the Compensation Committee) *"When the report on the work of the Compensation Committee is presented, the Board should deliberate on issues relating to the compensation of the Corporate Executive Officers in the absence of the latter."*	The Corporate Executive Officers attend sessions at which discussions on the components of their compensation are discussed, but do not participate in these discussions and do not vote on their respective compensation.
24.1 Principles for the determination of the compensation of Corporate Executive Officers and role of the Board of Directors 24.1.1 Role of the Board of Directors *"The compensation of these corporate officers must be competitive, adapted to the Company's strategy and context and must aim in particular to promote the Company's performance and competitiveness over the medium and long term, while incorporating one or more criteria associated with corporate social responsibility."*	The Nomination and Compensation Committee requested that the Corporate Social Responsibility ("CSR") Committee, established on September 12, 2018, conduct an analysis, which resulted in the implementation of a "CSR" criterion that will be applied to the Chairman and Chief Executive Officer's annual variable compensation for FY2020. During its meeting of April 11, 2019, the Board of Directors approved the application of this CSR criterion under the terms and conditions stipulated in 4.2.2.1. In view of the fact that Executive Vice Presidents do not receive any annual variable compensation, there is no reason to apply such a CSR criterion to their compensation. The CSR Committee was nevertheless asked to consider the application of this type of criterion to long-term variable compensation and more specifically to the LTI plans.
25.1 Ongoing information *"All of the Corporate Executive Officers' compensation components, whether potential or vested, must be publicly disclosed, immediately after the meeting of the Board approving the relevant decisions."*	The potential or vested compensation components are not made public after a decision is made by the Board of Directors but are set out in section 4.2.2 of the Registration Document on the compensation of Corporate Executive Officers ("Ex Post" or "Ex Ante" vote).

4.1.2 CURRENT GOVERNANCE STRUCTURE

4.1.2.1 Chairman and General Management

Based on the recommendations of the Nomination and Compensation Committee, the Company's Board of Directors makes every effort to establish a governance structure that can meet the demands of the functions that are entrusted to it, while being able to meet the challenges specific to the Ubisoft Group, and following best market practices in this area.

CHAIRMAN

From among its members, and in accordance with relevant legal requirements, the Board of Directors elects a Chairman, an individual who organizes and supervises the work of the Board, on which he reports at the General Meeting. The Chairman of the Board of Directors ensures that the Company's management bodies function properly, and that the 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 of Directors.

GENERAL MANAGEMENT ("G5")

In accordance with relevant legal provisions, the Board of Directors entrusts the Company's general management to the Chairman of the Board or another individual, who may or may not be a director, 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.

In addition, in accordance with legal and statutory provisions, the Board of Directors may, based on a proposal by the Chief Executive Officer, appoint Executive Vice Presidents, who are individuals, and who may or may not be directors, to assist the Chief Executive Officer; there can be no more than five of them.

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 G5 (the Chief Executive Officer and four Executive Vice Presidents) meets biweekly for an update on strategic cross-cutting issues requiring their specific expertise in the areas of operations, development and strategy, publishing and finance, thereby assisting the Chief Executive Officer to perform his duties. The G5 reports to the Board of Directors twice a year on its activities carried out in the past year.

The Board of Directors determines the compensation of the Chief Executive Officer and Executive Vice Presidents in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code. The term of office of the Chief Executive Officer and Executive Vice Presidents may not exceed, as applicable, the term of their directorship.

COMBINATION OF POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 favor either formula and allows the Board of Directors to choose between the two forms of exercise of executive management*."

In accordance with Article L. 225-51-1 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 organization in the short and medium terms of the Company and of the Group. The Board unanimously decided during these meetings that the combination of the positions of Chairman and Chief Executive Officer suits the organization and operation of the Company. The Board considered that the combination of these positions favors responsive and effective decision-making in a changing and highly competitive environment, strengthening the cohesion of the entire organization (strategy and operations), and thus facilitating and streamlining 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.

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 any significant transactions outside the scope of the Company's and/or Group's stated strategy, as well as any strategic investments - 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 any external investments involving the acquisition of stakes or assets totaling more than €100 million each and not previously approved by the Board.

In addition, at its meeting on May 17, 2018, 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 15, 2019 with the same limits and conditions.

4.1.2.2 Lead director

The choice to combine the positions of Chairman and Chief Executive Officer is exercised in compliance with the prerogatives of the various bodies. As part of the drive to improve governance, the position of lead director was created on March 3, 2016 and the Board elected Didier Crespel to fill this position. The internal rules of the Board of Directors require that a lead director be appointed, whose responsibilities, resources and powers are described in section 4.1.3.3, when the positions of Chairman and Chief Executive Officer are held by the same person. The powers of the lead director include the option to hold meetings with the independent directors.

4.1.2.3 Director(s) representing employees and employee shareholders

The General Meeting of September 22, 2017 approved an amendment to the Company's Articles of Association in order to determine the terms for the election of a director representing employees on the Board of Directors, in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code as amended by Law No. 2015-994 of August 17, 2015 (the "Rebsamen" law). Lionel Bouchet was elected director representing employees on March 7, 2018, in application of the provisions of Article 8.2 of the Company's Articles of Association, for a four-year term of office expiring at the end of the Annual General Meeting held during the year in which his term of office will expire.

To date, the Board of Directors does not have any director(s) representing employee shareholders. However, on March 31, 2018, employee shareholding exceeded the threshold, pursuant to Article L. 225-102 of the French Commercial Code, of 3% of the Company's share capital for the first time. Accordingly, the Combined General Meeting of July 2, 2019 will be asked to approve the amendment of the Company's Articles of Association to establish the methods through which employee shareholders will propose the candidate(s) who will represent them. Their appointment will be submitted to the vote of the Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2020.

4.1.2.4 Group Operational 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, NCSA
Christine Burgess-Quémard	Executive Director, worldwide production
Serge Hascoët	Chief Creative Officer

In accordance with the Afep-Medef Code, the Board of Directors regularly verifies that Corporate Executive Officers are implementing a non-discrimination and diversity policy, particularly in terms of balanced representation within the management bodies.

The Ubisoft Group Executive Committee includes one female member, Christine Burgess-Quémard, who was named 2018 Woman of the Year by the organization Women in Games for her work and contribution to the European video game industry. She has held this position since 2000. This must be noted in the context that the worldwide video game industry remains heavily male to this day, with women representing only 15% to 20% of those working in the industry.

The Nomination and Compensation Committee takes into account balanced gender representation in light of current profiles in its consideration of succession plans for the Executive Committee.

4.1.2.5 The Board of Directors and its committees

COMPOSITION AS AT MAY 15, 2019

DIRECTORS

12 AVERAGE AGE OF **54.83 YEARS**

11 OF WHICH directors appointed by the General Meeting

AND

1 director elected by the employees

INDEPENDENT DIRECTORS (1)

54.55%

OF WHICH

100% within the Audit Committee and the Nomination and Compensation Committee

And **50 %** (1) within the CSR Committee

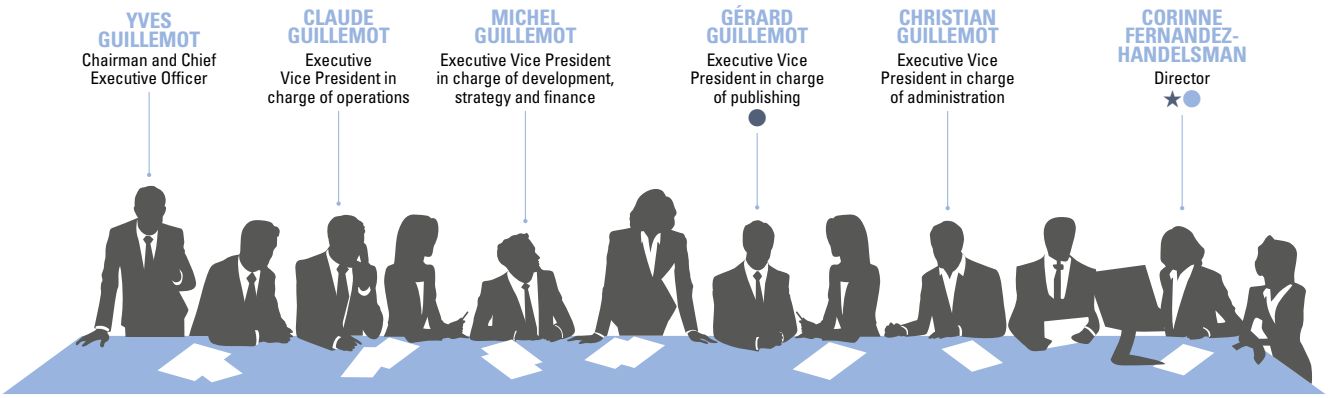
1 INDEPENDENT LEAD DIRECTOR

PARITY % MEN/WOMEN

45.45% (2)

(1) The director representing employees is not taken into account when calculating the independence rate of the Board of Directors and its committees, in accordance with the AFEP-MEDEF Code.

(2) The director representing employees is not taken into account in the calculation of this percentage, pursuant to Article L. 225-27-1, II of the French Commercial Code.



YVES GUILLEMOT — Chairman and Chief Executive Officer

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

CHRISTIAN GUILLEMOT — Executive Vice President in charge of administration

CORINNE FERNANDEZ-HANDELSMAN — Director ★●

DIDIER CRESPEL — Lead Director ★▲

LAURENCE HUBERT-MOY — Director ★▲◆

FRÉDÉRIQUE DAME — Director ★

FLORENCE NAVINER — Director ★▲

LIONEL BOUCHET — Director representing employees ●

VIRGINIE HAAS — Director ★◆

Independent director	Audit Committee	Nomination and Compensation Committee	CSR Committee
★	▲ Member ▲ Chairperson	◆ Member ◆ Chairperson	● Member ● Chairperson

INDIVIDUAL PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The table below summarizes the current composition of the Board of Directors. A detailed individual presentation of the directors, and the experience and expertise that each of them contributes to the Board of Directors, is set out in section 4.1.2.6 of this Registration Document.

Name	Personal information				
	Age	Gender	Nationality	Number of shares (05/15/19)	
GENERAL MANAGEMENT					
Yves Guillemot, Chairman & CEO	58	M	French	933,567	
Claude Guillemot, Executive Vice President	62	M	French	732,869	
Michel Guillemot, Executive Vice President	60	M	French	388,715	
Gérard Guillemot, Executive Vice President	57	M	French-American	455,659	
Christian Guillemot, Executive Vice President	53	M	French	107,125	
DIRECTORS DEEMED INDEPENDENT					
Didier Crespel	57	M	French	320	
Laurence Hubert-Moy	57	F	French	414	
Florence Naviner	56	F	French	315	
Frédérique Dame	43	F	French-American	610	
Corinne Fernandez-Handelsman	57	F	French	150	
Virginie Haas	53	F	French	50	
DIRECTOR REPRESENTING EMPLOYEES					
Lionel Bouchet	45	M	French	148	

(1) Establishment of the CSR Committee on September 12, 2018

(2) Chairperson of the committees

Audit committee: Florence Naviner, member since January 1, 2018, replaced Didier Crespel as the chairperson of said committee on May 18, 2018 – Didier Crespel having remained a full member of this committee.

BoD: Board of Directors

AC: Audit Committee

N&CC: Nomination and Compensation Committee

CSR Co.: CSR Committee

	Position on the Board			Attendance	Experience and expertise	
	Start of 1st term	End of current term	Years of presence on the Board	Board of Directors and committee(s) (FY2019)	Offices: Publicly traded companies (excluding Ubisoft Group)	Expertise
	02/28/88	2020	31	BoD: 100%	2	♦ Video games industry ♦ International strategy and innovation ♦ Finance ♦ Governance and management
	02/28/88	2021	31	BoD: 100%	1	♦ Hardware technologies ♦ International development
	02/28/88	2021	31	BoD: 100%	1	♦ IT ♦ Video games industry ♦ Mobile industry ♦ Finance
	02/28/88	2020	31	BoD: 67% CSR Co. [1][2]: 100%	1	♦ Publishing ♦ Content creation ♦ Recruitment and talent management ♦ Corporate social responsibility
	02/28/88	2021	31	BoD: 75%	1	♦ Administration ♦ Finance and stock market operations
	11/20/13	2021	6	BoD: 92% AC: 100%	-	♦ Finance ♦ International experience ♦ Strategy / Entrepreneurship ♦ Mergers / Acquisitions
	06/27/13	2021	6	BoD: 100% AC: 100% N&CC [2]: 100%	-	♦ Technology and digital ♦ Environmental risk modelling ♦ Governance and strategic planning
	09/29/16	2020	3	BoD: 75% AC [2]: 100%	-	♦ International experience ♦ Accounting and financial techniques ♦ Acquisitions, consolidation process ♦ Development process and strategic planning
	09/29/16	2020	3	BoD: 100%	-	♦ Digital technologies ♦ Start-up development ♦ Productivity improvement ♦ International
	09/22/17	2019	2	BoD: 100% CSR Co. [1]: 100%	1	♦ Assessment, recruitment and support of talents ♦ Management of an international head hunting network
	09/22/17	2019	2	BoD: 92% N&CC: 100%	-	♦ New technologies and IT services ♦ International Cloud computing market ♦ Start-up development
	03/07/18	2022	1	BoD: 100% CSR Co. [1]: 100%	-	♦ Video game production ♦ Video game development technical pipeline ♦ IT in general

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

	Nomination	Term of office expired	Renewal
Board of Directors	N/A	N/A	N/A
Audit Committee	**05/18/18** Florence Naviner, Chairwoman [1] (independent)	**05/17/18** Didier Crespel, Chairman [2] (independent)	N/A
Nomination and Compensation Committee	**04/01/18** Virginie Haas, member (independent)	**03/31/18** Didier Crespel, member (independent)	N/A
CSR Committee [3]	**09/12/18** Gérard Guillemot, Chairman Corinne Fernandez-Handelsman, member (independent) Lionel Bouchet, member	N/A	N/A

(1) Florence Naviner, member of the Audit Committee since January 1, 2018, became Chairwoman of said committee on May 18, 2018

(2) Didier Crespel, Chairman of the Audit Committee until May 17, 2018, remained a full member of the Audit Committee

(3) Establishment of the CSR Committee on September 12, 2018

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, except for the director representing employees, 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.
- **Ownership of Ubisoft Entertainment SA shares:** Pursuant to Article 8 of the Company's Articles of Association, each director must own at least one share of the Company, with the exception of the director representing employees. However, pursuant to the internal rules of the Board of Directors, directors must progressively acquire, within a period of one year from their appointment, a number of shares equivalent to €10,000 (in acquisition value), that must be retained throughout their entire term of office. 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.

ASSESSMENT OF DIRECTORS' INDEPENDENCE

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 directors was reviewed by the Board of Directors on April 11, 2019 based on the questionnaire issued by the Nomination and Compensation Committee to all independent directors, 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:

	Didier Crespel	Laurence Hubert-Moy	Florence Naviner	Frédérique Dame	Corinne Fernandez-Handelsman	Virginie Haas
Employee corporate officer 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	Compliant
Cross-directorships 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	Compliant
Significant business relationships Must not be a client, supplier, business banker, investment banker, consultant: ♦ that is material to the Company or its Group; or ♦ for whom the Company or its Group accounts for a significant part of business.	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Family ties Must not be related by close family ties to a Corporate Officer	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Statutory auditors Must not have been an Auditor of the Company within the previous five years	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Held office for more than 12 years Must not have been a Director of the Company for more than twelve years	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Status of non-executive Corporate Officer [1] Must not be a non-executive Corporate Officer receiving variable compensation in the form of cash or securities or any compensation tied to the performance of the Company or the Group	N/A	N/A	N/A	N/A	N/A	N/A
Status of significant shareholder Must not be, control or represent a shareholder holding, alone or in concert, more than 10% of the capital or voting rights of the Company or its parent company	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

(1) Separate Chairman of the Board of Directors in French corporations (société anonyme) with a Board of Directors

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.

DIVERSITY POLICY APPLIED TO THE MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the AFEP-MEDEF Code, the Board of Directors is required to periodically review, in accordance with the relevant recommendations of the Nomination and Compensation Committee and by examining in detail all factors to be taken into account in its decision-making, the optimum balance of its composition and the composition of its committees, in particular in terms of diversity (percentage of men and women, nationalities, ages, qualifications and professional experiences, etc.).

The balance of the composition of the Board of Directors and its committees is one of the topics that are reviewed each year as part of the assessment of the Board (see section 4.1.3.5). The Nomination and Compensation Committee takes this goal of diversity into account when examining nominations for a director's position or for a committee.

Expertise: The above summary table (see section 4.1.2.5) shows the variety of skills represented among directors, whose detailed curriculum vitae are featured below (see section 4.1.2.6).

Independent directors: See summary table section 4.1.2.5.

Nationalities and international experience: Two members of the Board of Directors are dual nationals and most of the members have significant international professional experience. Some directors who reside abroad benefit from an international culture.

Balanced gender representation: As of March 31, 2019, not including the director representing employees, in compliance with Article L. 225-27-1, II of the French Commercial Code, the Board of Directors includes 5 women out of 11 directors, i.e. 45.45%. In addition, out of a total of eight seats on committees, six are occupied by women, i.e. 75%.

4.1.2.6 List of offices and positions held by corporate officers at March 31, 2019



Yves GUILLEMOT

Chairman and Chief Executive Officer/Director

58 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/19
933,567

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **3**

Ubisoft Entertainment SA
Rémy Cointreau SA
Lagardère SCA

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 Guillemot 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.

In 30 years, Yves Guillemot has transformed Ubisoft into 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.

Yves Guillemot is also a director of the *Cercle des dirigeants d'Entreprises Franco-Québécois* (French Quebec executives club). He was named Entrepreneur of the Year by Ernst & Young in 2009 and 2018, and Glassdoor elected him one of the Top 6 most esteemed CEOs in France in 2017.

Expertise useful to the Board of Directors:

- Video games industry
- International strategy and innovation
- Finance
- Governance and management

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France

Chairman of Ubisoft Annecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS, 1492 Studio SAS

General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Ubisoft Mobile Games SARL, Ubisoft Paris - Mobile SARL, Ivory Art & Design SARL

Abroad

Chairman and director of Ubisoft Entertainment Inc. (Canada), Ubisoft Music Publishing Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Winnipeg Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Script Movie Inc. (United States), Ubisoft CRC Ltd (United Kingdom)

Vice-Chairman and director of Ubisoft Inc. (United States)

CEO and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)

General Manager of Ubisoft Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco), Blue Mammoth Games LLC (United States), Dev Team LLC (United States), i3D.net LLC (United States)

Chairman of Dev Team LLC (United States)

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), BMG Europe BV (Netherlands), Performance Group BV (Netherlands), i3D.net BV (Netherlands), SmartDC Holding BV (Netherlands), SmartDC BV (Netherlands), SmartDC Heerlen 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 AB (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia)

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
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	**Director and Executive Vice President** of Guillemot Brothers Ltd (United Kingdom) **Director** of Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) **Director** of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ketchapp SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Krysalide SAS **General Manager** of Script Movie SARL	**Chairman and director** of Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada), Ubi Games SA (Switzerland) **Chairman** of Ubisoft LLC (United States) **General Manager** of Related Designs Software GmbH (Germany), Ubisoft Entertainment SARL (Luxembourg)

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
Executive Vice President and director of Gameloft SE [2] **Director** of Guillemot Corporation SA [1]	**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, he has led the company's expansion with, today, R&D and logistics centers in Europe, Canada and China, and product sales in over 100 countries.
Claude Guillemot co-founded Ubisoft in 1986. He sits on the 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 technologies used for the player experience in PCs, consoles and gaming accessories have enabled Ubisoft to be positioned early on each new hardware cycle, an instrumental pillar in Ubisoft's long-term strategy.
Claude Guillemot graduated with a degree in Economics from Université de Rennes 1 and holds a degree in Industrial automation from ICAM, Lille.

Expertise useful to the Board of Directors:
- Hardware technologies
- International development

62 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2021

Number of shares at 03/31/19
732,869

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 03/31/19

France

N/A

Abroad

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)

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France

Chairman and Chief Executive Officer and Director of Guillemot Corporation SA (1)
Chairman of HerculesThrustmaster SAS, Guillemot Innovation Labs SAS
CEO of Guillemot Brothers SAS
Director of AMA SA

Abroad

Chairman and director of Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States)
Director and Executive Vice President of Guillemot Brothers Ltd (United Kingdom)
Executive Director of Guillemot ElectronicTechnology (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), AMA Corporation Ltd (United Kingdom)
General Manager of Guillemot GmbH (Germany)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France

N/A

Abroad

N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France

Executive Vice President and director of Gameloft SE (2)

Abroad

Director of Gameloft Divertissements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (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

Passionate about programming, Michel Guillemot joined the family business after completing his studies, and with his brothers reoriented the company's activities towards the video game industry. Guillemot International Software, the distributor and importer of video games that they created in 1984, became the leader in France the following year.
Michel Guillemot then worked with his brother Gérard Guillemot in setting up the first Ubisoft studios and their first production: Rayman. Michel Guillemot also co-founded Gameloft and was its Chairman and Chief Executive Officer from 2001 to 2016. Under his management, Gameloft, a pioneer in the development of mobile games, saw extensive growth and became one of the biggest mobile developers in the world.
Michel Guillemot co-founded Ubisoft in 1986. He is a member of the Board of Directors and 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.
He is currently developing a group of new companies focusing on Artificial Intelligence.
Michel Guillemot graduated from EDHEC business school and holds a degree (DECS) in accounting.

Expertise useful to the Board of Directors:

- IT
- Video games industry
- Mobile industry
- Finance

60 years old

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2021

Number of shares at 03/31/19
388,715

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 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

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 Ltd (United Kingdom) **Director** of Playwing Ltd (United Kingdom), Artificial Intelligence Research Lab Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) **Director and CEO** of Ariann Finance Inc. (Canada), Divertissements Playwing Inc. (Canada), Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada) **Director** of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Playwing Ltd (Bulgaria)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France

Chairman and Chief Executive Officer and Director of Gameloft SE [2]
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 SA (Argentina), Gameloft Software (Shenzhen) Company Ltd (China)
Chairman and director of Gameloft Inc. (United States), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd (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)
Director of Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela)

(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
C.E.O. of Ubisoft's film business
Chairman of the Corporate Social Responsibility ("CSR") Committee

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 chairs the Corporate Social Responsibility ("CSR") Committee which was established on September 12, 2018.
Gérard Guillemot graduated from EDHEC business school. He has been living in the USA for over 15 years.

Expertise useful to the Board of Directors:
- Publishing
- Content creation
- Recruitment and talent management
- Corporate social responsibility

57 years

French-American

1st appointment (director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/19
455,659

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 03/31/19

France	Abroad
N/A	**Vice-President** of Dev Team LLC (United States)

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

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 Ltd (United Kingdom) **Director** of Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) **Director** of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	**N/A**

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
Executive Vice President and director of Gameloft SE (2)	**Chairman** of Longtail Studios 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 Chairman and Chief Executive Officer of AMA SA, which he co-founded in 2004 with his brothers. AMA SA, which is enjoying rapid growth, specializes in the Internet of things, and over the past few years has become a world leader in new uses in the field of telehealth and remote help using connected eyeglasses.
Like his brothers, Christian Guillemot is passionate about innovation and emerging trends, and is also involved in the creation of the French Tech digital accelerator program.
He is also Chairman and Chief Executive Officer of Guillemot Brothers Ltd, the family holding company of the Guillemot group.
Christian Guillemot co-founded Ubisoft in 1986. He is a member of the Board of Directors and Executive Vice President in charge 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. As a result of his in-depth knowledge of new technological uses and expertise in finance, accounting and legal matters, he is an essential voice on the Board.
Christian Guillemot graduated from the European Business School of London.

Expertise useful to the Board of Directors:
- Administration
- Finance and stock market operations

53 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2021

Number of shares at 03/31/19
107,125

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 03/31/19

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

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

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), AMA l'Oeil de l'Expert Inc. (Canada) **Chairman and Chief Executive Officer and Director** of Guillemot Brothers Ltd (United Kingdom) **Chairman and Director** of Playwing Ltd (United Kingdom) **Chairman and Director** of Playwing Entertainment SL (Spain) **Director** of AMA Corporation Ltd (United Kingdom) **Chairman** of Playwing Srl (Romania) **Director** of Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteye Ltd (United Kingdom), AMA Xperteye Srl (Romania), 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) **General Manager** of AMA Xpert Eye GmbH (Germany)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	**N/A**

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
Executive Vice President and director of Gameloft SE (2) **Chairman** of Studio AMA Bretagne SAS	**Director** of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Inc. (United States) **Chairman and Director** of Advanced Mobile Advertisement Inc. (United States)

(1) Publicly traded company

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



Didier CRESPEL

Independent Lead Director
Member of the Audit Committee (1)

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.
Didier Crespel is the former General Manager of Shapers (2000-2012) - an international subsidiary of the Arkk Group listed on the Tokyo Stock Exchange. Thanks to his proven reporting expertise, Didier Crespel contributed to Arkk Group's compliance project by implementing the J-SOX regulations. 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, Didier Crespel dealt with international financial transactions such as major mergers and acquisitions.
Didier Crespel has sat on Ubisoft's Board of Directors as an independent director since 2013. He is a member of the Audit Committee, and chaired the committee up to May 17, 2018. 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.
Didier Crespel graduated from EDHEC Business School.

Expertise useful to the Board of Directors:
- Finance
- International experience
- Strategy / Entrepreneurship
- Mergers / Acquisitions

57 years

French

1st appointment (director)
11/20/13

End of current term
General Meeting 2021

Number of shares at 03/31/19
320

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
General Manager of Crespel & Associates **Chairman** of Mecamen, AMPM, AMS	**Chairman** of Mecamen Polska (Poland)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

(1) Chairman of the Audit Committee until May 17, 2018, replaced by Florence Naviner
(2) Member of the Nomination and Compensation Committee until March 31, 2018



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. A member of the Scientific Programs Committee at the French Space Agency since 2019 and the Air and Space Academy since 2018, she chaired the Earth Sciences Scientific Committee at the CNES between 2013 and 2019. Laurence Hubert-Moy is also the Scientific Manager of the ENVAM Digital Campus, a French consortium of four universities and schools. Since 2017, she has been a partner at Kermap, a start-up offering services to landscape development professionals using space and airborne data. As part of her current research work, dealing with the processing of large data series, she collaborates with scientists in China, Brazil and India.
Laurence Hubert-Moy has sat 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.
Laurence 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.

Expertise useful to the Board of Directors:
- Technology and digital
- Environmental risk modelling
- Governance and strategic planning

57 years

French

1st appointment (director)
06/27/13

End of current term
General Meeting 2021

Number of shares at 03/31/19
414

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
Professor at the University of Rennes **Member** of the Scientific Programs Committee of the Centre National d'Etudes Spatiales **Scientific Director** of the ENVAM digital campus	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A



Florence NAVINER

Independent Director
Chairwoman of the Audit Committee (1)

56 years

French

1st appointment (director)
09/29/16

End of current term
General Meeting 2020

Number of shares at 03/31/19
315

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

Florence Naviner is currently Chief Financial Officer and Senior Vice-President of Mars Wrigley Confectionery, an American multinational 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 in the consumer goods industry.
Based in Chicago, after having spent five years as Wrigley's global CFO, she has been very involved in the global integration of Mars Chocolate and Wrigley. In July 2017 she became Global CFO of the new merged entity, Mars Wrigley Confectionery, the world leader in confectionery products. In this position, she manages the global finance team and copilots the implementation of its strategy and operations. 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 has been a member of the Audit Committee since January 1, 2018, and has chaired said committee since May 18, 2018
Florence Naviner graduated from the HEC Business School Paris and possesses a DESCF degree in accounting.

Expertise useful to the Board of Directors:
- International experience
- Accounting and financial techniques
- Acquisitions, consolidation process
- Development process and strategic planning

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

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

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

(1) Chairwoman of the Audit Committee since May 18, 2018



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 a business Investing Partner at GV (Google Ventures) 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 monetization 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.

Expertise useful to the Board of Directors:

- Digital technologies
- Start-up development
- Productivity improvement
- International

43 years

French-American

1st appointment (director)
09/29/16

End of current term
General Meeting 2020

Number of shares at 03/31/19
610

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	**Founder and President and Chief Executive Officer** of Frede Technologies, Inc. **Independent Director** of Les Mills International (New Zealand)

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A



Corinne FERNANDEZ-HANDELSMAN

Independent Director
Member of the Corporate Social Responsibility ("CSR") Committee

Corinne Fernandez-Handelsman is currently an Industrial & Technology Practice Leader, Partner at Progress, specializing in senior executive recruitment. Progress is a member of IIC Partners' international network, which brings together independent, market-leading recruitment agencies. Corinne Fernandez-Handelsman has managed the Technology, Digital Media and Telecommunications practice within this network.
She brings 30 years' experience to Ubisoft, with more than 15 years' expertise in recruitment and valuable knowledge in sourcing, attracting and retaining talent in the digital and technology sectors. Corinne Fernandez-Handelsman started her career at SNCF before joining the Boston Consulting Group as a consultant in 1986. In 1988, she joined GSI, a digital services company that was purchased by ATOS in 1997, where she held consecutive positions as Director of Marketing and Communications, Manager for business units, and Global Account Manager. She joined Progress in 1999. Since 2016, Corinne Fernandez-Handelsman has also been a director of Coheris, a leading CRM & Business Analytics solutions provider, listed on Euronext. Corinne Fernandez-Handelsman is a graduate of HEC Paris.
Corinne Fernandez-Handelsman is a member of the Corporate Social Responsibility ("CSR") Committee which was established on September 12, 2018.

Expertise useful to the Board of Directors:
- Assessment, recruitment and support of talents
- Management of an international head hunting network

57 years

French

1st appointment (director)
09/22/17

End of current term
General Meeting 2019

Number of shares at 03/31/19
150

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **2**

Ubisoft Entertainment SA
Coheris SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
Director of Coheris SA (1)	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	**Director** of IIC Partners

(1) Publicly traded company



Virginie HAAS

Independent Director
Member of the Nomination and Compensation Committee

Virginie Haas brings Ubisoft almost 30 years of experience in the field of new technologies and IT services. She spent the majority of her career at IBM, where she held various management positions. In 2006, she joined the Steering Committee of IBM France as Director of Operations, before becoming Vice President, Global Technology Services Sales of IBM France. In 2010, she began her international career, becoming IBM's Vice President of Worldwide Cloud Services Sales, helping the company to become one of the market leaders for the sector.
In 2016, she changed course and joined Shift Technology as Chief Revenue Officer. A start-up founded in 2014, Shift Technology is developing a SaaS solution to detect insurance fraud by relying on artificial intelligence technologies and Big Data. At Shift Technology, Virginie Haas is in charge of developing and supporting the company's rapid growth and international expansion. Virginie Haas has significant experience in issues relating to transforming and managing hyper-growth, and will provide Ubisoft her knowledge of the worldwide cloud computing market, and more broadly the market for new technologies, which are vectors of digital transformation. She graduated from the ESCEM Business School.
Virginie Haas has been a member of the Nomination and Compensation Committee since April 1, 2018.

Expertise useful to the Board of Directors:
- New technologies and IT services
- International Cloud computing market
- Start-up development

53 years

French

1st appointment (director)
09/22/17

End of current term
General Meeting 2019

Number of shares at 03/31/19
50

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
N/A	N/A

CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19

France	Abroad
Chief Revenue Officer at Shift Technology	N/A

EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A

EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)

France	Abroad
N/A	N/A



Lionel BOUCHET

Director representing employees
Member of the Corporate Social Responsibility ("CSR") Committee

Lionel Bouchet joined the Board of Directors as a director representing employees.
Currently Senior Lead Programmer, Lionel has spent most of his career with Ubisoft, which he joined in 1996 after earning a computer engineering degree from the EERIE in Nîmes. Lionel first worked on POD, the first racing game developed by Ubisoft, and then on several Formula 1 games before focusing his energies on the increasingly successful Ghost Recon franchise, since 2005. Today, he is responsible for the development of the brand's engine and production pipeline, an ambitious project co-developed in France by three studios: Ubisoft Paris, Ubisoft Montpellier and Ubisoft Bordeaux. With over 20 years of experience in production studios in Paris and Montpellier, he is able to clearly identify the challenges facing production teams, with a particular focus on technological issues, a central topic in the video game industry.
As a Ubisoft employee with a thorough understanding of the Group, Lionel Bouchet also provides the Board of Directors with an operational perspective on the Group's entities.
Lionel Bouchet is a member of the Corporate Social Responsibility ("CSR") Committee which was established on September 12, 2018.

Expertise useful to the Board of Directors:
- Video game production
- Video game development technical pipeline
- IT in general

45 years

French

Election (director representing employees)
03/07/18

End of current term
General Meeting 2022

Number of shares at 03/31/19
148

Number of appointments (director/member of the Supervisory Board of publicly traded companies): **1**

Ubisoft Entertainment SA

OTHER APPOINTMENTS AND ROLES

CURRENT POSITIONS WITHIN THE UBISOFT GROUP AS AT 03/31/19	
France	Abroad
N/A	N/A
CURRENT POSITIONS OUTSIDE THE UBISOFT GROUP AS AT 03/31/19	
France	Abroad
N/A	N/A
EXPIRED POSITIONS WITHIN THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)	
France	Abroad
N/A	N/A
EXPIRED POSITIONS OUTSIDE THE UBISOFT GROUP (LAST 5 FINANCIAL YEARS)	
France	Abroad
N/A	N/A

4.1.3 ORGANIZATION AND OPERATION OF THE BOARD OF DIRECTORS

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 October 30, 2018. 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.

4.1.3.1 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 October 30, 2018.

The internal rules of the Audit Committee, the Nomination and Compensation Committee and the Corporate Social Responsibility ("CSR") Committee are appended 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.

4.1.3.2 Organization of the Board of Directors

The aforementioned internal rules state or specify the contents and methods for the exercise of the prerogatives of the Board of Directors (including independent directors, director(s) representing employees and employee shareholders), of the specialized committees created within it, of the Chairman and Chief Executive Officer, the Executive Vice Presidents and the lead director.

The Board of Directors, a collective decision-making body, collectively represents all the shareholders. It performs the duties dictated by law and, in all circumstances, acts in the interest of the Company and strives to promote the creation of long-term value while taking into account the social and environmental issues associated with the Group's activities.

Its mission is to determine the strategic priorities for the activities of the Company and/or the Group and to ensure they are implemented within the limits of the Company's corporate purpose and the powers expressly granted by law to General Meetings.

It regularly reviews the opportunities and main risks, such as the financial, legal, operational, social, societal and environmental risks, as well as the measures implemented to mitigate them. To this end, the Board of Directors receives all information necessary to accomplish its mission, particularly from the Corporate Executive Officers.

With the exception of the Chairman and Chief Executive Officer and the Executive Vice Presidents, the directors have no individual power and must therefore act and decide by conferring with other members of the Board.

The three committees, the Audit Committee, the Nomination and Compensation Committee and the Corporate Social Responsibility ("CSR") Committee are responsible for researching and documenting the matters that the Board is planning to debate, and to present during its plenary sessions, recommendations on the topics pertaining to their respective competence. The committees are advisory bodies and do not have the authority to make decisions themselves. Their members and their Chairperson are appointed by the Board and are selected exclusively from among the directors. Since members are personally appointed, they may not under any circumstances be represented by others at meetings of the committee(s) of which they are members. The Board reserves the right to change at any time the number and/or the composition of these committees as well as the scope of their duties. Finally, it should be noted that the internal rules of each committee – as well as any change that a committee may ultimately suggest – must receive the Board's formal approval. The responsibilities and the composition of the committees are described in section 4.1.3.4.

In his capacity as Chairman of the Board of Directors, the Chairman and Chief Executive Officer prepares, organizes and supervises the work of the Board, sets the agenda for its meetings, advises the directors of any information required for the performance of their duties, ensures the proper functioning of the Company's bodies, the proper execution of decisions made by the Board and compliance with the rules of proper conduct adopted by the Company. He chairs the Shareholders' General Meeting and reports to it on the functioning, work and decisions of the Board of Directors.

If the positions of Chairman and Chief Executive Officer are held by the same person, a lead director is appointed. The role and prerogatives of the lead director are detailed in section 4.1.3.3.

THE BOARDS' 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.

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' General 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.

OPERATION OF THE BOARD OF DIRECTORS

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.

The internal rules of the Board of Directors provide an opportunity for directors to participate in the Board's deliberations via videoconference or telecommunications, including conference calls, 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 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.

Directors may also meet with the Company's senior managers, including without the Corporate Executive Officers, provided that the latter have been informed in advance.

The committees tasked by the Board of Directors to examine specific issues make a contribution through their work and reports, providing the Board of Directors with the information it needs to make its decisions (see section 4.1.3.4).

Directors receive on an ongoing basis all documents that are issued by the Company and its subsidiaries to the public, especially information intended for shareholders.

Directors have access to a secure digital platform. This allows them to more easily access useful documents and information.

TRAINING OF DIRECTORS

Directors may receive, at the time of their appointment and throughout their entire term of office, training on corporate governance and the specific features of the Company, its business lines, its activity sector and its corporate social responsibility challenges.

In accordance with the legal provisions in force, the director representing employees shall receive appropriate training of least 20 hours per year.

Some directors have taken, at their request, certification training relating to directors' duties at Sciences Po Paris/IFA.

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;
- subscription to the daily press review relating to Ubisoft news and more generally on video game industry news ("Ubisoft Daily Newsletter");
- subscription to the "Ubisoft World" mailing list enabling them to receive all messages sent to Ubisoft teams;
- they are also added to the PR mailing list so that they receive all press releases published by Ubisoft;
- an invitation to KOM EMEA, which provides a true immersion into the universe of Ubisoft 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.

BOARD OF DIRECTORS' WORK DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019

Number of Board of Directors' and Committees' meetings / Participation rate

	Board of Directors	Audit Committee	Nomination and Compensation Committee	CSR Committee [6]
	12 sessions FY19 [1]	5 meetings FY19	6 meetings FY19	2 meetings FY19
Yves Guillemot	**100%** (12/12)	**N/A**	**N/A**	**N/A**
Claude Guillemot	**100%** (12/12)	**N/A**	**N/A**	**N/A**
Michel Guillemot	**100%** (12/12)	**N/A**	**N/A**	**N/A**
Gérard Guillemot	**67%** (8/12) [2]	**N/A**	**N/A**	**100%** (2/2) [6]
Christian Guillemot	**75%** (9/12)	**N/A**	**N/A**	**N/A**
Didier Crespel	**92%** (11/12)	**100%** (5/5) [4]	**N/A**	**N/A**
Laurence Hubert-Moy	**100%** (12/12)	**100%** (5/5)	**100%** (6/6) [5]	**N/A**
Florence Naviner	**75%** (9/12) [3]	**100%** (5/5) [4]	**N/A**	**N/A**
Frédérique Dame	**100%** (12/12)	**N/A**	**N/A**	**N/A**
Corinne Fernandez-Handelsman	**100%** (12/12)	**N/A**	**N/A**	**100%** (2/2) [6]
Virginie Haas	**92%** (11/12)	**N/A**	**100%** (6/6)	**N/A**
Lionel Bouchet	**100%** (12/12)	**N/A**	**N/A**	**100%** (2/2) [6]
TOTAL	**91.67%**	**100%**	**100%**	**100%**

(1) The 12 meetings of the Board of Directors were held on 9 different dates, including 2 meetings per day for 3 dates
(2) Of which absent 2 days with 2 meetings held daily
(3) Of which absent 1 day with 2 meetings held
(4) Chairmanship of the Audit Committee held by Didier Crespel until May 17, 2018 and by Florence Naviner since May 18, 2018
(5) Chairwoman of the Nomination and Compensation Committee
(6) The Corporate Social Responsibility ("CSR") Committee was established on September 12, 2018 - Gérard Guillemot is the Chairman

MAIN TOPICS ADDRESSED BY THE BOARD OF DIRECTORS DURING THE 2019 FINANCIAL YEAR

The agenda of meetings of the Board of Directors is determined pursuant to applicable laws and regulations.

During the financial year, the Board of Directors deliberated on and/or addressed the following items:

- reflection on the Ubisoft group's strategic issues;
- the approval of the three-year business plan;
- examining and approving the separate and consolidated financial statements for the financial year ended March 31, 2018, and the related reports as well as the half-year consolidated financial statements as at September 30, 2018;
- financial information/financial reports;
- establishing management forecasts;
- preparing for the Combined General Meeting of June 27, 2018 (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, including the decisions to cancel own shares and the allocations for the purposes stipulated in the laws and regulations in force, particularly within the framework of the swap agreement signed with Crédit Agricole Corporate and Investment Bank on March 20, 2018 which was settled early;
- the authorization, for a duration of one (1) year, granted to the Chairman and Chief Executive Officer to issue bonds;
- complying with the principles of corporate governance, in particular:
  - updating the internal rules of the Board of Directors and its committees,
  - reading the reports of the work of the lead director, committees, and G5 as set out in sections 4.1.3.3 and 4.1.3.4 and 4.1.2.1,
  - reviewing the status of independent director,
  - evaluating the operating procedures of the Board and its committees (summary).
- approval of the proposals of the Nomination and Compensation Committee in relation to:
  - employee stock ownership: approval of the fulfillment of performance conditions and/or implementation of new employee stock ownership plans,
  - the compensation of the Chairman and Chief Executive Officer and/or Executive Vice Presidents,

- succession plan(s) for the Corporate Executive Officers, the Executive Committee and the lead director,
- the composition of the committees,
- the establishment of a Corporate Social Responsibility ("CSR") Committee,
- the training program for the director representing employees.

- establishing quantifiable and qualitative criteria, as proposed by the Nomination and Compensation Committee, in relation to the compensation of the Chairman and Chief Executive Officer and the Executive Vice Presidents, and assessment of achievement of the said criteria.

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.

4.1.3.3 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.

Didier Crespel was appointed by the Board of Directors, on the proposal of the Nomination and Compensation Committee, as lead director on March 3, 2016 and was renewed in said functions for a term of two years, in application of the internal rules of the Board of Directors, following his reappointment as Director by the General Meeting of September 22, 2017.

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 directly convene an Extraordinary Board Meeting to discuss a specific agenda, the urgent or crucial nature of which justifies such action;
- 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);
- convene at least once per year the independent directors under the terms, deadlines and conditions he deems 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 is also entrusted relations with shareholders, particularly on topics pertaining to corporate governance.

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 2018/2019 FINANCIAL YEAR

Since his appointment on March 3, 2016, Didier Crespel has been in frequent contact with the Company's shareholders to present "Governance" activities such as the operation of the management and administration bodies, and an overview of their respective activities.

The lead director also invited the independent directors to meet on April 12, 2018 and December 12, 2018.

The lead director prepared the governance roadshows and was accordingly in regular contact with the individuals in charge of this topic within the company (governance issues and best practices within the Board of Directors).

In accordance with the internal rules of the Board of Directors, the lead director reported on his activities over the past financial year at the meeting of the Board of Directors on April 11, 2019.

ITEMS DISCUSSED DURING THE MEETINGS OF INDEPENDENT DIRECTORS HELD DURING THE 2018/2019 FINANCIAL YEAR.

During the meetings of independent directors held on April 12, 2018 and December 12, 2018, the following items were discussed: the opportunity to establish a Corporate Social Responsibility ("CSR") Committee, organizing visits to Ubisoft facilities abroad, communicating on the means that could be used to boost gender parity as well as the role model for female directors, and a review of the criteria to be met by the Company to proceed, if applicable, with payment in shares during a dividend distribution. An assessment of training needs as well as the methods for applying Board and Committee evaluations were discussed during these meetings.

4.1.3.4 Committees of the Board of Directors

Under its internal rules, the Board of Directors has the option of creating one or more committees to assist it:

- the Audit Committee;
- the Nomination and Compensation Committee;
- the Corporate Social Responsibility ("CSR") Committee.

COMMITTEE ROLES AND OPERATING PROCEDURES

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.

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 committees must meet at least according to the frequency indicated in their respective internal rules.

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.

WORK DURING THE 2018/2019 FINANCIAL YEAR

Audit Committee

Composition as at 03/31/19

- Florence Naviner, Chairwoman [1]
- Laurence Hubert-Moy
- Didier Crespel [1]

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 October 30, 2018 following the revision of the AFEP-MEDEF Code in June 2018.
The committee is chaired by Florence Naviner, whose financial, accounting and tax expertise contributes an international and pragmatic approach to the Audit Committee.
Didier Crespel contributes his financial and accounting expertise to the committee, which benefits from his expertise, analytical mind and precision.
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;
- 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 2018/2019

The Audit Committee met five times during the financial 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, 2018 and the consolidated management report,
  - review of the half-year consolidated financial statements as at September 30, 2018 and the half-year financial report,
  - review of the work of the Statutory auditors as at March 31, 2018 and September 30, 2018,
  - review of the figures contained in the financial 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,
  - review and monitoring of risk mapping,
  - review of work undertaken in relation to anti-corruption efforts ("Sapin II') and combating fraud,
  - validation of the actions plans to be implemented within the context of risk management, in relation to anti-corruption work and combating fraud - status of the update of the Code of Conduct, the risk mapping, the establishment and/or improvement of related systems and/or procedures,
  - analysis of the operational risks identified following the internal audit of some subsidiaries,
  - discussion regarding the training to be completed: defining the relevant people, as well as types and methodologies.
- audit and relations with auditors:
  - internal audit: 2018 summary and review of the 2019 audit plan,
  - review of the assignments of external auditors, including additional assignments,
  - review of the fee budget for external auditors.
- other:
  - analysis and debate regarding the application of IFRS 15 and its main impacts in terms of the accounting of sales,
  - analysis of the accounting treatment of the contracts signed with Crédit Agricole Corporate and Investment Bank as part of Vivendi SA's disposal of its equity investment,
  - analysis of the accounting impact of the transactions completed under the share buyback program: acquisition, transfer, disposal, cancellation.

2018/2019 attendance rate

100%

(1) Chairmanship of the Audit Committee: until May 17, 2018, Didier Crespel – since May 18, 2018, Florence Naviner

Nomination and Compensation Committee

Composition as at 03/31/19	♦ Laurence Hubert-Moy, Chairwoman ♦ Virginie Haas
Operating procedures	The committee is chaired 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. In view of her varied and valuable experience in various management positions that she has held at IBM and her current duties at the start-up ShiftTechnology, Virginie Haas brings to the committee a structured vision and thorough analysis of the various topics and can therefore make detailed proposals on a case-by-case basis. The AFEP-MEDEF Code provides, on the one hand, that the Nomination and/or Compensation Committee(s) must mostly consist of independent directors and no Corporate Executive Officers, and also recommends that the Chairperson of the Compensation Committee be independent. The composition of the Nomination and Compensation Committee complies with this recommendation with an independence rate of 100%. The Nomination and Compensation Committee has decided 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 of Directors, after examining in detail all factors to be taken into account in its decision-making: desirable balance in the composition of the Board of Directors and its committees, particularly in terms of diversity (breakdown per gender, nationality, international expertise, business line expertise, etc.), search and vetting of potential candidates, timing of term of office renewals and, in particular, organization of 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 the criteria used by the Board to classify a director as independent; once a year, it examines on a case-by-case basis the position of each director or candidate for directorship according to the criteria applied, and makes its proposals to the Board of Directors, particularly in view of the information to be disclosed in the Registration Document.
  - Concerning the Chairman and Chief Executive Officer, the Chief Executive Officer or the Executive Vice President(s), as applicable:
    - considering, where necessary, and specifically upon the expiry of their term of office, the renewal of the Chairman-Chief Executive Officer, or of the Chairman and the Chief Executive Officer, and/or of the Executive Vice President(s),
    - 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 Chief Executive Officer) informs the Board of planned changes in management resources (Group Executive Committee).

    The Committee also reviews the Group's retirement policy and provides an opinion regarding any related questions, when it deems it appropriate to do so.
- compensations:
  - of the 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 regarding the transparency of compensation information and, in particular, preparing an annual report on the activity of the Nomination and Compensation Committee to be inserted in the report on corporate governance and ensuring that all legally required information regarding compensation is included in said 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 of Directors 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 or subscription option plans 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 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 - including the Executive Committee - with the business strategy, and implementation of performance conditions,
    - knowing and reviewing the Group's general compensation policy and making any relevant comments.

The Committee ensures that the Corporate Executive Officers are implementing a non-discrimination and diversity policy, particularly in terms of balanced gender representation within the management bodies.

Work during 2018/2019

The Nomination and Compensation Committee met six times. The attendance rate at each of 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 the overall compensation structure in view of the benchmarking performed,
    - define the general allocation policy (share purchase or subscription options and free shares) and propose performance criteria within the context of the resolutions in effect,
    - validate whether the performance conditions for the long-term incentive plans for Corporate Executive Officers of the Group have been achieved,
    - determine the compensation due for the financial year 2020 (FY 2019/2020),
    - assess whether the quantitative and/or qualitative criteria relating to the variable compensation of the Chairman and Chief Executive Officer have been achieved for the financial year 2018 (FY 2017/2018),
    - analyze the compensation of the Chairman and Chief Executive Officer for financial year 2020 (FY 2019/2020): review of the fixed component, definition of the target, quantitative (financial) and/or qualitative (non-financial) criteria and their weighting and fulfillment conditions for the short-term variable component, definition of the LTI plan and performance conditions associated with it for the long-term variable component,
    - validate the annual information regarding the compensation of Corporate Executive Officers in the Registration Document, particularly information pertaining to the "Ex Post" vote (FY 2018/2019) and prior revision of the progressive nature of the performance criteria for the variable compensation of the Chairman and Chief Executive Officer and the variable long-term compensation of Corporate Officers,
    - define the compensation policy that is required to be submitted to an "Ex Ante" shareholders' vote (FY 2019/2020),
    - assess the need to integrate one or more CSR performance criteria, to be proposed by the Corporate Social Responsibility Committee, in the annual variable compensation of the Chairman and Chief Executive Officer and a broader analysis of the implementation of such criteria to the LTI plans of the Chairman and Chief Executive Officer and the Executive Vice Presidents.
  - Executive Committee and/or employees:
    - gaining an overview of the teams and key people at Ubisoft,
    - definition of the allocation strategy for the LTI plans in compliance with General Meeting resolutions in effect,
    - ascertain whether the attendance and/or performance conditions for the long-term incentive plans for Group employees have been achieved,
    - implementation of the 2018 MMO plan under the 28th, 29th and 30th resolutions of the General Meeting of September 22, 2017: (i) capital increase under the Group savings plan via a mutual fund with a leverage effect formula and (ii) capital increases/stock appreciation rights,
    - proposal for the launch of the 2019 MMO plan: (i) disposal of treasury shares under the Group savings plan via a mutual fund with a leverage effect formula and (ii) capital increases/stock appreciation rights pursuant to the 15th and 16th resolutions of the General Meeting of June 27, 2018,
    - analysis of the terms and conditions of the 2018 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,
    - review of the status of the LTI plans.
- Nomination:
  - revision of the internal rules of the Board of Directors and its committees to take into account the revised version of the AFEP-MEDEF Code of June 2018, as well as the establishment of the Corporate Social Responsibility ("CSR") Committee,
  - review of the expertise of the members of the Board of Directors,
  - review and/or formalization of succession plans for the Executive Committee, the Chairman and Chief Executive Officer, the Executive Vice Presidents and the lead director,
  - review of the independence criteria in accordance with the AFEP-MEDEF Code for each director concerned,
  - proposal relating to the director representing employees (Rebsamen Law): time allocation, training, directors' fees,
  - continued reflection on the implementation of the provisions of Article L. 225-23 of the French Commercial Code (Director representing employee shareholders),
  - implementation by means of individual questionnaires of an annual assessment of the Board and its committees in order to conduct a discussion on their operation,
  - monitoring the training of directors in office and of the plan to add new members and analysis of applications,
  - considering the measures to implement as part of the support provided to retired employees,
  - review of the employees' satisfaction survey,
  - taking stock of professional and wage equality between genders as well as the assessment of the implemented policies and actions.

2018/2019 attendance rate 100%

Corporate Social Responsibility ("CSR") Committee [1]

Composition as at 03/31/19	♦ Gérard Guillemot, Chairman ♦ Corinne Fernandez-Handelsman ♦ Lionel Bouchet
Operating procedures	The Committee is chaired by Gérard Guillemot, Executive Vice President of the Company, who contributes his unrivaled experience in the development of console games, particularly for a family audience. Corinne Fernandez-Handelsman, independent director, is more specifically interested in the Group's social and societal issues and particularly in the impact on local communities and on the planet. Based on his operational vision, Lionel Bouchet, director representing employees, focuses on technological challenges associated with CSR, both at the level of the players' communities and of the teams.
Responsibilities	The mission of the CSR Committee is to examine the strategy and action plan in terms of the Group's corporate social responsibility and to propose, if it sees fit, recommendations in this regard. It also examines the reports regarding CSR that are submitted to the Board in application of the laws and regulations in effect. Without prejudice to the expertise of the Board or management, the committee is responsible, in relation to the Group's CSR strategy, for: ♦ examining the Group's CSR commitments and policies, as well as the action plans of the projects associated with these policies and/or the monitoring of the deployment of the Group's actions; ♦ assessing the integration of the Group's CSR commitments in view of the challenges pertaining to its own activity and objectives; ♦ assessing the risks and identifying new opportunities in view of the main Group challenges in terms of CSR; ♦ taking into account the CSR impact on investments, economic performances and image; ♦ reviewing the reporting, evaluation, and internal control procedure systems to achieve stable non-financial information; ♦ verifying the annual CSR report and, generally, all CSR information required by current laws; ♦ performing an annual review of a summary of non-financial ratings of the Company and its subsidiaries by the non-financial rating agencies; ♦ keeping abreast of complaints received through the employer whistle-blower system which deal with CSR issues and reviewing those that pertain to its remit.
Work during 2018/2019 [1]	The CSR Committee met twice. The attendance rate at each of committee meetings was 100%. In particular the committee addressed the following issues: ♦ communication on accomplishments and objectives based on four themes: Players, Internal Teams, Local Communities, The Planet; ♦ debate on the global compact "UN Global Impact" defined by the United Nations.
2018/2019 attendance rate [1]	100%

(1) Establishment of the Committee on September 12, 2018

4.1.3.5 Assessment of the work of the Board of Directors and the committees

The internal rules of the Board provide that the Board of Directors must discuss its operation at least once a year in order to improve the effectiveness of its work and to arrange for a formalized assessment of its operation to be conducted at least once every three years by an external firm (the "External Assessment").

In addition, in the years where no External Assessment is conducted, the Board of Directors carries out a formal evaluation of its operation and the operation of its committees under the aegis of the Nomination and Compensation Committee, by means of a detailed questionnaire sent to each director (the "Internal Assessment") which contributes to the annual discussion concerning the Board's operation.

The last External Assessment was conducted in March 2017. The analysis of the responses was summarized in an assessment report presented by the Nomination and Compensation Committee to the entire Board of Directors.

An Internal Assessment was conducted for the financial year 2019 by the Nomination and Compensation Committee. The responses have been reviewed by the Nomination and Compensation Committee and have enabled the committee to take stock of the actions that were implemented after the External Assessment.

The main conclusions of the Internal Assessment are as follows:

Overall assessment	♦ Proper operation of the Board and the committees ♦ Continual and regular development of governance
Progress made	♦ Establishment of a CSR Committee ♦ Communication upstream for significant M&A transactions ♦ Increase in the frequency of independent directors' meetings
Areas for improvement	♦ Regular training of directors regarding the changes in Group activity ♦ Assessment of the individual contribution of each director

4.1.4 OTHER INFORMATION

4.1.4.1 Additional information on corporate officers

DECLARATIONS RELATING TO THE CORPORATE OFFICERS

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 (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.

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.

CONFLICTS OF INTEREST

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 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. Entering into such agreements would therefore be subject to the regulated agreements procedure that is required by Articles L. 225-38 *et seq.* of the French Commercial Code.

INFORMATION ON AGREEMENTS

In accordance with Article L. 225-37-4, 2° of the French Commercial Code, the report on corporate governance must mention, except for 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 ("Corporate Officers") or a shareholder with more than 10% of the voting rights of the Company (a "Shareholder"), 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 the existence, for the financial year ended March 31, 2019, of any such agreements having been entered into between the Corporate Officers or a Shareholder and any subsidiary whatsoever of the Ubisoft Group referred to in Article L. 225-37-4, 2° of the French Commercial Code.

With respect to the agreements and commitments subject to prior authorization in accordance with the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code:

- the Statutory auditors' special report, required by the provisions of Article L. 225-40 of the French Commercial Code, duly noted, where necessary, that they were not informed of any agreements or commitments authorized during the preceding financial year that needed to be submitted to the approval of the General Meeting;
- the Board of Directors reviewed and approved, pursuant to Article L. 225-40-1 of the French Commercial Code, regulated agreements signed during the prior financial year, which remained in effect during the financial year ended March 31, 2019.

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.

4.1.4.2 Other information

FINANCIAL AUTHORIZATIONS

A table summarizing the current valid delegations granted by the Shareholders' General Meeting to the Board of Directors in the area of capital increases and showing how these delegations were used during the 2019 financial year is set out in chapter 7, section 7.2.3 of this Registration Document.

RULES RELATING TO SHAREHOLDERS' ATTENDANCE AT GENERAL MEETINGS

All shareholders have the right to attend General Meetings under legally prescribed conditions. Information on the access to, and attendance and voting at, General Meetings appears in Articles 7 and 13 of the Company's Articles of Association. Details can be found in chapter 7, section 7.1.2 of this Registration Document. This information is provided again in the notice of meeting and the convening notice published by the Company before any General Meeting.

INFORMATION LISTED IN ARTICLE L. 225-37-5 OF THE FRENCH COMMERCIAL CODE

Information concerning the factors likely to have an impact in the event of a public tender offer or public exchange offer are included, if applicable, in chapter 7, section 7.1.3 of this Registration Document.

PREVENTION OF INSIDER TRADING

The internal rules define the rules applicable to trading in the Company's securities, in accordance with European and French regulations on insider trading and abstention obligations in particular the regulation on Market Abuse, the French Monetary and Financial Code (Article L. 621-18-2) and AMF's General Regulations (Articles 223-1 A et seq.).

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 blackout 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 (AGA), 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. 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, **the corporate officers** 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 identifying and publishing this information in accordance with the applicable regulations. 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 adopted **a code of ethics** for trading setting out the principles for ethical conduct in respect of stock market trading and the rules applicable to transactions in Company securities.

TRANSACTIONS INVOLVING SECURITIES AND/OR FINANCIAL INSTRUMENTS PERFORMED BY CORPORATE OFFICERS, SENIOR EXECUTIVES NON-CORPORATE OFFICERS AND RELATED PERSONS

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 CORPORATE OFFICER						
Yves Guillemot Chairman and Chief Executive Officer	Disposal	05/31/18	33,000	Shares	€92.28	€3,045,240
		06/01/18	33,000	Shares	€92.88	€3,065,040
		06/04/18	34,000	Shares	€93.334	€3,173,356
	Exercise	03/01/19	45,000	Shares	€11.92	€536,400
Gérard Guillemot Executive Vice President	Disposal	07/20/18	25,000	Shares	€103.6587	€2,591,467.50
		02/25/19	25,000	Shares	€66.2434	€1,656,085
	Exercise	03/01/19	10,000	Shares	€11.92	€119,200
Christian Guillemot Executive Vice President	Exercise	09/14/18	10,000	Shares	€11.92	€119,200
	Disposal	09/14/18	9,500	Shares	€94.50	€897,750
Claude Guillemot Executive Vice President	Exercise	11/12/18	10,000	Shares	€11.92	€119,200
	Disposal	11/12/18	9,606	Shares	€72.6139	€697,529.12
Michel Guillemot Executive Vice President	Exercise	02/26/19	10,000	Shares	€11.92	€119,200
SECURITIES TRANSACTIONS BY RELATED PERSON						
Tiphaine Guillemot natural person with ties to Michel Guillemot, Executive Vice President of Ubisoft Entertainment SA	Acquisition	06/01/18	2,200	Shares	€92.76	€204,072
		06/11/18	1,020	Shares	€97.49	€99,439.80
Victoria Guillemot natural person with ties to Claude Guillemot, Executive Vice President of Ubisoft Entertainment SA	Acquisition	08/30/18	10	Shares	€94.52	€945.20

4.2 Compensation for the administrative and management bodies

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

4.2.1 COMPENSATION FOR DIRECTORS – DIRECTORS' FEES

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

4.2.1.1 Criteria/Breakdown

The breakdown of the overall directors' fees has been set as follows:

Maximum amount of €750 thousand (General Meeting 09/22/17)	
Board of Directors	
Fixed	Variable according to attendance (A)
Maximum per year and per director: €40 thousand	
40% (€16 thousand/year)	60% (€24 thousand/year)
50% in April [1] (€8 thousand) 50% in October [2] (€8 thousand)	If A < 50% - €0 If A ≥ 50% and < 75% - €12 thousand If A ≥ 75% - €24 thousand

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

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

Committees						
Audit Committee		Nomination and Compensation Committee		Corporate Social Responsibility Committee [1]		Lead Director
Fixed Chairman	Variable Members	Fixed Chairman	Variable Members	Fixed Chairman	Variable Members	Lump-sum
€15,000	€2,500 per meeting (capped at 4 meetings per financial year)	€5,000	€2,500 per meeting (capped at 4 meetings per financial year)	€5,000	€1,500 per meeting (capped at 4 meetings per financial year)	€15,000 per financial year

(1) Established on September 12, 2018

4.2.1.2 Amounts paid for the financial year ended March 31, 2019

	Board of Directors		Audit Committee [1]		Nomination and Compensation Committee [2]		Corporate Social Responsibility Committee [3]		Lead Director	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Lump-sum	TOTAL
Yves Guillemot	€16,000	€24,000	-	-	-	-	-	-	-	€40,000
Claude Guillemot	€16,000	€24,000	-	-	-	-	-	-	-	€40,000
Michel Guillemot	€16,000	€24,000	-	-	-	-	-	-	-	€40,000
Gérard Guillemot	€16,000	€12,000 [4]	-	-	-	-	€2,500 [5]	€3,000	-	€33,500
Christian Guillemot	€16,000	€24,000	-	-	-	-	-	-	-	€40,000
Didier Crespel	€16,000	€24,000	€2,500 [6]	€10,000	-	-	-	-	€15,000 [7]	€67,500
Laurence Hubert-Moy	€16,000	€24,000	-	€10,000	€5,000	€10,000	-	-	-	€65,000
Florence Naviner	€16,000	€24,000	€12,500 [6]	€10,000	-	-	-	-	-	€62,500
Frédérique Dame	€16,000	€24,000	-	-	-	-	-	-	-	€40,000
Corinne Fernandez-Handelsman	€16,000	€24,000	-	-	-	-	-	€3,000	-	€43,000
Virginie Haas	€16,000	€24,000	-	-	-	€10,000 [8]	-	-	-	€50,000
Lionel Bouchet	€16,000	€24,000	-	-	-	-	-	€3,000	-	€43,000
										€564,500

(1) Audit Committee: 5 meetings held during FY2019

(2) Nomination and Compensation Committee: 6 meetings held during FY2019

(3) Corporate Social Responsibility Committee (established on September 12, 2018): 2 meetings held during FY2019

(4) Absence 2 days with 2 meetings held per day: as the Board of Directors met 12 times during FY2019 on 9 different dates, including 2 meetings per day on 3 dates

(5) Pro rata: Chairman of the Corporate Social Responsibility Committee since September 12, 2018

(6) Pro rata: Florence Naviner, member since January 1, 2018, replaced Didier Crespel as the Chairperson of the Audit Committee on May 18, 2018 – Didier Crespel remained a full member of this committee

(7) Fixed-rate amount payable in advance in April for the current financial year

(8) Member of the Nomination and Compensation Committee since April 1, 2018

4.2.1.3 Summary of compensation paid to each non-executive member of the Board of Directors (AMF nomenclature)

	03/31/19		03/31/18	
Identity	Ubisoft directors' fees	Other compensation	Ubisoft directors' fees	Other compensation
Didier Crespel				
Fixed component	€33,500 (1)	-	€46,000 (1)	-
Variable component	€34,000 (2)	-	€44,000 (2)	-
TOTAL	**€67,500**	**-**	**€90,000**	**-**
Laurence Hubert-Moy				
Fixed component	€21,000 (3)	-	€21,000 (3)	-
Variable component	€44,000 (4)	-	€44,000 (4)	-
TOTAL	**€65,000**	**-**	**€65,000**	**-**
Florence Naviner				
Fixed component	€28,500 (5)	-	€16,000	-
Variable component	€34,000 (6)	-	€29,000 (7)	-
TOTAL	**€62,500**	**-**	**€45,000**	**-**
Frédérique Dame				
Fixed component	€16,000	-	€16,000	-
Variable component	€24,000	-	€24,000	-
TOTAL	**€40,000**	**-**	**€40,000**	**-**
Corinne Fernandez-Handelsman				
Fixed component	€16,000	-	€8,000 (9)	-
Variable component	€27,000 (8)	-	€12,000 (9)	-
TOTAL	**€43,000**	**-**	**€20,000**	**-**
Virginie Haas				
Fixed component	€16,000	-	€8,000 (9)	-
Variable component	€34,000 (10)	-	€12,000 (9)	-
TOTAL	**€50,000**	**-**	**€20,000**	**-**
Lionel Bouchet				
Fixed component	€16,000	-	-	-
Variable component	€27,000 (8)	-	€3,000 (9)	-
TOTAL	**€43,000**	**-**	**€3,000**	**-**

(1) Including (i) fixed component as Chairman of the Audit Committee (prorata temporis FY2019) and a (ii) lump sum as the lead director
(2) Including variable component as a member of the Audit Committee (FY2018 and FY2019) and of the Nomination and Compensation Committee (FY 2018)
(3) Including fixed component as Chairwoman of the Nomination and Compensation Committee
(4) Including variable component as a member of the Audit Committee and the Nomination and Compensation Committee
(5) Including fixed component as Chairwoman of the Audit Committee (prorata temporis)
(6) Including variable component as a member of the Audit Committee
(7) Including proportional variable component (appointment during the financial year) as member of the Audit Committee
(8) Including proportional variable component (appointment during the financial year) as a member of the Corporate Social Responsibility Committee
(9) Amounts allocated prorata temporis when the terms of office start or end during the financial year
(10) Including variable component as a member of the Nomination and Compensation Committee

4.2.2 COMPENSATION OF CORPORATE EXECUTIVE OFFICERS

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits in kind that may be awarded to the Chairman and Chief Executive Officer and to the Executive Vice Presidents in respect of their corporate offices (the "**Ex Ante**" vote) are presented in 4.2.2.1.

Based on these components, the General Meeting of July 2, 2019 will be asked to approve the compensation policy for Corporate Executive Officers. For this purpose, two resolutions are presented respectively for the Chairman and Chief Executive Officer and for the Executive Vice Presidents. It should be noted that resolutions of this type are submitted at least each year for Shareholders' General Meeting approval under the conditions stipulated by law.

Moreover, in accordance with Article L. 225-100 of the French Commercial Code, the Annual General Meeting rules on the fixed, variable and exceptional components of the total compensation and benefits in kind paid or allocated in respect of the previous year by separate resolutions for the Chairman and Chief Executive Officer and the Executive Vice Presidents ("**Ex Post**" vote).

The General Meeting of July 2, 2019 will be asked to approve the components of compensation paid or allocated in respect of the financial year ended March 31, 2019 to the Chairman and Chief Executive Officer and to each Executive Vice President, as presented in 4.2.2.2.

4.2.2.1 Principles of compensation for the Chairman and Chief Executive Officer and the Executive Vice Presidents ("Ex Ante" vote)

10th and 11th resolutions of the Combined General Meeting of July 2, 2019.

The Board of Directors meeting on February 1, 2019, April 11, 2019 and May 15, 2019 approved, based on the one hand on the recommendations of the Nomination and Compensation Committee and, on the other hand, of the Corporate Social Responsibility Committee, for the "CSR" aspect inherent to the annual variable compensation of the Chairman and Chief Executive Officer, the principles of determination and the structure of the compensation of the Chairman and Chief Executive Officer and of the Executive Vice Presidents in respect of the financial year ending March 31, 2020.

GENERAL 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 studies and findings by external experts that inform the Board and its Nomination and Compensation Committee on best market practices. The Board of Directors ensures that the compensation policy is aligned with the corporate interests of the Group and the interests of its shareholders and stakeholders. The performance conditions chosen for the annual and long-term variable compensation are aligned with the Group's strategy.

PRINCIPLES REGARDING THE COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pillars of the compensation policy for the Chairman and Chief Executive Officer

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

1. Reflect the strategic choices conducive to the Group's growth

The Nomination and Compensation Committee ensures that there is a correlation between the compensation of the Chairman and Chief Executive Officer and the Group's strategy. Thus, the major challenges to come are reflected in the performance conditions of the variable compensation, for which the targets to achieve are aligned with the Group's value creation objectives.

2. Be directly linked to the medium and long-term financial results

The structure of the total compensation for the Chairman and Chief Executive Officer is mainly based on variable components (annual and long-term). The payment of the variable components is subject to the achievement of precise, coherent and demanding performance conditions.

3. Ensure direct alignment with the interests of investors

In order to align the compensation of the Chairman and Chief Executive Officer with investors' interests, part of the totale compensation is linked to the Ubisoft Entertainment SA share price on Euronext Paris (the "Ubisoft Share"), either via an allocation of shares in the form of performance shares (1) or share purchase/subscription options (2), or via multi-annual compensation indexed to the Ubisoft share price.

4. Guarantee the competitiveness of the total compensation compared to practices in companies with comparable performance to that of the Ubisoft Group

The Nomination and Compensation Committee ensures that the total compensation of the Chairman and Chief Executive Officer is competitive. To assess this competitiveness, compensation studies are regularly carried out based on a stable and coherent panel.

(1) Pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code and subject to approval by the shareholders' General Meeting

(2) Pursuant to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code and subject to approval by the shareholders' General Meeting

This panel comprises European (mainly French) companies, operating in sectors or industries where the economic, technological and competitive challenges are similar to those of the Group, as set out below:

ALTEN	HAVAS	JCDECAUX	SAGE GROUP PLC/THE
EDENRED	HERMES INTL.	LOGITECH INTERNATIONAL SA	TECHNICOLOR
COMPUTACENTER PLC	ILIAD	MERLIN ENTERTAINMENTS PLC	TF1
DASSAULT SYSTEMES SE	IPSEN	METROPOLE TV	UNITED INTERNET AG
GFK	IPSOS	NEOPOST	WORLDLINE

The Nomination and Compensation Committee, supported by an external partner, chose to group leisure, media and high-tech and pharmaceutical industry companies.

The selection is made based on the following indicators:

- median sales (€1,900 million for the study carried out in 2018);
- median stock market capitalization (€4,200 million for the study carried out in 2018);
- median headcount (12,930 employees for the study carried out in 2018).

The comparison panel which serves as a benchmark to establish the first quartile and the median of the market (respectively the "First Quartile of the Market" and the "Market Median") is reassessed during each new compensation study in order to take into account any changes in the structure and businesses of the companies in it, and the change in the Group's indicators.

In accordance with the moderation principle applied to the catch-up strategy described below, the Nomination and Compensation Committee decided not to use the results of the study updated in 2019 and to retain the results obtained during the study conducted in 2018. The change in the panel would have had the effect of significantly increasing the Market Median.

Structure and change in the total compensation of the Chairman and Chief Executive Officer

In line with the four compensation pillars above, and the Group's entrepreneurial culture, mission and ambition to develop its leadership position in its market, the structure of total compensation of the Chairman and Chief Executive Officer is based on a significant portion of variable components, whilst maintaining a coherent and competitive level of total compensation.

1. Target positioning and catch-up strategy

Total compensation aims to be positioned at the Market Median if the performance conditions set for the annual and long-term variable compensations are met, with the portion of fixed compensation remaining below the Market Median. This positioning for total compensation at the Market Median and in particular with long-term compensation being the larger element, is justified by the remarkable growth and transformation of the Group led by the Chairman and Chief Executive Officer over the last five years. It should be recalled that Group sales and non-IFRS Group EBIT have respectively grown by 46% and 164% over the last three financial years. This performance has resulted in the Ubisoft Share price rising by 188% over three years and 16% over the course of one year, testifying to the long-term value creation that the Chairman and Chief Executive Officer has generated through his steering of the Group.

During the financial year ended March 31, 2017, the Nomination and Compensation Committee noted the existence of a significant gap between the level of total compensation of the Chairman and Chief Executive Officer and that of Corporate Officers of French and international companies with a similar profile to the Group's. This gap may be explained, notably, by the fixed compensation not being increased since the financial year ended March 31, 2010, a period during which the Group saw strong and continuous growth. In view of this, the Nomination and Compensation Committee decided to progressively modify the compensation of the Chairman and Chief Executive Officer, whilst complying with the moderation principle and the compensation policy pillars described above.

Thus, the fixed compensation of the Chairman and Chief Executive Officer increased by 3%, then 5% and 5% over the financial years ended March 31, 2017, 2018 and 2019. This catch-up is being carried out in steps in order to mirror the improvement actually achieved by the Group over the long term. Accordingly, the total target compensation in respect of the financial year ended March 31, 2019 is positioned at 97% of the Market Median.

The principles and criteria for determining, allocating and awarding the components of compensation submitted for shareholder approval during the General Meeting of June 27, 2018 provided for completion of the catch-up process during the financial year ending March 31, 2020. The conservative choice (described above) of using the results from the 2018 study will enable, through an increase of 3% of the fixed compensation, the total compensation for the Chairman and Chief Executive Officer to reach the positioning target of the Market Median during the financial year ending March 31, 2020. It should be recalled that the total compensation is based mainly on variable components and only aims to reach the Market Median if the demanding performance conditions measuring the achievement of the Business Plan (financial objectives officially communicated to the market at the start of the financial year) are met.

2. Structure of total compensation

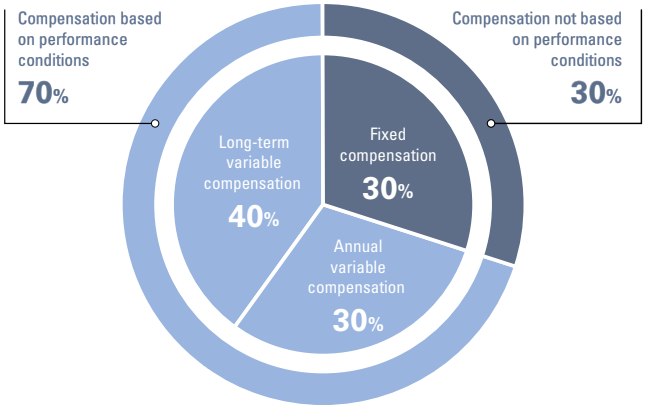
Since the financial year ended March 31, 2019, the structure of total compensation for the Chairman and Chief Executive Officer is as follows:

- fixed compensation represents 30% of total compensation;
- target annual variable compensation (1) represents 30% of total compensation;
- target long-term variable compensation (1) represents 40% of total compensation.

(1) In the event of achievement of the performance conditions set for the variable compensation (annual and long-term)

In total, 70% of the target total compensation [1] is subject to the achievement of performance conditions.

STRUCTURE OF THE TARGET TOTAL COMPENSATION
FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Summary of the structure

Components of fixed compensation	Components of compensation subject to performance conditions	
Fixed compensation	Annual variable compensation	Long-term variable compensation
Based on level of responsibility and experience	Annual performance conditions (one quantitative criterion and one qualitative criterion as a minimum)	Internal and external performance conditions over at least 3 financial years Minimum vesting period of 4 years [1]
Cash	Cash	Ubisoft Shares [2] or cash (allocation value indexed to the Ubisoft Share price)

(1) For performance shares, the vesting date corresponds to the date of delivery of the shares and, for share subscription or purchase options, to the date of opening of exercise rights

(2) Allocation of performance shares or share purchase or share subscription options in application of current legal provisions and subject to approval of the corresponding resolutions by the Shareholders' General Meeting

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 takes into account the components of the compensation study and the Group's results and ensures that the fixed compensation is positioned between the First Quartile and the Market Median.

At April 1, 2019, the fixed compensation of Mr. Yves Guillemot was set at €584,824 i.e. an increase of 3%. This increase was proposed by the Nomination and Compensation Committee as part of the catch-up strategy initiated during the financial year ended March 31, 2017. It ensures the competitiveness of the Mr. Yves Guillemot's fixed compensation compared to the fixed compensations of Chairmen and Chief Executive Officers of companies in the panel and in accordance with the structure presented previously. Accordingly, the fixed compensation in respect of the financial year ending March 31, 2020 is positioned at 76% of the Market Median according to the study conducted in 2018.

The Group's growth, combined with a context of strategic technological innovation and increased competition, leads to an increase in the Chairman and Chief Executive Officer's responsibilities, which is reflected in the fixed compensation.

Annual variable compensation

Annual variable compensation is aligned with the Group's economic performance. The quantitative criteria used each year are designed to reflect the achievement of the Business Plan. The qualitative criteria enrich this view and enable the achievement of the strategic choices required for the growth of Ubisoft Group to be taken into account.

The target for annual variable compensation corresponds to 100% of fixed compensation (i.e. €584,824 representing 30% of total compensation) with a maximum corresponding to 150% of fixed compensation. For each criterion, if the achievement of the performance conditions is less than 80%, no annual variable compensation will be paid. The annual variable compensation follows a tiered increase up to the target, and then increases proportionally between the target and the maximum. The level of targets defined for each criterion is consistent with the Group's objectives.

(1) In the event of achievement of the performance conditions set for the variable compensation (annual and long-term)

For the financial year ended March 31, 2020, the following criteria were selected:

- non-IFRS Group EBIT in value, for 60%;
- Group Net Booking Digital [1], for 20%;
- increase in the number of players in certain strategic territories, for 10%;
- player protection (CSR), for 10%.

Upon the proposal by the Nomination and Compensation Committee, a criterion on the Group's Corporate Social Responsibility was added for the financial year ending March 31, 2020. This criterion was defined by the Corporate Social Responsibility ("CSR") Committee, established on September 12, 2018, and reflects a major focus of the Group's CSR strategy on player protection (fight against toxicity in player communities and personal data protection). For each criterion, the payment of the annual variable compensation follows the following framework:

	Performance conditions				
	< 1st Threshold	1st Threshold	2nd Threshold	Target	Maximum
QUANTITATIVE CRITERIA (80%)					
non-IFRS Group EBIT *(in €M)*	< 384	≥ 384 - < 432	≥ 432 - < 480	480 [1]	600
As % of target non-IFRS Group EBIT criterion	*< 80%*	*≥ 80% < 90%*	*≥ 90% < 100%*	*100%*	*125%*
Annual variable compensation as a % of fixed compensation	0%	18%	30%	60%	90%
Group Net Booking Digital *(in €M)*	< 1,224	≥ 1,224 – < 1,377	≥ 1,377 – < 1,530	1,530 [1]	1,912.5
As % of target Group Net Booking Digital	*< 80%*	*≥ 80% < 90%*	*≥ 90% < 100%*	*100%*	*125%*
Annual variable compensation as a % of fixed compensation	0%	6%	10%	20%	30%
QUALITATIVE CRITERIA (20%)					
Change in the number of players in certain strategic territories	< 80% of the target	≥ 80% and < 90% of the target	≥ 90% and < 100% of the target	target not communicated [2]	130% of the target
Annual variable compensation as a % of fixed compensation	0%	3%	5%	10%	15%
Player protection ("CSR")	< minimum threshold	≥ minimum threshold < target		target not communicated [2]	≤ ceiling
Annual variable compensation as a % of fixed compensation	0%	3%	3%	10%	15%
TOTAL					
Annual variable compensation as a % of fixed compensation	0%	30%	48%	100%	150%

(1) The target corresponds to the objectives announced by the Group in its press release issued at the beginning of each financial year

(2) The details of the expected, set and precisely predefined level of achievement cannot be disclosed without revealing confidential information about the Group's strategy

It is to be noted that, pursuant to Article L. 225-37-2 paragraph 2 of the French Commercial Code, the cash 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 ending March 31, 2020, 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. It is directly aligned with the interests of shareholders and the achievement of performance conditions in line with the Group's strategic plan. The Nomination and Compensation Committee ensures that there is a correlation between the value of the long-term compensation and that of the Ubisoft Share price.

The long-term variable compensation may consist, where recommended by the Nomination and Compensation Committee, in the grant of instruments such as performance shares or share purchase or subscription options ("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 financial years or calendar 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 objective is to grant long-term variable compensation that, in the event of achievement of the performance conditions set, would align the overall compensation package with the Market Median.

(1) Net Booking Digital corresponds to historical digital sales

Following the proposal by the Nomination and Compensation Committee, the value of the annual grant of long-term variable compensation, estimated at the allocation date (accounting valuation) represents around 40% of the total compensation of the Chairman and Chief Executive Officer, i.e. 133% of the fixed compensation.

For the financial year ended March 31, 2020, the following performance criteria were selected:

(i) for 50%, on average Group EBIT by value [1] (not a strictly accounting-based indicator) (the "Internal Conditions"); and

(ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") [2] compared to the TSR of the NASDAQ Composite Index [2] (the "External Conditions").

For each criterion, the acquisition of long-term variable compensation follows the following framework:

	< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
Average non-IFRS Group EBIT (50%)	**0%** of the award for this criterion	**30%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for this criterion is consistent with the objectives announced by the Group in its annual press release issued at the beginning of each financial year. The Group undertakes to communicate the level of achievement as part of the Registration Document following the vesting date.

	< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)	**0%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.

Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition/payment of the long-term compensation. The Share Plans will be definitively vested after a minimum vesting period of four years [3]. The vesting/payment will also be subject to remaining in office as a Corporate Executive Officer.

The cumulative assessment of the performance conditions over three consecutive financial years or calendar years for the performance shares and the subscription options or share purchase options, allows the adaptation of the dilution against the value creation recorded by the shareholder.

It is to be noted that, pursuant to Article L. 225-37-2 paragraph 2 of the French Commercial Code, the cash 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 following the vesting date, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

The long-term variable compensation policy is decided by the Board of Directors based on the proposal of the Nomination and Compensation Committee as part of and, for the Share Plans, subject to the resolutions adopted by the shareholders' General Meeting.

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 Board of Directors sets the number of shares stemming from the exercise of options or the number of performance shares that the Chairman and Chief Executive Officer is required to hold in registered form until the expiry of his term of office in the Group.

Director's fees

The Chairman and Chief Executive Officer receives, for his term of office as director of Ubisoft Entertainment SA, directors' fees made up of a fixed component (40%) and a variable component (60%) determined on the basis of attendance at Board of Directors' meetings. For the financial year ending March 31, 2020, the amount of directors' fees could reach €40,000 if the attendance rate at Board of Directors' meetings is achieved (*see 4.1.3.2 and 4.2.1*).

(1) Average EBIT for financial years covering the vesting period (based on the annual non-IFRS EBIT targets announced by the Group in its press release issued at the beginning of each financial year in accordance with the rules in force)

(2) Ubisoft TSR and TSR of the companies comprising the NASDAQ Composite Index calculated between the grant date and, at the earliest, the day before the third anniversary date of the grant

(3) The vesting date corresponds, for performance shares, to the date of delivery of the shares and, for share subscription or purchase options, to the date of opening of exercise rights

Other components of compensation

The Chairman and Chief Executive Officer is not entitled to:

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

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, notably ensures the consistency of this policy with the principles listed in the AFEP-MEDEF Code and the coherence of the total compensation with that of the Chairman and Chief Executive Officer and the Group's top management.

Components of fixed compensation	Compensation components subject to performance conditions
Fixed compensation	Long-term variable compensation
Based on level of responsibility and experience	Internal and external performance conditions over at least 3 financial years Minimum vesting period of 4 years (1)
Cash	Ubisoft shares (2) or cash (allocation value indexed to the Ubisoft Share price)

(1) For performance shares, the vesting date corresponds to the date of delivery of the shares and, for share subscription or purchase options, to the date of opening of exercise rights

(2) Allocation of performance shares or share purchase options or share subscription options in application of current legal provisions and subject to approval of the corresponding resolutions by the Shareholders' General Meeting

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%).

Moreover, if they occupy the functions of Chairman and/or member of a Board of Directors' committee, they may receive directors' fees for this position *(see 4.2.1.1)*.

Fixed compensation

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

At April 1, 2019, the fixed compensation of Claude, Michel, Gérard and Christian Guillemot was maintained at €65,621.

Long-term variable compensation

The long-term variable compensation ensures sustainable and robust value creation. It is directly aligned with the interests of shareholders and the achievement of performance conditions in line with the Group's strategic plan. The Nomination and Compensation Committee ensures that there is a correlation between the value of the long-term compensation and that of the Ubisoft Share price.

The long-term variable compensation may consist, where recommended by the Nomination and Compensation Committee, in the grant of instruments such as performance shares or share purchase or subscription options ("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 financial years or calendar 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 objective is to grant long-term variable compensation each year.

Following the proposal by the Nomination and Compensation Committee, the value of the annual grant of long-term variable compensation, estimated at the allocation date (accounting valuation), represents around 50% of the total compensation of the Executive Vice Presidents, i.e. 100% of their fixed compensation.

For the financial year ended March 31, 2020, the following performance criteria were selected:

(i) for 50%, on average Group EBIT by value (1) (nota strictly accounting-based indicator) (the "Internal Conditions"); and

(ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") (2) compared to the TSR of the NASDAQ Composite Index (2) (the "External Conditions").

For each criterion, the acquisition of long-term variable compensation follows the following framework:

	< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
Average non-IFRS Group EBIT (50%)	**0%** of the award for this criterion	**30%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

(1) Average EBIT for financial years covering the vesting period (based on the annual non-IFRS EBIT targets announced by the Group in its press release issued at the beginning of each financial year in accordance with the rules in force)

(2) Group TSR and TSR of the NASDAQ Composite Index calculated between the grant date and, at the earliest, the day before the third anniversary date of the grant

The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for this criterion is consistent with the objectives announced by the Group in its annual press release issued at the beginning of each financial year. The Group undertakes to communicate the level of achievement as part of the Registration Document following the vesting date.

	< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)	**0%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.

Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition/payment of the long-term compensation. The Share Plans will be definitively vested after a minimum vesting period of four years. (1) The vesting/payment will also be subject to remaining in office as a Corporate Executive Officer.

The cumulative assessment of the performance conditions over three consecutive financial years or calendar years for the performance shares and the subscription options or share purchase options, allows the adaptation of the dilution against the value creation recorded by the shareholder.

It is to be noted that, pursuant to Article L. 225-37-2 paragraph 2 of the French Commercial Code, the cash 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 following the vesting date, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

The long-term variable compensation policy is decided by the Board of Directors based on the proposal of the Nomination and Compensation Committee as part of and, for the Share Plans, subject to the resolutions adopted by the shareholders' General Meeting.

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 Board of Directors sets the number of shares stemming from the exercise of options or the number of performance shares that the Executive Vice Presidents are required to hold in registered form until the expiry of their term of office in the Group.

Director's fees

The Executive Vice Presidents receive, for their term of office as directors of Ubisoft Entertainment SA, directors' fees made up of a fixed component (40%) and a variable component (60%) determined on the basis of attendance at Board of Directors' meetings. For the financial year ending March 31, 2020, the amount of directors' fees could reach €40,000 for each Executive Vice President if the attendance rate at Board of Directors' meetings is achieved *(see 4.1.3.2 and 4.2.1)*.

If they occupy the functions of Chairman and/or member of a Board of Directors' committee, the Executive Vice Presidents may also receive directors' fees as presented in 4.2.1.1. Thus, for the financial year ending March 31, 2020, the amount of directors' fees that could be received by Mr. Gérard Guillemot as Chairman and member of the Corporate Social Responsibility Committee could reach €11,000 (of which €5,000 fixed and €6,000 variable compensation depending on presence and the number of meetings of the said Committee).

Other components of compensation

The Executive Vice Presidents are not entitled to:

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

4.2.2.2 Compensation of the Chairman and Chief Executive Officer and the Executive Vice Presidents owed or allocated in respect of the financial year ended March 31, 2019

COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Breakdown of compensation of the Chairman and Chief Executive Officer for the financial year ended March 31, 2019

The compensation of Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2019, comprises the following components:

Fixed compensation

The fixed compensation of the Chairman and Chief Executive Officer in respect of the financial year ended March 31, 2019 amounts to €567,790, representing a 5% increase effective April 1, 2018.

This increase is primarily based on the rationale of bringing Mr. Yves Guillemot's fixed compensation in line with that offered by groups of a similar size.

The Group's growth also generates greater responsibilities on the part of the Chairman and Chief Executive Officer, which is in turn reflected in his fixed compensation.

(1) For performance shares, the vesting date corresponds to the date of delivery of the shares and, for share subscription or purchase options, to the date of opening of exercise rights

During the study conducted by Willis Towers Watson in January 2017, the Nomination and Compensation Committee propose to undertake a catch-up exercise initiated in respect of the financial year ended March 31, 2017, as the study indicated a gap between Mr. Yves Guillemot's fixed compensation and the compensation levels practiced by companies in the panel. The gradual closure of the gap continued in respect of the 2018 and 2019 financial years, based on the annual updated study indicated above, with the ongoing aim of raising the fixed compensation of the Chairman and Chief Executive Officer to a level that is competitive and consistent with the Group's economic and stock market performance. Thus, with the increase applied during the year ended March 31, 2019, the fixed compensation of Mr. Yves Guillemot is now between the First Quartile and Market Median.

Annual variable compensation

The target for annual variable compensation corresponds to 100% of fixed compensation with a maximum corresponding to 150% of fixed compensation. It is based on two quantitative criteria and a qualitative criterion.

- Quantitative criteria: 90% of fixed compensation in the event that the performance conditions are attained, and a maximum 135% of fixed compensation, increasing by threshold up to achievement of the target, then proportionately between the target and the maximum.
- Qualitative criterion: 10% of fixed compensation in the event that the performance conditions are attained, and a maximum 15% of fixed compensation, increasing by threshold up to achievement of the target then proportionately between the target and the maximum.

		Performance conditions				Achievement of objectives
	< 1st Threshold	1st Threshold	2nd Threshold	Target	Maximum	
			QUANTITATIVE CRITERIA (90%)			FINAL % GRANTED
non-IFRS Group EBIT *(in €M)*	< 352	≥ 352 - <396	≥ 396 - < 440	440	550	446
Annual variable compensation as a % of fixed compensation	0%	18%	30%	60%	90%	60.82%
Group Net Booking Digital *(in €M)*	< 1,066	≥ 1,066 - < 1,199.25	≥ 1,199.25 - < 1,332.50	1,332.50	1,665.63	1,396.6
Annual variable compensation as a % of fixed compensation	0%	9%	15%	30%	45%	31.44%
			QUALITATIVE CRITERION (10%)			
Change in the number of players in certain strategic territories	< 28%	≥ 28% - < 31.5%	≥ 31.5% - < 35%	35%	45.5%	36.98%
Annual variable compensation as a % of fixed compensation	0%	3%	5%	10%	15%	10.57%
			TOTAL			
Annual variable compensation as a % of fixed compensation	0%	30%	50%	100%	150%	102.83%

The two objectives in relation to non-IFRS Group EBIT and Group Net Booking Digital exceed the target initially communicated without, however, reaching their maximum threshold. They thus give rise to 60.82% and 31.44% respectively, i.e. 92.26% of total fixed compensation for the quantitative criteria.

The target of increasing the number of players in certain strategic territories was exceeded without, however, reaching its maximum threshold and thus gives rise to 10.57% of fixed compensation.

Accordingly, the level of achievement of these objectives gives rise to 102.83% of the annual variable compensation target, equal to a gross amount of €583,834.

It should be noted that, pursuant to Article L. 225-37-2 paragraph 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, 2019, to be held on July 2, 2019, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

Long-term variable compensation

In accordance with the principles and criteria for the determination, distribution and award of components of compensation submitted for a shareholder vote at the General Meeting of June 27, 2018, the Board of Directors approved, on the proposal of the Nomination and Compensation Committee, the long-term variable compensation of the Chairman and Chief Executive Officer which, for the financial year ended March 31, 2019, consists of the award of 41,607 share subscription options.

The vesting of these share subscription options is conditional:

(i) for 50%, on average Group EBIT in value (not a strictly accounting-based indicator) (the "Internal Conditions") calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and

(ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the "External Conditions").

For each criterion, the vesting of share subscription options is based on the following framework:

	< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
Average non-IFRS Group EBIT (50%)	**0%** of the award for this criterion	**30%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation contingent upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year.

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.

	< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)	**0%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.

Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a minimum vesting period of four years (1). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer. The Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs.

The award represents around 40% of the total compensation of the Chairman and Chief Executive Officer for the financial year ending March 31, 2019, i.e. €754,543 on the day of granting.

SUMMARY OF AWARD

General Meeting Board of Directors	Number of share subscription options granted	Performance assessment and vesting periods	Exercise price (2)	Performance conditions assessed over 3 consecutive financial years or calendar years determining the number of share subscription options vested	
				Internal Condition (50%)	External Condition (50%)
General Meeting 06/27/18 (19th resolution) Board of Directors 12/17/18	41,607 share subscription options (1)	Internal and external performance conditions: 3 consecutive financial or calendar years Vesting period: 4 years	€68.59	Average Group EBIT (3) expressed in value, based on the Group EBIT figures announced to the market during the 3 financial years covering the vesting period (FY 2018/2019, 2019/2020 and 2020/2021)	Positioning of the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Group TSR and the TSR of the NASDAQ Composite Index being calculated between the award date and the day before the 3rd anniversary date of the award, i.e. from December 17, 2018 to December 16, 2021

(1) Subject to the achievement of conditions assessed over 3 consecutive financial years or calendar years

(2) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(3) Non-IFRS, average EBIT for financial years covering the vesting period (based on the Group's annual EBIT targets announced by the Group in its press release issued at the beginning of each financial year, in accordance with the prevailing rules)

(1) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

Directors' fees

In his role as a director, the Chairman and Chief Executive Officer also receives directors' fees *(see section 4.2.1 Compensation for Directors – Directors' fees).*

COMPENSATION AND BENEFITS OWED AS A RESULT OF CORPORATE OFFICERS OF THE COMPANY LEAVING OFFICE (AMF NOMENCLATURE: TABLE 11)

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		✓		✓		✓		✓

Summary of compensation of the Chairman and Chief Executive Officer for the financial year ended March 31, 2019 (AMF nomenclature)

TABLE 1: SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND/OR SHARES GRANTED

Yves Guillemot, Chairman and Chief Executive Officer	03/31/19		03/31/18	
	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€1,191,624	-	€1,192,242	-
Valuation of multi-annual variable compensation awarded during the financial year [2]	-	-	€540,750	-
Valuation of options granted during the financial year [2]	€754,543	-	-	-
Valuation of performance shares awarded during the financial year [2]	-	-	-	-
TOTAL	**€1,946,167**	-	**€1,732,992**	-

(1) Details given in Table 2 below "Summary of compensation."
(2) IFRS fair value at the award date.

TABLE 2: SUMMARY OF COMPENSATION PAID BY THE ISSUER AND BY ALL COMPANIES (ARTICLE L. 233-16 OF THE FRENCH COMMERCIAL CODE)

Yves Guillemot Chairman and Chief Executive Officer		03/31/19		03/31/18	
		Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]	Amounts paid *(in €)* [1]	Amounts payable *(in €)* [2]
Gross fixed compensation before tax		567,790	567,790	540,750	540,750
Annual variable compensation		611,492	583,834	515,004	611,492
Multi-annual variable compensation [3]		-	-	-	540,750 [4]
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [5]	16,000	16,000	16,000	16,000
	Variable component [5]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**1,219,282**	**1,191,624**	**1,095,754**	**1,732,992**

(1) All compensation paid to Corporate Executive Officers for their duties over the financial year
(2) Compensation awarded to the Corporate Executive Officer for his duties over the financial year, irrespective of the payment date
(3) IFRS fair value at the award date
(4) Subject to the achievement of internal and external performance conditions
(5) 40% fixed and 60% variable

Summary table of the compensation of the Chairman and Chief Executive Officer submitted for a shareholder vote ("Ex Post" vote)

Pursuant to Article L. 225-100, II, subparagraph 1 of the French Commercial Code, a breakdown of the total compensation and benefits in kind, paid or granted during the financial year to the Chairman and Chief Executive Officer and submitted for a shareholder vote, is set out here below.

5th resolution of the Combined General Meeting of July 2, 2019.

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€567,790	Compensation in force since April 1, 2018 The fixed compensation has been increased by 5% in comparison with the financial year ended March 31, 2018, in order to reflect the growth of the Ubisoft Group, particularly in terms of its sales, market capitalization and headcount. This increase also enables a gradual closing of the gap between the compensation received by Yves Guillemot and that paid to the Corporate Executive Officers of comparable companies.
Annual variable compensation	€583,834	Annual variable compensation with a target corresponding to 100% of fixed compensation and a maximum corresponding to 150% of fixed compensation, based on quantitative and qualitative criteria. ♦ **Quantitative criteria**: 90% of fixed compensation in the event that the performance conditions are attained, and a maximum 135% of fixed compensation, increasing by threshold up to achievement of the target, then proportionately between the target and the maximum. ♦ **Qualitative criterion**: 10% of fixed compensation in the event that the performance conditions are attained, and a maximum of 15% of fixed compensation increasing by threshold up to achievement of the target, then proportionately between the target and the maximum.

	Performance conditions					Achievement of objectives
	< 1st Threshold	1st Threshold	2nd Threshold	Target	Maximum	Final % granted
QUANTITATIVE CRITERIA (90%)						
non-IFRS Group EBIT *(in €M)*	< 352	≥ 352 - < 396	≥ 396 - < 440	440	550	446
Annual variable compensation as a % of fixed compensation	0%	18%	30%	60%	90%	60.82%
Group Net Booking Digital *(in €M)*	< 1,066	≥ 1,066 - < 1,199.25	≥ 1,199.25 - < 1,332.50	1,332.50	1,665.63	1,396.6
Annual variable compensation as a % of fixed compensation	0%	9%	15%	30%	45%	31.44%
QUALITATIVE CRITERION (10%)						
Change in the number of players in certain strategic territories	< 28%	≥ 28% - < 31.5%	≥ 31.5% - < 35%	35%	45.5%	36.98%
Annual variable compensation as a % of fixed compensation	0%	3%	5%	10%	15%	10.57%
TOTAL						
Annual variable compensation as a % of fixed compensation	0%	30%	50%	100%	150%	102.83%

The two objectives in relation to non-IFRS Group EBIT and Group Net Booking Digital exceed the target initially communicated without, however, reaching their maximum threshold. They thus give rise to 60.82% and 31.44% respectively, i.e. 92.26% of total fixed compensation for the quantitative criteria.
The target of increasing the number of players in certain strategic territories was exceeded without, however reaching its maximum threshold and thus gives rise to 10.57% of fixed compensation.
Accordingly, the level of achievement of these objectives gives rise to 102.83% of the annual variable compensation target, equal to a gross amount of €583,834.

Yves Guillemot, Chairman and Chief Executive Officer

Compensation components due or granted Financial year ended March 31, 2019	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	No multi-year variable compensation was granted to Yves Guillemot during the financial year.
Annual exceptional compensation	N/A	The principle of exceptional compensation was not retained for the financial year ended March 31, 2019
Stock options	€754,543 (accounting valuation)	The long-term variable compensation consists of an award of 41,607 share subscription options for which the exercise price has been set at €68.59 (1). The vesting of these share subscription options is conditional: (i) for 50%, on average Group EBIT (not a strictly accounting-based indicator) (the "Internal Conditions") calculated using the non-IFRS Group EBIT figures for the financial years 2018/2019, 2019/2020 and 2020/2021; and (ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the "External Conditions"). For each criterion, the vesting of share subscription options is based on the following framework:

	< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
Average non-IFRS Group EBIT (50%)	**0%** of the award based on this criterion	**30%** of the award based on this criterion	**50%** of the award based on this criterion	**100%** of the award based on this criterion

The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year.
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 Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs.

	< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)	**0%** of the award based on the criterion	**50%** of the award based on the criterion	**100%** of the award based on the criterion

The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.
Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a vesting period of four years (2). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer.

Performance shares	N/A	No performance shares were granted to Yves 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

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
Directors' fees (gross)	€40,000	€40 thousand maximum in total Fixed: 40% is paid in two equal installments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable (3): 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 does not receive any 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

(1) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(2) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/19 indicated in section 4.1.3.2

COMPENSATION OF EXECUTIVE VICE PRESIDENTS

Breakdown of compensation of the Executive Vice Presidents for the financial year ended March 31, 2019

Annual fixed compensation received by the Executive Vice Presidents

Executive Vice Presidents	Annual gross compensation	
Claude Guillemot	€65,621	Compensation increased on April 1, 2018
Michel Guillemot	€65,621	Compensation increased on April 1, 2018
Gérard Guillemot	€65,621	Compensation increased on April 1, 2018
Christian Guillemot	€65,621	Compensation increased on April 1, 2018

The fixed compensation of Claude, Michel, Gérard and Christian Guillemot was increased by 5% during the financial year ended March 31, 2019.

The Group's growth, along with a context of increased strategic technological innovation and competition, generates greater responsibilities on the part of the Executive Vice Presidents, which is in turn reflected in their fixed compensation. You are reminded that the compensation of Claude, Gérard and Christian Guillemot had remained unchanged since 2011.

Long-term variable compensation

In accordance with the principles and criteria for the determination, distribution and award of compensation components submitted for a shareholder vote at the General Meeting of June 27, 2018, the Board of Directors approved, at the proposal of the Nomination and Compensation Committee, the long-term variable compensation of the Executive Vice Presidents which, for the financial year ended March 31, 2019, consists of the individual award of 3,606 share subscription options.

The vesting of these share subscription options is conditional:

(i) for 50%, on average Group EBIT in value (not a strictly accounting-based indicator) (the "Internal Conditions") calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and

(ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the "External Conditions").

For each criterion, the vesting of share subscription options is based on the following framework:

	< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
Average non-IFRS Group EBIT (50%)	**0%** of the award for this criterion	**30%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year.

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.

	< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)	**0%** of the award for this criterion	**50%** of the award for this criterion	**100%** of the award for this criterion

The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.

Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a minimum vesting period of four years (1). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer. The Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs.

(1) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

The award represents around 50% of the total compensation of the Executive Vice Presidents for the financial year ended March 31, 2019, i.e. €65,395 on the date of granting.

SUMMARY OF AWARD

General Meeting Board of Directors	Executive Vice Presidents	Number of share subscription options granted	Performance assessment and vesting periods Exercise price [2]	Performance conditions assessed over 3 consecutive financial years or calendar years determining the number of share subscription options vested	
				Internal Condition (50%)	External Condition (50%)
General Meeting 06/27/18 (19th resolution) Board of Directors 12/17/18	Claude Guillemot	3,606 share subscription options [1]	Internal and external performance conditions: 3 consecutive financial or calendar years Vesting period: 4 years Exercise price: €68.59	Average Group EBIT [3] expressed in value, based on the Group EBIT figures announced to the market during the 3 financial years covering the vesting period (FY 2018/2019, 2019/2020 and 2020/2021)	Positioning of the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Group TSR and the TSR of the NASDAQ Composite Index being calculated between the award date and the day before the 3rd anniversary date of the award, i.e. from December 17, 2018 to December 16, 2021
	Michel Guillemot	3,606 share subscription options [1]			
	Gérard Guillemot	3,606 share subscription options [1]			
	Christian Guillemot	3,606 share subscription options [1]			

(1) Subject to the achievement of conditions assessed over 3 consecutive financial years or calendar years

(2) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(3) Non-IFRS, average EBIT for financial years covering the vesting period (based on the Group's annual EBIT targets announced by the Group in its press release issued at the beginning of each financial year, in accordance with the prevailing rules)

Directors' fees

As Directors, the Executive Vice Presidents receive directors' fees.

Moreover, in his role as Chairman/member of the Corporate Social Responsibility Committee, established on September 12, 2018, Mr. Gérard Guillemot also receives directors' fees *(see section 4.2.1 Compensation for Directors – Directors' fees).*

COMPENSATION AND BENEFITS OWED AS A RESULT OF CORPORATE OFFICERS OF THE COMPANY LEAVING OFFICE (AMF NOMENCLATURE: TABLE 11)

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
Claude Guillemot Executive Vice President		✓		✓		✓		✓
Michel Guillemot Executive Vice President		✓		✓		✓		✓
Gérard Guillemot Executive Vice President		✓		✓		✓		✓
Christian Guillemot Executive Vice President		✓		✓		✓		✓

Summary of compensation components for the Executive Vice Presidents for the financial year ended March 31, 2019 (AMF Nomenclature)

TABLE 1: SUMMARY OF THE COMPENSATION, STOCK OPTIONS AND/OR SHARES GRANTED TO EACH EXECUTIVE VICE PRESIDENT

	03/31/19		03/31/18	
Claude Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€105,621	-	€102,496	-
Valuation of multi-year variable compensation granted during the financial year [2]	-	-	€62,496	-
Valuation of options granted during the financial year [2]	€65,395	-	-	-
Valuation of performance shares awarded during the financial year [2]	-	-	-	-
TOTAL	**€171,016**	-	**€164,992**	-

	03/31/19		03/31/18	
Michel Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€105,621	-	€102,496	-
Valuation of multi-year variable compensation granted during the financial year [2]	-	-	€62,496	-
Valuation of options granted during the financial year [2]	€65,395	-	-	-
Valuation of performance shares awarded during the financial year [2]	-	-	-	-
TOTAL	**€171,016**	-	**€164,992**	-

	03/31/19		03/31/18	
Gérard Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€99,121	€599,293 [3]	€102,496	€595,352 [3]
Valuation of multi-year variable compensation granted during the financial year [2]	-	-	€62,496	-
Valuation of options granted during the financial year [2]	€65,395	-	-	-
Valuation of performance shares awarded during the financial year [2]	-	-	-	-
TOTAL	**€164,516**	**€599,293**	**€164,992**	**€595,352**

	03/31/19		03/31/18	
Christian Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€105,621	-	€102,496	-
Valuation of multi-year variable compensation granted during the financial year [2]	-	-	€62,496	-
Valuation of options granted during the financial year [2]	€65,395	-	-	-
Valuation of performance shares awarded during the financial year [2]	-	-	-	-
TOTAL	**€171,016**	-	**€164,992**	-

(1) Details given in Table 2 below "Summary of compensation"
(2) IFRS fair value at the award date
(3) For his duties as CEO of the film business

TABLE 2: SUMMARY OF COMPENSATION FOR EXECUTIVE VICE PRESIDENTS PAID BY THE ISSUER AND BY ALL COMPANIES (ARTICLE L. 233-16 OF THE FRENCH COMMERCIAL CODE)

Claude Guillemot Executive Vice President		03/31/19 Amounts paid *(in €)* [1]	03/31/19 Amounts payable *(in €)* [2]	03/31/18 Amounts paid *(in €)* [1]	03/31/18 Amounts payable *(in €)* [2]
Gross fixed compensation before tax		65,621	65,621	62,496	62,496
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	62,496 [3]
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [4]	16,000	16,000	16,000	16,000
	Variable component [4]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**105,621**	**105,621**	**102,496**	**164,992**

Michel Guillemot Executive Vice President		03/31/19 Amounts paid *(in €)* [1]	03/31/19 Amounts payable *(in €)* [2]	03/31/18 Amounts paid *(in €)* [1]	03/31/18 Amounts payable *(in €)* [2]
Gross fixed compensation before tax		65,621	65,621	62,496	62,496
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	62,496 [3]
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [4]	16,000	16,000	16,000	16,000
	Variable component [4]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**105,621**	**105,621**	**102,496**	**164,992**

Gérard Guillemot Executive Vice President		03/31/19 Amounts paid *(in €)* [1]	03/31/19 Amounts payable *(in €)* [2]	03/31/18 Amounts paid *(in €)* [1]	03/31/18 Amounts payable *(in €)* [2]
Gross fixed compensation before tax		664,914 [5]	664,914 [5]	657,848 [5]	657,848 [5]
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	62,496 [3]
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [4]	18,500 [6]	18,500 [6]	16,000	16,000
	Variable component [4]	15,000 [6]	15,000 [6]	24,000	24,000
Benefits in kind					
TOTAL		**698,414**	**698,414**	**697,848**	**760,344**

Christian Guillemot Executive Vice President		03/31/19 Amounts paid (in €) [1]	03/31/19 Amounts payable (in €) [2]	03/31/18 Amounts paid (in €) [1]	03/31/18 Amounts payable (in €) [2]
Gross fixed compensation before tax		65,621	65,621	62,496	62,496
Annual variable compensation		-	-	-	-
Multi-annual variable compensation		-	-	-	62,496 [3]
Exceptional compensation		-	-	-	-
Ubisoft directors' fees	Fixed component [4]	16,000	16,000	16,000	16,000
	Variable component [4]	24,000	24,000	24,000	24,000
Benefits in kind		-	-	-	-
TOTAL		**105,621**	**105,621**	**102,496**	**164,992**

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

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

(3) Subject to the achievement of internal and external performance conditions

(4) 40% fixed and 60% variable

(5) Of which €599,293 (FY2019) and €595,352 (FY2018) for his duties as CEO of the film business

(6) Of which a fixed portion prorata temporis and a variable portion in his role as Chairman/member of the Corporate Social Responsibility Committee, established on September 12, 2018 (see 4.2.1.1)

Summary table of the compensation of the Executive Vice Presidents submitted for a shareholder vote (*"Ex Post"* vote)

Pursuant to Article L. 225-100, II, subparagraph 1 of the French Commercial Code, a breakdown of the total compensation and benefits in kind, paid or granted during the financial year to the Executive Vice Presidents and submitted for a shareholder vote, is set out here below.

6th to 9th resolutions of the Combined Shareholders' General Meeting of July 2, 2019.

Claude Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31,2019	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross annual compensation	€65,621	Compensation in force since April 1, 2018 The fixed compensation has been increased by 5% in comparison with the financial year ended March 31, 2018, in order to reflect the growth of the Ubisoft Group, particularly in terms of its sales, market capitalization and headcount
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	No multi-year variable compensation was granted to Claude Guillemot during this financial year
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged

Claude Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31,2019	Amounts or accounting valuation submitted for a vote	Presentation
Stock options	€65,395 (accounting valuation)	The long-term variable compensation consists of an award of 3,606 share subscription options for which the exercise price has been set at €68.59 (1). The vesting of these share subscription options is conditional: (i) for 50%, on average Group EBIT in value (not a strictly accounting-based indicator) (the "Internal Conditions") calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and (ii) for 50%, on the total shareholder return on the Ubisoft Share (the "UbisoftTSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the "External Conditions"). For each criterion, the vesting of share subscription options is based on the following framework: < 80% target average Group EBIT | ≥ 80% and < 90% target average Group EBIT | ≥ 90% and < 100% target average Group EBIT | ≥ 100% target average Group EBIT Average non-IFRS Group EBIT (50%) | **0%** of the award based on this criterion | **30%** of the award based on this criterion | **50%** of the award based on this criterion | **100%** of the award based on this criterion The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year. 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 Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs. < 50th percentile | ≥ 50th and ≤ 60th percentile | > 60th percentile Positioning of UbisoftTSR compared to theTSR of the NASDAQ Composite Index (50%) | **0%** of the award based on the criterion | **50%** of the award based on the criterion | **100%** of the award based on the criterion The long-term variable compensation conditional upon the UbisoftTSR compared to the NASDAQ Composite Index is acquired by tier. Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a vesting period of four years (2). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer.
Performance shares	N/A	No performance shares were granted 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 thousand maximum 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 (3): 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 does not receive any 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

(1) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(2) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/19 indicated in section 4.1.3.2

<table>
<tr><th colspan="3">Michel Guillemot, Executive Vice President</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2019</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross annual compensation</td><td>€65,621</td><td>Compensation in force since April 1, 2018.
The fixed compensation has been increased by 5% in comparison with the financial year ended March 31, 2018, in order to reflect the growth of the Ubisoft Group, particularly in terms of its sales, market capitalization and headcount.</td></tr>
<tr><td>Annual variable compensation</td><td>N/A</td><td>The principle of an annual variable compensation is not envisaged</td></tr>
<tr><td>Deferred variable compensation</td><td>N/A</td><td>The principle of a deferred variable compensation is not envisaged</td></tr>
<tr><td>Multi-annual variable compensation</td><td>N/A</td><td>No multi-year variable compensation was granted to Michel Guillemot during this financial year</td></tr>
<tr><td>Exceptional compensation</td><td>N/A</td><td>The principle of an annual exceptional compensation is not envisaged</td></tr>
<tr><td>Stock options</td><td>€65,395 (accounting valuation)</td><td>The long-term variable compensation consists of an award of 3,606 share subscription options for which the exercise price has been set at €68.59 (1).
The vesting of these share subscription options is conditional:
(i) for 50%, on average Group EBIT in value (not a strictly accounting-based indicator) (the “Internal Conditions”) calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and
(ii) for 50%, on the total shareholder return on the Ubisoft Share (the “Ubisoft TSR”) compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the “External Conditions”).
For each criterion, the vesting of share subscription options is based on the following framework:
<table>
<tr><th></th><th>< 80% target average Group EBIT</th><th>≥ 80% and < 90% target average Group EBIT</th><th>≥ 90% and < 100% target average Group EBIT</th><th>≥ 100% target average Group EBIT</th></tr>
<tr><td>Average non-IFRS Group EBIT (50%)</td><td>0% of the award based on this criterion</td><td>30% of the award based on this criterion</td><td>50% of the award based on this criterion</td><td>100% of the award based on this criterion</td></tr>
</table>
The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year.
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 Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs.
<table>
<tr><th></th><th>< 50th percentile</th><th>≥ 50th and ≤ 60th percentile</th><th>> 60th percentile</th></tr>
<tr><td>Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%)</td><td>0% of the award based on the criterion</td><td>50% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
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The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.
Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a vesting period of four years (2). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer.</td></tr>
<tr><td>Performance shares</td><td>N/A</td><td>No performance shares were granted to Michel Guillemot during this financial year</td></tr>
</table>

Michel Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
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 thousand maximum in total Fixed: 40% is paid in two equal installments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable (3): 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

(1) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(2) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/19 indicated in section 4.1.3.2

<table>
<tr><th colspan="3">Gérard Guillemot, Executive Vice President</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2019</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross annual compensation</td><td>€65,621</td><td>Compensation in force since April 1, 2018.
The fixed compensation has been increased by 5% in comparison with the financial year ended March 31, 2018, in order to reflect the growth of the Ubisoft Group, particularly in terms of its sales, market capitalization and headcount.</td></tr>
<tr><td>Annual variable compensation</td><td>N/A</td><td>The principle of an annual variable compensation is not envisaged</td></tr>
<tr><td>Deferred variable compensation</td><td>N/A</td><td>The principle of a deferred variable compensation is not envisaged</td></tr>
<tr><td>Multi-annual variable compensation</td><td>N/A</td><td>No multi-year variable compensation was granted to Gérard Guillemot during this financial year</td></tr>
<tr><td>Exceptional compensation</td><td>N/A</td><td>The principle of an annual exceptional compensation is not envisaged</td></tr>
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<tr><td>Average non-IFRS Group EBIT (50%)</td><td>0% of the award based on this criterion</td><td>30% of the award based on this criterion</td><td>50% of the award based on this criterion</td><td>100% of the award based on this criterion</td></tr>
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The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year.
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 Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs.
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The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier.
Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a vesting period of four years (2). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer.</td></tr>
<tr><td>Performance shares</td><td>N/A</td><td>No performance shares were granted to Gérard Guillemot during this financial year</td></tr>
</table>

Gérard Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
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)	€33,500	Board of Directors: €40 thousand maximum 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 [3]: 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. Corporate Social Responsibility Committee [4]: Fixed (Chairman): €5,000 maximum in total [5] Variable (member): €1,500 per meeting (capped at 4 meetings per financial year)
Benefits in kind	N/A	Gérard Guillemot is not eligible for benefits in kind
Severance payment	N/A	No commitment of this type exists
Non-compete indemnity	N/A	There is no non-compete clause applicable
Supplementary pension scheme	N/A	Gérard Guillemot is not eligible for a supplementary pension scheme

(1) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(2) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/19 indicated in section 4.1.3.2

(4) Established on September 12, 2018

(5) Prorata temporis

Christian Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
Fixed compensation (gross)	€65,621	Compensation in force since April 1, 2018. The fixed compensation has been increased by 5% in comparison with the financial year ended March 31, 2018, in order to reflect the growth of the Ubisoft Group, particularly in terms of its sales, market capitalization and headcount.
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	No multi-year variable compensation was granted to Christian Guillemot during this financial year
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	€65,395 (accounting valuation)	The long-term variable compensation consists of an award of 3,606 share subscription options for which the exercise price has been set at €68.59 (1). The vesting of these share subscription options is conditional: **(i)** for 50%, on average Group EBIT in value (not a strictly accounting-based indicator) (the "Internal Conditions") calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and **(ii)** for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index being calculated between December 17, 2018 and December 16, 2021 (the "External Conditions"). For each criterion, the vesting of share subscription options is based on the following framework: < 80% target average Group EBIT / ≥ 80% and < 90% target average Group EBIT / ≥ 90% and < 100% target average Group EBIT / ≥ 100% target average Group EBIT Average non-IFRS Group EBIT (50%): **0%** of the award based on this criterion / **30%** of the award based on this criterion / **50%** of the award based on this criterion / **100%** of the award based on this criterion The long-term variable compensation conditional upon the attainment of average Group EBIT is acquired by tier. The target level defined for average Group EBIT is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year. 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 Group undertakes to communicate the achievement of the performance conditions in the Registration Document published in respect of the financial year in which the vesting date occurs. < 50th percentile / ≥ 50th and ≤ 60th percentile / > 60th percentile Positioning of Ubisoft TSR compared to the TSR of the NASDAQ Composite Index (50%): **0%** of the award based on the criterion / **50%** of the award based on the criterion / **100%** of the award based on the criterion The long-term variable compensation conditional upon the Ubisoft TSR compared to the NASDAQ Composite Index is acquired by tier. Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a vesting period of four years (2). The vesting will also be conditional upon remaining in office as a Corporate Executive Officer.
Performance shares	N/A	No performance shares were granted to Christian Guillemot during this financial year

Christian Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2019	Amounts or accounting valuation submitted for a vote	Presentation
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 thousand maximum in total Fixed: 40% is paid in two equal installments in April (for the period from April 1 to September 30) and in October (for the period from October 1 to March 31) Variable[3]: 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

(1) €68.59 corresponds to the average opening prices of the Ubisoft Share on Euronext Paris during the twenty trading sessions prior to the Board of Directors' award

(2) For share subscription options, the vesting date corresponds to the date of opening of exercise rights

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/19 indicated in section 4.1.3.2

4.2.3 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.

4.2.3.1 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.

4.2.3.2 Allocations during the financial year ended March 31, 2019

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

Beneficiary category	General Meeting (Resolution) Board of Directors	Number of beneficiaries Number granted Subscription price (SOP)	Periods (exercise, vesting, retention, conversion)	Performance conditions
		SHARE SUBSCRIPTION OPTIONS (SOP)		
	09/23/15 (22nd) 04/13/18	2 beneficiaries 11,500 SOP €73.86	**Conversion period:** 4 years 25% per year following the 1st year	N/A
	09/23/15 (22nd) 06/27/18	4 beneficiaries 19,579 SOP €94.58	**Conversion period:** 4 years 25% per year following the 1st year	N/A
	06/27/18 (18th) 06/27/18	55 beneficiaries 175,643 SOP €94.58	**Conversion period:** 4 years 25% per year following the 1st year	N/A
		FREE ORDINARY SHARE GRANTS (AGA)		
Employees	06/27/18 (17th) 06/27/18	2,081 beneficiaries 584,990 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	06/27/18 (17th) 09/12/18	13 beneficiaries 8,631 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	06/27/18 (17th) 10/30/18	7 beneficiaries 3,708 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	06/27/18 (17th) 12/17/18	94 beneficiaries 77,151 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
	06/27/18 (17th) 02/01/19	34 beneficiaries 31,791 AGA	**Vesting period:** 4 years	100%: individual performance conditions (1) assessed over 4 years
		SHARE SUBSCRIPTION OPTIONS (SOP)		
Executive Committee	06/27/18 (18th) 06/27/18	1 beneficiary 12,811 SOP €94.58	**Exercise period:** from 06/27/22 to 06/26/23 inclusive	50%: internal performance conditions (2) assessed over 3 financial years (3) 50%: external performance conditions (4) assessed over 3 years (5)
		FREE ORDINARY SHARE GRANTS (AGA)		
	06/27/18 (17th) 06/27/18	4 beneficiaries 21,879 AGA	**Vesting period:** 4 years	1/3: internal performance condition (2) assessed over 3 financial years (3) 1/3: external performance condition (4) assessed over 3 years (5) 1/3: individual performance condition (1) assessed over 4 years
		SHARE SUBSCRIPTION OPTIONS (SOP)		
Corporate Executive Officers	06/27/18 (19th) 12/17/18	5 beneficiaries 56,031 SOP €68.59	**Exercise period:** from 12/17/22 to 12/16/23 inclusive	50%: external performance condition (2) assessed over 3 financial years (3) 50%: external performance condition (4) assessed over 3 years (6)

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

(2) Internal performance condition: achievement of an average non-IFRS Group EBIT, with vesting per threshold as follows:

- *< 80% average Group EBIT → 0% of the award based on this criterion;*
- *≥ 80% and < 90% average Group EBIT → 30% of the award based on this criterion;*
- *≥ 90% and < 100% average Group EBIT → 50% of the award based on this criterion;*
- *≥ 100% → 100% of the award based on this criterion.*

(3) Financial years ending March 31, 2019, March 31, 2020 and March 31, 2021

(4) External performance condition: achievement of a Ubisoft TSR compared to the TSR of companies in the Nasdaq Composite Index, with vesting per threshold as follows:

- *< 50th percentile → 0% of the award based on this criterion;*
- *≥ 50th and ≤ 60th percentile → 50% of the award based on this criterion;*
- *> 60th percentile → 100% of the award based on this criterion.*

(5) From June 27, 2018 to June 26, 2021

(6) From December 17, 2018 to December 16, 2021

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 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 of the Group and b) the achievement of the performance conditions, where applicable.

4.2.3.3 Corporate Executive Officers

Subscription options were granted to Corporate Executive Officers of the Company in respect of the past financial year *(see 4.2.3.2)*.

Moreover, the exercise of subscription options by Corporate Executive Officers in respect of the past financial year as well as the delivery of performance shares during the financial year are presented below.

EXERCISE OF OPTIONS BY CORPORATE EXECUTIVE OFFICERS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019

Options exercised during the year from April 1, 2018 to March 31, 2019			
Identity of the Corporate Executive Officer	Number of options exercised	Exercise price	Plan no. Date of plan - Expiry date
Yves Guillemot	45,000 (1)	€11.92	no. 27 03/17/14 – 03/16/19
Claude Guillemot	10,000 (1)	€11.92	no. 27 03/17/14 – 03/16/19
Michel Guillemot	10,000 (1)	€11.92	no. 27 03/17/14 – 03/16/19
Gérard Guillemot	10,000 (1)	€11.92	no. 27 03/17/14 – 03/16/19
Christian Guillemot	10,000 (1)	€11.92	no. 27 03/17/14 – 03/16/19

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

It is recalled that the entire allocation for the benefit of Corporate Executive Officers pursuant to the plan of March 17, 2014 indicated above was subject to the achievement of an average EBIT of €110 million assessed over four financial years (March 31, 2015, 2016, 2017 and 2018).

The Board of Directors meeting on May 17, 2018, upon the proposal of the Nomination and Compensation Committee, acknowledged the achievement of the performance condition giving rise to the exercise of 100% of the options, it being stated that with regard to the Chairman and Chief Executive Officer, 25% of the allocation was also subject to the achievement of the following cumulative collective performance conditions:

- a qualitative criterion: achievement of a minimum quality for the game *Watch Dogs* Next Gen assessed according to the average published by the Metacritic site;
- an execution criterion: compliance with the condition that the first date for the launch of the *Watch Dogs* must take place at the latest before the end of fiscal Q1 2014-2015.

The Board of Directors meeting on July 1, 2014, upon the proposal of the Nomination and Compensation Committee, acknowledged the non-achievement of the cumulative collective performance conditions described above and the subsequent cancellation of 15,000 subscription options out of the 60,000 options awarded by the Board of Directors of March 17, 2014 to the Chairman and Chief Executive Officer.

PREFERENCE SHARES (AGAP) VESTED BY CORPORATE EXECUTIVE OFFICERS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019

Preference shares (AGAP) vested during the financial year between April 1, 2018 and March 31, 2019		
Identity of the Corporate Executive Officer	Number of preference shares (AGAP) vested	Date of plan - Expiry date
Yves Guillemot	1,333 AGAP (1)	12/16/15 - 12/16/21
Claude Guillemot	N/A	N/A
Michel Guillemot	N/A	N/A
Gérard Guillemot	N/A	N/A
Christian Guillemot	167 AGAP (1)	12/16/15 - 12/16/21

(1) 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

It is recalled that the transfer of ownership of 100% of the preference shares awarded pursuant to the plan of December 16, 2015 indicated above was subject to the achievement of an average EBIT of €124 million assessed over three financial years (March 31, 2016, 2017 and 2018) according to predefined thresholds.

The Board of Directors' meeting on October 30, 2018, upon the proposal of the Nomination and Compensation Committee, acknowledged the achievement of the said performance condition giving rise to the vesting of 100% of the preference shares for the benefit of Yves Guillemot, Chairman and Chief Executive Officer and Christian Guillemot, Executive Vice President.

It is also recalled that the preference shares granted give rise at the end of the two-year retention period to 30 ordinary shares in the Company for 1 preference share subject to achievement of stock market conditions assessed over five years, i.e. if the share price has increased by 50% and over compared to the floor price (average of the twenty trading sessions prior to the Board of Directors' decision to make the award). If the increase is lower than 50%, each percentage increase entitles the holder to 0.6 ordinary share.

HISTORY OF ALLOCATIONS FOR THE BENEFIT OF CORPORATE EXECUTIVE OFFICERS

The history of plans for Corporate Executive Officers of the Company is indicated in the tables below:

FREE PREFERENCE SHARE ALLOCATION PLANS

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 share	
Performance conditions (assessed over the vesting period)	Internal performance condition: 100% contingent upon the attainment of average Group EBIT [2] (over 3 financial years and in accordance with predefined tiers)	Internal performance condition: 100% contingent upon the attainment of 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 (45,000 ordinary shares maximum)	394 AGAP (11,820 ordinary shares maximum)
Cumulative number of shares canceled	0 AGAP	0 AGAP
Cumulative number of vested shares	1,500 AGAP	0 AGAP
Balance at 03/31/19	0 AGAP	394 AGAP

(1) Average 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	07/02/10
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]	04/27/11 (no. 24)
Price	€17.45 [1][2]	€27.35 [1][2]	€14.75 [2]	€9.91 [2]	€6.77 [2]
Number of Corporate Executive Officers	5	5	5	5	5
Exercised	0	0	0	0	111,232
Initially granted	151,680 [2]	139,648 [2]	125,392 [2]	120,336 [2]	111,232 [2][4]
Balance (at 03/31/19)	0	0	0	0	0
Performance conditions	N/A	N/A	N/A	100% Internal conditions (cumulative): sales and profitability [3]	100% Internal conditions (cumulative): sales and profitability

(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

(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 attainment of average non-IFRS Group EBIT assessed on the cumulative basis of 4 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.*

(7) 50% of the acquisition contingent upon the attainment of average non-IFRS Group EBIT assessed over 3 financial years, with vesting per tier as follows:

- *< 80% average Group EBIT → 0% of the award based on this criterion;*
- *≥ 80% and < 90% average Group EBIT → 30% of the award based on this criterion;*
- *≥ 90% and < 100% average Group EBIT → 50% of the award based on this criterion;*
- *≥ 100% → 100% of the award based on this criterion.*

(8) 50% of the acquisition contingent upon achieving a Ubisoft TSR compared to the TSR of companies in the Nasdaq Composite Index assessed over 3 years, with vesting per threshold as follows:

- *< 50th percentile → 0% of the award based on this criterion;*
- *≥ 50th and ≤ 60th percentile → 50% of the award based on this criterion;*
- *> 60th percentile → 100% of the award based on this criterion.*

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

Subscription options granted or exercised between April 1, 2018 and March 31, 2019			
	Options granted during the financial year ended 03/31/19 to the ten employees other than corporate officers who received the largest number of options so granted	Average weighted price	Plan no. Expiry date
Complete information for all Group companies combined	91,293	€92.31	nos. 38, 39 and 40 04/12/23 06/26/23

09/24/12	09/23/15	09/23/15	06/27/18
03/17/14 (no. 27)	12/16/15 (no. 31)	12/14/16 (no. 33)	12/17/18 (no. 41)
€11.92	€26.85	€31.955	€68.59
5	3	4	5
0	0	0	0
100,000	37,500	19,344	56,031
0 [5]	37,500	19,344	56,031
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 allocation [6])	50%: Internal condition (Average non-IFRS Group EBIT over 3 financial years /vesting per threshold [7]) 50%: External condition (TSR over 3 years/vesting per threshold [8])

4

Subscription options granted or exercised between April 1, 2018 and March 31, 2019			
	Options exercised during the financial year ended 03/31/19 by the ten employees other than executive officers who exercised the largest number of options	Average weighted price	Plan no. Expiry date
			nos. 26, 28, 29, 30, 32 and 35
Complete information for all Group companies combined	182,364	€15.91	10/28/18 09/23/19 12/15/19 09/22/20 06/22/21 06/26/22

4.2.3.5 Summary of free share plans valid as at March 31, 2019

Free ordinary share allocation plans				
Date of General Meeting	07/01/14	09/23/15	09/23/15	09/23/15
Date of Board meeting	09/23/15	10/19/15	03/03/16	04/19/16
Performance conditions	(1)	(1)(2)	(1)	(1)
Number of beneficiaries	1,543	34	64	94
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	09/23/19	10/21/19	03/03/20	04/20/20
End date of the retention period	09/23/19	10/21/19	03/03/20	04/20/20
End date of the conversion period	N/A	N/A	N/A	N/A
Total number of shares granted initially	970,220	183,833	179,100	384,300
Cumulative number of shares canceled	127,690	15,700	13,350	81,500
Balance at 03/31/19	842,530	168,133	165,750	302,500

(1) 100% subject to individual performance objectives linked to the beneficiary's position with the exception of 2 beneficiaries (plan of 10/19/15): see (2)

(2) 2 beneficiaries (Executive Committee: plan of 10/19/15) with Internal performance conditions: 60% contingent upon the attainment of average non-IFRS Group EBIT over 4 financial years and in accordance with predefined degressive tiers and 40% contingent upon the attainment of average Group sales over 4 financial years and in accordance with predefined degressive tiers.

(3) 4 beneficiaries (Executive Committee: plan of 06/27/18) with Internal performance condition: 1/3 contingent upon the attainment of average non-IFRS Group EBIT (with vesting per tier) assessed over 3 financial years/External performance condition: 1/3 contingent upon the attainment of a Ubisoft TSR compared to the TSR of the companies in the Nasdaq Composite Index (with vesting per tier) assessed over 3 financial years/Individual performance condition: 1/3 (see (1))

09/23/15	09/23/15	06/27/18	06/27/18	06/27/18	06/27/18	06/27/18
06/23/16	12/14/16	06/27/18	09/12/18	10/30/18	12/17/18	02/01/19
(1)	(1)	(1)(3)	(1)	(1)	(1)	(1)
1,743	2	2,085	13	7	94	34
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	ordinary	ordinary	ordinary
4+0	4+0	4+0	4+0	4+0	4+0	4+0
06/23/20	12/14/20	06/27/22	09/12/22	10/31/22	12/19/22	02/01/23
06/23/20	12/14/20	06/27/22	09/12/22	10/31/22	12/19/22	02/01/23
N/A	N/A	N/A	N/A	N/A	N/A	N/A
962,410	10,300	606,869	8,631	3,708	77,151	31,791
106,155	0	14,390	0	0	0	0
856,255	10,300	592,479	8,631	3,708	77,151	31,791

Free preference share allocation plans

Date of General Meeting	07/01/14	
Date of Board meeting	09/24/14	
Performance conditions	(1)(2)	
Number of beneficiaries	308	20
Corporate Executive Officers	0	
Yves Guillemot	N/A	
Claude Guillemot	N/A	
Michel Guillemot	N/A	
Gérard Guillemot	N/A	
Christian Guillemot	N/A	
Type of shares	preference (6)	
Vesting period + retention period	3+2	5+0 (8)
Vesting date of the shares	09/25/17 (7)	09/24/19
End date of the retention period	09/24/19	-
End date of the conversion period	09/24/20	
Total number of shares granted initially	12,446 (6) 373,380 (2)	649 (6) 19,470 (2)
Cumulative number of shares canceled	972 (6) 29,160 (2)	0
Balance at 03/31/19	0 (6) (7) 344,220 (2)	649 (6) 19,470 (2)

(1) 100% subject to individual performance objectives linked to the beneficiary's position: plan of 09/23/15: not applicable to 1 beneficiary subject to internal performance conditions (see (3)) / plan of 06/23/16: not applicable to 3 beneficiaries subject to internal performance conditions (see (5))

(2) Stock market price conditions to be met at the end of the retention period (or vesting period for the beneficiaries of the plans of 09/24/14 and 09/23/15 (8)) of the AGAP:

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

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

(3) Internal performance conditions: 60% contingent upon the attainment of average non-IFRS Group EBIT over 3 financial years and in accordance with predefined tiers and 40% contingent upon the attainment of average Group sales over 3 financial years and in accordance with predefined tiers (3 eligible beneficiaries under the plan of 12/16/14 and 1 eligible beneficiary under the Plan of 09/25/15)

07/01/14	07/01/14		09/23/15	09/23/15	09/23/15
12/16/14	09/23/15		12/16/15	06/23/16	12/14/16
(2)(3)	(1)(2)(3)		(2)(4)	(1)(2)(5)	(2)(5)
3	22	2	2	43	1
0	0		2	0	1
N/A	N/A		1,333 (6) 39,990 (2)	N/A	394 (6) 11,820 (2)
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 (7) 5,010 (2)	N/A	N/A
preference (6)	preference (6)		preference (6)	preference (6)	preference (6)
3+2	3+2	5+0 (8)	3+2	3+2	3+2
12/18/17 (7)	09/24/18 (7)	09/23/20	12/17/18 (7)	06/24/19	12/16/19
12/17/19	09/23/20	-	12/16/20	06/23/21	12/15/21
12/17/20	09/23/21		12/16/21	06/23/22	12/15/22
2,409 (6) 72,270 (2)	4,388 (6) 131,640 (2)	318 (6) 9,540 (2)	1,500 (6) 45,000 (2)	6,838 (6) 205,140 (2)	394 (6) 11,820 (2)
0	0	0	0	0	0
0 (6)(7) 72,270 (2)	0 (6) 131,640 (2)	318 (6) 9,540 (2)	0 (6)(7) 45,000 (2)	6,838 (6) 205,140 (2)	394 (6) 11,820 (2)

(4) Internal performance condition: 100% contingent upon the attainment of average non-IFRS Group EBIT over 3 financial years and in accordance with predefined tiers (2 beneficiaries concerned by the plan of 12/16/15)

(5) Internal performance condition: 100% contingent upon the attainment of average non-IFRS Group EBIT 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 (3 beneficiaries concerned by the plan of 06/23/16 and 1 beneficiary concerned by the plan of 12/14/16)

(6) One preference share could entitle the holder to 30 ordinary shares, subject to achieving the share market price conditions(2), with the application, where appropriate, of a proportional and linear degressive sliding scale

(7) End of vesting period: creation and delivery of preference shares (ISIN code: FR0013306776) to the eligible beneficiaries at the vesting date

(8) Extension of the vesting period for the beneficiaries under international mobility assignments

4.2.3.6 Summary of subscription option and share purchase plans valid as at March 31, 2019

Plan	Plan 28	Plan 29	Plan 30	Plan 31	Plan 32	Plan 33
General Meeting	09/24/12	09/24/12	09/24/12	09/24/12	09/23/15	09/23/15
Board of Directors	09/24/14	12/16/14	09/23/15	12/16/15	06/23/16	12/14/16
Number of beneficiaries	116	3	90	3	138	5
Number granted	665,740	62,200	328,100	37,500	758,810	29,344
of which Corporate Executive Officers						
Yves Guillemot	N/A	N/A	N/A	N/A	N/A	N/A
Claude Guillemot	N/A	N/A	N/A	12,500 (1)	N/A	4,836
Michel Guillemot	N/A	N/A	N/A	12,500 (1)	N/A	4,836
Gérard Guillemot	N/A	N/A	N/A	12,500 (1)	N/A	4,836
Christian Guillemot	N/A	N/A	N/A	N/A	N/A	4,836
Opening balance	09/24/15	12/16/15	09/23/16	May 2019 (2)	06/23/17 May 2020 (2)(3)	12/14/17 May 2020 (2)(3)
Expiry date	09/23/19	12/15/19	09/22/20	12/15/20	06/22/21	12/13/21
Subscription or purchase price	€12.92	€14.22	€17.94	€26.85 (without discount)	€33.015	€31.955 (without discount)
Exercise terms	25% per year from 09/24/15	25% per year from 12/16/15	25% per year from 09/23/16	Corporate Executive 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)
Number of options exercised between allocation and 03/31/19	447,169	32,000	77,600	0	209,818	5,000
Number of options canceled or void since allocation	52,430	0	84,489	0	57,687	0
Number of options outstanding at 03/31/19	166,141	30,200	166,011	37,500	491,305	24,344

(1) 100% of the grant is contingent upon the fulfillment of performance conditions based on an average level of non-IFRS Group EBIT assessed over 4 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

(2) For the Corporate Executive Officers (plans 31 and 33) and/or members of the Executive Committee (plan 32: 1 beneficiary), the performance conditions to be met are spread over 4 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 4th year (Plan 31: May 2019/Plans 32 and 33: May 2020)

(3) Plan 32 (1 member of the Executive Committee)/Plan 33 (4 Corporate Executive Officers): Internal performance condition: achievement of an average Group EBIT assessed on the cumulative basis of 4 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.*

(4) For the members of the Executive Committee (Plan 40: 1 beneficiary) and Corporate Executive Officers (Plan 41), the performance conditions to be met are spread over 3 financial or calendar years. They may exercise their options only once the Board of Directors upon the recommendation of the Nomination and Compensation Committee has validated that the performance conditions have been met, i.e. from the 4th year of the plan (Plan 40: on 06/27/22/Plan 41: on 12/17/22)

Plan 34	Plan 35	Plan 36	Plan 37	Plan 38	Plan 39	Plan 40	Plan 41
09/23/15	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15	06/27/18	06/27/18
03/30/17	06/27/17	09/22/17	12/12/17	04/13/18	06/27/18	06/27/18	12/17/18
39	75	2	1	2	4	56	5
220,700	418,500	11,000	2,500	11,500	19,579	188,454	56,031
N/A	N/A	N/A	N/A	N/A	N/A	N/A	41,607
N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,606
N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,606
N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,606
N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,606
03/30/18	06/27/18	09/22/18	12/12/18	04/13/19	06/27/19	06/27/19 06/27/22 (4)(5)	12/17/22 (4)(5)
03/29/22	06/26/22	09/21/22	12/11/22	04/12/23	06/26/23	06/26/23	12/16/23
France €37 World €39.03	France €50.02 World €51.80	€57.26 (without discount)	€64.63 (without discount)	€73.86	€94.58	€94.58	€68.59 (without discount)
25% per year from 03/30/18	25% per year from 06/27/18	25% per year from 09/22/18	25% per year from 12/12/18	25% per year from 04/13/19	25% per year from 06/27/19	25% per year from 06/27/19 06/27/22 (4)(5)	12/17/22 (4)(5)
43,050	44,125	0	0	0	0	0	0
8,625	8,000	0	0	0	0	2,136	0
169,025	366,375	11,000	2,500	11,500	19,579	186,318	56,031

(5) Plan 40 (1 member of the Executive Committee) / Plan 41 (5 Corporate Executive Officers):

- *50% of the acquisition contingent upon the attainment of average non-IFRS Group EBIT assessed over 3 financial years, with vesting per tier as follows:*
  - *< 80% average Group EBIT → 0% of the award based on this criterion;*
  - *≥ 80% and < 90% average Group EBIT → 30% of the award based on this criterion;*
  - *≥ 90% and < 100% average Group EBIT → 50% of the award based on this criterion;*
  - *≥ 100% → 100% of the award based on this criterion.*
- *50% of the acquisition contingent upon achieving a Ubisoft TSR compared to the TSR of companies in the Nasdaq Composite Index assessed over 3 years, with vesting per threshold as follows:*
  - *< 50th percentile → 0% of the award based on this criterion;*
  - *≥ 50th and ≤ 60th percentile → 50% of the award based on this criterion;*
  - *> 60th percentile → 100% of the award based on this criterion.*

4.2.3.7 Authorizations submitted for approval of the General Meeting of July 2, 2019

In order to pursue its policy of motivation and involvement of employees for the Group's development, the Board of Directors, upon the proposal by the Nomination and Compensation Committee, will submit for approval by the General Meeting of July 2, 2019, a new resolution for a duration of 38 months, authorizing the Board of Directors to carry out free grants of existing ordinary shares or shares to be issued, subject to performance conditions ("AGA"), for the benefit of Group employees, including the members of the Executive Committee indicated in section 4.1.2.4 of this Registration Document, pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code (twenty-seventh resolution).

This resolution aims to renew a resolution with a similar purpose approved by the General Meeting of June 27, 2018. Moreover, the Board of Directors must comply with a burn rate of at most 1.50% per financial year (for both AGA and SOP plans).

The main features of the plans that would be implemented by the Board of Directors in the context of this resolution are referred to below, and notably describe the specific performance conditions associated with the grants to the members of the Executive Committee.

	Salaried employees	Members of the Executive Committee			
	AGA				
Validity of the resolution	38 months (27th resolution)				
Maximum percentage	2% (1)				
Minimum validity of the plans	4 years				
Minimum vesting period	4 years				
Condition(s)	attendance				
	individual performance (2) assessed over a minimum of 4 years	Individual performance (1/3 of the award) assessed over 4 years Internal performance (1/3 of the award) assessed over 3 financial years on the basis of average non-IFRS Group EBIT (3) Vesting per threshold			
		< 80% target average Group EBIT	≥ 80% and < 90% target average Group EBIT	≥ 90% and < 100% target average Group EBIT	≥ 100% target average Group EBIT
		0% of the award based on this criterion	**30%** of the award based on this criterion	**50%** of the award based on this criterion	**100%** of the award based on this criterion
		External performance (1/3 of the award) assessed over 3 years based on the positioning of Ubisoft's TSR compared to the TSRs of companies in the NASDAQ Composite Index (4) Vesting per threshold			
		< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile	
		0% of the award based on the criterion	**50%** of the award based on the criterion	**100%** of the award based on the criterion	

(1) of the number of ordinary shares making up the Company's capital on the day of the Board of Directors' decision

(2) determined by the Board of Directors upon the proposal of the Nomination and Compensation Committee

(3) Average EBIT for financial years covering the vesting period (based on the Group's annual EBIT targets announced by the Group in its press release issued at the beginning of each financial year in accordance with the rules in force)

(4) Ubisoft TSR and TSR of the companies comprising the NASDAQ Composite Index calculated between the grant date and, at the earliest, the day before the third anniversary date of the grant

4.3 Statutory 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** 4, rue Édith Piaf Immeuble Asturia F-44800 Saint-Herblain	2016	2022
Alternate auditor: **CBA** 61, rue Henri Regnault Tour Exaltis F-92400 Courbevoie	2016	2022

Professional fees of the Statutory auditors and members of their networks

(Document prepared in compliance with Article L. 820-3, I of the French Commercial Code)

Professional fees for the period between: April 1, 2018 to March 31, 2019 ares detailed under **Financial statements** in section 6.1.2.22.5.

4 Report on corporate governance



5 Corporate social responsibility

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

5.1.1 GUIDELINE INDICATORS

Ubisoft has defined its guidelines in order to monitor the Group's performance on the different environmental, employee-related and societal issues, based on:

- the regulatory requirements of Articles L. 225-102-1 and R. 225-105-2 instituting a statement of non-financial performance (hereafter the "DPEF" - *Déclaration de performance extra-financière*) following the transposition of European Directive 2014/95/EU on the publication of non-financial information (*Ruling no. 2017-1180 of July 19, 2017 and Decree no. 2017-1265 of August 9, 2017*);
- 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.

All of the information required in the DPEF is indicated in the cross-reference tables at the end of this Registration Document.

5.1.2 REPORTING PERIOD

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

CSR data	Reporting periods	
	04/01/18 – 03/31/19 (12 months)	01/01/18 – 12/31/18 (12 months)
Employee-related	✔	
Environmental		✔
Social		✔

5.1.3 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 > 25 employees and French companies (2);
- ***environmental indicators*** (3): sites outside France > 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 concerns all of the Group's subsidiaries with the exception of the Canadian subsidiary, Hybride Technologies Inc. (126 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 is used by the Group's other subsidiaries for the automated collection of employee data. Similarly, i3D.net (59 employees) acquired in February 2019 (4) is excluded from the scope of reporting.

5.1.4 CHANGE IN METHOD/CONDITIONS COMPARED WITH THE PREVIOUS FINANCIAL 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	04/01/18 – 03/31/19	04/01/17 – 03/31/18
Companies outside France	>25 employees	>50 employees
French companies	100%	100%
% staff taken into account	98.5%	97.4%

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.

- ***Changes concerning indicators:***
  - Change in the indicator on absenteeism: As part of the CSR reporting known as "Grenelle II", Ubisoft monitored employees' days of absence for all grounds (sickness, workplace accidents, maternity, paternity and parenthood leave, leave for family

(1) The scope defined in this way covered 98.5% of the Ubisoft Group workforce at the end of March 2019
(2) Scope defined on the basis of the Ubisoft Group workforce at the end of September 2018
(3) The scope defined in this way covered 98.6% of the Ubisoft Group workforce at the end of March 2019
(4) See section 2.4.1 "Investments during the financial year"

events and personal reasons, etc.). Now, as part of the preparation of the DPEF, Ubisoft has focused its monitoring on unplanned absenteeism, which penalizes the work organization (sickness, stoppages due to workplace accidents or professional diseases) and on which the Group can act (with safety / health measures or by promoting employee well-being, etc.).

5.1.5 INDICATORS DEEMED NON-RELEVANT BY THE GROUP, NOT EXAMINED IN THE DPEF

Themes of the DPEF	Ubisoft comments
♦ Actions to prevent 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.
♦ The means to fight against food insecurity and respect for responsible, fair and sustainable food	Not applicable in view of our business
♦ Respect for animal well-being	Not applicable in view of our business

5.1.6 REPORTING PRINCIPLE

The Corporate Social Responsibility (CSR) Department is responsible for steering and coordinating CSR reporting based on the reporting protocol defined with the Administration Department.

In this respect, the latter has prepared a reporting protocol that:

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

This protocol serves as a reference for the CSR Department responsible for defining material issues, 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 CSR Department then drafts this part of the annual report dealing with all CSR indicators.

Specifications on the methods for collecting data

- Regarding employee-related indicators, these are collected:
  - either directly, using the Microstrategy 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.

Human resources indicators collected meet the definitions defined jointly between the CSR 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 societal data to the CSR 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.

5.1.7 METHODOLOGICAL NOTE ON 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 member of the Executive Committee or a Director 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.
- To determine the CO_2 emissions, the Group has opted for the following procedures:

Datacenters (energy)	Recording of electricity consumption throughout 2018. Application of emission factors according to the energy mix
Datacenters (non-current assets)	Application of emission factors to the number of servers over their useful lives
Visitors	Application of a factor provided by an external expert in 2015 on the total number of employees
Freight – Upstream	Recording of kg/km per means of transport, and application of ADEME factors
	Sea freight partly included
Freight – Downstream	Estimation or recording of kg/km per means of transport, and application of ADEME factors
Employee commuting	Local recording of means of transport used. Calculation according to the number of days worked and region where the site is based
IT assets (excluding servers)	Application of emission factors to the number of devices over their useful lives (or impairment periods for devices returned to first parties before the end of their useful lives)
Buildings (energy)	Local recording of electricity consumption throughout 2018. Application of emission factors according to the use of renewable energies for French and Canadian sites. Application of national emission factors on other sites (source: ADEME – the French Environment and Energy Management Agency)
Buildings (air conditioned)	Estimation of the amounts of substances based on the information provided by an external expert in 2015. Application of ADEME factors
Buildings (non-current assets)	Local recording of the number of m^2 in the buildings and number of parking spaces. Emission factor applied to the surface area and useful life
Purchase of services	Breakdown of service purchases into three categories, use of ADEME factors
Business trips	Local recording of flights booked for the entity's staff and guests in 2018. Application of an ADEME factor
Manufacturing	Recording or estimation of the composition and quantities of products, application of emission factors to quantities of various materials

5.1.8 METHODOLOGICAL LIMITS OF 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.

5.2 Corporate social responsibility governance

5.2.1 CORPORATE SOCIAL RESPONSIBILITY STRATEGY

Ubisoft is committed to developing a positive and long-lasting impact for all its stakeholders, both internal and external. A materiality matrix was prepared in 2015 with the representatives of the main stakeholders according to the ISO 26000 methodology to define the most important social responsibility issues for Ubisoft's business. The social responsibility strategy is organized by stakeholder: players, teams, local communities, business partners and the planet.

IMPORTANT SOCIAL RESPONSIBILITY ISSUES FOR UBISOFT

As a publisher	**Offer a customized game experience that enriches players' lives beyond pure entertainment**	Learning Cognitive development Social interaction Diversity Accessibility Combating toxicity Protection of minors Data protection
As an employer	**Act as a responsible employer**	Employability Well-being at work Diversity and inclusion Non-discrimination
As a corporate citizen	**Develop our local roots anchorage** **Develop long-term relationships with our business partners** **Optimize our environmental impact**	Local jobs Partnerships and charitable activities Social and cultural events with communities Social and environmental criteria Duty of Care Digitalization Carbon impact

5.2.2 ORGANIZATION

Created in 2015 and comprising four employees, the Corporate Social Responsibility Department develops, coordinates and steers projects to meet identified important social responsibility issues.

For the 2018/2019 financial year, a CSR (Corporate Social Responsibility) Committee acting under the responsibility of the Board of Directors, was appointed. Its mission is to examine the strategy and action plan in terms of social, environmental and societal responsibility and propose recommendations, if it deems appropriate. It also verifies the CSR reports submitted to the Board of Directors, pursuant to current laws and regulations.

5.2.3 CODE OF CONDUCT

In 2016, the Group drafted an internal Code of conduct with numerous experts to provide employees with guidelines and key contacts so that they can address sensitive situations that they may encounter in their daily activities. Organized by stakeholder, this Code deals with gifts & invitations as well as confidential data, corruption and inappropriate behavior. This Code of conduct has been diffused to the teams (1) since the beginning of 2017. It is regularly updated. For the 2018/2019 financial year, the chapters on the fight against corruption and the duty of care were reinforced.

(1) 42 entities representing 95% of the Group's workforce as at March 31, 2019

FOCUS: 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.

Since 2018, the Group has undertaken a project to ensure compliance (1) with the law on transparency, the fight against corruption and the modernization of economic life, known as law "Sapin 2".

This project has been rolled out through the eight measures described in Article 17 of the "Sapin 2" law:

- preparation and adoption of a code of conduct defining and illustrating the different types of behavior to be prohibited as being likely to constitute acts of corruption or influence peddling;
- implementation of an internal whistleblowing mechanism;
- preparation of a corruption risk mapping;
- implementation of procedures to assess the situations of customers, first tier suppliers and intermediaries;
- implementation of accounting controls;
- implementation of a training system for the managers and employees that are most exposed to the risks of corruption and influence peddling;
- implementation of a disciplinary regime allowing for sanctions for Company employees in the event of breaches of the Company's Code of conduct;
- setting up of a system to control and assess the implemented measures.

5.2.4 RELATIONS WITH STAKEHOLDERS

The Group considers all people and organizations directly or indirectly affected by the Company's business activities to be stakeholders.

By ensuring effective dialog with each stakeholder, Ubisoft establishes a long-term relationship which respects the interests of each of them. The Group's decentralized organization can be adapted to each local situation. 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 or industry events (E3, Gamescom, etc.). ♦ E-sport tournaments (Invitational R6), Just Dance World Championship ♦ Ubisoft club, "star players" program
Suppliers	♦ Buyer/supplier meetings ♦ Supplier selection process
Shareholders and investors	♦ Conferences for presentation of results, meetings and plenary meetings
Employees	♦ Biannual employee satisfaction surveys ♦ Local satisfaction surveys on workplace well-being ♦ Dialog with employee representation bodies (if applicable under local regulations) ♦ Organization of Sharetimes and other teamworking initiatives
Research centers	♦ Collaborative approach, creation of and participation in R&D programs, university chairs, open innovation events
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 on our industry's challenges ♦ Local meetings with town councils or local government

(1) See section 3.2.4 "Ongoing supervision of the internal control system" and section 3.2.6 "Combatting corruption"

5.3 Offering a customized game experience that enriches players' lives beyond pure entertainment

CHALLENGE

5.3.1 DEVELOPING THE POSITIVE IMPACT OF OUR GAMES BEYOND PURE ENTERTAINMENT

As a video games publisher, providing a positive game experience is a fundamental challenge that is part of our social responsibility vision. Ubisoft wants to offer games that are increasingly inclusive and enable knowledge and skills to be acquired that go beyond pure entertainment.

APPROACH

To meet this challenge, creative working groups are organized by the editorial team throughout the year. The creative process is very decentralized, so awareness of the development teams is raised to include more and more knowledge and develop mechanisms that increasingly allow learning through playing. However, this integration decision is taken on a game by game basis and must find its place as a coherent part of the world chosen by the team.

It is a gradual, long-term process. Over the last few years, the projects developed have enabled progress on the following issues:

ACQUIRING KNOWLEDGE AND SKILLS

Beyond fun and emotions, games encourage the discovery of history (Ancient Egypt in *Assassin's Creed Origin*), learning (guitar with *Rocksmith*), socializing and leadership development (online games such as *Rainbow 6*) or physical activity (*Just Dance*).

We are also developing technological experiences, which facilitate learning and cultural development. Games can also be a source of inspiration for teachers who create learning modules in lessons. For example, as part of the experimental program, in a Paris high school, the history teacher requested the assistance of the *Assassin's Creed* team for his lesson on Ancient Egypt. We are also presenting games as contemporary artistic expression, with exhibitions of our graphic and digital arts in museums (Institute of the Arab World, New York History Museum, City of Archaeology in Montreal) or concerts of our game music (Video Games music weekend at the Paris Philharmonic).

OVERCOMING STEREOTYPES BY DEVELOPING RICH, COMPLEX CHARACTERS CONSISTENT WITH OUR UNIVERSES, WHICH TEND TO REFLECT THE DIVERSITY OF THE WORLD AROUND US

The production teams are increasingly looking to develop characters that reflect the world's complexity. Thus, *Assassin's Creed Odyssey* leaves the choice of gender of the main character that the player can embody (Kassandra or Alexios). *Watch Dogs 2* represents a diversity of protagonists in the context of Silicon Valley with its character Marcus Holloway (Afro-American) or Josh Sauchak (on the autistic spectrum).

DEVELOPING THE ACCESSIBILITY OF GAMES TO PEOPLE WITH DISABILITIES

Ubisoft has reinforced its commitment to accessibility, in order to offer a lasting, positive gaming experience to all, irrespective of their physical or mental condition. In 2017, a project was launched on the accessibility of video games to people with disabilities, managed via a dedicated work group. This project has two objectives:

- compliance with the US Communication and Video Accessibility Act applicable from January 1, 2019, which aims to increase the accessibility of video game communication services (chat, voice and video) to people with disabilities;
- achievement of a basic level of accessibility in all games by 2020.

The project is being rolled out within the production teams and via the internal working group and external consultants. Thus, several games released in 2018 included significant accessibility functionalities, such as *Assassin's Creed Odyssey* with the possibility of changing the controls on all platforms, adjustable size sub-titles with a background and the identification of characters when they speak. Filters for color-blind players have been included in *Far Cry 5*.

FOCUS: COLLABORATING WITH PLAYER ASSOCIATIONS TO REINFORCE THE ACCESSIBILITY OF OUR GAMES

The accessibility of our games is assessed via an internal reference base inspired by the assessment systems implemented by groups of disabled players. This reference base assesses the level of accessibility achieved for each type of disability (physical, cognitive, visual, hearing). Levels range from "low" to "barrier-free", with each level corresponding to a more or less complete gaming experience. The Group aims to ensure that all games achieve the "basic" level by 2020 based on this reference grid.

Several of our studios consult associations (CapGame in France, AbleGamers in the United Kingdom, Funbikator in Sweden) and players with disabilities are invited to our studios to raise teams' awareness in their needs, collaborate with them in designing future games and take part in user tests.

Lastly, in order to inform the concerned communities, each game now has a page dedicated to the accessibility functionalities available on the Customer Support site. This transparency enables the players in question to know whether they will be able to play the game before buying it.

PROMOTING SOCIAL INTERACTIONS BETWEEN PLAYERS AND NON-PLAYERS BEYOND THE GAME AND SUPPORTING OUR PROFESSIONAL PLAYERS IN A RESPONSIBLE WAY

"Community developers" coordinate the player communities, report on their needs and ensure the link with the development teams in order to improve the gaming experience. The organization of tournaments brings players and fans together in a single place to promote social interactions. Tournament spectators can join the challenge without being players themselves. The development of e-sport is reflected in events such as the "invitationals R6" and by the organization of the "*Just Dance*" championship which combines e-sport and dance.

With e-sport, some players become professionals and organize themselves in clubs with coaches and game analysts, and adopt a stringent discipline and strict daily routines. Thus, for *Rainbow 6*, we support our 200 best players worldwide through their clubs. In order to contribute to the development of the "e-sport" ecosystem around games, Ubisoft has developed a system for sharing the revenue generated by the "e-sport" scene of *Rainbow 6* with the clubs in order to contribute to their professionalization through the signing of contracts with their players to ensure a certain standard of living and protect the players.

CHALLENGE

5.3.2 OFFERING OUR PLAYERS A SAFE GAMING ENVIRONMENT FOR A POSITIVE GAMING EXPERIENCE

As a video games publisher, we take the well-being of our players seriously, and ensure that their experience is a positive one. We listen to our communities and work with our main trade unions and different stakeholders to qualify the potential risks related to the gaming environment in order to provide shared responses with the video games industry.

APPROACH

PREVENTING TOXIC BEHAVIORS IN ONLINE COMMUNITIES (1)

Ubisoft is responsible for providing the best possible gaming experience to its players. Thus, we pay specific attention to issues of toxicity in online communities. No forms of harassment, racism or toxicity in the games or communities are tolerated.

All Ubisoft's multi-player games and forums are subject to codes of conduct which set out prohibited behaviors, applicable safety rules and possible sanctions. These Codes of Conduct are available on the game websites, on forums, and on the Customer Support site. A dedicated professional team is tasked with moderating the forums and the content created by gamers. A sanction system has been introduced. Each alert is investigated and may give rise to sanctions, depending on the seriousness of the misconduct. Such sanctions can go up to a temporary or permanent ban from a game.

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.).

(1) See section 3.1.1 "Gaming risks and consumer protection"

PROTECTING AND INFORMING MINORS AND THEIR FAMILIES [1]

During the life cycle of a game, the production and distribution teams work closely with ratings and consumer protection organizations so that the content developed is compatible with age classifications. The main organizations 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 (Self-monitoring of entertainment software) for Germany and 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 labelling of the video game content. During 2018, a new description was added to the PEGI and ERSB classifications to indicate whether cash purchases are possible in the games.

FOCUS: PARENTS' CORNER

In order to reinforce communication to families, a "Parents' Corner" page was created in 2018 on Ubisoft's main site, to answer the main questions relating to video games: how to choose a game suited to your child, how to accompany children with regard to the time spent playing, how to protect against problem behaviors, etc. This page was constructed in partnership with associations such as PédaGojeux, the AskAboutGames initiative, a psychologist specializing in digital technologies and by asking families directly about their main questions.

PREVENTING RISKS DUE TO THE PROBLEMATIC USE OF VIDEO GAMES

Ubisoft pursues its commitment to offering a safe environment for consumers by working closely with the professional unions of the video gaming industry such as SELL [2] in France, ISFE [3] in Europe and ESA [4] in United States.

The Group collaborates with psychologists and took part in July 2018 in the meeting organized by the Game for Change Europe association on the theme "Video Games: Pleasure and Dependency". This meeting enabled rich discussions and better understanding of the problems encountered by healthcare professionals as well as the qualification of problematic game use. Studies and experiments will be required in order to propose relevant solutions.

PROTECTING PERSONAL DATA [5]

Ubisoft has fully committed to the implementation of the new General Data Protection Regulation (GDPR). By placing this regulation and its requirements as a standard applied as far as possible in all its markets, the Group sees the GDPR as an opportunity to reinforce the relationship of trust established with players, as well as all its teams worldwide.

The Group has reinforced the transparency and resources offered to players to allow them to better control the use of their personal data. This data enables us notably to improve games and the user experience.

The Group undertakes to only collect data useful for the experience offered to players and not to sell it to third parties without the players' consent. Ubisoft also allows people to exercise their rights provided under the GDPR, such as the right to access, rectify and delete information. In 2018, Ubisoft recorded 76,000 automatic online data downloads from the Ubisoft account management site, and 54,000 requests for the deletion of a Ubisoft account.

Significant resources are implemented to ensure compliance of internal and external processes: confidentiality policies have been updated, training provided to all teams through awareness raising modules featuring the Raving Rabbids®. A team dedicated to the protection of personal data was specially set up comprising several full-time employees. This team works with all the operational teams and Company experts to ensure the Group's compliance at all levels.

Ubisoft has also obtained the Governance label from the Commission Nationale de l'Informatique et Libertés (National Commission for Data Protection and Liberties) in France (CNIL).

(1) See section 3.1.2 "Consumer protection risks"

(2) SELL: Syndicat des Editeurs de Logiciels de Loisirs (French union of entertainment software publishers)

(3) Interactive Software Federation of Europe

(4) ESA: The Entertainment Software Association

(5) See section 3.1.1 "Risks related to information and infrastructure security" and section 3.1.2 "Risks related to the collection and processing of personal data"

5.4 Acting as a responsible employer

Ubisoft brings together diverse talents to develop original games in a stimulating, fulfilling environment.

Attracting, developing and retaining the finest talent in the industry is one of the key factors determining Ubisoft's success. The Group undertakes to offer its teams a creative, secure working environment which enables each one to learn and develop alongside people that are passionate about their work. Ubisoft is convinced that the diversity of team profiles is fundamental to developing ever more creativity and staying at the forefront of innovation.

The Group's mainly organic growth enables Ubisoft to internalize the essential skills and expertise for developing the best games of tomorrow. With over 13,600 employees in game creation and production, Ubisoft is one of the leading figures in the video game industry, and wins numerous awards every year for its teams' creative abilities.

5.4.1 OFFERING A STIMULATING WORKING ENVIRONMENT TO ALL

CHALLENGE

5.4.1.1 Ensuring sustained organic growth

At the end of March 2019, Ubisoft had 15,985 employees compared with 13,742 at the end of March 2018. In the 2018/2019 financial year, the headcount therefore increased by 2,243 employees, i.e. up 16.3%. This growth was mainly due to the need to build up the skills and teams required for the growth of the Group's operations in existing studios and on new sites such as those of Odessa (Ukraine) and Mumbai (India).

Staff	03/31/19	03/31/18
Total headcount [1]	15,985	13,742

(1) Corresponds to the total Group headcount, i.e. 15,985 employees, excluding the Canadian subsidiary, "Hybride Technologies Inc." (126 people), not currently included in the Group HR reporting scope and "i3D.net" acquired in February 2019 (59 people)

Ubisoft continues to grow and manages a high volume of recruitments each year, mainly in production jobs (88% at the end of March 2019). The number of people hired increased by 13.7% over the financial year.

	03/31/19	03/31/18
Total number of hires	4,533	3,988
Redundancies/dismissals	229	191

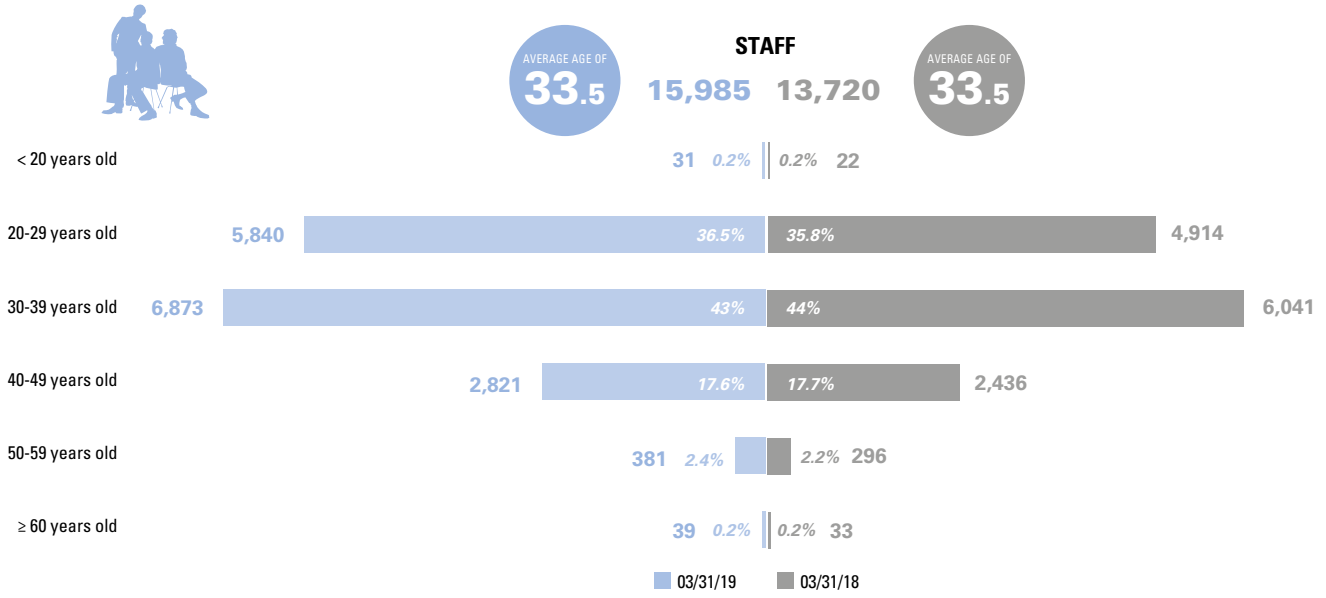
The breakdown of staff by business line and employment type remained relatively unchanged over the period.

Breakdown of staff by business line	03/31/19	%	03/31/18	%
Production	13,676	85.6%	11,734	85.4%
Business	2,310	14.4%	2,008	14.6%

The rate of full-time employment was 99.1% over the period, unchanged compared to the previous financial year.

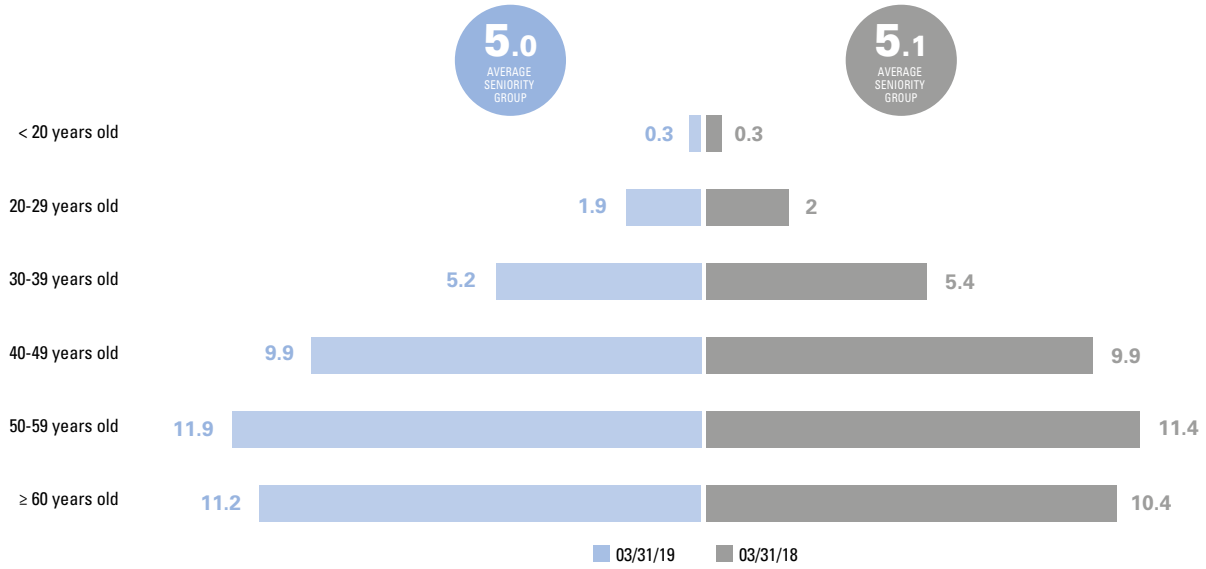
The average age at the Ubisoft Group is 33.5 years. This is on a par with the previous year, dominated by the 20-39 age group (79.5%) following extensive recruitment of candidates in their 20s. The video game industry is a young industry whose development includes the most innovative technologies and the most recent skills on the market (digital marketing, data analytics, streaming, etc.).

AGE PYRAMID



Staff have been with the company for an average of five years, similar to the previous year. With 16.3% of new hires, the average seniority was unchanged, showing a strong commitment and loyalty of the teams in place. This feeling is confirmed by the internal and external satisfaction surveys of the teams (1).

SENIORITY BY AGE BRACKET (IN YEARS)



CHALLENGE

5.4.1.2 Supporting each employee's development

Ubisoft provides an environment that allows every employee to develop their skills, advance their careers and fulfil their potential in their jobs, in their teams and in the Company. The role of the accessible, agile manager is reinforced in the everyday management of his/her teams by a performance management ecosystem that focuses on the position of "manager-coach". Lastly, this performance management system along with the related compensation system values the impact and performance of each employee.

(1) See section 5.4.1.4 "Offering a fulfilling work environment"

APPROACH

PLACING EACH EMPLOYEE AT THE HEART OF THE COLLECTIVE PERFORMANCE

The performance philosophy implemented within Ubisoft focuses on a better understanding of the impact of each person's work in Ubisoft's global strategy. It is not just the achievement of targets that is measured, but how they are achieved.

Tools have also been developed to provide teams with the keys to be the entrepreneurs of their own performance and development with clear and ambitious targets, and transparent and continuous feedback.

OFFERING CAREER ADVANCEMENT OPPORTUNITIES ADAPTED TO EACH PERSON

The performance management ecosystem provides for regular meetings between the employee and manager throughout the year, to review performance, commitment and work satisfaction. The annual appraisal remains, however, an important moment in the year for each employee. Employees who have been with the Company for more than a year receive an annual appraisal, equating to 86% of staff in 2018/2019, unchanged from the previous financial year. During this discussion, the employees meet their managers to review their year's performance and discuss their job priorities for the future. These discussions enable managers to assess their satisfaction, commitment and aspirations of staff members.

The Group also offers numerous possibilities for advancement in France and abroad, within specific fields or cross-functional roles. In terms of international mobility, the Group recorded 222 transfers during the financial year compared to 185 for the previous financial year. 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.

RECOGNIZING EACH PERSON'S PERFORMANCE THROUGH A LONG-TERM COMPENSATION POLICY

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

Annual salary increases are dependent on the individual, the level of performance they have achieved, the skill they display in their position and the positioning of the job on the market.

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.

Over the financial year, Ubisoft's new leveraged employee share ownership scheme was launched.

FOCUS: SHAREHOLDER INITIATIVES RESERVED FOR EMPLOYEES

At end March 2019, the total shares held by employees via company mutual funds (FCPE) and/or Group savings schemes amounted to 4.11% of the share capital.

Building on the success of the first edition, in 2018, Ubisoft proposed to employees of 15 countries to enter Ubisoft's share capital via a new edition of the leveraged employee share ownership scheme. This plan offers a safe, advantageous investment solution to the teams. The aim of this share ownership plan is to reinforce the commitment of staff and give them the chance to profit from the Company's growth.

Thus, over half of Ubisoft's teams are involved in an employee share ownership plan including the FCPE, Group savings schemes and leveraged employee share ownership scheme.

Medium-term compensation is also granted to the top performing employees. This takes the form of stock options or preference or free share grants. As at the end of March 2018, 14.6% of the Group's employees received such options or shares from all plans combined.

Lastly, the Group ensures that the salaries, contracts and working conditions enable all employees to lead a decent life. A recent analysis carried out in all Group subsidiaries enabled specific work on the test occupations (salary levels, career path).

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

CHALLENGE

5.4.1.3 Developing the employability and skills of our teams

Ubisoft recruits passionate talented people, with cutting-edge skills and technical expertise required for the specific characteristics of the video game industry. The Group has set up a collaborative environment ideal for team development, and is actively involved in developing competent teams, ready to face the creative and technical challenges of the future.

APPROACH

ATTRACTING AND TRAINING TOMORROW'S TALENTS

Particular attention is paid to recruiting and supporting young talent in a context of strong growth. Ubisoft offers them the opportunity to rapidly contribute to game projects and thus provides real learning opportunities.

During the financial year, 1,007 interns and apprentices completed an enriching and empowering professional experience at a Ubisoft company, compared with 811 during the previous financial year. These internships are instructive and act as a springboard for joining the Group. In total, 41% of them were offered a job at the end of their internship or apprenticeship.

Ubisoft and its subsidiaries also develop several programs to promote the accelerated acquisition of key skills that are essential for their professional development:

- the Graduate Program: Launched in 2014, the Graduate Program welcomed its 5th cohort during summer 2018.

  With four specialization options (Project Management, Online Programming, Gameplay Programming and UX Design), the program aims to integrate young talent into fast-growing areas of the business and offer them a two-year accelerated training path, 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;
- the Coding Campus: Launched during the financial year, the Ubisoft Coding Campus is an international program to train online programmers and offer them the chance to join a partner studio's teams at the end of their course;
- several Ubisoft studios offer full study grants to one or several promising talents studying for technological and scientific courses, such as the Montreal, Singapore and Blue Byte (Germany) studios;
- in May 2018, the Chengdu studio launched the first great inter-university hackathon dedicated to artificial intelligence. 30 students selected from 200 promising candidates were invited to the studio to work on prototypes. They were then put into practice to better analyze and understand the behavior of Ubisoft's players. This event stimulated interest about the emerging jobs of artificial intelligence, and enabled students to discover the sector's cutting-edge tools and procedures;
- during the financial year, the Singapore studio relaunched its program with DigiPen University to inspire and train future video game sector talents. This program boasts successful employment rates: Between 2009 and 2014, 100% of the students in each cohort had received a permanent contract within the most prestigious game studios in the country before obtaining their diplomas;
- Ubisoft Education, which follows on from the CODEX program, brings together a set of initiatives that allow the Quebec studios (Montreal and Quebec) to become involved with young people, throughout their education, in order to prepare the talents to the jobs and digital needs of the future. The studios continue to hold university competitions (over 110 people), partnerships with student clubs & associations, and opportunities within each of the studios (internships, encounters, open days, etc.).

FOCUS: THE UBISOFT CODING CAMPUS

Initiated within the Bucharest and Kiev studios, the Coding Campus offers programming students the chance to perfect their skills via the joint mentoring of Ubisoft's online programmers and specialist professors from the best IT universities.

The program offers a tangible, innovative and structured learning opportunity by submitting to students a series of exercises inspired by the tangible situations encountered by programmers at the different stages of a video game development project.

Ubisoft provides financial support for the young peoples' training by paying them a grant over the six months of training. During the financial year, 35 students were able to benefit from this program. At the end of the course, the most promising students also had the chance of being recruited on full-time contracts as online programmers in one of the eight partner studios (Annecy, Bucharest, Montpellier, Paris, Quebec, Helsinki, Toronto, Singapore).

OFFERING A TRAINING PROGRAM ADAPTED TO THE CHALLENGES OF THE SECTOR

Training	03/31/19	03/31/18
% of payroll spent on training [1] [2]	0.69%	0.72%
Training expenditure	€4,327,870	€3,888,360
TOTAL NUMBER OF EMPLOYEES TRAINED	**9,628**	**8,518**
% of average headcount trained	64.8%	66.0%
TOTAL NUMBER OF TRAINING HOURS	**190,928**	**193,605**
Average duration of training (in hours) per employee trained	19.8	22.6

(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

As at March 31, 2019, 2,993 people had accessed at least one e-learning module:

E-learning	03/31/19	03/31/18
Number of e-learning modules accessible to all employees	590	475
Number of people trained via e-learning	2,993	2,088 [1]

(1) N-1 data corrected to include all e-learning modules irrespective of whether the training duration is available. In year N-1, the data entered only concerned modules for which the training duration was known

During the financial year, expenditure on training represented almost 0.69% of payroll. 9,628 employees benefited from at least one face-to-face course (excluding e-learning) during the 2018/2019 financial year, for a total of 190,928 hours compared to 193,605 hours the previous year. This decrease in the number of hours is mainly due to the end of training related to the rollout of the performance management ecosystem.

The nature of the video game industry focuses rare and highly sought-after skills in the job market (Artificial Intelligence, cloud computing, UX, etc.). The Group monitors the emerging societal and technological trends attentively and adapts its training offering as a result so that the teams' skills remain at the cutting-edge of market changes. This offering aims to cover all levels of expertise, from the most junior to the most senior. Thus, Ubisoft offers:

- a variety of formats to better expose the internal and external know-how: videos, Articles, Q&A, post-mortem notes, books and additional lectures, etc. The aim is to satisfy the tastes and the expectations of all learning profiles;
- experience-sharing times: conferences accessible on-site or that may be viewed at a later date;
- training courses developed internally using the knowledge built from past experience, or developed by external service providers.

Collaboration, which is an inherent part of Ubisoft's business and the multi-studio development of games, is an important source of learning. 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 identify 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 all topics.

Lastly, Ubisoft focuses on the emerging content management occupations. These specialists are integrated into project teams to help them structure the information produced and ensure a good level of communication and collaboration throughout the project. The work accomplished and the lessons learnt are then reused to facilitate the management of future projects.

5.4.1.4 Offering a fulfilling work environment

Ubisoft strives to develop a fulfilling environment in all of its subsidiaries, with a range of workspaces adapted to the needs of each individual (meeting rooms, relaxation areas, cafeterias). The internal satisfaction survey conducted in 2017 confirmed a feeling of well-being at work shared by a large majority of employees. Thus, 98% of employees felt that the "work environment is fun and friendly", while 86% of them would recommend Ubisoft to their friends. Moreover, 80% of employees stated that 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.

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

The quality of the work environment enables Ubisoft to regularly stand out as one of the best employers in the market, in numerous countries in which it operates. During the financial year, for example, the Indian studio was listed by the Economic Times magazine as being one of the most popular employers. In Sweden, a panel of 14,000 young professionals highlighted the Massive studio as being one of the most requested by graduates. Lastly, Forbes ranked the Canadian Ubisoft studios 14th in its top 100 best employers in Canada and 1st in the video game industry.

The Group's policy provides employees with a certain amount of flexibility when it comes to organizing their working hours, whilst complying with local legislation.

The Group's "flextime" policy in place in the Group's main studios and subsidiaries (Montreal, Toronto, Paris, Pune, etc.) 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. A core set of working hours for all teams remains mandatory to allow smooth collaborative work.

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 offer adapted start times for parents during the annual back-to-school period. In addition, all sites allow employees to take time off for personal reasons, for example if a child is in hospital.

5.4.2 DEVELOPING TALENTS AS DIVERSE AS THE WORLD AROUND US

At Ubisoft, we are convinced that an environment that welcomes individual differences increases creativity and open-mindedness, allowing for the creation of ever more surprising and innovative gaming experiences. We provide an inclusive work environment and strive to reflect the diversity of the world around us. Cultural diversity, gender diversity, as well as all other forms of diversity reinforce the Group, enabling it to better meet the sector's future challenges and remain at the forefront of innovation and consumer expectations.

CHALLENGE

5.4.2.1 Reinforcing diversity and inclusion within our teams

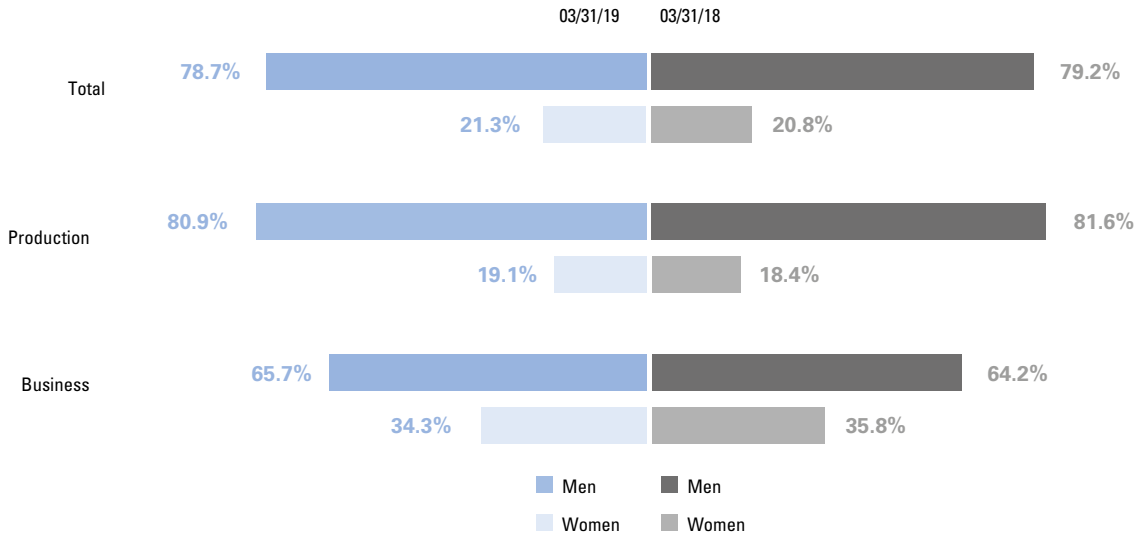
Ubisoft strives to increase all forms of diversity whilst focusing specifically on gender diversity. Diversity within the teams is a key social challenge in the video game industry, with the proportion of women in the teams being lower than the proportion of women players worldwide (almost 50%). Beyond this initial focus, the Group promotes an inclusive approach, which aims to attract and promote all diversities.

ON-GOING GENDER DIVERSITY

At the end of March 2019, the Group was composed of 21.3% women and 78.7% men. This distribution, like that in the wider gaming industry, is mainly due to the fact that game development occupations, like training schools, are 80% male. These occupations represent 85.6% of Ubisoft's headcount (1). However, the gradual increase in the proportion of women in the teams is the result of the efforts undertaken by the production studios, in particular through awareness-raising actions and better visibility of the recruitment opportunities for female profiles. Business-related occupations are faced with increasing digitalization, leading to a relative decrease in the available female profiles. These subsidiaries pay attention to maintaining their proportion of women and are committed to the Group's efforts.

(1) See section 5.4.1.1 "Ensuring sustained organic growth"

BREAKDOWN OF MEN/WOMEN IN TOTAL HEADCOUNT



With 23.7% of women managers and 21.7% of women in top management, the percentage of women in management is higher than the average percentage of women in the group. this reflects the attention paid to equal treatment in the development process and the group's ability to provide an inclusive work environment. Today, there are as many women as men are in a senior management role and report directly to the chairman and chief executive officer.

Women in management	03/31/19	03/31/18
% of women top managers (1) (3)	21.7%	20.5% (2)
% of women in management (2) (3)	23.7%	23.4%

(1) A Top Manager is defined as a member of the Executive Committee, a director reporting directly to the Executive Committee, or a director of a subsidiary indirectly reporting to the Executive Committee

(2) A manager is defined as someone who is hierarchically responsible for at least one person (also including interns not included in staff headcount)

(3) Number of women in (top) management in relation to the total number of employees in (top) management

SIGNIFICANT CULTURAL DIVERSITY

Ubisoft is present in 29 countries across all continents. The Group includes 101 different nationalities. This diversity is a real strength for better understanding of our players and the successful adaptation of our games to varied cultural contexts.

Geographic region	03/31/19	%	03/31/18	%
Americas	5,720	35.8%	5,070	36.9%
EMEA/Pacific	10,265	64.2%	8,672	63.1%
TOTAL	**15,985**		**13,742**	
Number of countries	29		31	

SUPPORT FOR THE PROFESSIONAL INTEGRATION OF PEOPLE WITH DISABILITIES

The Group is attentive to the development of an inclusive work environment for persons with disabilities. This notably involves better accessibility of the premises. During the financial year, 77% of employees worked in a building accessible to mobility-impaired persons. Some sites, such as Ubisoft Toronto, are working to make the whole of their buildings accessible over the coming years.

In France, the Boost! initiative, offers personalized support to all employees with disabilities. This initiative enables these employees to benefit from dedicated arrangements (ergonomic workstations, equipment, working time flexibility, etc.) and obtain help in all of the required administrative procedures to get their disabled employee status recognized. This disability mission, which actively communicates to all French employees to refute preconceived ideas about disabilities and to promote the integration of the Company's

disabled people, was strongly showcased during the financial year at the 2018 Diversity Week (*see below*): the teams were able to discover the remarkable paths of disabled athletes, test the different ways of playing video games for people with physical disabilities, and lastly discover innovative start-ups that collaborate with Ubisoft to facilitate access to digital services for people with disabilities.

Lastly, several of the Group's sites 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 the provision of office supplies and recycling.

APPROACH

Ubisoft continues its strategy to increase the diversity of profiles, and improving gender diversity in particular. This strategy has several focuses:

CELEBRATING DIVERSITY IN ALL ITS FORMS

In 2018, Ubisoft reinforced its approach to celebrate the diversity of profiles that exist within the Company. A video-testimony on the theme of diversity was produced and presented to the Group's top management: diversity of genders, ethnicity, age, career path, abilities... All varieties of profiles were represented to better demonstrate the gain that diversity brings to Ubisoft and propose tangible actions to reinforce it.

The Group also reinforced external communications on the issue of diversity, in order to position Ubisoft as an employer that openly welcomes different profiles. For example, the female Director of the Group's production teams celebrated the importance of women at Ubisoft in the video game sector when receiving an award from the Women in Games network. In 2018, the Massive studio signed the Swedish initiative, an equal skane, which is a regional initiative bringing together 70 companies committed to implementing a set of predetermined measures to promote gender equality in their teams.

Lastly, the Group's subsidiaries continue to organize discussion groups, conferences and events to reaffirm the Group's ambitions, raise team awareness and create an inclusive climate that is favorable for expressing differences and each person's viewpoint in order to advance collectively on this issue.

This is notably the case with the Diversity Week, organized by Ubisoft's French teams in November 2018.

FOCUS: 2018 DIVERSITY WEEK

From November 26 to 30, 2018, the first edition of the Diversity Week was organized by Ubisoft's teams in France. The aim is to raise team awareness on the importance of diversity of profiles. In total, 10 studios and entities took part in the event by organizing the transmission of organized conferences or by setting up local events.

The week's schedule enabled each employee:

- to become informed, by discovering the Group's and industry's directions, as well as the programs already in place;
- to be inspired, by listening to the extraordinary experiences of people from groups that are underrepresented in the Company;
- to experiment with new ways of being entertained, playing and excelling despite the differences (focus on accessibility and disability);
- to act, by taking part in the idea proposal workshops in order to reinforce the integration of different profiles at Ubisoft.

RAISING AWARENESS AND TRAINING TEAMS IN INTEGRATION

Becoming more inclusive is at the heart of Ubisoft's strategy to welcome more diverse profiles. Thus, the Group has considerably reinforced its approach to raising team awareness in the importance of adopting professional behavior that is attentive to others and to individual differences. With this ambition in mind, the Ambassadeurs de l'Inclusion (Inclusion Ambassadors) program was launched at the end of 2018. The aim of this program is to train and support a diversity contact on each site, responsible for facilitating the holding of an integration awareness raising workshop specially designed to meet the needs of Ubisoft's teams. This workshop creates a first level of awareness shared throughout the Group on this issue.

The training of ambassadors will continue during the next financial year, along with the organization of workshops for the teams.

At subsidiary level, training has also been set up to support the teams, and particularly managers and HR managers in inclusive management (training in inclusive language, unconscious bias, respect for others, etc.).

GIVING WOMEN THE TASTE FOR SCIENCE AND TECHNOLOGY

- the Group has continued the efforts deployed during previous financial years to encourage the feminization of the industry. Ubisoft wants to show more female role models that have succeeded in their careers in the video games industry in order

to inspire the next generation of female professionals. During the financial year, the Group launched "Women of Ubisoft", a monthly series of Articles-portraits of women and non-binary people behind the Company's successful games. Similarly, in 2018, the Pune studio launched the HerCodeBook initiative, which enables fans to regularly discover the daily lives of women programmers, designers or local artists via the studio's social networks;

- in 2018, the subsidiaries also continued their commitment alongside associations that promote the feminization of the industry. During the financial year, around 20 subsidiaries signed partnerships with associations that support young professional women towards studies and careers in the digital sector. For example, the studio Massive signed a partnership with the Pink Programming association, a local association that enables women and non-binary persons to land jobs by taking part in development workshops, conferences on technical or inspiring subjects and CV coaching sessions;
- Ubisoft also actively takes part in awakening the curiosity of young girls for the technology and video game sector via partner associations. Thus, the Montreal studio coached a team of middle school students during the local technical challenge, Technovation Montreal: The team of girls coached by studio employees developed an application against intimidation and harassment in schools, which has already been successfully tested in their own school.

5.4.2.2 Guaranteeing equal opportunities for men and women

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.

Employment	03/31/19	03/31/18
Female hire rate [1]	23.8%	22.1%

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

The female hire rate saw a slight improvement during the financial year as a result of the efforts by recruitment teams in the production studios to target and attract more diversified profiles, in a context of strong growth. These efforts notably include:

- the representation of women (photos, testimonies, etc.) in the job offers diffused on the social networks;
- the organization of conferences and events on the theme of diversity and the feminization of the industry in priority schools for recruitment (Blue Byte, Kiev, Pune);
- the highlighting of the importance of gender diversity at Ubisoft on professional networks.

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 2019, the training rate was as follows:

	03/31/19		03/31/18	
Training	Women	Men	Women	Men
Training rate by gender [1]	68.0%	64.0%	69.0%	65.0%

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

The male-female pay ratio, at an equivalent contribution level, is 104.9% for teams with a full-time, open-ended or fixed-term contract within the Group.

Pay	03/31/19	03/31/18
Male-female pay ratio [1]	104.9%	103.7%

(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

Monitoring of male-female pay equity is established by country and by subsidiary.

Male-female pay equity has remained almost unchanged at constant headcount. The change compared to the ratio at March 31, 2018 is mainly due to the sustained growth in the Group's headcount which led to a change in the comparison sample.

As a reminder on methodology, this indicator measures the pay equity at an equivalent level of contribution and does not include the idea of business line. Within the same level of contribution, there may be a considerable gap in pay levels on the market between different business lines and expertise. This explains why, in certain cases, the overrepresentation of men or women in certain business lines impacts the overall indicator.

Male-female pay equity remains fundamental in our pay strategy.

5.4.3 GUARANTEEING A WORK ENVIRONMENT THAT IS RESPECTFUL & SAFE FOR EVERYONE

Ubisoft is a group that puts the well-being of its teams at the heart of its strategy. The Group is strongly committed to diffusing a corporate culture that encourages the fulfilment of everyone. It is also attentive to the health and safety of its teams, and ensures the development of an open, respectful work environment. Lastly, Ubisoft remains attentive to its teams by maintaining constructive social relationships and by regularly measuring the level of commitment of its employees.

CHALLENGE

5.4.3.1 Developing an open, respectful work environment

Ubisoft promotes an open and respectful work environment where each employee can be respected, listened to and treated with kindness by all teams.

The Group applies a zero tolerance policy to all forms of harassment, discrimination or violence, and manages this principle by rules defined on each site according to current law, accessible to all and communicated to the teams.

APPROACH

During the financial year, the Group's Corporate Social Responsibility Department initiated an approach to support the implementation of an anti-discrimination, anti-harassment and anti-violence policy for 100% of our subsidiaries.

FOCUS: THE ANTI-DISCRIMINATION, ANTI-HARASSMENT AND ANTI-VIOLENCE POLICY

Initiated in spring 2018, the Respect project aims to provide a shared protection framework for teams against the risks of harassment and inappropriate behavior. The initiative aims to set up for each subsidiary:

- a formalized policy that clearly defines the notions of harassment, discrimination and physical violence, in compliance with current labor law;
- a transparent whistleblowing and complaint management process, included in the charter;
- a communication mode for this charter so that it is known by all teams.

At end-March 2019, almost all the subsidiaries are in compliance, and the subsidiaries awaiting compliance are in the final stages of defining a suitable communication mode. All of the studios in our main countries of operation, such as Canada, the United States, France, China and Romania are today covered by a Respect charter. These policies are diffused to all teams, either as an integral part of the company induction process (signature of the work contract, welcome booklet, etc.) or by being accessible for consultation at any time on the site's intranet.

CHALLENGE

5.4.3.2 Protecting the health of our employees

MONITORING ABSENTEEISM

Number of days of absence [1]	03/31/19	03/31/18
Illness (all reasons)	62,012	52,434
Occupational accident [2]	215	413
TOTAL	62,227	52,847
Group absenteeism rate linked to occupational accidents and illnesses [3]	1.69	1.66
Average number of days' absence per employee	4.2	4.1

(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 > 25 employees and French companies (accounting for 98.5% of the Group's workforce at the end of March 2019) 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 end-March 2019, the absenteeism rate related to accidents and illnesses remained mainly unchanged. The average number of days' absence per person continued to be low at 4.2 days (compared with 4.1 in the previous financial year).

MONITORING OF OCCUPATIONAL ACCIDENTS

As at the end of March 2019, the changes in indicators relating to health and safety in the workplace broke down as follows:

Health and safety in the workplace [1]	03/31/19	03/31/18
Number of occupational accidents with lost time [2]	29	35
Number of fatal accidents	0	0
Frequency rate of occupational accidents with lost time [3]	1.092	1.543
Severity rate of occupational accidents with lost time [4]	0.008	0.018
Number of occupational illnesses [5]	0	0

(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 > 25 employees and French companies (accounting for 98.5% of the Group's workforce at the end of March 2019)

*(3) Frequency rate = Number of occupational accidents with lost time/total per company (average annual headcount * theoretical number of annual hours worked per employee) x 1,000,000*

*(4) Severity rate = 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 end-March 2019, the number of occupational accidents was down. Similarly, the severity rate decreased considerably, due to the occurrence of a very long sick leave during the previous financial year. During the period, no occupational accidents gave rise to over 60 days' lost time.

Numerous initiatives have been implemented by the subsidiaries to prevent all health risks to which the teams may be confronted.

APPROACH

PROMOTING ACCESS TO HEALTH PROFESSIONALS

Medical check-ups supplied free or for a reduced fee or eligible for reimbursement are available at some sites. Thus, 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. During the financial year, the studio reinforced its offering of access to workplace health professionals. A physiotherapist, a massage therapist and a vaccination service are accessible to all the teams. Employees at the Bucharest studio (2) also have access to an on-site doctor four days a week. Lastly, the Pune studio (India) organizes the visit of a doctor to carry out medical check-ups for those that want it, as well as to provide health advice. More generally speaking, health prevention initiatives, led by health professionals, have been implemented at other Ubisoft subsidiaries.

ENCOURAGING A HEALTHY, BALANCED WAY OF LIFE

To better support the teams in managing stress and motivation at work, the subsidiaries have deployed several initiatives during the financial year, focusing on mental and emotional balance:

- Ubisoft Toronto launched the LiveWell program to raise team awareness in the different aspects of mental health through sessions on various themes: Stress Management, Positive Approach, Prevention of Depression, etc.;
- during the financial year, the Halifax site set up an HR policy allowing each employee to bring his/her pet to work. The studio welcomes dogs, cats and also ferrets, hedgehogs and rabbits on a daily basis. The employees rapidly noted better harmony and a decrease in stress in the workplace;
- in July 2018, Ubisoft Bucharest launched a program promoting on-site access to a psychologist-therapist that employees can consult at reduced prices for issues related to their professional and personal lives;
- the Newcastle site launched a digital challenge in 2018 around mental health at work to encourage the teams to adopt good preventive reflexes, such as discussions and openness to others or managing emotions.

The sites are also continuing programs dedicated to supporting the physical well-being of their teams. Thus, in spring 2018, the Redlynx studio (Finland) launched the Feels Good campaign, bringing together 100 employees around a series of mini-challenges on well-being (sleep better, working out, improving nutrition, etc.) which had to be continued up to the Gamescon event in August 2018, a key date for the studio's teams. Several subsidiaries continue to offer physical or mental well-being expense reimbursement (RedStorm, Ubisoft San Francisco (USA), Redlynx (Finland), Future Games of London (United Kingdom), etc.).

Access to sports facilities and exercise classes is a key feature of Ubisoft's wellness policy: during the financial year, 84% of teams had access to sports infrastructure or activities on their sites. Many subsidiaries also offer courses in meditation or yoga, focusing on relaxation activities. Massages and relaxation programs 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.

5.4.3.3 Maintaining constructive social 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).

	03/31/19	03/31/18
Number of collective agreements (1)	2	7
Breakdown by subject:		
Compensation	2	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

(1) Accounting for 25.6% of the Group's workforce at the end of March 2019

(2) Accounting for 10.8% of the Group's workforce at the end of March 2019

The change in the number of collective agreements during the financial year is due to the membership of the French subsidiaries, which up to now had a company incentive agreement, in the Group incentive agreement.

The Group encourages dialog through its corporate social network, which enables interaction at all Group levels. 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.

Furthermore, for the last 18 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 short "Pulse Surveys" sent every quarter, which provide an insight for managers into the needs of teams and helps define the appropriate actions to be taken. Some entities (Montreal, Chengdu) use other complementary tools to add to the employee commitment measurement ecosystem.

5.5 Developing our local anchorage

Ubisoft prioritizes local economic development and is committed to forging sustainable links with communities. The Group acts by:

- supporting local economic growth;
- bringing happiness and creating shared memories with its communities;
- supporting causes linked to the business.

In 2018, 52 Group subsidiaries (1) participated in at least one economic, academic or cultural initiative for the benefit of local communities.

The CSR Department provides subsidiaries with the tools to develop new local initiatives. The CSR intranet, launched in 2016, showcases the Group's social responsability objectives and its most inspiring practices in terms of local engagement and corporate philanthropy. In 2018, two new "toolkits" were made available to subsidiaries and staff on the intranet:

- **the "Local engagement" toolkit,** which offers each subsidiary the tools to select new charities and non-profit organizations and engage in sustainable partnerships in their local area;
- **the "Good Game" toolkit,** which offers open-access communication tools, so that each employee can nominate the organization of their choice for Ubisoft's games donation program.

CHALLENGE

5.5.1 SUPPORTING LOCAL ECONOMIC GROWTH

With steady growth in its revenue and workforce over the last three years, Ubisoft contributes to local economic development by creating direct jobs, supporting local employment, and giving preference to local firms to provide services for employees.

True to its entrepreneurial roots, the Group is committed to supporting local start-ups and new initiatives in the digital and entertainment sector. It is also helping to establish new regional hi-tech clusters in areas such as coding and artificial intelligence.

(1) Representing 98.4% of the Group's workforce at March 31, 2019, compared with 46 subsidiaries in 2017 representing 99.2% of the Group's workforce at March 31, 2018

CONCEPT

UBISOFT CONTRIBUTES TO LOCAL ECONOMIC DEVELOPMENT BY CREATING JOBS IN THE DISTRICTS AND CITIES WHERE THE GROUP HAS CHOSEN TO SET UP PREMISES

Mindful of its impact on local employment, the Group regularly measures the economic footprint of its largest subsidiaries. In 2018, Ubisoft Divertissements Inc. [1] (which has studios in Montreal, Quebec City and Saguenay) measured the impact of its operations in the Quebec region. It found that between 2016 and 2018, the three studios created more than 1,500 indirect jobs on average each year in Quebec. In addition, local purchases (from businesses and suppliers in Quebec) amounted to CAD 61 million in 2018 [2], equating to almost 30% of the entity's total purchases.

Recruiting and developing local talent are essential for supporting the Group's growth. At the end of December 2018, local employees accounted for 79.8% of the Group's workforce, more or less unchanged from the previous financial year.

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

UBISOFT HAS A POSITIVE IMPACT ON LOCAL EMPLOYMENT AREAS

The Group generates **significant economic and social** vitality in the districts, cities and regions where it operates. This positive impact is often recognized by public bodies:

- in 2016, the Greater Montreal Attractiveness Forum presented the Montreal studio with an award for its role in the economic revitalization of the Mile-End neighborhood;
- in 2017, the head of the Massive studio in Sweden received the "Scandinavian Leader of the Year" award for the studio's youth employment schemes;
- in 2018, the Pune studio received the State Excellence Award from Maharashtra regional authority. This was in recognition of the positive impact that opening two studios (Pune in 2008 and Mumbai in 2018) has had on the local economy, job creation and support for the digitalization of communities, through the studios' expansion and associated community programs.

Several studios are also involved in initiatives that foster the acquisition of key technical and digital skills for the job market of tomorrow, especially by supporting the most vulnerable, such as the unemployed, elderly and inhabitants of towns and cities undergoing economic regeneration.

- the Newcastle studio is continuing its role as Skills Developer within the Dynamo North East group, which is supporting Newcastle's post-industrial transition to become an emerging technology hub;
- several developers from the Singapore studio won the national hackathon organized by the national employment agency. The programmers came up with an innovative solution based on lifelong learning and skills acquisition. They developed artificial intelligence that targets and recommends online courses and modules, depending on the profile of the person looking for work or interested in retraining. Singapore's employment agency will implement the solution over the next few years.

UBISOFT GIVES PREFERENCE TO LOCAL RETAILERS AND SUPPLIERS

Ubisoft also contributes to local economic development by calling on **local companies** to provide **a wide variety of services to ensure its employees' occupational wellbeing.**

Moreover, a number of subsidiaries gave preference to local suppliers who took account of social and/or environmental criteria, thereby increasing the **sustainability of the local economic fabric:**

- Ubisoft's merchandise store for French employees has embarked on a process to supply local textile products made from recycled materials. This phased approach currently covers about half of the products offered on the site and is set to grow over the next few years;
- at the Montreuil, San Francisco, Toronto and Montreal sites, employees are still offered baskets of locally grown fresh fruit and vegetables. In 2018, the Montreal studio teamed up with an eco-friendly, higher welfare cooperative (free range production, use of GMO-free feed, etc.). Each month, the studio's employees are given the opportunity to buy sustainably produced meat, eggs and maple syrup.

UBISOFT SUPPORTS LOCAL START-UPS AND NEW INITIATIVES IN THE TECHNOLOGY AND ENTERTAINMENT SECTORS

Supporting the growth of local players in the digital sector is central to Ubisoft's local policy. The Group is committed to sharing its expertise and know-how, connecting creative minds, and cultivating opportunities and future leaders who will shape the future of entertainment. This policy is supported by several initiatives:

- the studios in Montreal, Quebec City and Saguenay are sponsors of the LUMEN initiative.

(1) Represented 24.9% of the Group's workforce at March 31, 2019

(2) Equivalent to €40.7 million at March 31, 2019

FOCUS: UBISOFT LUMEN IN SUPPORT OF QUEBEC'S ENTREPRENEURS

Ubisoft LUMEN seeks to support Quebec's technologically creative entrepreneurs by offering them priority access to financial support and the expertise of Ubisoft's staff. The scheme spans a wide range of initiatives, including the following, carried out over the past few years by studios in Quebec:

- the Indie Ubisoft Series in association with the National Bank, which each year presents an independent video game developer with a prize of CAD 50K [1];
- the regional program Catapulte, to which the Quebec studio donates CAD 20K [2] to find the best digital entrepreneurs in Quebec;
- Les créatifs - le futur Mtl, which for the third year running enabled a new start-up to benefit from the Montreal studio's expertise and mentoring.

Ubisoft LUMEN seeks to build innovative partnerships with local businesses of all sizes across a wide variety of sectors, benefiting our games and the local economy.

- in France, Ubisoft is continuing to sponsor Station F, the world's largest start-up campus. The Video Games & Entertainment program, dedicated to artificial intelligence and blockchain, saw its third intake of entrepreneurs during the year;
- in India, the Pune and Mumbai studios are still involved in intuit. lab, a creative space in Mumbai where businesses of all sizes can join forces with the academic research community to collaborate and work together on future technological developments;
- in Germany, the Blue Byte studio has been hosting the Newcomer Award for several years, enabling independent developers to benefit from the expertise and insight of industry leaders on some of their prototypes. In one case, Blue Byte helped a local studio develop its first game, which has already won several awards and has garnered critical acclaim for its quality.

Supporting emerging entrepreneurs has a direct impact on the vitality of the local technology sector, generating more projects and investments and attracting more talent in the communities where our studios operate. For example, the non-profit organization Game Habitat made a documentary illustrating the decisive role of the Massive studio in Sweden and other video game actors in developing a center of expertise in the Malmö region. The documentary explains that the city now has more programmers than London or Stockholm and is continuing to attract the best talent thanks to the steady growth of these studios. Similarly, the Singapore studio, alongside major players such as Microsoft and SAP, is supporting the emergence of an international center of expertise in the injection of artificial intelligence into the economy.

FOCUS: KEY FIGURES FOR SUPPORTING LOCAL ECONOMIC GROWTH

More than 1,500 indirect jobs on average each year were supported by Ubisoft studios in Quebec between 2016 and 2018.

In 2017, more than 1,700 indirect jobs were supported by French sites.

In 2017-2018, more than 350 businesses were supported in Quebec through the LUMEN scheme, which saw CAD 5 million [3] donated to emerging local firms.

In 2018, almost all the subsidiaries surveyed, i.e. 52 of them [4], used local businesses to provide wellness services to their teams.

(1) Equivalent to €33.4K at March 31, 2019
(2) Equivalent to €13.4K at March 31, 2019
(3) Equivalent to €3.3 million at March 31, 2019
(4) Representing 98.4% of the workforce at March 31, 2019

CHALLENGE

5.5.2 HAVING FUN WITHIN OUR COMMUNITIES

A market leader in entertainment, Ubisoft strengthens its links with communities by getting together with local people. To achieve this, the Group's subsidiaries organize festivals and artistic and community events which anyone can attend.

CONCEPT

SEVERAL STUDIOS HAVE ADOPTED THE PRACTICE OF SPONSORING FESTIVALS AND ORGANIZING SOCIAL EVENTS INSPIRED BY OUR BRANDS AND THEIR UNIVERSE

For example, to mark the latest release of *Assassins' Creed*, the Australian subsidiary set up an obstacle course in Sydney on the theme of Ancient Greece. Participants could jump off a seven-meter platform, emulating the leap of faith taken by the hero of the series. The free public event also featured a fancy dress competition and a music stage. The best costumes won limited edition Xbox consoles.

The studios in Bucharest and Pune also continue to sponsor public or student events, for example by getting crowds to dance to the latest release of *Just Dance*.

Lastly, several of our studios still invite local businesses and residents to help them celebrate their milestone achievements during the year. Following its relocation, the Finnish studio Redlynx organized a housewarming event, inviting the whole neighborhood to visit the new studio and engaging young people in conversations around a potential career in video game development. In the same vein, the Montreuil subsidiaries and the Montreal studio celebrated the start of the summer with another series of public events.

PUBLIC EXHIBITIONS TO SHARE THE CULTURE AND HISTORY BEHIND OUR GAMES

The Montreal studio teamed up with the Montreal Museum of Archaeology and History for its Queens of Egypt exhibition. As part of the exhibition, scenes and excerpts from the game were shown, giving a realistic portrayal of everyday life in Ancient Egypt and to immerse visitors in another era. Inspired by their work on the two previous versions of *Assassin's Creed*, a team of artists and virtual reality experts from several French studios partnered with the Arab World Institute in Paris for the Cités Millénaires exhibition. At the end of the exhibition, a virtual reality experience allowed visitors to wander among the monuments of ancient cities such as Mosul and Palmyra, today under threat from armed conflict and the ravages of time.

CAMPAIGNING FOR THE CAUSES THAT ARE IMPORTANT TO OUR COMMUNITIES – AND HAVING FUN AT THE SAME TIME

Several of our studios take part in their city's pride march to express their solidarity with the LGBTQ+ community (1). Our two Newcastle subsidiaries, the Reflections studio and Customer Relationship Centre (CRC), hold the distinction of being the main sponsors of the city's pride festival. Around 50 people from the two subsidiaries led a three-hour parade through the city. They also organized a run where all the profits were donated to the charity Northern Pride, a major organizer of LGBTQ+ events in Newcastle. The runners were all given a copy of the game Ode, developed by Reflections, which takes players on a journey of discovery and exploration through a fantasy world exploding with sound and color.

Other studios, such as Massive in Sweden and the Montreal studio in Canada, also take part in their local annual pride march.

FOCUS: KEY FIGURES ON HAVING FUN WITHIN OUR COMMUNITIES

More than 1,000 participants completed the obstacle course in Sydney.

More than 300,000 visitors discovered the world of Ancient Egypt at the Montreal Museum of Archaeology.

More than 20,000 people marched for equality alongside our Newcastle subsidiaries.

(1) Lesbian, Gay, Bi, Trans, Queer, +

CHALLENGE

5.5.3 SUPPORTING CAUSES LINKED TO OUR BUSINESS

Every year, Ubisoft engages with local communities by offering innovative pathways to develop digital education, harnessing the power of gaming to benefit the most disadvantaged members of society. This commitment allows it to:

- get young people interested in the video game industry and the careers it offers;
- use gaming or the skills associated with gaming to improve living standards and create more sustainable communities.

CONCEPT

UBISOFT OFFERS INNOVATIVE LEARNING PATHWAYS TO TRAIN THE NEXT GENERATION IN NEW TECHNOLOGIES AND VIDEO GAMES

The Group's major subsidiaries (Montreal, Bucharest, Pune, Singapore, French studios, etc.) work with schools, universities and non-profit organizations to develop educational programs aimed at fostering the acquisition of digital skills. For example:

- the Singapore subsidiary has partnered with Singapore Polytechnic to launch two courses in sound engineering and game design;
- the Biñan subsidiary in the Philippines has launched two new university degrees at De La Salle University of Science and Technology, one in IT development and the other in multimedia sciences;
- the Italian subsidiary in Milan has sent several of its artists and programmers to lead practical training workshops and classes for students at the technical universities of Rome, Verona and Milan;
- for the third year in a row, Ubisoft Montreal is continuing its La Forge initiative. This allows university researchers to study the significant challenges faced by the studio and the video game industry in general (motion capture, reducing players' frustration during the first hour of play, etc.).

This concept – which was originally aimed at university students and young entrepreneurs – now extends to school children and high school students, as basic coding and games development courses become more widespread. One example of this is the Gaming School run by the Reflections studio.

FOCUS: GAMING SCHOOL

In 2018, Reflections successfully organized another Gaming School, now in its fifth year. During this intensive week-long course, students aged 14 to 17 are introduced to the basics of programming, meet industry experts, and develop a prototype game over the course of a few days.

The sessions are held during the school holidays to allow as many students as possible from the region to take part. At the end of the week, the students unveil their prototype game at an award ceremony attended by parents. In 2018, the UK game developers association TIGA presented the Reflections studio with the Best National Education Initiative Award, in recognition of the remarkable impact the Gaming School has had on the motivation and curiosity of the young people who take part.

The studio's success over the years has inspired other Group subsidiaries such as the Annecy studio, which is currently developing a French version of the Gaming School teaching kit. Sessions will be held in France in the next few years.

Other flagship initiatives of the Group were repeated or enhanced in 2018:

- launched by the Montreal studio in 2015, the Codex program distributed the rest of its CAD 8 million fund during the year [1], two years ahead of schedule. The studio's new funding commitment was an opportunity to update and broaden the program's mandate. Renamed "Ubisoft Education", the program now seeks to encourage young people to study science, engineering and math. In view of the urgent need to train the next generation for a future digital economy where 85% of jobs have not yet been invented, the studio is working on initiatives to develop digital skills, creativity and critical thinking. The new program will support the spread of coding clubs in public libraries in Montreal and state schools. It will also encourage the use of video game extensions in classrooms, such as the *Assassin's Creed* Discovery Tour, which teaches pupils about Ancient Egypt;
- in partnership with nine secondary schools across the region, the Bordeaux studio launched its "Fusion Jeunesse" challenge. Pupils from participating schools develop a prototype game over several weeks with the help of volunteers from the studio. The aim of the challenge is to highlight the value of classroom teaching (probabilities, geometry, etc.) and provide motivation for young people most at risk of dropping out of school;
- the studios in Singapore and the Philippines are continuing to fund the technological and vocational training of 10 young people from disadvantaged backgrounds through the non-profit organization Passerelles Numériques. This year, the studio joined other industry titans in the country to organize a donors' day on the theme of digital disruption. The aim was to bring more corporate sponsors on board and increase the number of trainees passing through the program.

UBISOFT USES THE POWER OF GAMING TO ENGAGE WITH LOCAL NON-PROFIT ORGANIZATIONS

Gaming is a fantastic way of alleviating suffering, promoting social ties, and encouraging self-development. Launched at the end of 2017, the Group's sponsorship program **Play for Good** shares the benefits of gaming with disadvantaged people.

To enable employees to engage more sustainably with their communities, Ubisoft has set up two schemes:

- volunteer days: the Group allows its employees to use up to three paid workdays per year for community activities. This opportunity has allowed several subsidiaries to organize community team-building days, when employees work on a neighborhood project (repainting a house, sorting and distributing food, etc.);
- the Good Game initiative: each employee can donate Ubisoft computer games to the charities or public bodies of their choice. The Group has made donations to the charity Bibliothèques Sans Frontières, offering access to culture and knowledge for people with limited access to them (in refugee camps, disadvantaged neighborhoods, etc.). It also donates to the Necker Children's Hospital in Paris.

In 2018, the subsidiaries organized various initiatives within the framework of Play for Good to:

- **brighten up the daily lives of children in hospital:** Ubisoft's Australian subsidiary remains committed to the charity Starlight, which organizes games and entertainment for sick children. In 2018, the Australian subsidiary donated AUD 37K [2] to the charity. The San Francisco subsidiary teamed up with a local children's hospital and recruited a dozen volunteers who spent a day recreating a ballroom so that patients of high-school age could experience a prom. The RedStorm and Barcelona studios also raised money and donated resources to their city's Ronald McDonald Foundation, which allows parents of sick children to stay with them in hospital. Lastly, the Group's French subsidiaries joined forces in a major initiative to create entertainment spaces in local children's hospitals.

FOCUS: PLAYROOMS IN 10 FRENCH HOSPITALS

In 2018, Ubisoft's French subsidiaries came up with a new scheme in partnership with the charity Petits Princes: **to open playrooms in 10 children's hospitals across France to cheer up their young patients.** The playrooms are entertainment spaces fully equipped by Ubisoft. They all include a console, an appropriate selection of video games, and books and board games inspired by the Ubisoft universe. As part of the scheme, which covers hospitals near our studios in Paris, Annecy, Montpellier, Bordeaux and Lyon, employees can volunteer for jobs such as decorating the playrooms and transporting and assembling furniture.

(1) Equivalent to €5.3K at March 31, 2019

(2) Equivalent to €23.4K at March 31, 2019

REACHING OUT TO ISOLATED OR VULNERABLE PEOPLE

Volunteers from the Kiev studio in Ukraine took part in the letshelpbabushkas initiative, which tackles loneliness among the elderly. Each volunteer spent a day helping an elderly person with everyday tasks and buying them a few essentials. The day ended with a flashmob, when all the participants danced along to the latest release of *Just Dance*.

Similarly, volunteers from the Massive studio in Sweden made several visits to the non-profit organization Fryhuset, a temporary shelter for mothers and children who are victims of domestic abuse. The studio donated two consoles and several Ubisoft games to the charity, while employees spent several afternoons playing games with children at the shelter.

The Group continues to see gaming as a way of supporting good causes. Gaming acts as a fund-raising tool to help people in precarious situations, or to raise awareness of these issues among player communities:

- the Quebec studio, in partnership with the Beenox studio, raised a record CAD 0.1 million (2) in support of several hospitals and pediatric centers in the region. Teams from both studios joined forces in an online gaming marathon, during which spectators could donate to the charity;
- the Future Games of London studio in the UK has continued its partnership with Oceana, an international marine conservation charity. By raising Oceana's profile among players of the mobile game **Hungry Shark®**, the studio helped secure 22,000 signatures for a petition calling for the abolition of the trade in shark products.

FOCUS: KEY FIGURES FROM SOME OF OUR INITIATIVES SUPPORTING SOCIETAL CAUSES

225 Bordeaux middle school students took part in the Fusion Jeunesse challenge.

CAD 4 million (1) was pledged by Ubisoft Montreal to Ubisoft Education between 2018 and 2022.

CAD 0.1 million (2) was raised by Ubisoft Quebec for hospitals in Quebec.

More than 1,700 hours were spent volunteering for causes that benefit our communities.

5.6 Building long-term relationships with our business partners

CHALLENGE

5.6.1 SECURING LONG-TERM SOCIAL AND ENVIRONMENT CRITERIA

Ubisoft is committed to building long-term relationships with its business partners. Whether direct (service providers) or indirect (supply chain), our partners' impact on their employees and the environment is monitored throughout the business relationship.

CONCEPT

Ubisoft's Purchasing Department is intent on building lasting relationships with its suppliers. It regularly identifies areas for improvement and sets up joint action plans to foster a "win-win" relationship. As a result, the assessment and monitoring of supplier performance improved in 2018. It now includes the monitoring of sustainability criteria established during contracting (respect for fundamental human rights, workers' rights, health and safety and the environment, and detection of corruption).

(1) Equivalent to €2.7 million at March 31, 2019

(2) Equivalent to €67K at March 31, 2019

Moreover, at several subsidiaries, some items of expenditure (IT, real estate, merchandise, etc.) are subject to social and environmental criteria: choosing maintenance contractors that use eco-certified products; selecting companies that mainly employ disabled people (such as ESAT in France); manufacturing ancillary products using recycled materials. Studies are also under way to look at alternative materials to reduce the packaging of Ubisoft products and to encourage the use of more eco-friendly raw materials.

5.6.2 APPLICATION OF THE LAW ON THE DUTY OF CARE

Introduction

The following plan complies with French Law No. 2017-399 on the law on the duty of care of parent companies and principal contractors (the **"law on the duty of care"**). It focuses on measures to identify and mitigate the risks of serious violations of human rights and fundamental freedoms and the risks to health and safety and the environment caused by subcontractors or suppliers with whom Ubisoft has an existing business relationship. The challenges associated with the activities of Ubisoft and its subsidiaries, as regards both players and staff, are described in the chapter on corporate social responsibility.

Ubisoft is committed to publishing the results of the measures taken from next year, in the coming Registration Document.

Steering and governance

The implementation of human rights and environmental policies by suppliers is overseen by the CSR Department, alongside the teams in charge of Purchasing and the Legal and Internal Control Departments.

The duty of care plan is aligned with existing CSR concepts, policies and commitments. The law on the duty of care was an opportunity to bolster actions already taken in this area, including policies on supplier management.

Risk mapping

To identify the potential risks of serious violations and to strengthen the supplier selection and monitoring process, a global procurement analysis was carried out.

The analysis was based on individual areas of operation, focusing on the risks of human rights abuses involving child labor, forced labor and workplace health and safety, in addition to the risks of serious environmental damage.

PURCHASES RELATED TO VIDEO GAMES AND ANCILLARY PRODUCTS

The production of video games (DVDs, cases) is determined by the "First Parties" (Microsoft, Sony and Nintendo), which send Ubisoft the relevant specifications.

For other types of video game products (ancillary products), a process was introduced to rank the risks according to the type of product (volume, consumer exposure) and the country in which they are produced, based on the standard SA 8000.

The purchases most at risk are limited editions and ancillary products made in China.

PURCHASES EXCLUDING THE MANUFACTURE OF VIDEO GAMES AND ANCILLARY PRODUCTS

Purchases "excluding the manufacture of video games and ancillary products" mainly concern intellectual services and other services with high added value linked to the production of video games (animation, localization, testing, audio, etc.). These purchases also include expenditure on hardware, software, buildings, travel and non-creative services (such as consulting and legal services).

To identify the non-compliance risks, an analysis was carried out by the Purchasing Department. For each category, the risks were assessed on a scale ranging from "Low" to "Moderate" to "High", based on expenditure, the main CSR risks recognized and the existence of due diligence procedures. This assessment is updated once a year.

Purchasing categories related to marketing were considered to be less at risk, since these amount to intellectual service provision and so do not involve physical manufacturing.

Risk level	Low	Moderate	High
Purchasing category	Administration Telecoms Marketing	Standard products: DVDs, cases Building management IT services Non-creative services and consulting General expenses Software Travel	Non-standard products: limited editions, ancillary products (action figures, accessories, textiles) Outsourced production services (testing, animation, subcontracting) Post-launch operations and certification (customer support) Computer hardware Works

Actions implemented

PURCHASES RELATED TO VIDEO GAMES AND ANCILLARY PRODUCTS

The management of risks in terms of respect for human rights and fundamental freedoms, health and safety and the environment is closely monitored for the production of games and ancillary products due to the volume of purchases involved, the countries of production, and the fact that customers come into direct contact with these products.

The production of video games (DVDs, cases) is determined by the specifications of the "First Parties", which include criteria concerning respect for human rights and fundamental freedoms, health and safety and the environment.

Nearly all of the production facilities of Ubisoft's assemblers and logistics providers are ISO 9001 certified, which means that they comply with the "Safety and quality" process, or ISO 14001 certified, relating specifically to the environment.

Concerning other types of products related to video games (ancillary products), a compliance team is tasked with selecting subcontractors who comply with Ubisoft's specifications in terms of quality, pricing and CSR.

All subcontractors concerned are reminded of the regulations, including the law on the duty of care. They have also been asked to sign Quality Guidelines wherein they undertake to comply with a number of criteria, in particular concerning fundamental human rights, health and safety in the workplace, and the protection of the environment. Compliance with fundamental rights is also a requirement of the contracts signed with the main service providers.

Lastly, since 2015, when a new order is placed for a type of purchase assessed as "high risk", all subcontractors, whether they are tier 1 or 2, undergo on-site social audits conducted by an independent third party. These audits are based on the SA 8000 standard, which includes the standards of the United Nations and those of the International Labour Organization on child labor, forced labor, working hours, health and safety, respect for the environment, etc.

Following these audits and according to their findings, corrective action plans may be sent to the subcontractors. These plans are monitored and traced by the quality assurance team to ensure that practices are improved and meet Ubisoft standards.

This quality assurance process concerns suppliers who produce the integrated components of limited editions, action figures and ancillary products which constitute the bulk of non-standard products sold worldwide.

The factories that manufacture textiles sold on the American continent have certification (WRAP Gold, SEDEX and BSCI) to show that they respect human rights, health and safety and the environment. This certification is now one of the compulsory selection criteria.

PURCHASES EXCLUDING THE MANUFACTURE OF VIDEO GAMES AND ANCILLARY PRODUCTS

As part of the non-manufacturing procurement of games and ancillary products, a new CSR risk analysis procedure (human rights and fundamental freedoms, health and safety, environment, corruption) has been in place since December 2018. This is a three-step procedure which takes into account the supplier risk level. The first step consists of a pre-analysis questionnaire: depending on the outcome, the due diligence may have to be supplemented by a more detailed analysis, which may lead to an action plan being drawn up with the service provider. This procedure is designed to extend beyond the current scope in order to harmonize policies.

The pre-analysis questionnaires take into account the risks associated with purchasing categories, country of production (based on the international rankings of the World Bank and Transparency International), purchase amounts and the type of contractual commitment (short or long term). In high-risk cases, extensive due diligence is carried out. Depending on the outcome, an escalation process is triggered involving a cross-functional committee composed of the Purchasing, CSR and Legal departments. This facilitates decision-making on whether or not to continue the procurement process. If a decision is made to contract with the service provider, special tools are deployed (specific contractual clauses and an action plan drawn up with the service provider).

The supplier assessment procedures also include CSR criteria. These assessments are carried out periodically. They are used to verify whether the supplier complied with the CSR criteria during the procurement phase and, depending on the risks identified, to monitor the action plan implemented.

All purchasing teams (around 70 people in 11 countries) had been trained in these new procedures and tools by the end of January 2019.

Lastly, clauses relating to respect for human rights and fundamental freedoms, health and safety and the environment are included in contracts. These clauses also cover compliance with anti-corruption regulations (notably Sapin II).

Monitoring of measures

The actions implemented are incorporated into the day-to-day processes of the teams in charge. These teams work on the development of monitoring indicators used to analyze the coverage rate of the actions implemented (number of suppliers audited, number of corrective action plans implemented, number ovf disqualified suppliers, etc.).

The new procedures are also integrated with the internal audit and control systems.

The partner assessment mechanisms implemented this year will be analyzed in terms of efficiency, applicability and costs. Depending on the results of this assessment, automated measures may be taken.

Whistleblowing mechanism

A whistleblowing mechanism will be put in place so that teams can report potential breaches by suppliers and subcontractors. The same mechanism will also be used to report corruption and trading in influence under the Sapin law.

5.6.3 LIMITED USE OF SUBCONTRACTING

As part of its video game production, publishing and distribution business, Ubisoft may outsource services pertaining for example to IT support, external/freelance development and related activities. In 2018, this accounted for 16% of the Group's external purchases and charges.

5.7 Optimizing our environmental impact

CHALLENGE

5.7.1 OPTIMIZING AND REDUCING OUR CARBON FOOTPRINT

The Ubisoft Group is committed to reducing and optimizing its greenhouse gas emissions. Based on the greenhouse gas emissions audit [(1)], updated in 2017 for a total of 86.1 $KtCO_2$, the Group identified its main sources of emissions (scopes 1 to 3) [(2)], which it monitors and updates annually.

Of those identified, business travel represents the primary source of emissions. The Group's business model, which seeks to spread game development across several studios, entails frequent business trips. Global and local initiatives are being developed to reduce the greenhouse gas (GHG) emissions linked to these journeys.

The Group is also tackling the energy consumption of its buildings. Actions to reduce and optimize energy consumption are implemented through building refurbishments and better insulation, or by choosing electricity suppliers that use renewable energy. In addition, the Group is continuing to keep a close eye on the consumption of its server rooms.

Lastly, emissions related to the use of IT equipment and the manufacture of Ubisoft products (games and ancillary products) are also monitored annually.

The Group is mindful of the impact of climate change on its business, since it is based in locations where the risks linked to global warming (regular wildfires, cyclones, heatwaves, etc.) are potentially significant, particularly in Asia-Pacific and North America. A study is being carried out with an independent body to assess the impact of climate change on Ubisoft's business and to decide how to approach climate change mitigation and adaptation.

CONCEPT

The Group measures the annual performance of the main components of its carbon footprint and takes steps to mitigate or optimize this impact wherever possible.

OPTIMIZING BUSINESS TRAVEL

The distance travelled by air rose from 95.5 million kilometers in 2017 to 118.3 million in 2018, an increase of 23.9%. This increase is due to the increasing number and size of game development projects requiring international collaboration between studios and the organization of new events.

Travel is one of the main sources of the Group's greenhouse gas emissions, contributing 26,379 tCO_2eq in 2018, compared with 21,395 tCO_2eq in 2017 – an increase commensurate with the greater distance travelled.

The Group's development model is based on close collaboration between studios. Ubisoft therefore invested very early on in tools that facilitate remote teamwork. For example, most of the studios and subsidiaries are equipped with videoconferencing equipment, which minimizes the need to travel.

When travel is necessary, it takes place in accordance with charters or guidelines that encourage staff to choose a greener mode of transport. For example, staff are advised to take direct flights or to travel by train on domestic journeys. In 2018, 41 [(3)] sites had a policy encouraging more eco-friendly travel choices.

(1) Greenhouse Gas Protocol (GHG) method

(2) Scope 1: Emissions from product manufacture
Scope 2: Emissions related to energy consumption necessary for the manufacture of the product
Scope 3: Emissions related to the product life cycle

(3) Representing 75.8% of the Group's workforce at March 31, 2019

These travel policies also encourage teams to choose the most environmentally sustainable forms of transport on arrival (public transport, cycling or, failing that, green taxis).

By choosing locations that are accessible by public transport, the Group's sites can limit emissions generated by visitors and staff commuting to work. Several studios also encourage their employees to cycle to work, offering free bike hire (Montreal, Paris) or on-site facilities such as secure bike racks, bike parking garages, or even repair and maintenance workshops.

The Düsseldorf and Mainz sites in Germany also offer generous staff discounts on bike purchases with partner organizations.

FOCUS: THE MALMÖ WORKS INITIATIVE FOR SUSTAINABLE TRANSPORT IN THE CITY

Ubisoft Massive is one of nine pilot companies supporting the Malmö Works initiative. The aim of this project is to make Malmö a greener and more pleasant city to live in by reducing the number of car journeys that inhabitants make.

To achieve this, a digital platform is being developed to allow people to share their tips on reducing car use and encourage them to use alternatives such as walking, cycling and public transport. As part of the "Malmö Works" initiative, seminars are held to raise awareness of alternatives to cars among local stakeholders and to explain how these schemes can be implemented in the city.

Ubisoft's awareness-raising efforts are paying off, since the most recent study carried out at the Swedish studio revealed that 95% of employees used a form of transport other than a car to get to work. By taking part in the Malmö Works initiative, the idea is now to raise awareness throughout the city.

IMPROVING ENERGY EFFICIENCY IN BUILDINGS

(in MWh)	Canada	France	Romania	United States	China	Other Countries	Total	GHG emissions in tCO_2eq
2018	22,600	6,638	3,940	1,903	1,893	9,845	46,819	8,106
2017	20,526	6,083	4,017	2,011	1,620	7,034	41,291	7,342

In 2018, average electricity consumption stood at 3,273 kWh per person, broadly stable compared with the previous year [(1)].

In 2018, the Group's electricity consumption [(2)] increased by 13.4% compared with the previous year. The main reasons for this are the recruitment of new staff, the resulting expansion of premises, the change in scope and the increased use of IT infrastructure to enable the Group to grow.

The Group is continuing to encourage its subsidiaries to use electricity from renewable sources in order to limit its impact on GHG emissions. In 2018, 34 [(3)] sites sourced more than 40% of their electricity from renewable energy. In France and Canada, the vast majority of sites use electricity generated from renewables such as hydro, wind and solar power. In Montreal, Quebec and Saguenay, the sites are supplied by Hydro-Québec, 99% of whose production comes from hydroelectric dams. In San Francisco, the site is involved in the CleanPowerSF initiative and now only uses energy from renewable sources. As a result, 72% of the electricity used in 2018 at the Group's sites came from renewable sources. This percentage is on a par with the previous year.

Ubisoft is committed to improving the energy efficiency of its buildings, mainly through building refurbishments and choosing more eco-friendly systems.

In 2018, some of its sites carried out works to improve insulation and increase the amount of natural light in their premises. In Barcelona, for example, adhesive heat transfer sheets were installed on windows to limit the use of air conditioning.

New premises or refurbishments are an opportunity for studios to switch to LED bulbs, which are less energy-intensive and have a longer lifespan. A total of 25 [(4)] sites have said that they use LED bulbs for lighting.

In addition, several studios use motion sensors to reduce the use of office lighting, air conditioning and running water.

(1) 3,333 kWh per person in 2017

(2) Excluding the consumption of datacenters

(3) Representing 64.6% of the Group's workforce at March 31, 2019, compared with 34 sites in 2017 representing 69.5% of the Group's workforce at March 31, 2018

(4) Representing 61.6% of the Group's workforce at March 31, 2019, compared with 17 sites in 2017 representing 44.6% of the Group's workforce at March 31, 2018

When an extension or relocation is planned, the Group's subsidiaries opt for buildings that limit the consumption of energy resources. This was the case with the new Barcelona and Malmö East of Eden (Sweden) studios, where large windows increase the amount of natural light entering the building and reduce electricity consumption with the help of light sensors.

Lastly, several buildings (Montreal, Cary, Stockholm) reported having environmental certification in 2018.

OPTIMIZING THE ENERGY CONSUMPTION OF OUR DATACENTERS

Due to the fact that the operation of the datacenters is energy- intensive, their consumption was measured separately.

	Consumption in 2018 *(in MWh)*	Consumption in 2017 *(in MWh)*	GHG emissions in 2018 *(in tCO_2eq)*	GHG emissions in 2017 *(in tCO_2eq)*	Change in GHG emissions
Paris	2,893	2,609	40	36	11%
Hong Kong (1)	448	347	343	297	15%
Montreal	9,152	6,897	135	102	32%
Total	10,911	9,853	518	435	19%

(1) Datacenter managed by a third party

In 2018, the increase in electricity consumption of datacenters was due to the replacement of some servers with more powerful versions and their more intensive use to support the growth of the online and digital business. The datacenters' greenhouse gas emissions amounted to 518 tCO_2eq.

In the French and Canadian datacenters, 99% of the energy supplied is from renewable sources, thereby significantly reducing the environment impact of those centers.

To cut back on the energy consumed by servers, the Group's largest server rooms have been using "freecooling" technology since 2015. 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 (OMI) to adjust the air conditioning system in real time depending on server workloads, thereby optimizing power consumption. The OMI was optimized in March 2017 to further reduce energy consumption.

Following on from the actions taken in previous years, the Group is continuing to invest in improving the energy efficiency of its datacenters (more efficient servers, densification).

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. At the end of 2018, the Paris and Montreal datacenters continued to have a significant virtualization rate of 72%.

In 2018, the Group acquired the company i3D.net, the market leader in hosting solutions for the video game industry. The company's main datacenter also includes freecooling and cold aisle containment technologies. In addition, i3D.net selects its partner datacenters using environmental criteria such as whether they are supplied with renewable energy.

MEASURING THE IMPACT ON GHG EMISSIONS OF THE MANUFACTURE OF UBISOFT PRODUCTS

The GHG emissions audit measured the impact of raw materials used by our suppliers to manufacture standard products (physical game media such as cases, DVDs, etc.) and non-standard products (ancillary products such as action figures, posters, etc.).

GHG EMISSIONS FROM STANDARD AND NON-STANDARD PRODUCTS

	2018	2017
Standard products (in tCO_2eq)	10,184	10,052
Non-standard products (in tCO_2eq)	3,476	1,721

The volume of standard products remains broadly stable compared with the previous period. However, given the trends affecting our business, the relative share of these products has fallen due to increasing digitalization.

The growth in emissions recorded for non-standard products is partly due to the release of the Starlink video game, which includes several plastic toys.

FOCUS: DIGITALIZATION, AN OPPORTUNITY TO OPTIMIZE THE ENVIRONMENTAL IMPACT OF OUR BUSINESS

The Group is continuing its digitalization policy for its video games business. This accounted for 66% of sales at the end of December 2018, compared with 56% in 2017. Digitalization makes it possible to optimize materials consumption, since the carbon footprint of a digital game is now less than that of a physical game.

EXTENDING THE LIFESPAN OF OUR EQUIPMENT

In 2018, the use of IT equipment represented the second-highest source of GHG emissions in the Group's GHG audit.

Several sites have conducted awareness campaigns to remind staff to switch off their computers and monitors. In addition, most equipment has a service life that exceeds the warranty period.

	2018	2017
GHG impact in tCO_2eq	15,854	16,637 (1)

(1) Using the same assumptions as those used in 2018, the carbon impact of our computer hardware for 2017 would be 13,529 tCO_2eq

The reduction in the carbon impact of our computer hardware is mainly due to a change in calculation method, based on the assumption that equipment has a longer service life.

However, at constant scope, the change in this GHG impact reflects the performance of the business and the expansion of the workforce.

CHALLENGE

5.7.2 RAISING THE ENVIRONMENTAL AWARENESS OF OUR TEAMS

The greenhouse gas audit, which was updated in 2017, highlighted several sources of emissions linked to employees' everyday activities: the choices they make when travelling (locally or abroad) or using equipment on site have a direct impact on the Group's emissions. Ubisoft is therefore keen to raise the awareness of its teams. This awareness-raising involves:

- information campaigns and group activities to raise environmental awareness;
- setting up recycling, donation or reuse schemes for the main types of resources (computer hardware, office consumables and paper) used in the studios. These schemes extend the lifetime of resources or ensure end-of-life treatment in accordance with local environmental standards.

CONCEPT

STAFF AWARENESS AND TRAINING

Employee awareness and training are carried out both at the Group level and at the local level by each site. These awareness-raising initiatives cover a wide range of sustainable development issues and eco-friendly practices, as well as targeting specific issues such as the management of plastic waste or the energy saving linked to the use of computers and monitors.

At Group level, the internal website launched in 2017 by the CSR Department continues to highlight the best environmental practices observed each year at the different sites, to inspire other subsidiaries to replicate these simple initiatives. The website has a page on eco-friendly practices with tips on simple things that can be done in the office or at home, a "green" community with Articles on environmental protection, and a link to the Group's internal Code of Conduct. This guides teams in their decision-making and ensures that more environmentally sustainable choices are made (suppliers, IT equipment, commuting, etc.).

In 2018, a communication campaign was launched on the company's social network to make all employees aware of the Group's CO_2 emissions. Thanks to contributions from staff, the exercise highlighted little-known best practices and identified employees with a personal interest in environmental conservation with a view to setting up a future working group on this issue.

At local level, the sites engaged with different awareness-raising themes:

- a "Think Green" program was launched in Bucharest to educate staff on **waste sorting.** Employees are informed about the recycling procedures introduced by the studio via emails or posters in the office;
- in the London studio, the recycling procedures are explained to new employees during their site visit and are outlined in the welcome pack. All staff are thus made aware of **waste sorting;**
- as in previous years, Ubisoft studios in Ukraine took part in the "Ukraine Without Waste" scheme. The aim is to make staff aware of **waste sorting** by providing separate recycling bins. In addition, communication materials remind employees of eco-friendly practices;
- in Australia, a system has been set up for sharing supplies. When an employee needs something, he or she first asks his or her colleagues. The studio is keen to purchase supplies that are reusable or rechargeable to reduce its consumption of materials. One initiative involves encouraging staff to use reusable lunch boxes, to take public transport to get to work and to recycle food waste. As well as **reducing waste**, this has raised staff awareness of **eco-friendly practices**;
- in Montreuil, a Sustainable Development Awareness Week was held in early June 2018. During the week, employees could calculate their carbon footprint and take part in brainstorming sessions to come up with ideas on how the studio could improve. They were also invited to take part in "It starts with me" workshops on everyday **eco-friendly practices**, led by the expert Julien Vidal;
- many sites have policies in place to educate staff about the **energy consumption** of computers. For example, some studios have run campaigns to encourage employees to switch off their computers and monitors at night and at weekends to reduce their energy consumption.

In addition, to get staff actively involved in environmental conservation, several sites organize environmental and community-based activities:

- for example, staff at the Montpellier studio took part in World Clean Up Day 2018. The aim of this global initiative is to encourage people to clean up the local streets. At Ubisoft Montpellier, 44 volunteers took part in a litter-pick near the studio. By the end of the three-hour session, the teams had filled 50 garbage bags, equivalent to 9 m^3 of waste;
- in Ukraine, as part of the "Ukraine Without Waste" initiative, an awareness day was held on waste sorting. Ubisoft employees spent part of the day at a waste treatment plant, where they had a glimpse behind the scenes and were reminded of the importance of sorting waste.

At Ubisoft Toronto, the **Green Committee** now has 15 members, who are working to make the studio more environmentally friendly and educate their colleagues. The Green Committee meets each month to discuss the various ways in which the studio can improve, looking at recycling, electricity consumption and new environmental initiatives such as keeping bees to produce honey.

The actions carried out in 2018 included replacing all conventional lightbulbs with more energy-efficient LED bulbs, and holding two "e-waste days" when staff were able to dispose of their waste electrical and electronic equipment (WEEE). A permanent DIY bike repair workshop has also been set up on the premises to encourage staff to cycle to work.

The Green Committee team also works to raise employee awareness. During Earth Month, two newsletters were sent out to employees with advice on best practices to reduce waste, and an evening was organized to raise awareness among staff.

Awareness-raising campaigns are run at least every 2 years. As a result, 48 sites [1] conducted at least one awareness-raising campaign between January 1, 2017 and December 31, 2018.

5.7.3 MANAGING THE CIRCULAR ECONOMY

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 items, promotional items, etc.);
- other consumables (batteries, ink cartridges, capsules, etc.).

WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)

Ubisoft actively participates in the sorting and recycling of WEEE, mainly consisting of IT equipment at the end of its useful life.

In 2018, 56 sites [2] recycled, reused or processed WEEE according to local regulations. The total amount of WEEE recycled at our main sites (Montreuil, Montreal, Bucharest, Toronto and San Francisco) [3] weighed 17 metric tons.

The sites manage WEEE by calling on external service providers, organizations or companies specialized in the dismantling of

(1) Representing 88.4% of the Group's workforce at March 31, 2019, compared with 42 sites between January 1, 2016 and December 31, 2017, representing 71.4% of the Group's workforce at March 31, 2018

(2) Representing 92.1% of the Group's workforce at March 31, 2019, compared with 49 sites in 2017 representing 93.1% of the Group's workforce at March 31, 2018

(3) Representing 52.4% of the Group's workforce at March 31, 2019

IT equipment, with whom they sign a recovery/dismantling/recycling contract. All WEEE treatment operations are carried out in compliance with applicable laws and standards.

Moreover, part of the discarded IT and electronic equipment is donated to schools or non-profit organizations, or sold or given out to employees. In Montpellier, Ubisoft works with the non-profit organization NOUAS Environnement, which collects second-hand computer equipment that it repairs and sells on at very low prices.

PAPER

In calendar 2018, 56 sites (1) recycled or sorted their waste paper.

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

This product category includes non-distributed promotional goodies, posters, trade show stands and promotional tools. When such products cannot be donated or re-used, the stocks remaining in distribution platforms are scrapped under the direct responsibility of the warehouses (external service providers except in Italy). This is organized by suppliers or sites' warehouse managers. The various destruction tasks 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 also organize the collection and sorting of waste consumables such as batteries and ink cartridges. In 2018, 52 sites (2) said that they recycled this type of product.

The collection of this waste may be organized by the entity's IT team, or be done via on-site waste collection facilities. This waste is then treated by specialized external service providers, organizations or companies, in compliance with applicable laws.

Some sites have also taken steps to limit the use of printers and their consumption: in Montpellier for example, the studio has upgraded its printers to more energy-efficient models that use fewer consumables; in Kiev, electronic media are now the preferred choice for meetings, in an effort to reduce printing.

OTHER WASTE SORTING PRACTICES

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 Canada, the Halifax site also has glass recycling containers. This idea has been copied by other studios, such as Montreuil and Milan.

Organic waste is also handled in a specific way on certain sites. Several studios, such as those in Montreal, Shanghai and San Francisco, have installed special bins so that food waste can be processed separately from other waste.

Several sites have launched initiatives to reduce or even eliminate the use of plastic and paper cups in their buildings. In Montreal, employees have access to biodegradable plates and bowls in the cafeteria, while the studio's coffee supplier also offers biodegradable cups. In Bordeaux, gaming competitions are held, at which staff can win mugs. Other sites, such as Kiev and Odessa, provide their employees with glasses so that they no longer use paper cups.

Numerous sites also strive to give their waste a new lease of life by repairing what can be repaired in order to reduce waste. The Belgrade subsidiary is involved in the "Bottle Caps for the Handicapped" campaign in Serbia. Plastic bottle caps are collected and used to make wheelchairs and other essential equipment for young people with disabilities.

(1) Representing 85.6% of the Group's workforce at March 31, 2019, compared with 45 sites in 2017 representing 83.9% of the Group's workforce at March 31, 2018

(2) Representing 86.7% of the Group's workforce at March 31, 2019, compared with 45 sites in 2017 representing 85.4% of the Group's workforce at March 31, 2018

5.8 Report of the independent third party on the consolidated non-financial performance statement

This is a free translation into English of one of the auditors, appointed independent third party, on the consolidated non-financial performance statement 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 (hereinafter the "entity"), appointed as independent third party and accredited by COFRAC under number 3-1049 (1), we hereby report to you on the consolidated non-financial performance statement for the year ended March 31, 2019 (hereinafter the "Statement"), presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to prepare a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to those risks, and the results of those policies, including the key performance indicators.

The Statement was prepared by applying the entity's procedures (the "Reporting Framework"), the material elements of which are disclosed in the Statement and available upon request from the entity's registered office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Professional Code of Conduct. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITORS APPOINTED AS INDEPENDENT THIRD PARTY

It is our role, based on our work, to formulate a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the disclosures made pursuant to Article R. 225-105(I) (3) and (II) of the French Commercial Code, namely the policy outcomes, including the key performance indicators, and actions in relation to the main risks (hereinafter the "Disclosures").

It is not, however, our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of care plan and the fight against corruption and tax evasion;
- the compliance of the products and services with applicable regulations.

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

NATURE AND SCOPE OF THE WORKS

Our work described below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code laying down the conditions under which the independent third party is to conduct its review, and in compliance with the professional guidelines issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) with respect to this engagement, in addition to international standard ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our work enabled us to assess the compliance of the Statement with the legal and regulatory provisions and the fairness of the Disclosures:

- we learned about the business of each company included within the consolidation scope, the major social and environmental risks affecting that business, and the impact on respect for human rights and the fight against corruption and tax evasion, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Reporting Framework in terms of its relevance, completeness, reliability, objectivity and clarity, taking into account industry best practice, where appropriate;
- we ensured that the Statement covers each category of social and environmental information provided for in Article L. 225-102-1(III), as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation of the reasons for the absence of the information required by the second paragraph of Article L. 225-102-1(III);
- we confirmed that the Statement discloses the business model and the main business risks affecting all companies included in the consolidation scope, including, where relevant and proportionate, the risks arising from their business relationships, products and services, as well as the policies, actions and outcomes, including the key performance indicators;
- we checked that the Statement contains the information required under Article R. 225-105(II), where relevant in view of the main risks or policies presented;
- we assessed the selection and validation process for the main risks;
- we made enquiries as to the existence of internal control and risk management procedures put in place by the entity;
- we examined the coherence of the key performance indicators and outcomes in view of the main risks and policies presented;
- where appropriate, we ascertained whether the Statement covers the entire consolidation scope, i.e. all companies included in the consolidation scope in accordance with Article L. 233-16;
- we evaluated the compilation process put in place by the entity to ensure that the Disclosures are fair and complete;
- we conducted the following for the key performance indicators and other quantitative results (1) we considered material:
  - analytical procedures to check that the data compiled had been consolidated correctly and that trends in the data are consistent,
  - a thorough examination on the basis of sampling, consisting of verifying the correct application of the definitions and procedures and reconciling the data with the supporting documents. The work was carried out on a selection of contributing entities (2). The selected sample represents 29% of the workforce, between 18% and 31% of quantitative environmental information, and 100% of quantitative societal information.

(1) **Employee-related indicators:** Total number of employees and distribution by age, gender, geographic area, type of contract and occupation, Total number of external hires, Number of redundancies/dismissals, Percentage of women in management, Total number of training hours, Number of days of employee absence, Number of lost-time accidents

Environmental indicators: Electricity consumption, Quantity of WEEE recycled, Number of kilometers covered

Societal indicators: Percentage of local employees registered at the end of the period

(2) **Employee-related indicators:** Ubisoft Annecy, Ubisoft Montpellier, Ubisoft UPI, Ubisoft Paris and Ubisoft Bucharest

Environmental indicators: Ubisoft France and Ubisoft Bucharest

- We consulted documentary sources and conducted interviews to corroborate qualitative information (actions and outcomes) that we considered material [1];
- We assessed the overall consistency of the Statement with our knowledge of all the companies included in the consolidation scope.

We believe that the work we carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required more extensive work.

METHODS AND RESOURCES

Our audit called upon the expertise of four individuals and took place over a total period of around three weeks between January 2019 and May 2019.

We were assisted in our work by our experts in sustainability and corporate social responsibility. We conducted around 15 interviews with the individuals responsible for preparing the Statement, mainly from the Risk Management and Environment Departments.

CONCLUSION

Based on our work, we have not identified any material misstatement that causes us to believe that the non-financial performance statement is not consistent with applicable regulations and that the Disclosures, considered as a whole, are not presented fairly in accordance with the Reporting Framework.

Paris-La Défense, May 29, 2019

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Vincent Broyé
Partner

(1) **Employee-related topics:** Supporting the development of each employee, Developing the employability and skills of teams, Increasing diversity and inclusion within teams, Developing an open and respectful working environment, Preserving employee health, Maintaining constructive labor relations

Ethics and corruption topics: Compliance with existing tax policies, Publication of an anti-corruption code of conduct

Human rights topics: Publication of a human rights code of conduct

Environmental topics: Optimization and reduction of the carbon footprint, Raising staff awareness of environmental issues

Societal topics: Development of regional presence, Support for local economic growth, Commitment to societal causes related to the business, Limited use of subcontracting, Development of the impact of gaming beyond pure entertainment, Having fun within communities, Offering players a safe gaming environment for a positive gaming experience, Support for local economic growth

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6.1 Consolidated financial statements as at March 31, 2019

6.1.1 SUMMARY STATEMENTS

Statement of financial position

ASSETS

(in € thousands)	Notes	Net 03/31/2019*	Net 03/31/18
Goodwill	17 to 20	290,721	259,462
Other intangible assets	21 to 23	882,925	782,402
Property, plant and equipment	24 to 25	159,958	114,116
Investments in associates	6.1.2.15	7	(289)
Non-current financial Assets	36	8,660	106,895
Deferred tax assets	29	168,443	84,181
Non-current assets		**1,510,714**	**1,346,767**
Inventory and work in progress	10	31,880	20,264
Trade receivables	5	476,641	435,573
Other receivables	12/30	179,982	208,778
Current financial assets	36	184	8,320
Current tax assets		39,555	38,481
Cash and cash equivalents	35	1,049,803	746,939
Current assets		**1,778,045**	**1,458,355**
TOTAL ASSETS		**3,288,759**	**2,805,122**

* *The consolidated financial statements take into account the cumulative impacts of IFRS 15 as of April 1, 2018 (see section 6.1.2.6 Comparability of financial statements)*

LIABILITIES

(in € thousands)	Notes	03/31/19*	03/31/18
Capital	45/46	8,650	8,652
Premiums		335,759	234,123
Consolidated reserves	48/49	475,624	507,102
Consolidated earnings		99,985	139,452
Total equity		**920,018**	**889,330**
Provisions	32	2,469	3,074
Employee benefit liabilities	14	14,382	10,289
Long-term borrowings and other financial liabilities	35	890,366	933,629
Deferred tax liabilities	29	127,903	96,047
Non-current liabilities		**1,035,119**	**1,043,039**
Short-term borrowings and other financial liabilities	35	453,299	361,538
Trade payables	11/26	188,787	176,613
Other liabilities	6/32	664,617	321,934
Current tax liabilities		26,918	12,667
Current liabilities		**1,333,621**	**872,752**
TOTAL LIABILTIES		**3,288,759**	**2,805,122**

* *The consolidated financial statements take into account the cumulative impacts of IFRS 15 as of April 1, 2018 (see section 6.1.2.6 Comparability of financial statements)*

Consolidated income statement

(in € thousands)	Notes	03/31/19	%	03/31/18	%
Sales	**4**	**1,845,522**	**100%**	**1,731,894**	**100%**
Cost of sales		(328,972)		(296,820)	
Gross profit		**1,516,550**	**82%**	**1,435,074**	**83%**
R&D costs	8	(740,969)		(690,592)	
Marketing costs	8	(410,070)		(339,274)	
Administrative and IT costs	8	(157,295)		(144,649)	
Operating profit (loss) from continuing operations		**208,216**	**11%**	**260,559**	**15%**
Other non-current operating expenses	9	(49,231)		(38,241)	
Operating profit (loss)		**158,985**	**9%**	**222,317**	**13%**
Interest on borrowings		*(20,920)*		*(17,732)*	
Income from cash		*2,780*		*1,823*	
Net borrowing cost		(18,140)		(15,909)	
Result from foreign-exchange operations		(5,311)		(5,747)	
Other financial expenses		(23,941)		(56)	
Other financial income		36,515		8,312	
Net financial income	**34**	**(10,877)**	**-1%**	**(13,400)**	**-1%**
Share of profit of associates	6.1.2.15	294		(224)	
Total income tax	27	(48,418)	-3%	(69,241)	-4%
PROFIT (LOSS) FOR THE PERIOD [1]		**99,985**	**5%**	**139,452**	**8%**
Earnings per share	**50**				
Basic earnings per share *(in €)*		0.93		1.26	
Diluted earnings per share *(in €)*		0.89		1.18	

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

Statement of comprehensive income

(in € thousands)	03/31/19	03/31/18
Net income for the period	**99,985**	**139,452**
Items reclassified subsequently under profit or loss	**31,718**	**(68,994)**
Foreign exchange gains and losses on foreign operations	32,306	(69,450)
Effective part of the change in fair value of cash flow hedges [1]	(897)	696
Tax on other comprehensive income reclassified subsequently under profit or loss [1]	309	(240)
Items not reclassified subsequently under profit or loss	**(1,038)**	**444**
Actuarial gains and losses on post-employment obligations	(2,020)	528
Tax on other comprehensive income	520	(215)
Other income not subject to tax	462	131
Total other comprehensive income	**30,682**	**(68,550)**
COMPREHENSIVE INCOME FOR THE PERIOD [2]	**130,667**	**70,902**

(1) See details in Note 37
(2) The profit (loss) for the period is entirely attributable to equity holders

Consolidated table of change in equity

				Consolidated reserves					
(in € thousands)	Capital	Share Premiums	Other Premiums	Reserves	Hedging reserve	Own share transactions	Foreign exchange gains and losses	Earnings for the period	Total equity
POSITION AT 03/31/17	**8,752**	**89,272**	**191,703**	**864,215**	**132**	**(128,661)**	**590**	**107,813**	**1,133,816**
Net income								139,452	139,452
Other comprehensive income				444	456		(69,450)		(68,550)
Profit (loss)				**444**	**456**		**(69,450)**	**139,452**	**70,902**
Allocation of consolidated profit (loss) in N-1				107,813				(107,813)	-
Change in the share capital of the parent company*	(100)	(86,410)				135,461			48,951
Options on ordinary shares issued			39,558						39,558
Sales and purchases of own shares						(403,898)			(403,898)
POSITION AT 03/31/18	**8,652**	**2,862**	**231,261**	**972,472**	**588**	**(397,098)**	**(68,860)**	**139,452**	**889,330**
Net income								99,985	99,985
Other comprehensive income				(1,036)	(588)		32,306		30,682
Profit (loss)	**-**	**-**	-	**(1,036)**	**(588)**	**-**	**32,306**	**99,985**	**130,667**
Allocation of consolidated profit (loss) in N-1				139,452				(139,452)	-
Change in the share capital of the parent company *	(2)	46,950				84,962			131,910
Cumulative effect of the first application of IFRS 15				(64,515)					(64,515)
Options on ordinary shares issued			54,686						54,686
Sales and purchases of own shares						(222,060)			(222,060)
POSITION AT 03/31/19	**8,650**	**49,813**	**285,947**	**1,046,373**	**-**	**(534,196)**	**(36,553)**	**99,985**	**920,018**

* *Excluding the cancellation of own shares effect*

Cash flow statement

(in € thousands)	Notes	03/31/19	03/31/18
Cash flows from operating activities			
Consolidated profit (loss)		99,985	139,452
Share of profit of associates		(294)	224
Net amortization and depreciation on property, plant and equipment and intangible assets	17/21/24	584,259	544,031
Net provisions	5/10/32	22,039	4,052
Cost of stock-based compensation	15	54,686	39,558
Gains/losses on disposals		261	308
Other income and expenses calculated	34	(5,401)	8,578
Income tax expense	27	48,418	69,241
Cash flows from operating activities		**803,951**	**805,444**
Inventory	10	(31,326)	229
Customers	5	(18,031)	(61,544)
Other assets (excluding deferred tax assets)	30/29	28,408	(81,048)
Trade payables [2]	11/26	3,181	15,243
Other liabilities (excluding deferred tax liabilities)	32	6,387	49,379
Deferred income and prepaid expenses	6/12	248,384	(3,089)
Change in WCR linked to operating activities		**237,005**	**(80,830)**
Current income tax expense		(68,582)	(33,460)
Total cash flow generated by operating activities [1]		**972,374**	**691,155**
Cash flows from investing activities			
Payments for internal and external developments [2]	22	(587,699)	(521,290)
Payments for other intangible assets	22	(12,975)	(10,949)
Payments for property, plant and equipment	25	(61,428)	(48,417)
Proceeds from the disposal of intangible assets and property, plant and equipment		25	20
Payments for the acquisition of financial assets	36	(43,816)	(31,493)
Refund of loans and other financial assets	36	42,057	29,790
Security deposit CACIB [4]		100,000	(100,000)
Changes in scope [3]		(84,327)	(77,589)
Cash generated by investing activities		**(648,162)**	**(759,928)**
Cash flow from financing activities			
New finance leases contracted	35	21	5,054
New borrowings	35	604,985	893,596
Accrued interest	35	(1,324)	1,002
Refund of finance leases	35	(1,300)	(1,672)
Refund of borrowings	35	(572,177)	(487,677)
Funds received from shareholders in capital increases		131,910	48,951
Sales/purchases of own shares [5][6]	48	(201,899)	(411,498)
Cash generated by financing activities		**(39,784)**	**47,756**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**284,427**	**(21,017)**
Cash and cash equivalents at the beginning of the period		583,354	632,314
Foreign exchange, losses/gains		10,831	(27,943)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [3]		**878,612**	**583,354**
(1) Including interest paid		*11,195*	*8,365*
(2) Including changes linked to guaranteed, unpaid commitments		*(3,373)*	*(8,123)*
(3) Including cash in companies acquired and disposed of		*(2,254)*	*4,738*
(4) €100 million for the security deposit relating to the swap agreement at March 31, 2018 which have been refunded on FY19 following its settlement. For a better understanding, the payment of the Security deposit CACIB of €100 million as at March 31, 2018 has been reclassified from the line "Payments for the acquisition of financial assets" to the line "Security deposit CACIB"			-
(5) Including €303 million relating to the prepaid forward contract at March 31, 2018			
(6) Including €201 million linked to the purchase of own shares following the settlement of the TRS as at November 9, 2018. The fair value fluctuations of the TRS were restated for €12.9 million in cash flows from operating activities and €7.2 million in WCR.			

The change in net cash breaks down as follows:

	03/31/19	03/31/18
Cash and cash equivalents	1,049,803	746,939
Bank overdrafts	(171,191)	(163,585)
CASH AND CASH FLOW EQUIVALENTS ON THE CASH FLOW STATEMENT	**878,612**	**583,354**

The main changes are covered in section 2.6.3 of the annual report.

6.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

NOTE 1 HIGHLIGHTS AND GENERAL PRINCIPLES

Financial year highlights

June 2018: "MMO" employee stock ownership plan

The Company's Board of Directors decided to carry out a capital increase reserved for employees outside the savings plans on January 25, 2018. Beneficiaries were offered the option of acquiring Company shares with a 15% discount as part of a leveraged Group savings scheme via a company mutual fund (FCPE) or stock appreciation rights (SAR). They benefited from an additional contribution equal to 300% of their personal contribution, capped at €900 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 June 28, 2018, Ubisoft Entertainment delivered 713,561 shares (FCPE formula) and created 957,920 shares (SAR formula) at a price of €70.90.

October 2018: Buyback of 3,045,455 own shares

Ubisoft decided to buy back 3,045,455 own shares on October 31, 2018. This transaction settled in advance the entire swap agreement signed with the bank CACIB in March 2018 in the context of Vivendi's exit from the share capital. The shares thus purchased at the contractual price of €66 were delivered on November 9, 2018. The payment of these shares was completed thanks to a €101.2 million payment, a €100 million security deposit having been paid during the preceding financial year. On February 1, 2019, Ubisoft canceled 1,522,728 of these shares. The remaining shares are intended to be used in share compensation plans, in share-indexed compensation plans for employees, or to be cancelled.

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, 2019 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 15, 2019. They will be presented for approval at the General Meeting of July 2, 2019.

6.1.2.2 Basis of preparation for the financial statements at March 31, 2019

The consolidated financial statements for the financial year ended March 31, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2019, 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 published by the IASB, with the exception of texts currently being adopted, for which Ubisoft does not anticipate their 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, 2019 are the result of the application:

- of all the standards approved and published in the Official Journal by the European Commission prior to March 31, 2019 and having become mandatory as of April 1, 2018; particularly IFRS 15 (Revenue from contracts with customers) and IFRS 9 (Financial instruments) which was applied early effective April 1, 2017;
- 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

The Group's consolidated financial statements are presented in thousands of euros without decimals, unless otherwise indicated. The rounding to the nearest thousand euros may, under certain scenarios, result in immaterial differences in totals and subtotals shown in tables.

6.1.2.3 Texts for which application is not mandatory for financial years beginning on or after April 1, 2018 and applied early

None

6.1.2.4 Texts with mandatory application after April 1, 2018 and not applied early

Ubisoft has not opted for early application of the new standards, amendments or interpretations published at March 31, 2019 (adopted or being adopted by the European Union).

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

Standard (date of application)	Standard (date of application by the Group)	Consequences for the Group
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 the lessee's assets and liabilities by eliminating the distinction between operating and finance leases. It provides a new definition of the term "lease".
IFRIC 23 (January 1, 2019)	Uncertainty over income tax treatments (applicable to financial years beginning on or after April 1,2019)	This interpretation clarifies the application of the provisions of IAS 12 "Income taxes" regarding recognition and measurement when there isuncertainty over the treatment of income tax.

IFRS 16 is mandatory from April 1, 2019.

During the year ended March 31, 2019, the Company estimated the impact of the first application of this standard on its consolidated financial statements. The decisions made based on these analyses primarily concerned the choice of the transitory provisions that will be applied by the Group and the treatment of contracts falling under the scope of application of IFRS 16. The Group intends to opt for the cumulative catch-up method with an impact on equity for the first-time application, i.e. on April 1, 2019, and will result in:

- the recognition under liabilities of a lease debt equal to the discounted residual lease payments;
- the recognition under assets of a right to use amortized over the term of the lease.

In addition, the nature of the expenses linked to these leases will be modified, with IFRS 16 replacing straight-line recognition of expenses tied to operating leases by an amortization expense for the "right to use" assets and by an interest expense for liabilities tied to leases.

The Group also intends to apply certain exemptions permitted by IFRS 16, particularly the non-recognition on the statement of financial position of short-term leases (under 12 months) and the leasing of low value assets.

The assessment of the impacts of the application of IFRS 16 on the year ended March 31, 2019 is being finalized. The majority of the leases involve real estate leases and the impacts will depend to a significant extent on the assumptions used in terms of the duration of the commitments and the discount rates.

These impacts at the beginning of the period are not directly comparable to the off-balance sheet commitments as presented in Note 53, noting the operating lease commitments. The main differences pertain to the scope of application and the methods for the assessments of rents.

6.1.2.5 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	The key sources of estimation are for the estimation of earnouts which are most often conditional on a future level of performance over a multi-year period.
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 for returns and price reductions made on physical 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. The Group uses estimates regarding the estimated service period for each game category (see Note 6.1.2.6).
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.

6.1.2.6 Comparability of financial statements

CHANGE IN CONSOLIDATION METHOD, MEASUREMENT AND PRESENTATION

With the exception of those noted below, the accounting principles used for these financial statements are identical to those used for the Group's consolidated financial statements for the year ended March 31, 2018.

The Group applied IFRS 15 for the first-time effective April 1, 2018 and opted for the cumulative catch-up method, without any practical simplification measures, with an impact on equity for the financial year of first-time application. Accordingly, the information noted for the 2017-18 financial year was not restated and is presented, as in the past, according to IAS 18 and its interpretations.

The main impact of the implementation of this standard concerns the recognition of revenue from video games with a service component, "Live Services" type games that enable players to take advantage of online services. Under IFRS 15, all of these services, which are accessible at no extra cost for users, constitute a distinct obligation.

Ubisoft now identifies two obligations on these types of games:

- an initial obligation associated with the digital or physical delivery of the content, where revenue associated with this initial obligation is recognized at the date of content delivery;
- a performance obligation corresponding to the provision of a set of services to the end user (the player) incorporating in particular rights to unspecified future contents (updates, corrections, improvements, maintenance and potential delivery of free content) and features providing online access to said content. The revenue associated with this service obligation is recognized according to a straight-line distribution over the expected duration of game usage by end users.

Under the revenue recognition standard (IAS 18), the service component is not separated out and the full amount of the revenue received for the game is recognized when the game is delivered. Consequently, the application of IFRS 15 will result in a portion of the revenue generated on these games being deferred beyond their initial delivery date.

IFRS 15 standard also has an impact on the recognition of some licensing agreements which represent a right spread over time or a right to use recognized at a given date, leading to defer some revenue.

	Accounting method following the implementation of IFRS 15	Accounting method applicable to financial years prior to April 1, 2018
Sales of video games without associated services (Digital and Retail)	Only distribution agreements with specific remuneration conditions, such as minimum guarantees are impacted by the IFRS 15 standard. The reference to the date of the transfer of control is likely to result in a deferral of a portion of revenue over time.	**Retail games sales** Sales from the sale of boxed video games is recognized at the date of product delivery to the distributors, less rebates and a provision for returns and price reductions, 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.
Sales of video games incorporating an online feature of the Live Services type (Digital and Retail)	The identified service constitutes a distinct performance obligation, which is spread out over the estimated duration of the service as of the date the game is marketed.	The service component is not identified separately and all revenue from the games is recognized at the time of delivery according to the above principles.
Licenses pertaining to video games or cinematographic works	The licensing agreements constitute: - either a right of access spread out over time; - or a right to use recognized at a given date, according to the use of the license by the licensee, which corresponds, in general, to the date on which the licensed content is transferred to the customer. The reference to the date of the transfer of control is likely to result in a deferral of a portion of revenue over time.	Revenue is recognized according to the date of the transfer of risks and benefits.
Virtual currency	A virtual currency constitutes a distinct performance obligation. Revenue is spread out over the estimated duration of credit consumption.	All revenue linked to virtual currency is recognized at the time it is made available to customers.

To facilitate the comparability of the financial statements, the Group presents the main impacts of the implementation of the standard in the summarized financial statements:

Equity *(in € thousands)*	Effect of the adoption of the new standard effective April 1, 2018
Capital	-
Premiums	-
Consolidated reserves	**(64,515)**
Deferred revenue	*(87,871)*
Associated deferred tax	*23,356*
Consolidated earnings	-
TOTAL EQUITY AS AT APRIL 1, 2018	**(64,515)**

Statement of financial position at 03/31/2019 *(in € thousands)*	03/31/19 Reported amounts	New standard impacts	Amounts according to former standard
Deferred tax assets	168,443	(56,544)	111,899
Non-current assets	**1,510,714**	**(56,544)**	**1,454,170**
Current assets	**1,778,045**	**-**	**1,778,045**
TOTAL ASSETS	**3,288,759**	**(56,544)**	**3,232,215**
Equity	**920,018**	**219,291**	**1,139,309**
Non-current liabilities	**1,035,119**	**-**	**1,035,119**
Other liabilities (deferred income)	381,335	(275,835)	105,500
Current liabilities	**1,333,621**	**(275,835)**	**1,057,786**
TOTAL LIABILITIES	**3,288,759**	**(56,544)**	**3,232,215**

Income statement at 03/31/2019 *(in € thousands)*	03/31/19 Reported amounts	New standard impacts	Amounts according to former standard
Sales	**1,845,522**	**183,128**	**2,028,650**
Gross profit	**1,516,550**	**183,128**	**1,699,678**
Operating profit (loss) from continuing operations	**208,216**	**183,128**	**391,344**
Operating profit (loss)	**158,985**	**183,128**	**342,113**
Net financial income	**(10,877)**		**(10,877)**
Share of profit of associates	294		294
Total income tax	(48,418)	(50,964)	(99,381)
Profit (loss) for the period	**99,985**	**132,164**	**232,150**
Earnings per share			
Basic earnings per share *(in €)*	0.93		2.17
Diluted earnings per share *(in €)*	0.89		1.99

CHANGE IN ESTIMATION

The Group uses additional estimates due to the application of the new standard IFRS 15 on revenue recognition.

The estimated service period is determined by game category based on the average duration between the first and last game connection. The determination of the estimated service period partially involves a judgment call by management regarding the definition of the dates of first and last connection and regarding the level of granularity of the relevant player populations in order to estimate these dates. The models for future games may differ from historical models, and consequently, the estimated service period may change over time. Where applicable, it would be modified in a prospective manner with regard to a change in estimates. The estimated service periods for players of our games are usually between three and 12 months, depending on the type of game.

Since the online service is not sold separately, it is appropriate to determine the price based on comparable products. The implementation of the cost plus margin method by category unavoidably involves a judgment call to assess the costs to be used and to estimate them over the service period.

OTHER ITEMS AFFECTING COMPARABILITY

None

6.1.2.7 Main Changes in scope and consolidation scope

NOTE 2 MAIN CHANGES IN SCOPE

Acquisition

February 2019: Acquisition of the i3D.net

On February 28, 2019, Ubisoft Entertainment SA acquired 100% of the Dutch group "Performance Group B.V" from "Maest B.V." along with its five wholly-owned subsidiaries. i3D.net is a leader in hosting solutions for the video game industry. With 50 million players using its servers on a daily basis, i3D.net is one of the top 10 hosting services worldwide with the largest networks, thereby providing exceptional flexibility and an open-ended access to 3,000 customers spread out over 33 data centers throughout the world.

(in € thousands)	At the acquisition date
Net assets and liabilities acquired	8,073
Goodwill resulting from the acquisition	45,026
Fair value of the consideration transferred	53,099
Cash acquired	(2,254)

The calculation of the goodwill is provisional as at March 31, 2019, 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 any possible counterparty.

Opening of subsidiaries

- **April 2018:** Ubisoft Winnipeg Inc, production studio based in Canada.
- **May 2018:** Creation of Dev Team LLC, in the United States.

Mergers of subsidiaries

- **March 2019:** Merger of Ubisoft Motion Pictures Sarl with Script Movie Sarl.

NOTE 3 SCOPE OF CONSOLIDATION

As at March 31, 2019, 75 entities were consolidated (69 entities as at March 31, 2018).

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	Publishing
Ubisoft Ltd	United Kingdom	100%	100%	FC	Distribution
Ubisoft Inc.	United States	100%	100%	FC	Distribution
Ubisoft GmbH	Germany	100%	100%	FC	Distribution
Ubisoft Srl	Romania	100%	100%	FC	Production
Ubisoft Entertainment Inc.	Canada	100%	100%	FC	Production/ Distribution
Shanghai Ubi Computer Software Co.Ltd	China	100%	100%	FC	Production
Ubisoft EMEA SAS	France	100%	100%	FC	Distribution
Ubisoft Production Internationale SAS	France	100%	100%	FC	Production
Ubisoft Toronto Inc.	Canada	100%	100%	FC	Production
Ubisoft Paris SAS	France	100%	100%	FC	Production
Ubisoft Entertainment Sweden AB	Sweden	100%	100%	FC	Production
Ubisoft Mobile Games S.A.R.L	France	100%	100%	FC	Distribution

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 consolidated reporting.

The organization chart is presented in the part 2.4.3 of the annual report.

As at March 31, 2019, all companies of the Group are fully consolidated with the exception of Shanghai UNO Network Technology Co. Ltd consolidated with the equity method.

6.1.2.8 Sales

NOTE 4 SALES

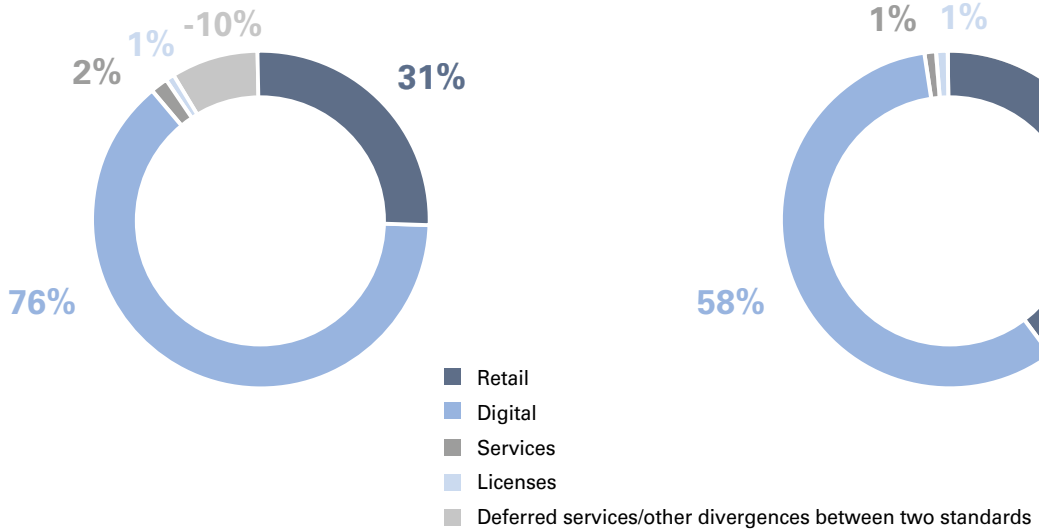
Sales	03/31/19 (1)	03/31/2018	Change	Change current rates (2)	Change constant rates (2)
Digital	1,396,631	1,004,709	391,922	39.0%	38.4%
Retail	573,114	694,582	(121,468)	-17.5%	-17.5%
Services	44,393	20,331	24,062	118.4%	118.8%
Licenses	14,512	12,272	2,240	18.3%	18.1%
Total according to former standard	**2,028,650**	**1,731,894**	**296,756**	**17.1%**	**16.8%**
Deferred services/other divergences between the two standards	(183,128)	-	(183,128)	-	-
TOTAL	**1,845,522**	**1,731,894**	**113,628**	**6.6%**	**-**

(1) See Note 6.1.2.6 Comparability of financial statements: first application of IFRS 15

(2) For comparability purposes, changes are calculated based on sales according to the former standard (IAS 18)

At current exchange rates, sales increased by 17.1% between 2019 and 2018 and by 16.8% at constant exchange rates. The method used for calculating sales at constant exchange rates is to apply to the figures for the period in question, the average exchange rates used for the same period of the previous financial year.

BREAKDOWN OF SALES AT MARCH 31, 2019



BREAKDOWN OF SALES AT MARCH 31, 2018

ACCOUNTING PRINCIPLES

Video games without associated services (Digital and Retail)

Retail games sales

Sales from the sale of boxed video games is recognized at the date of product delivery to the distributors, less rebates and a provision for returns and price reductions, 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.

Otherwise, for distribution contracts with specific remuneration conditions only, such as minimum guarantees, the reference to the date of the transfer of control is likely to result in a deferral of a portion of revenue over time.

Sales of video games incorporating an online feature of the Live Services type (Digital and Retail)

The identified service constitutes a distinct performance obligation, which is spread out over the estimated duration of the service as of the date the game is marketed.

Ubisoft identifies two obligations on these types of games:

- an initial obligation associated with the digital or physical delivery of the content, where revenue associated with this initial obligation is recognized at the date of content delivery;
- a performance obligation corresponding to the provision of a set of services to the end user (the player) incorporating in particular rights to unspecified future contents (updates, corrections, improvements, maintenance and potential delivery of free content) and features providing online access to said content. The sales price pertaining to this service obligation is calculated according to the service rate determined by game category. The revenue associated with this service obligation is recognized according to a straight-line distribution over the expected duration of game usage by end users.

Licenses pertaining to video games or cinematographic works

The licensing agreements constitute:

- either a right of access spread out over time;
- or a right to use recognized at a given date, according to the use of the license by the licensee, which corresponds to the date on which the licensed content is transferred to the customer.

The reference to the date of the transfer of control is likely to result in a deferral of a portion of revenue over time.

Virtual currency

A virtual currency constitutes a distinct performance obligation. Revenue is spread out over the estimated duration of credit consumption.

NOTE 5 TRADE RECEIVABLES

Trade and other receivables	Gross Opening balance	Movement	Reclassifications	Change in scope	Foreign exchange gains and losses	Gross Closing balance
Trade receivables	436,889	18,031	747	2,161	21,331	479,159
TOTAL AT 03/31/19	**436,889**	**18,031**	**747**	**2,161**	**21,331**	**479,159**
TOTAL AT 03/31/18	**406,590**	**61,544**	**-**	**3,540**	**(34,785)**	**436,889**

Provisions	Opening balance	Provisions	Reversals	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Trade receivables	1,317	2,136	(2,186)	747	471	33	2,518
TOTAL AT 03/31/19	**1,317**	**2,136**	**(2,186)**	**747**	**471**	**33**	**2,518**
TOTAL AT 03/31/18	**1,033**	**1,681**	**(1,395)**	**-**	**-**	**(2)**	**1,317**

All trade receivables are due in less than one year.

Credit risk

Ubisoft's main customers are spread out worldwide.

They are structured as:

- digital distributors:

In the digital market, there are few customers, but with worldwide distribution. The Company considers that given the quality of the counterparties, the counterparty risk on digital sales is limited;

- physical distributors:

In order to protect itself against the risk of default, the Group's main subsidiaries, which generate around 88% of sales excluding digital sales are covered by credit insurance.

Ubisoft's largest customer accounts for 20% of Group sales excluding tax, the top five account for 46% and the top 10 for 55%.

In accordance with IFRS 9, the Group uses the simplified model for the impairment of commercial receivables based on the

analysis of expected losses over the receivable's lifetime. After analyzing the probability of default of creditors, certain commercial receivables were subject to impairment. In view of the quality of the counterparties relating to digital sales and of the credit insurance covering 88% of physical sales, the expected impairment loss on trade receivables is limited as regards the group.

ACCOUNTING PRINCIPLES

Trade and other receivables linked to operating activity are recorded at amortized cost – 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.

In accordance with IFRS 9, the Group uses the simplified model for the impairment of commercial receivables based on the analysis of expected losses over the receivable's lifetime. After analyzing the probability of default of creditors, certain commercial receivables may be subject to impairment.

According to IFRS 9, value adjustments for losses due to expected credit losses correspond either to:

- expected credit losses for the twelve months after the closing date;
- expected credit losses for the lifetime.

The assessment of expected credit losses for the lifetime applies if the credit risk for a financial asset at the closing date has significantly increased since its initial recognition. Otherwise, the assessment is made according to the expected credit losses for the coming twelve months.

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

	Opening balance	First application of IFRS 15	Provisions	Reversal	Foreign exchange gains and losses	Change in scope	Closing balance *
Deferred digital sales (1)	35,740	-	51,299	(35,740)	4,338	-	55,636
Deferred services/other divergences between the two standards (2)(3)	-	87,871	270,549	(87,421)	4,836	-	275,835
Other deferred income (4)	5,151	-	52,379	(5,151)	(3,099)	584	49,863
TOTAL AT 03/31/19	**40,891**	**87,871**	**374,227**	**(128,312)**	**6,074**	**584**	**381,335**
TOTAL AT 03/31/18	**40,691**	**-**	**3,453**		**(3,215)**	**(38)**	**40,891**

* *See Note 6.1.2.6 Comparability of financial statements: first application of IFRS 15*

Deferred income primarily consists of:

(1) deferred revenue associated with digital game sales incorporating downloadable content. Deferred income is recognized if the date the downloadable content is made available is subsequent to the sale of the game;

(2) deferred services associated with game sales incorporating an online feature of the type "Live Services";

(3) deferred income pertaining to:

- licensing agreements when these contracts constitute a right of access spread out over time or a right to use recognized as of the date of the transfer of control,
- distribution agreements when these contracts are subject to specific remuneration conditions, such as minimum guarantees;

(4) other differed income non related to IFRS 15.

NOTE 7 SEGMENT REPORTING

In accordance with IFRS 8, the Group produces segment reports. Segment information is established based on the data provided for the analysis of the performance of the activities by the Board of Directors, which is the main operational decision-making body of the Group.

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).

This segment information is consistent with the CGU groups identified for impairment tests *(see Note 6.1.2.11)*.

Operating profit (loss) by sector

	03/31/19 [3]					03/31/18			
	Publishing/ Production	Distribution EMEA	North America Distribution Zone	Cloud Gaming	Group	Publishing/ Production	Distribution EMEA	North America Distribution Zone	Group
Sales	**144,749**	**873,558**	**826,120**	**1,094**	**1,845,522**	**124,874**	**815,572**	**791,448**	**1,731,894**
Cost of sales	(6,088)	(191,753)	(131,131)	-	(328,972)	(6,178)	(166,988)	(123,654)	(296,820)
Gross profit	**138,662**	**681,805**	**694,989**	**1,094**	**1,516,550**	**118,696**	**648,584**	**667,794**	**1,435,074**
R&D costs	(698,280)	(1,920)	(169)	-	(700,370)	(658,671)	(2,710)	291	(661,090)
Marketing costs	(82,106)	(163,995)	(158,906)	(2)	(405,009)	(54,285)	(142,407)	(139,160)	(335,852)
Administrative and IT costs	(66,234)	(36,429)	(44,985)	(621)	(148,269)	(69,956)	(32,429)	(35,631)	(138,016)
Cross-sectoral [1]	1,024,417	(579,509)	(445,648)	740	-	913,717	(443,869)	(469,847)	-
Current operating income before stock-based compensation	**316,458**	**(100,049)**	**45,281**	**1,212**	**262,902**	**249,501**	**27,169**	**23,447**	**300,117**
Stock-based compensation [2]	(54,686)	-	-	-	(54,686)	(39,558)	-	-	(39,558)
OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS	**261,772**	**(100,049)**	**45,281**	**1,212**	**208,216**	**209,943**	**27,169**	**23,447**	**260,559**

(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

(3) See Note 6.1.2.6 Comparability of financial statements: first application of IFRS 15

Other items in the income statement, particularly other operating income and expenses, financial income and expenses and taxes 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

	03/31/19					03/31/18			
	Publishing/ Production	Distribution EMEA	North America Distribution Zone	Cloud Gaming	TOTAL	Publishing/ Production	Distribution EMEA	North America Distribution Zone	TOTAL
Goodwill	212,937	9,875	22,883	45,026	290,721	233,912	9,688	15,862	259,462
Other intangible assets and property, plant and equipment	1,005,231	7,479	15,819	14,355	1,042,883	875,773	7,281	13,464	896,518
Non-current financial Assets	7,396	607	645	18	8,667	105,448	604	554	106,606
Deferred tax assets	104,730	49,071	14,616	27	168,443	67,917	10,170	6,094	84,181
Non-current assets	**1,330,293**	**67,032**	**53,962**	**59,426**	**1,510,714**	**1,283,050**	**27,742**	**35,975**	**1,346,767**
Current assets	200,041	226,090	260,067	2,304	688,502	192,557	255,927	216,131	664,615
Current financial assets	184	-	-	-	184	8,320	-	-	8,320
Current tax assets	38,043	1,406	107	-	39,555	36,678	460	1,342	38,481
Cash and cash equivalents	879,525	164,276	4,778	1,223	1,049,803	672,511	68,740	5,687	746,939
Current assets	**1,117,793**	**391,773**	**264,952**	**3,527**	**1,778,045**	**910,066**	**325,128**	**223,161**	**1,458,355**
TOTAL ASSETS	**2,448,086**	**458,804**	**318,914**	**62,953**	**3,288,759**	**2,193,115**	**352,870**	**259,136**	**2,805,122**

As the Group's segment liabilities are not subject to regular presentations to the Management, they are not included in the segment information.

6.1.2.9 Current and non-current operating expenses

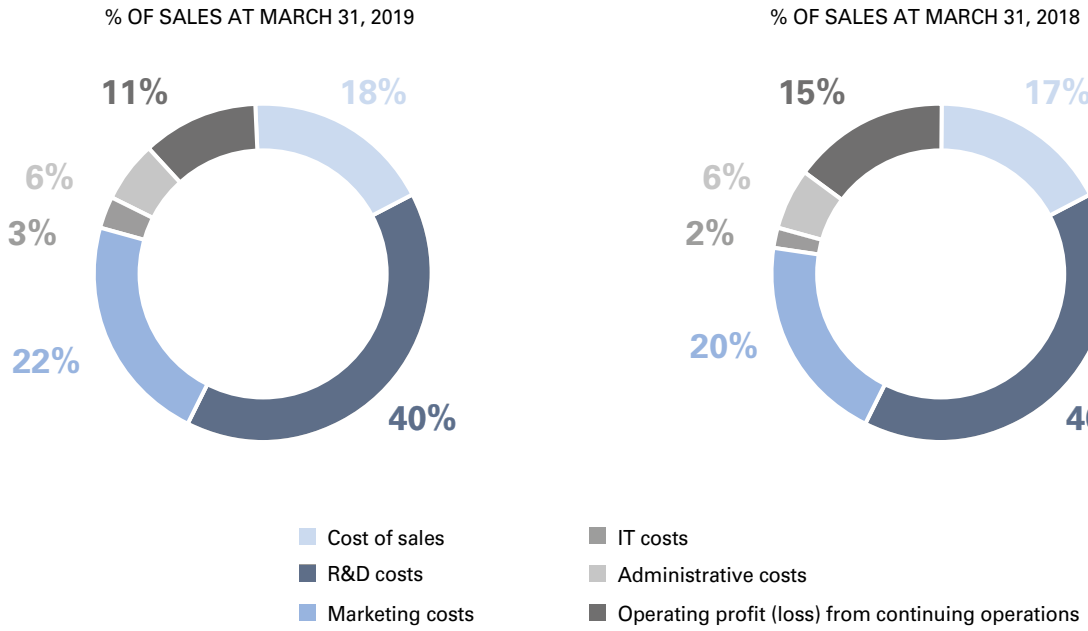
NOTE 8 OPERATING EXPENSES BY DESTINATION

R&D costs increased by €50.4 million to reach €740.9 million (40.1% of sales), compared with €690.6 million for the 2017/2018 financial year (39.9%).

The cost of sales increased by €32.2 million to reach €329 million (17.8% of sales), compared with €296.8 million (17.1%) the previous financial year.

Marketing, administrative and IT costs increased by €83.4 million to reach €567.4 million (30.7% of sales), compared to €483.9 million (27.9%) the previous financial year:

- variable marketing expenses stood at €296 million (16% of sales), compared with €233.2 million (13.5%) for 2017/2018;
- overheads totaled €271.4 million (14.7% of sales) compared with €250.7 million (14.5%) for 2017/2018.



Details of provisions and reversals of provisions and depreciation and amortization by destination

Net provisions	03/31/19 Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Depreciation, amortization and impairment of non-current assets	534,946	28	504,558	1,778	28,582
Provisions for trade receivables	(50)	-	-	(427)	377
Provisions for risks and charges	(836)	35	(242)	(960)	331
Provisions for post-employment liabilities	2,042	-	1,516	189	337
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/19	**536,102**	**63**	**505,832**	**580**	**29,627**
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/18	**507,012**	**254**	**480,109**	**2,187**	**24,462**

6

ACCOUNTING PRINCIPLES

For the purpose of comparison with other sector players, Ubisoft presents its results by function.

R&D costs

This item includes all research and development expenses incurred by the Group:

- compensation of production teams (short-term benefits, post-employment benefits, stock-based payments) as well as the indirect costs and activities less (i) public grants received or to be received and (ii) the production of commercial software developments;
- royalties paid or due on items of intellectual property belonging to third parties used as part of the Group's content production;
- amortization and impairment on commercial software from its commercial launch.

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. It brings together the variable marketing costs (marketing investment for the financial year) and structural costs (compensation of marketing teams).

Administrative and IT costs

This item includes all the expenses of the administrative and IT teams (structural costs) as well as sub-contracting and indirect costs.

NOTE 9 OTHER NON-CURRENT OPERATING EXPENSES

	03/31/19	03/31/18
Goodwill	48,531	31,878
Brands	700	6,364
TOTAL	**49,231**	**38,242**

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 INVENTORIES

Inventory and work in progress	Opening balance	Change in inventory (result)	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Goods	28,521	31,326	-	-	1,793	61,639
TOTAL AT 03/31/19	**28,521**	**31,326**	**-**	**-**	**1,793**	**61,639**
TOTAL AT 03/31/18	**31,202**	**(229)**	**-**	**-**	**(2,452)**	**28,521**

Impairment	Opening balance	Provisions/ Reversals	Change in scope	Foreign exchange gains and losses	Closing balance
Goods	8,257	20,859	-	643	29,759
TOTAL AT 03/31/19	**8,257**	**20,859**	**-**	**643**	**29,759**
TOTAL AT 03/31/18	**5,843**	**2,876**	**-**	**(462)**	**8,257**

No inventories are pledged as collateral for a liability.

ACCOUNTING PRINCIPLES

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).

Impairment is recorded when the likely net realizable value falls below the carrying amount.

No borrowing costs are included in the cost of inventory.

NOTE 11 TRADE PAYABLES

Trade payables	Opening balance Gross	Change	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance Gross
Trade payables	176,076	3,352	-	3,542	5,157	188,127
TOTAL AT 03/31/19	**176,076**	**3,352**	**-**	**3,542**	**5,157**	**188,127**
TOTAL AT 03/31/18	**177,374**	**7,490**	**-**	**161**	**(8,949)**	**176,076**

Trade payables includes commitments made under license agreements including the portion not yet paid.

At March 31, 2019, these outstanding commitments stood at €11,091 thousand compared with €14,466 thousand the previous year.

As these debts are short-term and do not bear interest, the interest-rate risk is not significant.

ACCOUNTING PRINCIPLES

Trade payables are recorded at amortized cost.

Trade payables with maturity over one year are discounted.

More generally, as trade payables are short term, they are recorded in the statement of financial position at their nominal value.

NOTE 12 PREPAID EXPENSES

	Opening balance	Change	Foreign exchange gains and losses	Reclassifications	Change in scope	Closing balance
Prepaid expenses	32,036	(2,469)	424	-	-	29,991
TOTAL AT 03/31/19	**32,036**	**(2,469)**	**424**	**-**	**-**	**29,991**
TOTAL AT 03/31/18	**26,291**	**6,542**	**(842)**	**-**	**46**	**32,036**

These are mainly expenses committed for a trade show after the year-end (€4.2 million), IT maintenance and miscellaneous general expenses.

6.1.2.10 Employee benefits

NOTE 13 PERSONNEL COSTS

Staff at March 31, 2019 (total employees registered at the end of the period) break down as follows:

	03/31/19	03/31/18
Americas	5,724	5,075
EMEA/Pacific	10,261	8,667
TOTAL	**15,985**	**13,742**

The average headcount in 2018/2019 was 14,898.

	03/31/19	03/31/18
Salaries [1]	714,138	634,215
Payroll taxes	171,547	156,988
Grants and tax credits	(136,823)	(126,233)
Stock-based compensation [2]	54,686	39,558
TOTAL	**803,548**	**704,528**

(1) Including €260 thousand in shadow stock options allocated to corporate officers paid in cash
(2) See details in Note 15

The Group had total expenses of €28,846 thousand on its defined contribution plans.

Grants and tax credits presented as a reduction in personnel costs are as follows:

Country	Type	03/31/19	03/31/18
Canada	Grants [1]	89,506	85,809
	Tax credits [1]	8,435	6,766
France	Tax credits	23,144	18,474
	CICE	2,026	2,655
	Other	1,319	1,719
Singapore	Grants	4,888	5,365
United Kingdom	Tax credits	3,110	3,230
	Other	-	3
Abu Dhabi	Grants	1,304	1,278
Other		3,091	934
TOTAL		**136,823**	**126,233**

(1) The payment of certain grants and tax credits is contingent upon the generation of taxable income

ACCOUNTING PRINCIPLES

Some of the Group's production studios are located in countries where the legislation offers video game producers incentives, such as public grants or tax credits. Income from such provisions are presented as reductions in research and development expenses in the Group's income statement. They are then recorded as reductions in the cost of sale of commercial software developments in the balance sheet, so that they are recognized as income over the useful life of the commercial software developments to which they are attached via a reduction in the amortization expense.

Some of these provisions may include conditions that must be complied with by the Group immediately or at a later date. These conditions are analyzed by the Group before their registration as a reduction in the asset's cost of sale. If applicable, a public grant that becomes repayable will be recognized as a change in the accounting estimation (increase in the asset in return for the repayment and immediate recognition in expenses of the additional cumulative amortization which would have been recognized in the absence of the grant).

NOTE 14 EMPLOYEE BENEFITS

Provisions for post-employment benefits

	Opening balance	Provisions	Change in other comprehensive income *	Reversals	Change in scope	Foreign exchange gains and losses	Closing balance
Provisions for post-employment benefits	10,289	2,392	2,020	(350)	-	31	14,382
TOTAL AT 03/31/19	**10,289**	**2,392**	**2,020**	**(350)**	**-**	**31**	**14,382**
TOTAL AT 03/31/18	**9,079**	**1,806**	**(528)**	**(3)**	**-**	**(65)**	**10,289**

* *The change is mainly linked to the change in assumption regarding turnover*

Assumptions

	Japan		Italy		France		India		Bulgaria	
	03/31/19	03/31/18	03/31/19	03/31/18	03/31/19	03/31/18	03/31/19	03/31/18	03/31/19	03/31/18
Wage growth	2.07%	1.79%	3%	3%	1.50 to 2%	1.50 to 2%	10% to 12%	8% to 10%	5% to 12%	4%
Turnover rate	3.45%	2%	Between 3% and 7%	Between 5.6% and 9%	< 49 years old: 5.75% > 49 years old: 1%	< 30 years old: 12% < 49 years old: 7% > 49 years old: 1%	< 30 years old: 24% < 40 years old: 14% > 40 years old: between 2% and 0%	< 30 years old: 24% < 40 years old: 14% > 40 years old: between 2% and 0%	< 30 years old: 16% < 40 years old: 8% >40 years old: between 5% and 0%	< 30 years old: 16% < 40 years old: 8% >40 years old: between 5% and 0
Retirement age	60 years old	60 years old	66 years old	66 years old	67 years old	67 years old	60 years old	60 years old	61 and 64 years old	61 and 64 years old
Discount rate	1.04%	1.44%	1.04%	1.44%	1.04%	1.44%	7.55%	7.90%	1%	1.40%
Average remaining working life	15.88 years	16.78 years	30.23 years and 22.66 years	31.22 years and 22.55 years	31.54 years	31.16 years	32.96 years	33.07 years	24.8 years	24.7 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 10% in the amount of the benefit liability.

A decrease of 50 basis points in the discount rate would result in a rise of 11% the amount of the benefit liability.

ACCOUNTING PRINCIPLES

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, India and Bulgaria.

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 (IBOXX AA10+ rate, the average of the last 12 months of AA rated corporate bonds over 10 years or more).

In India and Bulgaria, the discount rate is based on the current yield rate for the government's bond market at the closing date.

NOTE 15 COMPENSATION IN SHARES AND EQUIVALENTS

Impact on the financial statements:

EQUITY AT 03/31/18	**188,738**
Personnel costs	**54,686**
Stock options	*5,548*
Free share grants	*28,574*
MMO	*20,564*
EQUITY AT 03/31/19	**243,424**

The impact of these stock-based compensation payments on reserves corresponds to all rights acquired by employees in respect of equity instruments issued by Ubisoft as at March 31, 2019 *(see section 6.1.1 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 the 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

	26th plan		27th plan	28th plan	29th plan	30th plan	31st plan	32nd plan
Total number of shares granted	798,125		100,000	665,740	62,200	328,100	37,500	758,810
Start of exercise period	10/29/14		May 2018	09/24/15	12/16/15	09/23/16	May 2019	06/23/17 (1)
Expiry date of options	10/28/18		03/16/19	09/23/19	12/15/19	09/22/20	12/15/20	06/22/21
Strike price of options	€9.547	€8.83	€11.92	€12.92	€14.22	€17.94	€26.85	€33.02
	France	World						
Maturity *(in years)*	5		5	5	5	5	5	5
Volatility	30%		30%	42%	42%	42%	42%	42%
Risk-free interest rate	0.75%		0.50%	0.50%	0.15%	0.13%	0.13%	0%
Estimated dividend rate	0%		0%	0%	0%	0%	0%	0%
Annual turnover rate	5%		0%	5%	5%	5%	5%	5%
Fair value of options after stock split *(€/share)*	€1.98	€1.69	€2.90	€4.29	€4.62	€4.35	€8.73	€8.55
	France	World						
Options at April 1, 2018	199,780		85,000	291,875	59,200	211,175	37,500	613,837
Options granted during the period	-		-	-	-	-	-	-
Options exercised during the period	199,780		85,000	124,984	29,000	41,564	-	111,199
Options cancelled during the period	-		-	750	-	3,600	-	11,333
Options outstanding at March 31, 2019	-		-	166,141	30,200	166,011	37,500	491,305

	33rd plan		34th plan		35th plan		36th plan	37th plan
Total number of shares granted	29,344		220,700		418,500		11,000	2,500
Start of exercise period	12/14/17 (1)		03/30/18		06/27/18		09/22/18	12/12/18
Expiry date of options	12/13/21		03/29/22		06/26/22		09/21/22	12/11/22
Strike price of options	€31.95		€37	€39.03	€50.02	€51.80	€57.26	€64.63
			France	World	France	World		
Maturity *(in years)*	5		5		5		5	5
Volatility	35%		35%		35%		34%	34%
Risk-free interest rate	0%		0%		0%		0%	0%
Estimated dividend rate	0%		0%		0%		0%	0%
Annual turnover rate	0%		5%		5%		0%	0%
Fair value of options *(€/share)*	€8.72	€6.74	€12.10	€8.75	€14.06	€10.11	€13.02	€14.08
	Corporate officers	Employees			France	World		
Options at April 1, 2018	29,344		217,700		412,500		11,000	2,500
Options granted during the period	-		-		-		-	-
Options exercised during the period	5,000		43,050		44,125		-	-
Options cancelled during the period	-		5,625		2,000		-	-
Options outstanding at March 31, 2019	24,344		169,025		366,375		11,000	2,500

(1) May 2020 for Executive Committee Members (Plan 32) and corporate officers (Plan 33)

	38th plan	39th plan	40th plan			41st plan		Total
Total number of shares granted	11,500	19,579	188,454			56,031		
Start of exercise period	04/13/19	06/27/19	06/27/19 and 06/27/22			12/17/22		
Expiry date of options	04/12/23	06/26/23	06/26/23			12/16/23		
Strike price of options	€73.86	€94.58	€94.58			€68.59		
Maturity *(in years)*	5	5	5			5		
Volatility	34%	34%	34%			34%		
Risk-free interest rate	0%	0%	0%			0%		
Estimated dividend rate	0%	0%	0%			0%		
Annual turnover rate	0%	0%	0%		5%	0%		
			Executive Committee members		Employees	Corporate officers		
Fair value of options *(€/share)*	€14.60	€25.41	€19.69	€24.92	€25.02	€19.10	€18.18	€18.09
		France	World	France with stock market conditions	France	World	Executive Committee with stock market conditions	Executive Committee without stock market conditions	
Options at April 1, 2018	-	-		-			-		2,171,411
Options granted during the period	11,500	19,579		188,454			56,031		275,564
Options exercised during the period	-	-		-			-		683,702
Options cancelled during the period	-	-		2,136			-		25,444
Options outstanding at March 31, 2019	11,500	19,579		186,318			56,031		1,737,829

The average price of options exercised during the period was €19.60.

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, at the date of allocation to the beneficiaries, with the discounted value of dividends expected over the vesting period being zero.

	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 granted as at April 1, 2018	468,748	10,710	352,216	217,600	69,861
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	3,120	-	-	-	-
Number of instruments exercised during the period	465,628	10,710	-	217,600	-
Number of instruments as at March 31, 2019	-	-	352,216	-	69,861

	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 granted as at April 1, 2018	872,544	141,180	171,233	45,000	165,750
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	30,014	-	3,100	-	-
Number of instruments exercised during the period	-	4,388	-	1,500	-
Number of instruments as at March 31, 2019	842,530	136,792	168,133	43,500	165,750

	03/31/17				
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 granted as at April 1, 2018	318,100	892,340	205,140	10,300	11,820
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	15,600	36,085	-	-	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at March 31, 2019	302,500	856,255	205,140	10,300	11,820

	03/31/19						Total
Grant date	06/27/18		09/12/18	10/30/18	12/17/18	02/01/19	
Maturity – vesting period *(in years)*	4 years		4 years	4 years	4 years	4 years	
Fair value of the instrument in € *(per share)*	€86.07 Executive Committee with stock market conditions	€95 France and World	€95.90	€80.98	€68.88	€76.82	
Percentage of operating targets reached	100%		100%	100%	100%	100%	
Number of instruments granted as at April 1, 2018	-		-	-	-	-	3,952,542
Number of instruments granted during the period	606,869		8,631	3,708	77,151	31,791	728,150
Number of instruments cancelled during the period	14,390		-	-	-	-	102,309
Number of instruments exercised during the period	-		-	-	-	-	699,826
Number of instruments as at March 31, 2019	592,479		8,631	3,708	77,151	31,791	3,878,557

Group savings scheme

Group savings scheme – Massive multishare ownership

Ubisoft grants employee stock ownership plans for the benefit of a certain number of its employees.

The financial product associated with these plans comprises a guaranteed capital portfolio, with a share in any rise in the Ubisoft share price over a 5-year period.

These plans were notably financed by Ubisoft via a 15% discount on the shares allocated to the operation. This discount is calculated compared to the average of the share trading prices over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

After a holding 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.

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.

	03/31/19	03/31/18
Grant date	06/28/18	07/27/17
Reference price	€83.41	€49.14
Subscription price	€70.90	€41.77
Discount	15%	15%
Number of shares	1,671,481	2,312,903
Subscription amounts:		
♦ Employees	€5,974 thousand	€5,538 thousand
♦ Additional contribution	€5,877 thousand	€4,122 thousand
IFRS 2 expense net of the additional contribution	€20,564 thousand	€13,658 thousand
Gross expense	€26,441 thousand	€17,780 thousand

ACCOUNTING PRINCIPLES

Stock option payment 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 closing 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 of the rights; however, the straight-line method is not used given the vesting terms for the rights stipulated by the various plan regulations; Ubisoft uses a binomial model to estimate the value the allocated instruments. This method is based on assumptions updated on the valuation date, such as estimated historical 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 - Massive Multishare Ownership:** the accounting expense is equal to the discount granted to employees valued according to the method used to assess the guaranteed component and the optional component. This expense is recognized immediately on the plan subscription date. Ubisoft uses a Monte Carlo model to estimate the value of such instruments. This method is based on assumptions updated on the valuation date, such as the estimated historical volatility of the security concerned, a risk-free discount rate, the estimated dividend rate and the likelihood of staff remaining in the Group.
- **Free share grants settled in shares:** The fair value of the free allocated shares is estimated by referring to the share price on the allocation date less the discounted value of dividends expected over the vesting period (not applicable for free shares allocated at the closing date in the absence of dividends expected over the vesting period).
- **Free share grants settled in cash:** free share grants settled in cash are recognized in income in return for a liability constituted as the vesting period progresses for the beneficiaries and based on the share price at the grant date. At each closing date, the liability is remeasured based on the share price at the closing date, and the change in fair value is recognized in income.
- **Free preference share grants settled in shares:** compensation is recognized in income over the vesting period of the rights. Given the complexity of the vesting modalities attached to some of the shares, Ubisoft uses a model based on the Monte Carlo simulations method to estimate the value of such instruments. This method is based on assumptions updated on the valuation date, such as the estimated volatility of the security concerned, a risk-free discount rate, the estimated dividend rate, the share price and the likelihood of staff remaining in the Group and fulfilling performance conditions until they can exercise their rights.

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 of Ubisoft Entertainment SA.

The compensation of Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2019, comprises the following components:

- fixed compensation, which amounts to €567,790 since April 1, 2018;
- annual variable compensation based on two quantitative criteria and one qualitative criterion, which is subject to the approval of the General Meeting called to approve the financial statements for the past financial year;
- long-term variable compensation.

The compensation of the Executive Vice Presidents for the financial year ended March 31, 2019 comprises the following components:

- fixed compensation;
- long-term variable compensation.

The long-term variable compensation have been validated by the Board of Directors March 31, 2019, proposed by the Nomination and Compensation Committee, and concern the allocation of a number of 41,607 stock options for the Chairman and Chief Executive Officer and 3,606 for each of the Executive Vice Presidents.

The vesting of stock options is conditional:

(i) for 50%, on average Group EBIT in value (not a strictly accounting- based indicator) calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and

(ii) for 50%, on the total shareholder return on Ubisoft stock (the "Ubisoft TSR") compared against the TSR of the companies of the NASDAQ Composite Index, both TSRs being calculated from December 17, 2018 to December 16, 2021.

Achievement of these criteria is assessed over a period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The stock options plan will be definitely acquired following a four years period.

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 €2,207 thousand for the 2018-2019 financial year.

Corporate Executive Officers are not eligible for any severance or non-compete indemnity, nor a supplementary pension scheme in respect of their function in the Company.

Valuation of compensation for the financial year	03/31/19	03/31/18
Short-term benefits [1]	2,207	2,197
Post-employment benefits	N/A	N/A
Other long-term benefits [2]	260	0
Compensation for termination of employment contract	N/A	N/A
Stock-based compensation [3]	477	487
TOTAL	**2,944**	**2,684**

N/A: not applicable

(1) Includes fixed and variable compensation, benefits in kind and directors' fees recognized for the financial year

(2) Includes long-term variable compensation calculated in accordance with IFRS 2

(3) This is the expense for the financial year in respect of 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 22, 2017 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €750 thousand.

During the 2018/2019 financial year, members of the Board of Directors received €565 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 4.2 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.

6.1.2.11 Goodwill

NOTE 17 GOODWILL IMPAIRMENT

Goodwill impairment recorded in the financial statements as at March 31, 2019 breaks down as follows:

CGU	03/31/19	03/31/18
Publishing/Production	**2,370**	**17,540**
Distribution	**-**	**6,279**
Distribution rights France	-	6,279
Production/Distribution	**46,161**	**8,059**
Owlient Free to Play PC	3,500	8,059
Growtopia	12,261	-
1492 Studio	30,400	-
TOTAL	**48,531**	**31,878**

As at March 31, 2019, impairment was recognized due to the outlook suggesting inadequate financial flows.

NOTE 18 GOODWILL

As part of the analyses relating to the organization of studio production conducted during the previous financial year, the Company identified that the studios acquired work in collaboration with the other studios in accordance with the Group's integrated publishing and co-production strategy, with the exception of three studios. Thus, pursuant to paragraph 72 of IAS 36, the Company fine-tuned the scope of the Publishing/Production CGU by identifying several CGUs according to whether the acquired studios develop their own franchises without inter-studio collaboration or whether they collaborate with other Group studios on the development of their own franchises or the development of other Group franchises by being associated, through the contribution of their expertise, to the development of projects led by other studios.

Thus, this analysis led to four new CGUs being taken into account within the Publishing/Production CGU:

- Publishing/Production CGU – Mono Project A;
- Publishing/Production CGU – Mono Project B;
- Publishing/Production CGU – Mono Project C;
- Publishing/Production CGU – Multi Projects, covering internal collaborations.

Following the acquisition of the i3D.net group during the financial year, a new CGU was identified, "Cloud Gaming", to analyze the cash flows pertaining to this activity.

The net carrying amount of goodwill as at March 31, 2019 was allocated as follows:

	03/31/19			03/31/18
CGU	Gross value	Cumulative impairment losses	Net amount	Net amount
Publishing/Production	**60,360**	**-**	**60,360**	**53,770**
Mono Project A	-	-	-	896
Mono Project B	-	-	-	1,474
Mono Project C	22,883	-	22,883	15,862
Multi Projects	37,477	-	37,477	35,538
Production/Distribution	**227,996**	**42,661**	**185,334**	**205,692**
Ketchapp	106,124	-	106,124	106,124
1492 Studio	85,721	30,400	55,321	62,421
Growtopia	26,275	12,261	14,014	23,959
Owlient Free to Play PC	-	-	-	3,500
Future Games of London	9,875	-	9,875	9,688
Cloud gaming	**45,026**	**-**	**45,026**	**-**
TOTAL	**333,382**	**42,661**	**290,721**	**259,462**

The change in goodwill as at March 31, 2019 was allocated as follows:

	03/31/19	03/31/18
Gross value at the start of the period	**300,061**	**199,559**
Acquisitions	73,650	117,856
Foreign exchange gains and losses	6,140	(7,251)
Derecognitions	(46,468)	(10,103)
Gross value at the end of the period	**333,382**	**300,061**
Cumulative losses at the start of the period	**40,599**	**18,824**
Impairment losses	48,531	31,878
Foreign exchange gains and losses	-	-
Derecognitions	(46,468)	(10,103)
Cumulative losses at the end of the period	**42,661**	**40,599**
Net goodwill	**290,721**	**259,462**

The change in goodwill as at March 31, 2019 is primarily due to:

- foreign exchange gains of €6,140 thousand;
- the finalization of the estimation of the acquisition price of 1492 Studios SAS on September 30, 2018 for €23,300 thousand. The resulting goodwill is therefore definitive;
- the finalization of the estimation of the acquisition price of Blue Mammoth Games (Mono Project C) on September 30, 2018. An earnout, dependent on the achievement of cumulative operating income objectives, was recognized for €5,323 thousand. The resulting goodwill is therefore definitive;
- a write-off following a review of the operational activities of Mono Project A and B, Owlient Free to Play PC, *Growtopia* and 1492 Studio at March 31, 2019;
- the provisional determination of goodwill associated with the acquisition of the companies of the i3D.net for €45,026 thousand.

Information relating to entries into the scope is detailed in Note 2.

NOTE 19 KEY ASSUMPTIONS USED TO CALCULATE RECOVERABLE VALUES

March 31, 2019

	Publishing/ Production	Production / Distribution				
		Owlient Free to Play PC	Future Games of London	Growtopia	Ketchapp	1492 Studio
Basis used for recoverable value	Value-in-use					
Source used	Internal plan					
Methodology	Discounted cash flows					
Discount rate	8.84%					
Perpetuity growth rate	0 to 1.50%	0%	1.50%	1.00%	1.50%	1%

March 31, 2018

	Publishing/ Production	Production / Distribution				
		Owlient Free to Play PC	Future Games of London	Growtopia	Ketchapp	1492 Studio
Basis used for recoverable value	Value-in-use					
Source used	Internal plan					
Methodology	Discounted cash flows					
Discount rate	8.67%					
Perpetuity growth rate	0 à 1,50 %	0 %	1,50 %	1,50 %	1,50 %	1,50 %

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 fully impaired at March 31, 2019, excluding acquisitions during the financial year:

	Publishing/Production	
(in € millions)	Mono Project C	Multi Projects
Estimated recoverable value of the tested CGU	162	1,882
Carrying amount of the tested CGU	23	254
Change in cash flows leading to an impairment	-84%	-87%
Discount rate leading to an impairment	48%	94%
Perpetuity growth rate leading to an impairment	Not sensitive	Not sensitive

(in € millions)	Production/Distribution			
	Future Games of London	Ketchapp	Growtopia	1492 Studio
Estimated recoverable value of the tested CGU	58	258	15	55
Carrying amount of the tested CGU	11.8	106.8	15	55
Change in cash flows leading to an impairment	-79%	-59%	Sensitive	Sensitive
Discount rate leading to an impairment	35%	19%	Sensitive	Sensitive
Perpetuity growth rate leading to an impairment	Not sensitive	Not sensitive	Sensitive	Sensitive

ACCOUNTING PRINCIPLES

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;
- subsidiaries that supply hosting solutions.

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***:
  - for acquired studios that develop their own franchises without inter-studio collaboration or in collaboration with other Group studios for the development of their own franchises (Mono Project A, Mono Project B and Mono Project C): the CGU corresponds to the project in question,
  - for the studios working in collaboration with the other studios in accordance with the Group's integrated editorial and co-production strategy (multi projects): the CGU corresponds to all production (internal studios) and publishing assets (parent company), 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,
  - movies;
- for goodwill of ***subsidiaries supplying hosting solutions***: the CGU corresponds to the subsidiary in question. These subsidiaries have their own market based on their independent activities.

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 8.84% at March 31, 2019 (against 8.67% at March 31, 2018).

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.

6.1.2.12 Intangible assets

NOTE 21 AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS

	03/31/19				
Amortization and impairment of intangible assets	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Released commercial software	409,572	-	409,572	-	-
Commercial software in production	50,157	-	50,157	-	-
External developments	20,044	-	20,044	-	-
Office software	11,471	-	2,781	77	8,613
Brands	700	-	700	-	-
Movies being marketed	5,064	-	5,064	-	-
Movies in production	1,092	-	1,092	-	-
Other	934	-	908	-	26
TOTAL 03/31/19	**499,034**	**-**	**490,318**	**77**	**8,639**
TOTAL 03/31/18	**478,107**	**-**	**470,985**	**46**	**7,076**

NOTE 22 INVENTORY VALUE AND CHANGES IN INTANGIBLE ASSETS DURING THE FINANCIAL YEAR

	03/31/19			At 03/31/18
Intangible assets	Gross	Depreciation and amortization	Net	Net
Released commercial software	1,116,151	(863,797)	252,354	218,334
Released external software developments	60,590	(53,884)	6,706	5,418
Commercial software in production	587,580	(70,107)	517,473	440,509
External developments in progress	11,237	-	11,237	22,155
Office software	73,823	(56,385)	17,438	18,407
Other intangible assets in progress	8,537	-	8,537	5,481
Brands	71,333	(11,248)	60,085	59,189
Movies being marketed	50,733	(44,842)	5,891	7,314
Movies in production	5,440	(3,889)	1,551	3,008
Other	4,242	(2,589)	1,653	2,587
TOTAL	**1,989,666**	**(1,106,741)**	**882,925**	**782,402**

Change in intangible assets	Opening balance	Increase	Decrease	Reclassification of software in production	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	897,454	6,833	(271,151)	483,016	-	-	-	1,116,152
Released external software developments	54,624	7,294	(16,690)	15,362	-	-	-	60,590
Commercial software in production	506,715	563,879	-	(483,016)	-	-	-	587,579
External developments in progress	23,479	3,120	-	(15,362)	-	-	-	11,237
Office software	75,244	5,179	(13,219)	-	4,551	391	1,677	73,823
Other intangible assets in progress	5,481	7,796	(207)	-	(4,542)	-	9	8,537
Brands	69,098	-	-	-	-	-	2,235	71,333
Movies being marketed	46,144	(13)	(931)	-	5,533	-	-	50,733
Movies in production	7,404	3,212	-	-	(5,533)	-	357	5,440
Other	4,328	-	(92)	-	-	-	6	4,242
TOTAL AT 03/31/19	**1,689,972**	**597,299**	**(302,290)**	**-**	**9**	**391**	**4,284**	**1,989,666**
TOTAL AT 03/31/18	**1,583,550**	**524,115**	**(415,859)**	**-**	**343**	**3,949**	**(6,126)**	**1,689,972**

The increase in commercial software in production of €563,880 thousand and in released commercial software of €6,833 thousand can be explained by the capitalized production costs of €574,863 thousand, and foreign exchange losses of €(4,150) thousand.

Reclassifications between accounts result mainly from the transfer of intangible assets in progress.

Depreciation and amortization of intangible assets	Opening balance	Increase	Decrease	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	679,120	409,572	(271,151)	46,255	-	-	863,797
Released external software developments	49,206	20,043	(16,690)	1,324	-	-	53,884
Commercial software in production	66,206	50,157	-	(46,255)	-	-	70,107
External developments in progress	1,324	-	-	(1,324)	-	-	-
Office software	56,837	11,472	(13,421)	-	60	1,438	56,385
Brands	9,909	700	-	-	-	639	11,248
Movies being marketed	38,830	5,064	(930)	1,878)	-	-	44,842
Movies in production	4,396	1,092	-	(1,878)	-	279	3,889
Other	1,741	934	(92)	-	-	6	2,589
TOTAL AT 03/31/19	**907,570**	**499,034**	**(302,284)**	**-**	**60**	**2,362**	**1,106,740**
TOTAL AT 03/31/18	**847,085**	**478,107**	**(415,795)**	**(5)**	**1,447**	**(3,270)**	**907,570**

No intangible assets are used to secure any borrowings.

ACCOUNTING PRINCIPLES

Other intangible assets include:

- commercial software developments;
- external software developments;
- engines and tools;
- information system developments;
- office software;
- brands;
- films.

Commercial software comprises both commercial software and external software developments.

Recognition of brands

Acquired brands are recognized at their fair value in accordance with IFRS 3 as amended when they are acquired as part of a business combination, or if this is not the case, in accordance with 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.

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 external development contract agreements are recognized for the amount specified in the agreement including the portion not yet paid.

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.

The amortization of intangible assets with fixed useful lives begins:

- at the commercial launch for commercial software;
- at the date of 1st screening for films and series;
- at the date of commissioning for the other intangible assets with fixed useful lives.

Furthermore, for commercial software that is likely to be subject to rapid obsolescence once marketed, the Group performs impairment tests at the end of each financial year. The other intangible assets with fixed useful lives are subject to impairment tests in the event of an indicator of loss of value.

Inventory value of intangible assets and impairment tests

Types of non-current assets	Depreciation method	Asset impairment method with a fixed useful life
Commercial software developments	1 to 6 years, straight-line, starting on the commercial release date.	At the end of each financial year, the company calculates, for all games in production due to be released within one year or for which an impairment loss has been identified, the value-in-use by discounting the expected future cash flows from each title over the entire duration of its effective life. Impairment is recognized if the value-in-use is lower than the net carrying amount of the software.
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 brands corresponds to the higher of the net fair value of disposal costs and the value-in-use (calculated by applying the royalty method to the forecasts of expected future revenue over a 5-year period taking into account a final value). Impairment is recognized if the value-in-use is lower than the net carrying amount of the brand.
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	Support assets for which the value is tested with commercial software developments.
Information system developments	3 to 5 years, straight-line.	No impairment test in the absence of any indication of impairment.
Office software	3 years, straight-line	No impairment test in the absence of any indication of impairment.

NOTE 23 BRANDS

Net values of brands	03/31/19 Gross value	03/31/19 Cumulative impairment losses	03/31/19 Net amount	03/31/18 Net amount
Driver	16,021	(7,248)	8,773	8,000
Tom Clancy	39,328	-	39,328	38,582
Other	15,983	(4,000)	11,983	12,607
TOTAL	**71,333**	**(11,248)**	**60,085**	**59,189**

Key assumptions used to calculate recoverable values

	Driver	Tom Clancy	Other brands
Basis used for recoverable value		Value-in-use	
Source used		Internal plan	
Methodology		Royalty method	
Discount rate		8.84%	
Perpetuity growth rate	None		0 to 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 13.2 times their net carrying amount.

6.1.2.13 Property, plant and equipment

NOTE 24 DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Amortization and depreciation of property, plant and equipment	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Buildings	1,047	1	391	52	604
Fixtures and fittings	8,288	7	3,090	408	4,783
Computer hardware and furniture	25,148	21	9,377	1,238	14,513
Development kits	2,053	-	2,053	-	-
Transport equipment	75	-	28	4	44
TOTAL DEPRECIATION AND AMORTIZATION 03/31/19	**36,612**	**29**	**14,939**	**1,701**	**19,943**
TOTAL DEPRECIATION AND AMORTIZATION 03/31/18	**34,047**	**227**	**25,815**	**2,196**	**5,809**

NOTE 25 INVENTORY VALUE AND CHANGES IN PROPERTY, PLANT AND EQUIPMENT DURING THE FINANCIAL YEAR

	At 03/31/19			At 03/31/18
Property, plant and equipment	Gross	Cumulative depreciation and amortization	Net	Net
Land	5,037	-	5,037	3,467
Leased land	3,460	-	3,460	3,460
Buildings	15,977	(1,810)	14,167	10,760
Leased buildings	14,131	(2,832)	11,299	12,017
Machines and equipment	9,985	(5,088)	4,897	-
Fixtures and fittings	83,487	(43,926)	39,561	35,396
Computer hardware and furniture	204,116	(142,167)	61,949	42,167
Development kits	10,428	(8,305)	2,123	2,934
Transport equipment	625	(314)	311	164
Non-current assets in progress	17,152	-	17,152	3,751
TOTAL	**364,400**	**(204,442)**	**159,958**	**114,116**

Change in property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Land	3,467	1,556	-	-	-	15	5,037
Leased land	3,460	-	-	-	-	-	3,460
Buildings	12,049	3,038	-	299	501	89	15,977
Leased buildings	14,132	-	-	-	-	-	14,132
Machines and equipment	-	-	-	-	9,985	-	9,985
Fixtures and fittings	70,612	8,787	(1,397)	2,413	312	2,761	83,487
Computer hardware and furniture	145,321	33,973	(4,459)	978	22,875	5,427	204,116
Development kits	13,670	1,203	(4,960)	-	-	515	10,427
Transport equipment	368	138	(99)	-	218	-	625
Non-current assets in progress	3,751	16,404	(72)	(3,550)	500	119	17,152
TOTAL AT 03/31/19	**266,830**	**65,099**	**(10,987)**	**140**	**34,391**	**8,926**	**364,400**
TOTAL AT 03/31/18	**244,507**	**48,417**	**(9,616)**	**(240)**	**115**	**(16,353)**	**266,830**

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Buildings	1,288	331	-	-	145	46	1,809
Leased buildings	2,116	716	-	-	-	-	2,832
Machines and equipment	-	-	-	-	5,088	-	5,088
Fixtures and fittings	35,216	8,288	(1,127)	(45)	189	1,405	43,926
Computer hardware and furniture	103,154	25,148	(4,449)	(86)	14,557	3,842	142,167
Development kits	10,736	2,053	(4,961)	-	-	477	8,305
Transport equipment	204	75	(98)	-	134	-	315
TOTAL AT 03/31/19	**152,714**	**36,612**	**(10,635)**	**(131)**	**20,113**	**5,770**	**204,442**
TOTAL AT 03/31/18	**138,132**	**34,047**	**(9,352)**	**(454)**	**93**	**(9,752)**	**152,714**

ACCOUNTING PRINCIPLES

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.

On the date of initial recognition, the amount 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.

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	Period *(in years)*
Buildings	15 to 25
Fixtures and fittings	10
Office furniture	10
Transport equipment	5
Equipment	5
Computer hardware	3/4

According to international standard IAS 16, the Group is led to periodically revise its durations of depreciation based on the observed useful life.

No impairment test is performed in the absence of any indication of impairment.

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;
- in the United States, 2000 CentreGreen Way, Suite 300, Cary, North Carolina.

No property, plant or equipment is used to secure any borrowings.

As at March 31, 2019, 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	At 03/31/18 Gross	Change	Reclassifications	Change in scope	Foreign exchange gains and losses	At 03/31/19 Gross
Suppliers of non-current assets	536	126	-	-	(2)	660
TOTAL AT 03/31/19	**536**	**126**	**-**	**-**	**(2)**	**660**
TOTAL AT 03/31/18	**908**	**(370)**	**-**	**-**	**(2)**	**536**

6.1.2.14 Income tax

NOTE 27 ANALYSIS OF TAX EXPENSES/SAVINGS

	03/31/19	03/31/18
Current tax	(68,583)	(33,460)
Deferred tax	20,165	(35,781)
TOTAL	**(48,418)**	**(69,241)**

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, 2019, the tax group's loss carryforwards totaled €538,098 thousand, including €793,166 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 five companies: Ubisoft LA Inc., Red Storm Entertainment Inc., Ubisoft Inc., Blue Mammoth Games LLC. and Script Movie Inc. At March 31, 2019, the tax group had generated a current income tax expense of €17,731 thousand, including an impact of €13,122 thousand associated with the tax reform involving incremental taxes in the US;
- in the United Kingdom, the tax group includes four companies: Ubisoft Ltd, Ubisoft Reflections Ltd, Future Games of London Ltd and Ubisoft CRC Ltd. At March 31, 2019, the tax group had generated a current income tax expense of €6,552 thousand.

Deferred tax relating to the operations of the French tax group is recognized at the tax rate applicable to the parent company, defined by the 2019 Finance Law; this tax rate is different according to the time period for repayment or use of the temporary tax differences.

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

	03/31/19
Profit (loss) for the period	99,985
Total income tax	48,418
Income from associates and income from discontinued activities	(294)
Consolidated income, excluding tax, profit from associates and income from discontinued activities	148,108
Theoretical tax (34.43%)	**50,999**
Payments of tax deferred from previous years:	
Impact of changes in the rate on the tax basis	*(5,740)*
Other	*(188)*
Impact of permanent differences between net income and consolidated earnings:	
Cancellation of provisions for impairment	*4,245*
Cancellation of studio margin	*(6,295)*
Additional payment IFRS 2	*18,431*
Other permanent differences	(6,414)
Impact of permanent differences between net income and taxable income:	2,730
Taxation of foreign companies at different tax rates	(11,430)
Other adjustments	
Impact of US tax reform (incremental tax)	*13,123*
Tax credits	*(12,481)*
Other	*1,349*
TOTAL INCOME TAX	**48,418**
EFFECTIVE TAX RATE	**32.69%**

NOTE 29 DEFERRED TAX

Breakdown by nature of tax on the statement of financial position and income statement

	03/31/18	Changes in income	Change in other comprehensive income	Change in equity	Foreign exchange gains and losses	Other reclassifications	03/31/19
Intangible assets							
Elimination of margin on intangible assets [1]	*20,082*	*4,614*	-	-		-	*24,696*
Capitalized losses and tax credits							
Losses	*1,730*	*(1,730)*	-	-	-	-	-
Investment tax credit	*24,193*	*(517)*	-	-	*1,965*	*7,580*	*33,221*
Hedging derivatives	-	250	309	-	-	-	59
Other							
Temporary tax differences [2]	*35,892*	*50,572*	-	*23,356*	*1,533*	*(827)*	*110,526*
Other consolidation adjustments	*2,284*	*(2,938)*	*520*	-	-	*102*	*(59)*
TOTAL DEFERRED TAX ASSETS	**84,181**	**49,725**	**829**	**23,356**	**3,498**	**6,854**	**168,443**
Intangible assets							
Brands	*(2,047)*	*(234)*	-	-	*(146)*	-	*(2,427)*
Other intangible assets	*(109)*	-	-	-	-	-	*(109)*
Tax credits	(29,467)	(3,485)	-	-	(1,817)	-	(34,769)
Hedging derivatives	(393)	195	-	-	-	-	(198)
Other financial instruments	(10,991)	3,530	-	-	-	-	(7,461)
Accelerated depreciation and amortization	(50,697)	(27,709)	-	-	-	-	(78,406)
Other	(2,343)	(1,856)	-	-	(71)	(262)	(4,532)
TOTAL DEFERRED TAX LIABILITIES	**(96,047)**	**(29,559)**	**-**	**-**	**(2,034)**	**(262)**	**(127,902)**
TOTAL NET DEFERRED TAXES	**(11,866)**	**20,165**	**829**	**23,356**	**1,464**	**6,592**	**40,540**

(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: €8.4 million;*
- *R&D expenses by production studios: €4.1 million;*
- *deferral of rent-free periods: €3.8 million;*
- *provisions for personnel expenses (bonus, paid leave): €8.3 million;*
- *difference in book and tax amortization of non-current assets: €5.6 million;*
- *IFRS 15: €56.5 million;*
- *inventory impairment: €3.2 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 France tax group [1]	-	-	(65,900)	(12,506)
Elimination of margin on intangible assets	8,696	16,000	-	-
Investment tax credit	3,489	29,732	(907)	(33,862)
Provision for post-employment liabilities	-	3,508	-	-
Temporary differences and other consolidation adjustments	101,265	8,240	(7,514)	(4,787)
Brands	-	-	-	(2,426)
TOTAL	**110,963**	**57,481**	**(74,321)**	**(53,581)**

(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 four to five 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, 2019.

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, 2019 is not limited in time.

Taxes on capitalized/Non-capitalized losses

	03/31/19			03/31/18		
(in € thousands)	Capitalized losses	Non-capitalized losses	Total	Capitalized losses	Non-capitalized losses	Total
France tax group [1]	-	-	-	-	-	-
Other subsidiaries France	-	1,272	1,272	-	1,272	1,272
Other	-	-	-	1,730	60	1,790
TOTAL	**-**	**1,272**	**1,272**	**1,730**	**1,332**	**3,062**

(1) Deferred tax on accelerated depreciation has been reclassified under loss carryforwards

Investment tax credits

	03/31/19	03/31/18
Capitalized investment tax credit	33,221	24,193
TOTAL	**33,221**	**24,193**

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 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)

In accordance with the provisions of Article 236 of the French General Tax Code (CGI), the Company may opt to either capitalize expenses for the development of software or deduct them from the income for the financial year in which they occur. At March 31, 2019, the provision recognized for commercial software was €71 million and a reversal of €3 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 PRINCIPLES

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 value.

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 closing 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.

6.1.2.15 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 in Shanghai UNO Network Technology Co. Ltd. in which it holds 20% of the capital.

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 NetworkTechnology Co., Ltd	Project management for the Just Dance brand in China	The Workshop	60%
		Netease	20%
		Shanghai Ubi Computer Software Co.Ltd	20%

	03/31/18	Share of income	Change in scope	Foreign exchange gains and losses	03/31/19
Shanghai UNO NetworkTechnology Co., Ltd	(289)	294	-	2	7
TOTAL	**(289)**	**294**	**-**	**2**	**7**

ACCOUNTING PRINCIPLES

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.

6.1.2.16 Other assets and liabilities

NOTE 30 OTHER RECEIVABLES

Other receivables	Opening balance	Change	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Advances and prepayments received	7,269	(4,823)	-	-	60	2,506
VAT	72,575	20,384	-	699	248	93,906
Grants receivable [2]	95,227	(62,728)	1,765	-	4,763	39,027
Other tax and employee-related receivables	1,629	1,050	-	158	67	2,904
Other	42	11,450	6	17	134	11,649
Prepaid expenses [1]	32,036	(2,469)	-	-	424	29,991
TOTAL	**208,778**	**(37,136)**	**1,771**	**874**	**5,696**	**179,982**

(1) See details in Note 12

(2) Including €30.6 million in grants receivable in Canada

A receivable amount of €60.2 million in grant receivables was deconsolidated following the signature of a factoring agreement involving the Multimedia Titles Credit (CTMM) in Canada. The contractual terms and conditions of the factoring agreement allow Ubisoft to transfer nearly all risks and benefits pertaining to the ownership of an 85% share of these receivables, particularly the default risk of the transferred debtor. Consequently, 85% of these grants were derecognized at March 31, 2019.

All other receivables are due in less than one year. None were subject to impairment.

ACCOUNTING PRINCIPLES

Other receivables (excluding grants)

Other receivables linked to operating activity are recorded at amortized cost – 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 financial statements of the studios as a reduction in production costs for commercial software developments or the R&D costs to which they are attached.

Any claims on the public body that awarded the grant are classified as "loans and receivables" as per IFRS 9.

NOTE 31 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets not derecognized in their entirety

In March 2014, 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). An amendment was signed on March 18, 2019 modifying the discount rate and the maximum authorized limit.

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 € million)*	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	€70.8 million
Carrying amount of assets still recognized	€10.6 million
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 transferred assets 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 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 € million)*	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	€4.7 million	€2.3 million
Maturity of assets representing continuing involvement	N/A	N/A

NOTE 32 OTHER LIABILITIES

Other liabilities

	Opening balance	Change	Change in scope	Foreign exchange gains and losses	Closing balance
Advances and prepayments received	52	(55)	-	3	-
Employee-related liabilities	162,462	(4,599)	263	5,288	163,414
Other tax liabilities	56,506	(3,174)	490	134	53,956
Other liabilities	62,023	2,252	-	1,641	65,916
Deferred income [(1)]	40,891	333,786	584	6,074	381,335
TOTAL	**321,934**	**328,210**	**1,337**	**13,137**	**664,618**

(1) See Note 6

Other liabilities mainly include:

- €2.9 million in liabilities corresponding to the retention of a portion of the acquisition price of the i3D.net group;
- €16.7 million in earnouts provisioned for the acquisition of Ketchapp SAS with an expiry date of less than one year;
- €20 million in earnouts provisioned for the acquisition of Blue Mammoth Games LLC with an expiry date at more than one year;
- 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 €13.3 million.

ACCOUNTING PRINCIPLES

Other payables are recorded at amortized cost.

Cash flows linked to short-term recoverable amounts are not discounted.

Provisions

Provisions	Opening balance	Provisions	Reclassifications	Reversals (Provision used)	Reversals (Provision unused)	Foreign exchange gains and losses	Closing balance
Provision for other financial risks [1]	2,122	34	80	-	-	128	2,364
Other provisions for risks	952	-	-	-	(847)	-	105
TOTAL AT 03/31/19	**3,074**	**34**	**80**	**-**	**(847)**	**128**	**2,469**
TOTAL AT 03/31/18	**4,246**	**669**	**-**	**(1,582)**	**-**	**(259)**	**3,074**

(1) The provision for other financial risks at Ubisoft Entertainment Inc. relates to the risk on the Canadian Multimedia Titles Credit (CTMM)

There were no changes in the main disputes identified as of March 31, 2018 that would alter the Group's risk assessment. There were no new disputes for which the Group's risk assessment would have resulted in the recording of a material provision as of March 31, 2019.

ACCOUNTING PRINCIPLES

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 conditi ons are not met, no provision is recorded.

Contingent liabilities

Tax audit underway for which proposed adjustments has been received:

- Ubisoft Entertainment Inc.: the audit began in June 2017 and relates to the transfer price policy for FY2014 to FY2016. Discussions are underway between the Canadian and French administrations in order to avoid any double taxation problems within the Ubisoft Group. To date the Group considers that the risk of final adjustment is very low and, therefore, has not recognized a provision in the financial statements;
- Tax audits underway for which no proposed adjustments have been received;
- Ubisoft Entertainment Sweden AB: a tax audit began in April 2018 in respect of FY2017 and 2018;
- Ubisoft SA (Spain): the audit began in December 2018 and relates to FY2015 and FY2016.

NOTE 33 RELATED PARTY TRANSACTIONS

The main relationships of the parent company with its subsidiaries relate to:

- production subsidiaries billing the parent company for development costs based on the progress of their projects;
- the parent company invoicing sales and marketing subsidiaries for a contribution to development costs;
- the implementation of cash agreements allowing for centralized management at parent company level of the bank accounts of the majority of the Group companies.

The 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.

6.1.2.17 Assets, liabilities and net financial income

NOTE 34 GAINS AND LOSSES RELATING TO FINANCIAL ASSETS AND LIABILITIES

	03/31/19	03/31/18
Income from cash	2,780	1,823
Interest on borrowings	(20,920)	(17,732)
Net borrowing cost	**(18,140)**	**(15,909)**
Foreign exchange gains	50,449	52,673
Foreign exchange losses	(55,760)	(58,420)
Result from foreign-exchange operations	**(5,311)**	**(5,747)**
Other financial income	23,565	1,101
Fair value of the share swap agreement [1]	12,950	7,211
Financial income	**36,515**	**8,312**
Other financial expenses	(23,941)	(56)
Financial expenses	**(23,941)**	**(56)**
TOTAL	**(10,877)**	**(13,400)**

(1) Change in the fair value of the share swap agreement in respect of Ubisoft shares. This fair value was locked in as of November 9, 2018, the date upon which Ubisoft received the shares following the early settlement of the TRS

The change in fair value of the swap agreement involving 3,045,455 shares is primarily due to the increase in the share price between March 31, 2018 and November 9, 2018.

Other financial expenses include €23.4 million related to the revised estimates of earnouts after the business combination's evaluation period.

Other financial income of €23.5 million corresponds to the revised estimates of earnouts after the business combination's evaluation period.

ACCOUNTING PRINCIPLES

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 nonconsolidated 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;
- in respect of the share swap agreement is recognized in net financial income.

The changes related to the estimates of future results included in the potential return for the acquisition price, after the business combination's evaluation period, are recognized in other financial income and expenses.

NOTE 35 NET FINANCIAL DEBT

Net financial debt is part of the indicators used by the group. This aggregate, which is not defined in the IFRS repository, may not be comparable to the indicators referred to by other companies. This is an additional information that should not be considered as a substitute for analysis of all of the assets and liabilities of the group.

As at March 31, 2019, the financial debt represented €1,344 million and due to cash and values of available short-term investments, net financial debt amounts to €294 million.

	03/31/19			03/31/18		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank borrowings	53,292	3,400	56,692	8,164	54,358	62,522
Bonds	1,077	876,161	877,239	62,370	867,186	929,557
Euro PP type bonds [1]	-	-	-	*61,293*	-	*61,293*
OCEANE	-	*377,788*	*377,788*	-	*369,210*	*369,210*
Bonds [1]	*1,077*	*498,374*	*499,451*	*1,077*	*497,976*	*499,053*
Borrowings resulting from the restatement of finance leases	1,650	10,804	12,454	1,268	12,085	13,353
Commercial papers	226,000	-	226,000	126,000	-	126,000
Bank overdrafts and short-term loans	170,714	-	170,714	163,118	-	163,118
Accrued interest	476	-	476	466	-	466
Foreign exchange derivatives [2]	89	-	89	151	-	151
Total borrowings (A)	**453,299**	**890,366**	**1,343,664**	**361,538**	**933,629**	**1,295,167**
Cash and bank balances	1,044,828	-	1,044,828	736,052	-	736,052
Investments of less than 3 months [3]	4,975	-	4,975	10,887	-	10,887
Total positive cash and cash equivalents (B)	**1,049,803**	**-**	**1,049,803**	**746,939**	**-**	**746,939**
TOTAL NET DEBT (A-B)			**293,861**			**548,228**
TOTAL NET DEBT (EXCLUDING DERIVATIVES)			**293,772**			**548,077**
Fixed-rate debt			1,160,516			1,114,621
Variable-rate debt			183,148			180,545

(1) The amount of the bonds is augmented by the accrued interest
(2) Measured at fair value (level 2, IFRS 7 hierarchy)
(3) UCITS measured at fair value (level 1, IFRS 7 hierarchy)

♦ 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.

Number and nominal amount: 7,307,270 bonds
€54.74 in nominal

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

♦ Main characteristics of the bond issued in January 2018

The Board of Directors' meeting of January 24, 2018, acting on the authorization of the Extraordinary General Meeting of September 22, 2017, approved the issuance of bonds amounting to €500,000,000. These bonds were admitted to trading on Euronext Paris.

Number and nominal amount: 5,000 bonds
€100,000 in nominal

Date of dividend entitlement and settlement: January 30, 2023

Bond duration: 5 years

Interest: 1.289%

Change in borrowings

Current and non-current financial liabilities	Opening balance	Increase	Decrease	Change in scope	Foreign exchange gains and losses	Closing balance
Bank borrowings	62,522	556	(8,178)	1,791		56,591
Bonds	929,557	9,004	(61,322)	-	-	877,239
Borrowings resulting from the restatement of finance leases	13,353	21	(1,300)	380	-	12,454
Commercial papers	126,000	604,000	(504,000)	-	-	226,000
Bank overdrafts and short-term loans	163,118	7,503	-	33	59	170,713
Accrued interest	466	10	-	-	-	476
Foreign exchange derivatives	151	-	(62)	-	-	89
TOTAL AT 03/31/19	**1,295,167**	**621,095**	**(574,861)**	**2,205**	**59**	**1,343,664**
TOTAL AT 03/31/18	**934,109**	**908,035**	**(546,938)**	**34**	**(73)**	**1,295,167**

ACCOUNTING PRINCIPLES

Financial liabilities include:

- bank borrowings, equity and bonds;
- commercial paper;
- obligations relating to finance lease agreements;
- bank overdrafts and short-term loans;
- erivatives 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

Borrowings and other financial liabilities

Bank borrowings, bond issues without an equity component 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 with an equity component

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 6.1.1 Change in equity)*.

At each closing date, an interest expense is calculated according to the market interest rate for a similar bond, but without a conversion option, with, in return, an increase in the financial liability representing the bond. Thus, at the maturity date, the carrying amount of the bond will be equal to its repayment value.

Derivatives

The Group holds financial derivatives:

- with a view to managing its exposure to foreign exchange risk. To this end, Ubisoft Entertainment SA hedges these risks with forward sale contracts and currency options;
- in the context of the buyback of its own shares from Vivendi, Ubisoft Entertainment SA took out a swap contract which was fully settled in advance on November 9, 2018, following the delivery of 3,045,455 shares.

Derivatives are recognized at fair value and those with a negative market value are presented in financial liabilities.

NOTE 36 FINANCIAL ASSETS

	At 03/31/19			At 03/31/18
Non-current financial Assets	Gross	Cumulative impairment	Net	Net
Equity investments in non-consolidated companies	-	-	-	-
Deposits and sureties	6,644	-	6,644	105,940
Other long-term financial assets	1,884	-	1,884	832
Other non-current receivables	132	-	132	123
TOTAL	**8,660**	**-**	**8,660**	**106,895**

Non-current financial Assets	Opening balance	Increase	Decrease	Reclassifications	Change in scope	Foreign exchange gains and losses	Closing balance
Equity investments in non-consolidated companies	-	-	-	-	-	-	-
Deposits and sureties [1]	105,940	1,716	(100,953)	(216)	18	139	6,644
Other long-term financial assets	832	1,011	(20)	-	-	61	1,884
Other non-current receivables [2]	123	41,090	(41,083)	-	-	4	133
TOTAL AT 03/31/19	**106,895**	**43,816**	**(142,056)**	**(216)**	**18**	**204**	**8,661**
TOTAL AT 03/31/18	**5,478**	**131,493**	**(29,790)**	**-**	**(9)**	**(316)**	**106,895**

(1) The decrease reflects the settlement of €100 million as guarantee for the swap agreement on Ubisoft shares

(2) The changes reflect purchases and sales of own shares held under the liquidity agreement

	03/31/19			03/31/18
Current financial assets	Gross	Impairment	Net	Net
Foreign exchange derivatives [1]	184	-	184	1,109
Ubisoft share derivatives [2]	-	-	-	7,211
TOTAL	**184**	**-**	**184**	**8,320**

(1) Derivatives whose market value at the year-end is positive are reported at fair value (level 2, IFRS 7 hierarchy, see analysis in Note 44)

(2) This is the fair value of the swap agreement signed with CACIB on March 20, 2018, this contract having been deemed a derivative and classified under current financial assets per IFRS 9. The asset was canceled as an offset to the equity following the early settlement of the TRS and the delivery of own shares on November 9, 2018. The asset canceled on November 9 corresponded to the change in the FV of the TRS between the signature date of the TRS (March 20, 2018) and the delivery date of the shares (November 9, 2018, i.e. €7.2 million pertaining to FY2018 and €12.9 million pertaining to FY2019)

The financial assets below are presented in more detail in specific notes:

- trade receivables in Note 5;
- inventory in Note 10.

ACCOUNTING PRINCIPLES

Financial assets include:

- short-term and long-term loans and advances;
- derivatives with a positive market value;
- investment securities;
- positive cash and cash equivalents;
- deposits and sureties;
- 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".

The breakdown of financial assets by category is as follows:

Recognition and measurement of financial assets

In accordance with IFRS 9 – "Financial Instruments: Classification", financial assets held by the Group are analyzed according to the economic model and their objectives:

- **assets measured at amortized cost:** financial assets held with a view to receiving contractual cash flows;
- **assets measured at fair value:** financial assets held for resale and with a view to receiving contractual cash flows.

Classification depends on the nature and objective of each financial asset, and is determined when first recognized.

IFRS 9	
Categories	**Ubisoft**
Assets at FV through profit and loss	Cash and equivalent: - demand deposits (paid or unpaid) - term deposits - short-term investments (SICAV/UCITS) - fixed securities (non-consolidated)*
Option: Assets at fair value through OCI	- fixed securities (non-consolidated)*
Assets at their amortized cost	- Deposits and sureties - Grants - Trade receivables
Liabilities at their amortized cost	- Bank loans and overdrafts - Trade and other payables
Liabilities at FV through profit and loss	Non applicable to Group

* Case-by-case analysis according to the intent with which the securities are held

Assets measured at amortized cost

They include security deposits and trade receivables.

These assets are recognized at amortized cost using the effective interest rate method. Impairment is recognized as of initial recognition in order to materialize the credit losses expected at one year, then a review is carried out at the end of each reporting period to analyze whether the risk has changed significantly and to set aside a provision for the expected credit losses over the residual life of the financial instrument, if any.

Assets measured at fair value

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.

Derivatives

The Group holds financial derivatives:

- with a view to managing its exposure to foreign exchange risk. To this end, Ubisoft Entertainment SA hedges these risks with forward sale contracts and currency options;
- in the context of the buyback of its own shares from Vivendi, Ubisoft Entertainment SA took out a share swap contract which was fully settled in advance on November 9, 2018, following the delivery of 3,045,455 shares.

Derivatives are recognized at fair value and those with a positive market value are presented in financial assets. Changes in fair value are recognized in net financial income.

NOTE 37 CASH FLOW HEDGING AND OTHER DERIVATIVE INSTRUMENTS

Equity impacts of the hedge accounting

The hedging reserve includes the effective and ineffective part of the cumulative net change in the fair value of cash flow hedge instruments attributable to hedged transactions that have not yet materialized. For hedged transactions that have materialized, the amounts are reclassified in income.

The portion reclassified under profit or loss is recognized under current operating income for the effective portion and net financial income for the ineffective portion.

AT 03/31/18	**588**
Gains/losses on cash flow hedging (hedging reserve)	
Foreign exchange hedges	-
Effective portion	-
Ineffective portion	-
Deferred tax	-
Reclassification under profit or loss	
Foreign exchange hedges	*(897)*
Effective portion	*(534)*
Ineffective portion	*(363)*
Deferred tax	*309*
AT 03/31/19	-

ACCOUNTING PRINCIPLES

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 and Canadian dollars. 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 under IFRS 9 has the following consequences:

- the effective and ineffective portion of the change in fair value of the hedging instrument is recognized in other comprehensive income until the hedged item is first recognized;
- when reclassified under profit or loss, 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 44 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.

6.1.2.18 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 38 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.

As at March 31, 2019, the Group's debt mainly comprised fixed-rate bonds loans, commercial paper and bank overdrafts.

NOTE 39 LIQUIDITY RISK

To finance temporary requirements related to the increase in working capital especially during periods with high activity, as at March 31, 2019, the Group had:

- unused credit lines *(see Commitments received note 51)*;
- fundings received including commercial paper for €226 million (as part of a program for a maximum amount of €300 million), OCEANES issued for €400 million, a bond for €500 million, and loans for €54.7 million including a Schuldschein type loan for €50 million.

The Group implemented cash agreements allowing centralized management at parent bank level of the bank accounts of the majority of Group companies.

Exposure to foreign exchange risk

	03/31/19		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	56,692	57,605	53,292	2,327	1,073	-
Commercial papers	226,000	226,000	226,000	-	-	-
Bonds	877,239	924,703	1,077	-	876,162	-
Borrowings resulting from the restatement of finance leases	12,454	23,788	1,650	1,296	3,938	5,571
Trade payables	188,787	188,787	187,708	526	458	95
Other operating liabilities (2)	664,617	664,617	631,431	1,642	24,665	6,879
Current tax liabilities	26,918	26,918	26,918	-	-	-
Cash liabilities	170,714	170,714	170,714	-	-	-
Derivative liabilities	-	-	-	-	-	-
Non-hedge derivatives	89	29,872	89	-	-	-
TOTAL	**2,223,510**	**2,313,004**	**1,298,879**	**5,790**	**906,296**	**12,544**

(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 40 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):

	2018/2019	2017/2018
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

Financial debt on the statement of financial position subject to covenants is €49,955 thousand at March 31, 2019.

All covenants are calculated on the basis of the consolidated annual financial statements under IFRS.

As at March 31, 2019, the Company is in compliance with all these ratios and expects to remain so during the 2019/2020 financial year.

Other borrowings are not governed by covenants.

NOTE 41 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). 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 IFRS 9 are not referred to as accounting hedges.

As at March 31, 2019, foreign exchange transactions denominated in Canadian dollars, US dollars and Pounds sterling meet the cash flow hedging requirements under IFRS 9.

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. 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:

	03/31/19							03/31/18						
(in € thousands)	USD	CAD	GBP	SGD	JPY	RUB	SEK	USD	CAD	GBP	SGD	JPY	RUB	SEK
Forwards [1]	(24)	119	(2)	-	65	(7)	(56)	200	697	(25)	-	-	-	-
FOREIGN EXCHANGE DERIVATIVES QUALIFYING ASHEDGES	**(24)**	**119**	**(2)**	**-**	**65**	**(7)**	**(56)**	**200**	**697**	**(25)**	**-**	**-**	**-**	**-**
of which in fair value (impact on income)	**(24)**	**119**	**(2)**	**-**	**65**	**(7)**	**(56)**	**-**	**-**	**(25)**	**-**	**-**	**-**	**-**
of which in cash flow hedge (impact on OCI)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**697**	**-**	**-**	**-**	**-**	**-**
Forwards [1]	-	-	-	-	-	-	-	(50)	51	6	10	(9)	(14)	92
FOREIGN EXCHANGE DERIVATIVES NOT QUALIFYING AS HEDGES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(50)**	**51**	**6**	**10**	**(9)**	**(14)**	**92**

(1) Mark-to-market, level 2 in the hierarchy of fair value under IFRS 7

Nominal hedging amount *(in thousands of currency units)*	Soucription date	Maturity Date	Hedged price	Hedged item
USD				
2,500	March 2019	May 2019	1.1434	Forward sale
GBP				
2,800	March 2019	April 2019	0.8582	Forward purchase
CAD				
31,400	March 2019	April 2019	1.5081	Forward purchase
8,600	March 2019	April 2019	1.5081	Forward purchase
SEK				
21,000	March 2019	May 2019	10.454	Forward sale
42,200	March 2019	May 2019	10.4352	Forward sale
180,000	March 2019	May 2019	10.4454	Forward sale
JPY				
500,000	March 2019	May 2019	126.495	Forward purchase
RUB				
85,000	March 2019	May 2019	74.7	Forward sale

The amount of ineffective derivative instruments qualifying for hedge accounting under IFRS 9 is recognized in financial income.

Exposure to foreign exchange risk

(in thousands of currency units)	USD	GBP	CAD	AUD
Net position before hedging [(1)]	981,241	59,524	(571,597)	17,174
Futures contracts	2,500	2,800	40,000	
Net position after hedging	983,741	62,324	(531,597)	17,174

(1) Transaction position brought about by any operation triggering a payment or future earnings

NOTE 42 CREDIT AND COUNTERPARTY RISK

	Notes	03/31/19 Carrying amount	03/31/19 Provisions	03/31/19 Net carrying amount	03/31/18 Net carrying amount
Trade receivables	5	479,159	(2,518)	476,641	435,573
Other current trade receivables	30	179,982	-	179,982	208,778
Foreign exchange derivatives	36	184	-	184	1,109
Ubisoft share derivatives	36	-	-	-	7,211
Current tax assets		39,555	-	39,555	38,481
Cash and cash equivalents	35	1,049,803	-	1,049,803	746,939

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 *asset (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.

Ubisoft's main customers are spread out worldwide. They are structured as:

- Digital distributors:

  In the digital market, there are few customers, but with worldwide distribution. The Company considers that given the quality of the counterparties, the counterparty risk on digital sales is limited.
- Physical distributors:

  In order to protect itself against the risk of default, the Group's main subsidiaries, which generate around 88% of sales excluding digital sales are covered by credit insurance.

Ubisoft's largest customer accounts for 20% of Group sales excluding tax, the top five account for 46% and the top 10 for 55%.

At closing, the maximum credit risk exposure, represented by the carrying amount of financial assets, is set out in the above table.

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, 2019, investments consisted of UCITS, accounts and term deposits and interest-bearing accounts.

The Group only uses foreign currency derivatives, measured at fair value, with leading banking institutions.

NOTE 43 SECURITIES RISK

Risk to the Company's shares

Legal framework

The Combined General Meeting of June 27, 2018 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 22, 2017, allowing the Company in accordance with Article L. 225-209 of the French Commercial Code to:

General Meeting Resolution	Conclusion	Duration of authorization
12th resolution	Buy back or have bought back by the Company its own shares	18 months
13th resolution	Reduce the capital by cancellation of shares	18 months

Ubisoft Entertainment SA signed a new liquidity agreement with EXANE BNP PARIBAS, which became effective on January 1, 2019.

As at March 31, 2019, the Company held 1,558,212 own shares with a value of €103,293 thousand.

Own shares are deducted from equity at cost of sale. The fluctuations in the price of shares have no impact on the Group's results.

On March 20, 2018 Ubisoft Entertainment SA and CACIB signed:

- a pre-paid forward contract for 4,545,454 of its own shares, settled by the delivery of securities maturing in 2021 or in advance at a price of €66. Under IAS 32, this contract is qualified as an equity instrument and recognized as a reduction to Group equity;
- a swap agreement for 3,045,455 shares settled in advance. The shares thus purchased at the contractual price of €66 were delivered on November 9, 2018. On February 1, 2019, Ubisoft canceled 1,522,728 of these shares. The remaining shares are intended to be used in share compensation plans or share-indexed compensation plans for employees, or to be cancelled.

Risk to the Company's other shareholdings

The Group does not hold any significant shareholdings in non-consolidated companies.

NOTE 44 FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

Reconciliation by accounting class and category

	Notes	Hierarchy IFRS 7	03/31/19 Amortized cost	03/31/19 Fair value	03/31/18 Amortized cost	03/31/18 Fair value
Assets at fair value through profit or loss						
Foreign exchange derivatives	36	2		184		1,109
Ubisoft share derivatives	36	2		-		7,211
Net investment securities	35	1		4,975		10,887
Cash	35		1,044,828		736,052	
Assets at fair value through OCI						
Equity investments in non-consolidated companies	36	2		-		-
Assets at their amortized cost						
Trade receivables	5		476,641		435,573	
Other trade receivables	30/12		179,982		208,778	
Other operating liabilities			39,555		38,481	
Deposits and sureties	36		6,644		105,940	
Other long-term financial assets			1,884		832	
Other non-current receivables	36		132		123	
Liabilities at fair value through profit or loss						
Foreign exchange derivatives	35	2		(89)		(151)
Liabilities at their amortized cost						
Borrowings	35		(1,343,575)		(1,295,015)	
Trade payables	11/26		(188,787)		(176,613)	
Other trade receivables	6/32		(664,617)		(321,934)	
Current tax liabilities			(26,918)		(12,667)	

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.

6.1.2.19 Equity

NOTE 45 CAPITAL

As at March 31, 2019, the capital of Ubisoft Entertainment SA was €8,649,921.24 divided into 111,611,887 fully paid up shares with a nominal value of €0.0775, of which 111,592,116 category A ordinary shares, 11,474 category B-1 preference shares, 2,409 category B-2 preference shares, 4,388 category B-3 preference shares and 1,500 category B-4 preference shares.

Preference shares have no voting rights.

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.

NOTE 46 NUMBER OF UBISOFT ENTERTAINMENT SA SHARES

AT 03/31/18	**111,645,032**
Exercise of subscription options	683,702
Free share grants	699,826
Cancellation of own shares	(3,088,154)
Capital increase reserved for employees	1,671,481
AT 03/31/19	**111,611,887**

The maximum number of shares to be created is 12,923,656:

- 1,737,829 through the exercise of stock options;
- 3,878,557 through the allocation of free shares;
- 7,307,270 through the conversion of OCEANE bonds into shares.

The details of stock options and allocations of free shares are given in Note 15.

NOTE 47 DIVIDENDS

No dividend was paid in respect of 2017/2018 earnings.

NOTE 48 OWN SHARES

Occasionally, in accordance with the legal framework, the Group buys its own shares on the market.

As at March 31, 2019, the Company held 1,558,212 own shares, recognized as a deduction to equity:

	03/31/19		03/31/18	
Own shares by objective	Number of shares	Valuation *(€ thousand)*	Number of shares	Valuation *(€ thousand)*
Liquidity agreements	35,485	2,793	21,750	1,259
Employee stock ownership coverage	1,522,727	100,500	10,139	498
Cancellation	-	-	1,117,572	72,308
Acquisitions	-	-	437,715	12,038
TOTAL	**1,558,212**	**103,293**	**1,587,176**	**86,103**

The changes mainly relate to the operations below:

- 1,565,426 shares worth €84,844 thousand were canceled on September 12, 2018;
- settlement in advance of the swap agreement for 3,045,455 own shares that were delivered on November 9, 2018 in return for the payment of a price of €66, i.e. a total price of €201 million. As at February 1, 2019, 1,522,728 of these shares amounting to €100,500 thousand had been canceled. The remaining shares are intended to be used in share compensation plans, in share-indexed compensation plans for employees, or to be cancelled;
- Ubisoft Entertainment SA signed a new liquidity agreement with EXANE BNP PARIBAS, which became effective on January 1, 2019.

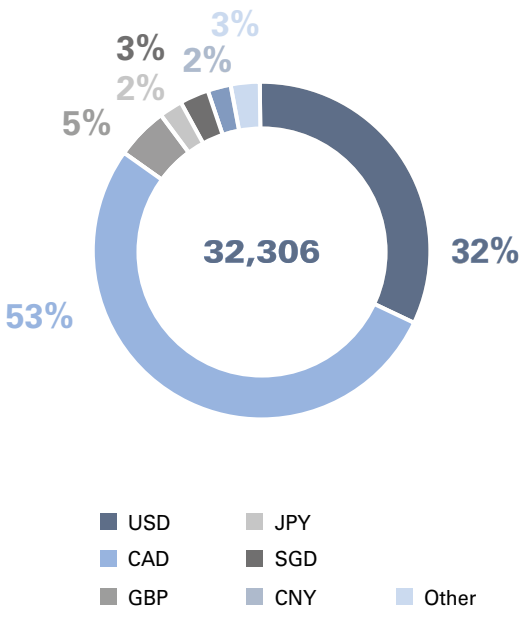
NOTE 49 TRANSLATION RESERVE

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.

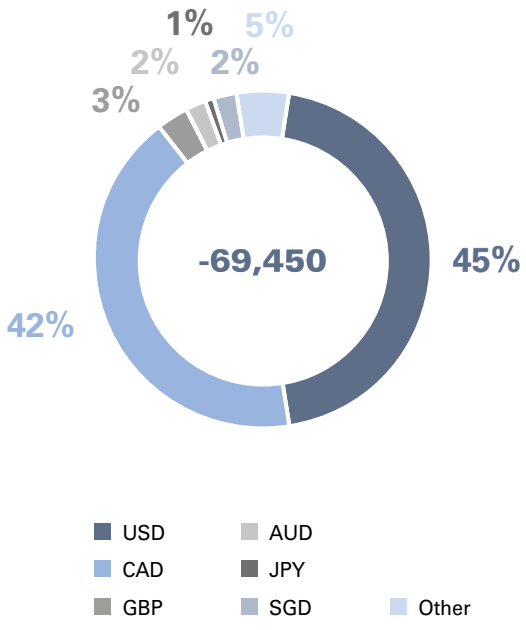
The foreign exchange gains and losses in "Equity attributable to owners of the parent company" changed by €32.3 million between March 31, 2018 and March 31, 2019. This change is due primarily to the following currencies:

Currency	closing rate 03/31/2019	closing rate 03/31/18	Impact
USD	1.124	1.2321	10,237
CAD	1.500	1.5895	17,228
GBP	0.858	0.8749	1,682
SGD	1.521	1.6158	1,024
JPY	124.450	131.15	569
CNY	7.5397	7.7468	733
Other			832
TOTAL			**32,306**

CHANGE IN TRANSLATION RESERVE AT 03/31/19



CHANGE IN TRANSLATION RESERVE AT 03/31/18



ACCOUNTING PRINCIPLES

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 50 EARNINGS PER SHARE

NET INCOME RESTATED FOR FINANCIAL EXPENSES ON THE OCEANE AS AT MARCH 31, 2019		**105,608**
Weighted average number of shares in circulation		107,226,498
Dilutive shares		12,103,779
Stock options	*917,952*	
Free share grants	*3,878,557*	
OCEANE	*7,307,270*	
Weighted average number of shares after exercise of the rights on dilutive instruments		119,330,277
DILUTED EARNINGS PER SHARE AS AT MARCH 31, 2019		**0.89**

ACCOUNTING PRINCIPLES

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.

6.1.2.20 Unrecognized contractual commitments

NOTE 51 OFF-BALANCE SHEET COMMITMENTS RELATED TO COMPANY FINANCING

Off-balance sheet commitments related to Company financing

Summary

Type	03/31/19	03/31/18
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	36,133	67,665
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not used	389,000	310,000

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/19
Lines of credit received and not used			**389,000**
Syndicated loan		07/18/23	300,000
Committed credit lines		04/09/20	10,000
Credit lines with banks			41,000

Off-balance sheet commitments related to hedging instruments

Summary

Type	Description	03/31/19	03/31/18
Foreign exchange hedges [1]		60,348	220,078
Contracts on Ubisoft shares [2]		None	201,000

(1) Fair value in thousands euros valued at the guaranteed price

(2) At March 31, 2018, the €201 million commitment pertained to the nominal amount of the swap agreement signed with CACIB bank for 3,045,455 shares. This contract was settled in advance on November 9, 2018 through the buyback of all shares

NOTE 52 OFF-BALANCE SHEET COMMITMENTS TOWARDS COMPANY EMPLOYEES

To ensure the stability of the activity of Ubisoft, 0.5% 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 €47.2 million gross.

NOTE 53 LEASES

Finance leases

				Remaining lease payments			
Initial value	Amortization	Net amount	Lease payments made	< 1 year	Between 1 & 5 years	> 5 years	Residual value
28,420	(2,849)	25,571	1,465	1,650	5,234	5,571	-

The finance leases relate to four real estate assets (land and buildings) and to transport equipment and servers.

Operating leases

These primarily include €38,978 thousand in property leases, none of which exceed 15 years.

NOTE 54 OTHER COMMITMENTS

Investment administered by White Star Capital

Ubisoft Entertainment Inc., supports the development of new local start-ups in the techno-creative sector via a program with a US$ 4 million budget in the form of venture capital. The funds provided by Ubisoft are administered by White Star Capital. As at March 31, 2019, US$ 2 million had been paid to White Star Capital.

Tom Clancy Brand earnout

The acquisition agreement pertaining to the right to use the *Tom Clancy* brand stipulates the payment of an earnout, depending on the achievement of an annual sales amount. As at March 31, 2019, an earnout of US$ 10.5 million was provisioned.

6.1.2.21 Events after the reporting period

None.

6.1.2.22 Professional fees of the statutory auditors and members of their networks

	KPMG			
	Amount (excluding tax)		%	
(in € thousands)	2018/2019	2017/2018	2018/2019	2017/2018
Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	217	226	27%	30%
♦ Fully consolidated subsidiaries	520	512	65%	68%
Services other than certification of the financial statements (1)				
♦ Issuer	69	16	8%	2%
TOTAL	**806**	**754**	**100%**	**100%**

(1) This year, non-financial statement certification services entrusted to the Statutory Auditors relate to services required by the legal and regulatory texts as well as the additional audit procedures

	MAZARS			
	Amount (excluding tax)		%	
(in € thousands)	2018/2019	2017/2018	2018/2019	2017/2018
Statutory audit, certification, and review of the separate and consolidated financial statements				
♦ Issuer	189	189	42%	60%
♦ Fully consolidated subsidiaries	206	119	47%	38%
Services other than certification of the financial statements (1)				
♦ Issuer	55	8	11%	2%
TOTAL	**450**	**316**	**100%**	**100%**

(1) This year, non-financial statement certification services entrusted to the Statutory Auditors relate to services required by the legal and regulatory texts as well as the additional audit procedures

6.1.3 OTHER ACCOUNTING PRINCIPLES

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.

6.2 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.

Financial year ended March 31, 2019

To the General Meeting of the company Ubisoft Entertainment S.A.,

OPINION

As mandated by your General Meetings, we conducted the audit of the consolidated financial statements of Ubisoft Entertainment S.A. in respect of the financial year ended March 31, 2019, as attached to this report.

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 operations for the financial year just ended, as well as the assets, financial position and results of the Group comprising the consolidated persons and entities.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit Guidelines

We conducted our audit in accordance with accepted professional standards in France. It is our view that the elements that we collected are sufficient and adapted to base our opinion.

Our responsibilities under these standards are indicated in the section "Responsibilities of the Statutory auditors relating to the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit in accordance with the applicable rules of independence, over the period from April 1, 2018 to the date of issue of our report, and notably, did not provide services prohibited by Article 5, paragraph 1 of the (EU) Regulation No. 537/2014 or by the Statutory auditors' Code of Ethics.

COMMENTS

Without calling into question the opinion expressed above, we draw your attention to the following item presented in the note "Comparability of financial statements" in the notes to the consolidated financial statements where the impact of the early application of IFRS 15 on April 1, 2018 is presented.

BASIS FOR OUR ASSESSMENT - KEY POINTS OF THE AUDIT

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the basis for our assessments, we call your attention to the key points of the audit regarding the risks of material misstatements which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the financial year, together with the responses we provided to these risks.

Our assessments were made within the context of our audit of the consolidated financial statements as a whole and provided a basis for the opinion expressed previously. We do not express an opinion on the items in the consolidated financial statements taken separately.

Assessment of the commercial software developed internally – impairment tests
Note 22 of the notes to the consolidated financial statements

Risk identified	Response provided
As at March 31, 2019, the net carrying amount for the commercial software developed internally amounted to €770 million for a total statement of financial position of €3,289 million. The intangible assets resulting from the development of commercial software, once released, are amortized on a straight-line basis starting on the commercial release date for a duration of 1 to 6 years. Moreover, as indicated in Note 22 "Inventory value and changes in intangible assets during the financial year", in the notes to the consolidated financial statements, the Group subjects the released commercial software to an impairment test at each closing date. Commercial software in production with a planned release date within 12 months after the closing date, or for which an impairment loss indicator is identified is also subject to an impairment test. These tests involve comparing the net carrying amount of the commercial software (after normally recognized linear depreciation) to the expected future cash flows from the sale of the game. Impairment is recognized if the value-in-use is lower than the net carrying amount of the commercial software. We have considered the impairment tests on commercial software developed internally as a key point of the audit, given the particularly significant amount and the significant degree of judgment required by the Group to determine the value-in-use bases on forecasts of discounted cash flows for which achievement is inherently uncertain.	We have examined the procedures for conducting these impairment tests. Our work notably consisted in: (1) Taking note of the internal control relating to the implementation of these impairment tests and testing by sampling the key controls implemented by the Group for these processes. Our procedure tests consisted in: ♦ assessing the implementation of editorial control by the Group's Executive Management; ♦ assessing the portfolio review of software in production which aims to control the exhaustive accounting translation of editorial discontinuation decisions; ♦ ensuring that the Board of Directors has approved the 3 year business plan. (2) Our substance tests mainly consisted in: ♦ conducting a retrospective analysis of the impairment tests carried out by the Group over the previous financial years; ♦ comparing sales and profitability forecasts for the commercial software used in the impairment tests with those underlying the Group's 3 year business plan approved by the Board of Directors; ♦ assessing the consistency of the future sales forecasts with regard to available data or comparables (previous opus within the same franchise, another similar commercial software with the same comparable levels of functions, taking into account the level of pre-orders for example). We also assessed the relevant nature of the information provided in Note 22 "Inventory value and changes in intangible assets during the financial year" in the notes to the consolidated financial statements.

Assessment of goodwill and brands
Notes 17 to 23 of the notes to the consolidated financial statements

Risk identified	Response provided
Goodwill and brands presented significant net carrying amounts of €291 million and €60 million respectively at March 31, 2019. All brands indicated as assets in the Group's statement of financial position have an indefinite life. At least once a year, and more regularly in the event of impairment loss indicators, the Group ensures that the net carrying amount of these assets does not exceed their recoverable value. The procedures for the impairment tests implemented by the Group are described in Notes 20 "Goodwill" and 22 "Brands" in the notes to the consolidated financial statements; they include a significant number of judgments and assumptions, notably covering: ♦ future cash flow forecasts; ♦ the perpetuity growth rates selected for the forecast flows; ♦ the discount rate applied to the estimated cash flows. Consequently, a change in these assumptions would significantly affect the recoverable value of these assets and require an impairment to be recognized. We consider the assessment of goodwill and brands to be a key point of the audit, due to the high degree of judgment required by the Group in the choice of the assumptions required to determine their recoverable value, based on discounted cash flow forecasts for which achievement is inherently uncertain.	We have analyzed the compliance of the methodologies applied by the Group with current accounting standards, and specifically those used to estimate the recoverable value. (1) We have also conducted a critical assessment of the way in which this methodology is implemented, and have specifically: ♦ assessed the effective implementation of the internal approval and validation process for the business plans prepared by the Group and used for the impairment tests; ♦ checked the implementation of the reconciliation of the business plans used for the impairment tests with the Group business plan approved by the Board of Directors; ♦ tested the implementation of the consistency control between the equity value from the Group's business plan with the stock market capitalization. (2) Our substance tests mainly consisted in: ♦ conducting a critical review of the business plans based notably on discussions with the Administration Department; ♦ checking the arithmetical accuracy of the impairment tests of goodwill and brands; ♦ analyzing the perpetuity growth rates and the discount rate of the future cash flows by our own experts; ♦ measuring the sensitivity of the impairment tests to the discount rate and growth rate of sales; ♦ assessing the relevant nature of the information provided in the notes to the consolidated financial statements.

Evaluation of sales of video games including a Live Services type component and on license and distribution agreements within the context of the first-time application of IFRS 15

Notes 1, 4 and 6 of the notes to the consolidated financial statements

Risk identified

As part of its video game production and distribution activities, the Ubisoft Group mainly obtains revenue from:

- sales of video games without associated services (Digital and Retail);
- sales of video games incorporating an online feature such as Live Services;
- license agreements and distribution agreements pertaining to video games or films.

The Group applied IFRS 15 for the first time effective April 1, 2018 and opted for the cumulative catch-up method, without any practical simplification measures, with an impact on equity for the financial year of first-time application. The application of the new standard effective April 1, 2018 translated into a decrease of €64.5 million in consolidated reserves as of the same date. At March 31, 2019, the deferred income associated with the application of IFRS 15 stood at €275.8 million.

The first-time application of IFRS 15 had an impact on the recognition of sales pertaining to video game sales including a "Live Services-type" "service" component.

Ubisoft now identifies two obligations on these types of games:

- an initial obligation associated with the digital or physical delivery of the content, where revenue associated with this initial obligation is recognized at the date of content delivery;
- a performance obligation corresponding to the provision of a set of services to the end user (the player) incorporating in particular rights to unspecified future contents (updates, corrections, improvements, maintenance and potential delivery of free content) and features providing online access to said content. The revenue associated with this service obligation is recognized according to a straight-line distribution over the expected lifetime of game usage by end users.

The methods for determining the weighting of the "service" component, the amount of revenue to defer, as well as its estimated lifetime are complex and require judgments and estimates to be made according to the game categories and the extent of the online services provided to players.

IFRS 15 also has an impact on the recognition of license agreements and distribution agreements signed with third party customers. The standard offers a new type of grid analysis for licenses (whether pertaining to video games or films), particularly by making a distinction between the right to access (recognition of revenue over time) and the right to use (recognition of revenue at the time the licensed content is transferred to the customer). The methods for the application of accounting standards pertaining to these agreements can be complex and require judgments and estimates to be made.

Given the complexity of the information systems and the judgments and estimates used in determining sales, we decided that the evaluation of the sales figures pertaining to video game sales including a component such as "Live Services" and to license and distribution agreements constitutes a key point of our audit.

Response provided

We took into account the high level of integration of the various information systems involved in the recognition of sales by including individuals on our team who have specific experience in information systems, and by testing the design, implementation, and effectiveness of the key automated controls of the systems having an impact on the recognition of sales.

As part of our work associated with the "Live Services-type" "service" component, our work specifically consisted in:

- analyzing the methods used by the Group for the recognition of revenue;
- identifying the various agreements in effect within the Ubisoft Group;
- identifying and analyzing the various service obligations within these agreements, whether implicit or explicit, to determine the transaction price;
- analyzing the management rules applied by the Group in the allocation of the transaction price used, and assessing whether these defined rules were correctly applied;
- assessing the compliance of the main judgments and estimates used associated with the determination of the weighting of the Service component as well as its lifetime;
- comprehensively recalculating the expected opening impact in application of the management rules defined by the Group by involving our IT specialists in this work;
- comparing our own estimates of sales to be recognized over the financial year with the recognized sales.

With regard to material distribution agreements and license agreements signed with third-party customers, our work particularly consisted in:

- examining all contractual documentation and the analyses performed by the Ubisoft Group's management;
- identifying and analyzing the various service obligations within these contracts;
- examining the accounting treatment applied;
- evaluating the main judgments and estimates used.

We also assessed the appropriateness of the information presented in Notes 1, 4 and 6 of the notes to the consolidated financial statements.

SPECIFIC VERIFICATIONS

In accordance with the professional standards applicable in France, we also carried out specific verifications regarding the information relating to the Group and the data in the management report of the Board of Directors as required by laws and regulations.

We have no matters to report regarding the accuracy of this information and its consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance statement of stipulated by Article L. 225-102-1 of the French Commercial Code is featured in the information relating to the Group provided in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, we did not verify the information contained in this statement for accuracy or consistency with the consolidated financial statements. This information must be the subject of a report by an independent third party entity.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of the Statutory auditors

We were appointed as Statutory auditors for Ubisoft Entertainment by your General Meetings of June 27, 2003 for KPMG Audit and September 29, 2016 for MAZARS.

As at March 31, 2019, KPMG Audit was in its 16th consecutive year of assignment, and MAZARS in its 3rd consecutive year of assignment.

RESPONSIBILITIES OF THE MANAGEMENT TEAM AND THE PEOPLE COMPRISING THE CORPORATE GOVERNANCE WITH REGARD TO THE CONSOLIDATED FINANCIAL STATEMENTS

The management team is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with the IFRS standards as adopted by the European Union, and implementing the internal control it considers necessary for preparing consolidated financial statements that do not include material misstatements, resulting either from fraud or errors.

When preparing the consolidated financial statements, the management team is responsible for assessing the Company's ability to continue its operations, and presenting in these financial statements, if applicable, the information on the continuation of operations, and applying the accounting going-concern convention, unless it plans to liquidate the Company or cease its activity.

The Audit Committee is responsible for monitoring the financial information preparation process and the effectiveness of the internal control and risk management systems, as well as, if applicable, internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

We are responsible for preparing a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not include material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit conducted in accordance with professional standards would systematically detect all material misstatements. Misstatements from fraud or resulting from errors are considered to be material when we can reasonably expect that they may, taken individually or cumulatively, influence economic decisions that users of the financial statements may take based on them.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or the management quality of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Statutory auditor exercises his/her professional judgment throughout the audit. Moreover:

- he/she identifies and assesses the risks that the consolidated financial statements include material misstatements from fraud or resulting from errors, defines and implements audit procedures faced with these risks and collects the elements that he/she considers sufficient and appropriate on which to base his/her opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a misstatement resulting from an error, as the fraud may involve collusion, falsification, voluntary omissions, false declarations or circumvention of internal control;
- he/she takes note of the relevant internal control for the audit in order to define the relevant audit procedures, and not with the aim of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriate nature of the selected accounting principles and the reasonable nature of the accounting estimates made by the management team, as well as the information on them provided in the consolidated financial statements;
- he/she assesses the relevant nature of the application of the going-concern accounting convention by the management team, and, depending on the elements collected, the existence of a significant uncertainty with regard to the events or circumstances likely to call into question the Company's ability to continue its operations. This assessment is based on the elements collected up to the date of his/her report, it being recalled that subsequent circumstances or events may call into question the continuation of operations. If he/ she concludes that there is a significant uncertainty, he/she calls the readers' attention to the information provided in the consolidated financial statements on the subject of this uncertainty, or, if this information is not provided or is not relevant, he/she formulates a certification with reserves or refuses to certify;
- he/she assesses the overall presentation of the consolidated financial statements and assesses if the consolidated financial statements reflect the underlying operations and events, in order to provide a true and fair view;
- with regard to the financial information of the scope of consolidation comprising the consolidated persons and entities, he/she collects the elements that he/she considers sufficient and appropriate in order to express an opinion on the consolidated financial statements. He/she is responsible for managing, supervising and conducting the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

Report to the Audit Committee

We provide a report to the Audit Committee presenting notably the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also draw its attention, if applicable, to the significant weaknesses of the internal control that we have identified with respect to the procedures for the preparation and processing of accounting and financial information.

Amongst the elements communicated to the Audit Committee are the risks of material misstatements that we have considered to be the most important for the audit of the consolidated financial statements, and that constitute as such the key points of the audit, which we are responsible for describing in this report.

We also provide the Audit Committee with the declaration provided for by Article 6 of (EU) Regulation No. 537-2014 confirming our independence under the meaning of the rules applicable in France as set notably by Articles L. 822-10 to L. 822-14 of the French Commercial Code, and the Statutory auditors' Code of Ethics. If applicable, we discuss with the Audit Committee the risks weighing on our independence and the safeguard measures applied.

Rennes and Nantes, May 29, 2019

Statutory auditors

KPMG Audit
Department of KPMG SA

Vincent Broyé
Partner

MAZARS

Arnaud Le Néen
Partner

6.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2019

6.3.1 BALANCE SHEET

Assets

(in € thousands)	Notes	Gross	Depreciation and amortization/ impairment	03/31/19 Net	03/31/18 Net
Intangible assets	19	1,981,343	1,097,879	883,464	770,540
Property, plant and equipment	21	13,606	7,535	6,071	6,854
Non-current financial assets	23	525,705	64,501	461,204	558,255
Non-current assets		**2,520,654**	**1,169,915**	**1,350,739**	**1,335,649**
Advances and prepayments made	11	14,741	-	14,741	18,024
Trade receivables	5	405,405	-	405,405	333,459
Other receivables	6	119,077	-	119,077	88,551
Investment securities	24	105,472	1	105,471	10,983
Cash instruments	24	411,067	-	411,067	307,550
Cash	24	471,082	-	471,082	430,129
Current assets		**1,526,844**	**1**	**1,526,843**	**1,188,696**
Prepaid expenses and deferred charges	9	14,562	-	14,562	17,540
TOTAL ASSETS		**4,062,060**	**1,169,916**	**2,892,144**	**2,541,884**

Liabilities

(in € thousands)	Notes	03/31/19	03/31/18
Capital	27	8,650	8,652
Premiums		49,813	2,863
Reserves		56,466	848
Retained earnings		-	(59,807)
Earnings for the period		159,159	215,808
Regulated provisions		793,852	725,589
Equity	**26**	**1,067,940**	**893,953**
Provisions	17	1,090	2,265
Borrowings [(1)(2)]	25	985,667	1,048,128
Other financial liabilities	25	572,004	355,948
Trade payables		198,583	211,831
Fiscal and social liabilities		27,369	17,366
Liabilities on non-current assets		4	34
Other liabilities	15	33,128	12,189
Liabilities		**1,816,755**	**1,645,497**
Prepaid expenses and deferred charges	16	6,359	170
TOTAL LIABILTIIES		**2,892,144**	**2,541,884**
(1) Including current portion of borrowings		*84,412*	*95,662*
(2) Including current bank credit facilities and bank credit balances		*32,054*	*26,912*

6.3.2 INCOME STATEMENT

(in € thousands)	Notes	03/31/19 (12 months)	03/31/18 (12 months)
Production for the period	3	1,741,415	1,550,694
Other operating income and reinvoiced costs	4	477,499	453,123
Total operating income		**2,218,914**	**2,003,817**
Other purchases and external expenses	10	1,094,863	999,208
Taxes and duties		2,455	1,897
Personnel costs		2,504	2,288
Other expenses	4	24,947	10,470
Depreciation, amortizations and provisions	18-20	958,870	880,670
Total operating expenses		**2,083,639**	**1,894,533**
OPERATING INCOME		**135,275**	**109,284**
Financial income from investments		78,290	203,224
Other interest received		7,743	5,572
Reversals of provisions and reinvoiced costs		47,008	42,769
Foreign exchange gains		14,643	34,369
Net proceeds on sale of investment securities		249	-
Total financial income		**147,933**	**285,934**
Provisions		27,331	32,845
Other interest paid		13,297	9,592
Foreign exchange losses		14,309	31,351
Net expenses on sales of investment securities		10	3
Total financial expenses		**54,947**	**73,791**
NET FINANCIAL INCOME	**22**	**92,986**	**212,143**
NET INCOME FROM CONTINUING OPERATIONS		**228,261**	**321,427**
NON-RECURRING ITEMS	**6.3.4.7**	**(67,634)**	**(107,795)**
NET INCOME BEFORE TAX		**160,627**	**213,632**
Income tax	6.3.4.8	(1,468)	2,176
PROFIT (LOSS) FOR THE PERIOD		**159,159**	**215,808**

6.3.3 FINANCING STATEMENT

(in € thousands)	Notes	03/31/19	03/31/18
Cash flows from operating activities			
Earnings		159,159	215,808
Net depreciation and amortization of property, plant and equipment and intangible assets	4-18	528,073	490,087
Changes in provisions [1]		62,176	75,640
Net cash from operation		**749,408**	**781,534**
Trade receivables	5	(71,947)	94,300
Advances and prepayments made [2]		3,212	139
Other assets		(29,019)	(23,523)
Trade payables [3]		(9,904)	33,177
Other liabilities		37,130	8,706
Total changes in working capital		**(70,528)**	**112,798**
Net cash generated by operating activities		**678,880**	**894,332**
Cash flows from investment activities			
Acquisitions of intangible assets [4]	19	(656,789)	(572,717)
Acquisitions of property, plant and equipment	21	(456)	(645)
Acquisitions of equity investments	23	(65,179)	(30,800)
Acquisitions of other non-current financial assets	23	(73,796)	(137,814)
Repayment of loans and other financial assets	23	71,380	54,298
Buyback of own shares destined to be canceled [5]	23	(100,500)	-
Security deposit CACIB swap contract [6]	23	100,000	(100,000)
Net cash used by investment activities		**(725,340)**	**(787,678)**
Cash flows from financing activities			
Capital increase	26	182	123
Impact on the opening balance of new ANC regulation No. 2015-2005		-	(212)
Increase in issue premium	26	131,727	48,828
New medium-term borrowings	25	602,676	895,002
Repayment of medium-term borrowings	25	(572,108)	(487,515)
Deferred expenses		(89)	(3,664)
Change in current accounts	25	117,916	(209,376)
Change in cash instruments		(103,549)	(166,690)
Buyback of own shares destined for share-based payment plans [5]		(100,500)	-
Net cash generated by financing activities		**76,255**	**76,496**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**29,797**	**183,150**
Net cash position at beginning of the fiscal year		414,203	231,053
Net cash position at end of the fiscal year	24	444,000	414,203

(1) Including €177 thousand linked to changes in personnel expenses

(2) Including €71 thousand linked to commitments guaranteed but not paid in advances and prepayments made

(3) Including €3,374 thousand linked to commitments guaranteed but not paid in trade payables

(4) Including €3,303 thousand linked to commitments guaranteed but not paid in intangible assets

(5) Flows relating to the CACIB share swap contract

(6) Including €100 million paid during the 2018 financial year and repaid during the financial year relating to the guarantee under the CACIB swap contract. For better comparability of the information, the payment of the €100 million security deposit on March 31, 2018 was reclassified from Acquisitions of other non-current financial assets to Security deposit CACIB swap contract

6.3.4 NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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

NOTE 1 KEY EVENTS AND GENERAL PRINCIPLES

Financial year highlights

Acquisition

- **February 2019: Acquisition of the i3D.net group**

On February 28, 2019, Ubisoft Entertainment SA acquired 100% of the Dutch group "Performance Group B.V." along with its five wholly-owned subsidiaries. i3D.net is a leader in hosting solutions for the video game industry. With 50 million players using its servers on a daily basis, i3D.net is one of the top 10 hosting services with the most extensive network worldwide, thereby providing exceptional flexibility and scalability to 3,000 customers spread out over 33 datacenters throughout the world.

Other highlights

- **June 2018: "MMO" employee stock ownership plan**

The Company's Board of Directors decided to carry out a capital increase reserved for employees outside the savings plans on January 25, 2018. Beneficiaries were offered the option of acquiring company shares with a 15% discount through a Company mutual fund (FCPE) or stock appreciation rights (SAR) as part of a leverage formula. They benefited from an additional contribution equal to 300% of their personal contribution, capped at €900 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 June 28, 2018, Ubisoft Entertainment delivered 713,561 shares (FCPE formula) and created 957,920 shares (SAR formula) at a price of €70.90.

- **June 2018 to March 2019: Dividends received**

Certain French and foreign subsidiaries carried out the payment of dividends and interim dividends to Ubisoft Entertainment SA for a total of €78,290 thousand.

- **October 2018: Buyback of 3,045,355 own shares**

Ubisoft decided to buy back 3,045,455 own shares on October 31, 2018. This transaction settled in advance the entire swap contract signed with the bank CACIB in March 2018 in the context of Vivendi's exit from the share capital. The shares thus purchased at the contractual price of €66 were delivered on November 9, 2018. The payment of these shares was completed thanks to a €101.2 million payment, a €100 million security deposit having been paid during the preceding financial year. On February 1, 2019, Ubisoft canceled 1,522,728 of these shares. The remaining shares are intended to be used in share-based compensation plans or share-indexed compensation plans for employees, or to be canceled.

General information

The financial year is a 12-month period from April 1, 2018 to March 31, 2019.

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 2015-05 of July 2, 2015, regulation 2015-06 of November 23, 2015, regulation 2016-07 of November 4, 2016, 2018-01 of April 20, 2018 and 2018-02 of July 6, 2018.

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.

Unless otherwise indicated, financial data are presented in thousands of euros without decimals. The rounding to the nearest thousand euros may result in immaterial differences in totals and subtotals shown in tables.

NOTE 2 COMPARABILITY OF FINANCIAL STATEMENTS

Change in estimation

None.

Change in method

None.

6.3.4.2 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.

	03/31/19	03/31/18
Sales	1,087,084	974,536
Capitalized production costs for commercial software developments	649,242	571,008
Capitalized production costs for external software developments	5,089	5,150
PRODUCTION FOR THE PERIOD	**1,741,415**	**1,550,694**

The breakdown of sales by geographic region was as follows:

	03/31/19		03/31/18	
	(in € thousands)	*(in %)*	*(in € thousands)*	*(in %)*
Europe	606,382	56%	446,795	46%
North America	472,625	43%	491,770	50%
Asia	9,460	1%	32,559	3%
Rest of the world	(1,383)	0%	3,412	1%
SALES	**1,087,084**	**100%**	**974,536**	**100%**

NOTE 4 OTHER OPERATING INCOME AND REINVOICED COSTS

	03/31/19	03/31/18
Reversals of provisions for impairment of commercial software developments [1]	416,563	384,088
Reversals of provisions for impairment of external software developments	371	6,199
Reversal on provisions for operating foreign exchange risk	451	189
Reinvoiced costs	38,024	52,103
Foreign exchange gains on forward instruments and commercial transactions [2]	21,511	10,460
Miscellaneous operating income	579	84
TOTAL	**477,499**	**453,123**

(1) See details in Note 18

(2) "The operating foreign exchange income (loss) on forward instruments and commercial transactions was -€2,441 thousand at March 31, 2019 (+€449 thousand at March 31, 2018)" amounting to €21,511 thousand recognized under "Other operating income and reinvoiced costs" of the income statement and -€23,952 thousand recognized under "Other expenses" of the income statement"

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	03/31/19 Net	03/31/18 Net
Trade receivables	72,416	-	72,416	72,523
Related accounts	332,989	-	332,989	260,936
TOTAL	**405,405**	**-**	**405,405**	**333,459**

"Trade receivables" basically consists of intra-group receivables.

Customer payment terms

	Article D. 441 I.- 2°: Invoices issued but outstanding at the financial year closing date with overdue payment				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 days and over)
(A) Late payment brackets					
Number of invoices concerned					30
Total amount of invoices concerned (pre-tax)	3,701,467	350,634	1,045,781	6,982,545	12,080,427
Percentage of sales and reinvoiced costs for the financial year (pre-tax)	0.34%	0.03%	0.10%	0.64%	1.11%
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables					
Number of invoices excluded					0
Total amount of invoices excluded (pre-tax)					0
(C) Benchmark payment terms used (contractual or legal times – Article L. 441.6 or Article L. 443-1 of the French Commercial Code)					
Payment terms used to calculate late payments	Contractual deadlines: 30 days end of month				

NOTE 6 OTHER RECEIVABLES

(in € thousands)	Gross	Impairment	03/31/19 Net	03/31/18 Net
Suppliers – credit notes to receive	13,932	-	13,932	4,504
Government (VAT credit, tax)	36,723	-	36,723	42,616
Partner current account advances	67,764	-	67,764	39,903
Other miscellaneous debtors	658	-	658	1,528
TOTAL	**119,077**	**-**	**119,077**	**88,551**

The change in the "State" item is mainly due to the tax credits generated during the financial year.

The change in partner current account advances corresponds to the advances made to subsidiaries to finance their specific business needs.

NOTE 7 STATEMENT OF RECEIVABLES

(in € thousands)	Gross amount	< 1 year	> 1 year
Receivables on non-current assets	**1,390**		
Deposits and sureties	1,390	-	1,390
Receivables on current assets	**548,619**		
Advances and prepayments made	14,741	14,741	
Trade receivables	405,405	405,405	
Government (VAT credit, sundry)	36,723	36,723	
Group and associates	67,764	67,764	
Suppliers – credit notes to receive	13,932	13,932	
Other miscellaneous debtors	658	658	
Prepaid expenses	9,395	8,627	768
TOTAL	**550,008**	**547,850**	**2,158**

ACCOUNTING PRINCIPLES

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

	03/31/19	03/31/18
Associated company – credit notes to receive	13,932	4,504
Income not yet invoiced (1)	332,989	260,936
Interest receivable from banks	497	504
Other	256	116
TOTAL	**347,674**	**266,060**

(1) Mainly relate to transactions with related parties

NOTE 9 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Prepaid expenses	10,681	9,395	10,681	9,395
Credit line issuance costs	1,297	75	293	1,079
Loan issuance costs	5,050	14	1,267	3,797
Foreign exchange gains and losses (assets)	512	291	512	291
TOTAL 03/31/19	**17,540**	**9,775**	**12,753**	**14,562**
TOTAL 03/31/18	**17,978**	**14,858**	**15,296**	**17,540**

6.3.4.3 Purchases and other expenses

NOTE 10 OTHER PURCHASES AND EXTERNAL EXPENSES

	03/31/19	03/31/18
Production services subcontracted to subsidiaries	877,934	797,398
Production services subcontracted to external developers	7,876	7,867
Other purchases and external expenses	209,053	193,944
TOTAL	**1,094,863**	**999,209**

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 €14,741 thousand in "Advances and prepayments made" is primarily comprised of guaranteed advances on license agreements which break down as follows:

(in € thousands)	03/31/19	03/31/18
Net at opening	**17,920**	**26,560**
New guarantees	8,627	9,034
Depreciation and amortization	12,081	17,674
NET AT YEAR-END	**14,466**	**17,920**

ACCOUNTING PRINCIPLES

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 SCHEDULE OF SUPPLIER PAYMENTS

	Article D. 441 I.- 1°: Invoices issued but outstanding at the financial year closing date with overdue payment				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 days and over)
(A) Late payment brackets					
Number of invoices concerned					33
Total amount of invoices concerned (pre-tax)	127,264	227,619	101,859	246,379	703,121
Percentage of the total amount of purchases during the financial year (pre-tax)	0.01%	0.02%	0.01%	0.02%	0.06%
(B) Invoices excluded from (A) relating to disputed or unrecognized payables					
Number of invoices excluded					0
Total amount of invoices excluded (pre-tax)					0
(C) Benchmark payment terms used (contractual or legal times – Article L. 441.6 or Article L. 443-1 of the French Commercial Code)					
Payment terms used to calculate late payments	Contractual deadlines: Cash payment/30 days end of month/10 days date of invoice				

NOTE 13 STATEMENT OF LIABILITIES

(in € thousands)	Gross amount	< 1 year	> 1 year
Bonds	901,077	1,077	900,000
Bank borrowings and debts	84,590	83,335	1,255
Hedging instruments	-	-	-
Other borrowings and financial liabilities	572,004	572,004	-
Trade payables	198,583	198,017	566
Fiscal and social liabilities	27,369	27,369	-
Other liabilities	33,128	33,128	-
Liabilities on non-current assets	4	4	-
TOTAL	**1,816,755**	**914,934**	**901,821**

NOTE 14 ACCRUED EXPENSES

	03/31/19	03/31/18
Bank charges payable	152	174
Accrued interest on bonds	1,077	2,401
Accrued interest on bank borrowings	29	29
Interest accrued on current accounts	253	201
Trade payables, invoices not yet received (1)	103,075	114,192
Credit notes to be issued (1)	10,115	7,308
Fiscal and social liabilities	6,437	5,947
TOTAL	**121,138**	**130,252**

(1) Mainly relate to transactions with subsidiaries

NOTE 15 OTHER LIABILITIES

	03/31/19	03/31/18
Trade receivables – credit notes to issue [1]	10,115	7,308
Other liabilities [2]	23,013	4,881
TOTAL	**33,128**	**12,189**

(1) Credit notes to issue relate to associated companies
(2) Other liabilities mainly concern positive customer balances in respect of related parties

NOTE 16 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Deferred income [1]	-	6,024	-	6,024
Conversion rate adjustment (liabilities)	170	243	170	243
Remeasurement of cash instrument liabilities	-	92	-	92
TOTAL 03/31/19	**170**	**6,359**	**170**	**6,359**
TOTAL 03/31/18	**880**	**170**	**880**	**170**

(1) Concerns a contract relating to the financing of assets. The consumption of this deferred income will begin upon the commissioning of the underlying assets

NOTE 17 PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

			Reversals		
	03/31/18	Provisions	Provision used	Provision unused	03/31/19
Provisions for risks					
For foreign exchange risks	524	133	524	-	133
For subsidiary risks	1,741	-	-	961	780
Impairments					
On equity investments	84,701	25,583	-	45,970	64,314
On own shares	-	188	-	-	188
On UCITS	4	1	4	-	1
TOTAL 03/31/19	**86,970**	**25,905**	**528**	**46,931**	**65,416**
TOTAL 03/31/18	**99,177**	**30,751**	**194**	**42,764**	**86,970**

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 PRINCIPLES

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.

Provisions mainly correspond:

- to provisions for foreign exchange losses recognized, in relation to unhedged unrealized foreign exchange losses on the statement of financial position in foreign currencies and, where applicable, in the amount of the negative fair value of the foreign exchange derivatives not qualifying as hedges;
- to provisions to cover subsidiaries' negative equity.

6.3.4.4 Intangible assets

NOTE 18 AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS

Amortization and impairment of intangible assets	03/31/19	03/31/18
Released commercial software developments [1]	853,138	790,310
Released external software developments	8,334	11,503
Commercial software in progress [1]	80,113	73,948
External software developments in progress	-	1,084
Goodwill	13,730	-
Other	2,182	2,105
TOTAL	**957,497**	**878,950**

(1) Net reversals (see Note 19) on commercial software and external software developments amount to €516,687 thousand and €7,963 thousand respectively

NOTE 19 INVENTORY VALUE AND CHANGES IN INTANGIBLE ASSETS DURING THE FINANCIAL YEAR

			03/31/19	03/31/18
	Gross	Depreciation and amortization	Net	Net
Released commercial software developments	1,246,343	984,014	262,329	232,130
Released external software developments	15,390	11,914	3,476	794
Commercial software in progress	669,339	80,113	589,226	486,870
External software developments in progress	-	-	-	8,859
Brands and operating licenses	9,116	-	9,116	9,116
Goodwill	27,900	13,730	14,170	27,900
Other	13,255	8,108	5,147	4,871
TOTAL	**1,981,343**	**1,097,879**	**883,464**	**770,540**

Gross value of intangible assets	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	994,969	6,489	301,388	546,272	1,246,343
Released external software developments	11,792	742	8,131	10,987	15,390
Commercial software in progress	572,859	642,753	-	(546,272)	669,339
External software developments in progress	9,944	1,044	-	(10,987)	-
Brands and operating licenses	9,116	-	-	-	9,116
Goodwill	27,900	-	-	-	27,900
Other	14,790	2,458	3,993	-	13,255
TOTAL 03/31/19	**1,641,370**	**653,486**	**313,513**	**-**	**1,981,343**
TOTAL 03/31/18	**1,484,998**	**573,162**	**416,808**	**18**	**1,641,370**

The €649,242 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.

Depreciation and amortization of intangible assets	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Released commercial software developments	762,839	472,944	301,388	49,620	984,014
Released external software developments	10,998	7,962	8,131	1,085	11,914
Commercial software in progress	85,989	43,744	-	(49,620)	80,113
External software developments in progress	1,085	-	-	1,085	-
Goodwill	-	13,730	-	-	13,730
Other	9,920	2,181	3,993	-	8,108
TOTAL 03/31/19	**870,830**	**540,561**	**313,512**	**-**	**1,097,879**
TOTAL 03/31/18	**798,974**	**488,664**	**416,808**	**-**	**870,830**

ACCOUNTING PRINCIPLES

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, only projects meeting the following criteria are recognized in non-current assets:

- 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.

...

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.

Inventory value and impairment tests of intangible assets

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.

The amortization of intangible assets with fixed useful lives begins:

- at the commercial launch for commercial software;
- at the date of 1st screening for films and series;
- at the date of commissioning for the other intangible assets with fixed useful lives.

Types of non-current assets	Depreciation method	Impairment method
Commercial software developments	1 to 6 years, straight-line, starting on the commercial release date	At the end of each financial year, the Company calculates, for all games in production due to be released within one year or for which an impairment loss has been identified, the value-in-use by discounting the expected future cash flows from each title over the entire duration of its effective life. Impairment is recognized if the value-in-use is lower than the net carrying amount of the software.
External developments	Depending on the royalty expenses due to third-party publishers	
Engines and tools	3 years, straight-line	Support assets for which the value is tested with commercial software developments.
Information system developments	5 years, straight-line	No impairment test in the absence of any indication of impairment.
Acquired brands	No amortization due to indefinite useful life	Impairment tests are carried out on brands at the end of each financial year or more frequently if there are indications of loss in value. The recoverable value of brands corresponds to the higher of the net fair value of disposal costs and the value-in-use (calculated by applying the royalty method to the forecast of expected future revenue for the tested brand taking into account a final value). Impairment is recognized if the value-in-use is lower than the net carrying amount of the brand.
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	According to the useful life estimated from 1 to 3 years	No impairment test in the absence of any indication of impairment.

Provisional data is updated using a rate based on a valuation of the average cost of capital, which stood at 8.84% at March 31, 2019, against 8.67% at March 31, 2018.

6.3.4.5 Property, plant and equipment

NOTE 20 DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Depreciation and impairment of property, plant and equipment	03/31/19	03/31/18
Buildings	38	38
Fixtures and fittings	1,068	1,183
Computer hardware and furniture	126	197
Transport equipment	8	6
TOTAL	**1,240**	**1,424**

NOTE 21 INVENTORY VALUE AND CHANGES IN PROPERTY, PLANT AND EQUIPMENT DURING THE FINANCIAL YEAR

	Gross	Depreciation and amortization	03/31/19 Net	03/31/18 Net
Buildings	765	240	525	563
Fixtures and fittings	11,848	6,720	5,128	5,737
Transport equipment	61	42	19	14
Computer hardware and furniture	932	533	399	444
Non-current assets in progress	-	-	-	97
TOTAL	**13,606**	**7,535**	**6,071**	**6,854**

Gross value of property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	765	-	-	-	765
Fixtures and fittings	11,389	14	-	445	11,848
Transport equipment	48	13	-	-	61
Computer hardware and furniture	859	82	9	-	931
Non-current assets in progress	97	348	-	(445)	-
TOTAL 03/31/19	**13,158**	**457**	**9**	**-**	**13,606**
TOTAL 03/31/18	**13,747**	**645**	**1,216**	**(18)**	**13,158**

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclassifications	Closing balance
Buildings	202	38	-	-	240
Fixtures and fittings	5,652	1,068	-	-	6,720
Transport equipment	34	8	-	-	42
Computer hardware and furniture	416	126	9	-	533
TOTAL 03/31/19	**6,304**	**1,240**	**9**	**-**	**7,535**
TOTAL 03/31/18	**6,096**	**1,424**	**1,216**	**-**	**6,304**

ACCOUNTING PRINCIPLES

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.

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

6.3.4.6 Financial assets and liabilities and net income

NOTE 22 NET FINANCIAL INCOME

	03/31/19	03/31/18
Financial income		
Financial income from investments	78,290	203,224
Other interest received	7,743	5,572
Reversals of provisions and reinvoiced costs	47,008	42,769
Foreign exchange gains	14,643	34,369
Net proceeds on sale of investment securities	249	-
	147,933	**285,934**
Financial expenses		
Amortization and provisions	27,331	32,845
Other interest paid	13,297	9,592
Foreign exchange losses	14,309	31,351
Net expenses on sales of investment securities	10	3
	54,947	73,791
NET FINANCIAL INCOME	**92,986**	**212,143**

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 and Canadian dollar). 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, 2019, the amounts hedged giving rise to forward purchases and sales of foreign currencies amounted to €60,348 thousand *(see Note 28 "Off-statement of financial position commitments").*

ACCOUNTING PRINCIPLES

Foreign currency transactions

Foreign currency transactions are recognized based on daily exchange rates. For hedged transactions, the resulting component of the hedged item is revalued at the hedged price per "Hedging Instruments" counterpart in the statement of financial position.

Liabilities, receivables and cash denominated in foreign currencies are converted at rates prevailing on March 31, 2019.

Unrealized gains and losses on receivables and liabilities are recognized in the statement of financial position as foreign exchange gains and losses. Those subject to foreign exchange hedges are recognized in "Financial Instruments" in the statement of financial position. A provision for foreign exchange risks is recognized if the conversion shows an unrealized loss. In the case of hedged transactions, unrealized losses are not provisioned.

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.

The transactions attached to hedging derivatives (mostly USD and CAD) are recognized in operating income at the historical transaction rate.

As part of the hedging implemented, the result from the hedging is recognized in operating or financial income, symmetrically to the accounting method for the income and expenses of the hedged item.

NOTE 23 NON-CURRENT FINANCIAL ASSETS

			03/31/19	03/31/18
(in € thousands)	Gross	Impairment	Net	Net
Equity investments and equivalent	521,517	64,313	457,204	371,637
Other non-current investments	2,798	188	2,610	85,605
Deposits and sureties	1,390	-	1,390	101,012
TOTAL	**525,705**	**64,501**	**461,204**	**558,254**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Closing balance
Equity investments	456,338	65,179	-	521,517
Other non-current investments [1]	85,605	173,918	256,725	2,798
Deposits and sureties [2]	101,012	378	100,000	1,390
TOTAL 03/31/19	**642,955**	**239,475**	**356,725**	**525,705**
TOTAL 03/31/18	**564,099**	**268,614**	**189,758**	**642,955**

(1) Including €100,500 thousand in increase and decrease linked respectively to the buyback of shares under the share swap contract with CACIB and their cancellation during the financial year

(2) The decrease corresponds to the repayment of the security deposit as part of the settlement of the share swap contract with CACIB

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 6.3.4.9).*

Provisions	Opening balance	Increase	Decrease	Closing balance
Equity investments	84,701	25,583	45,970	64,313
Own shares	-	188	-	188
TOTAL 03/31/19	**84,701**	**25,771**	**45,970**	**64,501**
TOTAL 03/31/18	**72,129**	**30,223**	**17,651**	**84,701**

The increase/decrease in provisions for impairment of equity investments is due to the change in the value in use of the companies' securities.

ACCOUNTING PRINCIPLES

- **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 according to:

- the medium-term profitability outlook. A method was determined to establish the future cash flows of the various activities of the Group. These are updated using a rate based on a valuation of the average cost of capital, which stood at 8.84% at March 31, 2019,
- the net position as of this date, if it is higher than the value determined by the discounted future cash flows.

- **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, CASH INSTRUMENTS AND CASH

Type	Gross value	Fair value	Provision	Net amount
UCITS	4,973	4,972	1	4,972
Own shares	100,500	111,774	-	100,500
TOTAL	**105,473**	**116,746**	**1**	**105,472**

Type	Gross value	Provision	Net amount
Cash instruments [1]	411,067	-	411,067
Cash	471,082	-	471,082
TOTAL	**882,149**	**-**	**882,149**

(1) Including €302,550 thousand corresponding to the balancing payment made during the preceding financial year under the prepaid forward contract for the buyback of Ubisoft shares (see Note 27 Own shares)

The cash breakdown is as follows:

	03/31/19
UCITS	4,972
Cash	471,082
Bank overdrafts and short-term loans	(32,054)
TOTAL	**444,000**

ACCOUNTING PRINCIPLES

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

	03/31/19	03/31/18
Bonds [1]	900,000	960,000
Medium/long-term borrowings [2]	52,507	58,755
Accrued interest [3]	1,258	2,604
Bank overdrafts and short-term loans	31,902	26,738
Hedging instruments – invoiced transaction	-	31
BORROWINGS	**985,667**	**1,048,128**
Fixed-rate debt	953,613	1,016,216
Variable-rate debt	32,054	31,912

	< 1 YEAR	FROM 1 TO 5 YEARS	> 5 YEARS
Amounts payable at 03/31/19	84,412	901,255	-

(1) Bonds for €500 million, OCEANE for €400 million

(2) Loans of €2.5 million and €50 million Schuldschein loan

(3) Accrued interest at the closing date of €1,077 thousand for the bonds, €29 thousand for the medium/long-term borrowings and €152 thousand in respect of bank overdrafts

Change in borrowings

Current and non-current financial liabilities	Opening balance	Increase	Decrease	Closing balance
Bonds	960,000	-	60,000	900,000
Bank borrowings	58,755	-	6,248	52,506
Accrued interest	2,604	1,258	2,604	1,258
Bank overdrafts and short-term loans	26,738	15,642	10,478	31,902
Hedging instruments – invoiced transaction	31	-	31	-
TOTAL AT 03/31/19	**1,048,128**	**16,900**	**79,361**	**985,667**

- 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

- Main characteristics of the bond issued in January 2018:

  The Board of Directors' meeting of January 24, 2018, acting on the authorization of the Extraordinary General Meeting of September 22, 2017, approved the issuance of bonds amounting to €500,000,000. These bonds were admitted to trading on Euronext Paris.

Number and nominal amount:	5,000 bonds with a par value of €100,000
Date of dividend entitlement and settlement:	January 30, 2023
Bond duration:	5 years
Interest:	1.289%

- The breakdown of borrowings by currency was as follows:

	03/31/19	03/31/18
Euro	985,664	1,045,570
US dollar	-	2,343
Other currencies	3	215
BORROWINGS	**985,667**	**1,048,128**

- The €572,004 thousand of other financial liabilities in the statement of financial position consists of:

	Opening balance	Increase	Decrease	Closing balance
Current account advances by related parties	227,788	117,916	-	345,704
Bpifrance participatory loans	2,160	-	1,860	300
Commercial papers	126,000	604,000	504,000	226,000
TOTAL AT 03/31/19	**355,948**	**721,916**	**505,860**	**572,004**

ACCOUNTING PRINCIPLES

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.

6.3.4.7 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.

	03/31/19	03/31/18
Non-recurring income		
Non-recurring income from capital transactions	1,205	628
Non-recurring reversals	276,695	295,039
Non-recurring expenses		
Non-recurring expenses on management transactions	6	265
Non-recurring expenses on capital transactions	569	22,701
Non-recurring provisions	344,959	380,496
NON-RECURRING ITEMS	**(67,634)**	**(107,795)**

At the end of March 2019, non-recurring items mainly comprised:

- -€344,957 thousand in allocations for accelerated depreciation on development expenditure for software;
- €276,695 thousand in reversals for accelerated depreciation on development expenditure for software;
- gains/losses on disposals of own shares for €636 thousand.

ACCOUNTING PRINCIPLES

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. In accordance with the provisions of Article 236 of the French General Tax Code (CGI), the Company may opt to either depreciate expenses for the development of software or deduct them from the income for the financial year in which they occur.

6.3.4.8 Income tax

At March 31, 2019, 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:

	03/31/19	03/31/18
Net income before tax from continuing operations	228,261	321,427
Non-recurring items	(67,634)	(107,795)
Net income before tax	160,627	213,632
Income tax (credit)	(1,468)	2,176
Net accounting income	159,159	215,808
Taxable income	39,751	16,508

		Income tax		Net income
	Net income before tax	Theoretical (tax credit)	Due	
Current	228,261	(36,951)	(18,694)	209,567
Non-recurring	(67,634)	23,314	-	(67,634)
Tax consolidation			17,226	17,226
TOTAL	**160,627**	**(13,637)**	**(1,468)**	**159,159**

Income tax comprises:

- an income tax expense during the financial year of €18,733 thousand;
- cancellation of the tax expense recorded by the subsidiaries of the tax consolidation group in the amount of €17,226 thousand;
- tax credits to the holding company of €39 thousand.

The tax group losses carried forward at March 31, 2019 amounted to €538,099 thousand, including €793,167 thousand of accelerated tax depreciation related to the application of Article 236 of the CGI (General Tax Code).

ACCOUNTING PRINCIPLES

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.

6.3.4.9 Equity

NOTE 26 STATEMENT OF CHANGES IN EQUITY

			Capital increase				Regulated provisions		
(in € thousands)	03/31/18	Allocation of 2017/2018 earnings	by cash contribution	by deduction from premiums	Reduction of capital by cancellation of own shares	Earnings for the period	Provisions	Reversal	03/31/19
Capital	8,652		183	54	(239)				8,650
Premiums	2,863		131,727	(54)	(84,723)				49,813
Legal reserve	848	18							865
Other reserves	-	155,983			(100,382)				55,601
Retained earnings	(59,807)	59,807							-
Earnings for the period	215,808	(215,808)				159,159			159,159
Regulated provisions	725,589						344,958	276,695	793,852
TOTAL	**893,953**	**-**	**131,910**	**-**	**185,344**	**159,159**	**344,958**	**276,695**	**1,067,940**

NOTE 27 CAPITAL

At the end of March 2019, Ubisoft Entertainment SA's capital of €8,649,921.24 was composed of 111,611,887 shares.

Number of Ubisoft Entertainment SA shares

AT 04/01/18	**111,645,032**
Exercise of subscription options	683,702
Capital increase reserved for employees	1,671,481
Free share grants	699,826
Cancellation of treasury shares	(3,088,154)
AT 03/31/19	**111,611,887**

The maximum number of shares to be created is 12,923,656:

- 1,737,829 through the exercise of stock options;
- 3,878,557 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

	26th plan	27th plan	28th plan	29th plan	30th plan	31st plan	32nd plan	33rd plan
Total number of shares granted	798,125	100,000	665,740	62,200	328,100	37,500	758,810	29,344
Start of exercise period	10/29/14	May 2018	09/24/15	12/16/15	09/23/16	May 2019	06/23/17 (1)	12/14/17 (1)
Expiry date of options	10/28/18	03/16/19	09/23/19	12/15/19	09/22/20	12/15/20	06/22/21	12/13/21
Strike price of options	€9.54 (France) €8.83 (World)	€11.92	€12.92	€14.22	€17.94	€26.85	€33.02	€31.95
Options at April 1, 2018	199,780	85,000	291,875	59,200	211,175	37,500	613,837	29,344
Options granted during the period	-	-	-	-	-	-	-	-
Options exercised during the period	199,780	85,000	124,984	29,000	41,564	-	111,199	5,000
Options cancelled during the period	-	-	750	-	3,600	-	11,333	-
Options outstanding at March 31, 2019	-	-	166,141	30,200	166,011	37,500	491,305	24,344

	34th plan	35th plan	36th plan	37th plan	38th plan	39th plan	40th plan	41st plan	Total
Total number of shares granted	220,700	418,500	11,000	2,500	11,500	19,579	188,454	56,031	
Start of exercise period	03/30/18	06/27/18	09/22/18	12/12/18	04/13/19	06/27/19	06/27/19 and 06/26/23	12/17/22	
Expiry date of options	03/29/22	06/26/22	09/21/22	12/11/22	04/12/23	06/26/23	06/27/23	12/16/23	
Strike price of options	€37.00 (France) €39.03 (World)	€50.02 (France) €51.80 (World)	€57.26	€64.63	€73.86	€94.58	€94.58	€68.59	
Options at April 1, 2018	217,700	412,500	11,000	2,500	-	-	-	-	2,171,411
Options granted during the period	-	-	-	-	11,500	19,579	188,454	56,031	275,564
Options exercised during the period	43,050	44,125	-	-	-	-	-	-	683,702
Options cancelled during the period	5,625	2,000	-	-	-	-	2,136	-	25,444
Options outstanding at March 31, 2019	169,025	366,375	11,000	2,500	11,500	19,579	186,318	56,031	1,737,829

(1) 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.

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.

	03/31/15				
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 04/01/18	468,748	10,710	352,216	217,600	69,861
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	3,120	-	-	-	-
Number of instruments exercised during the period	465,628	10,710	-	217,600	-
Number of instruments as at 03/31/19	-	-	352,216	-	69,861

	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 04/01/18	872,544	141,180	171,233	45,000	165,750
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	30,014	-	3,100	-	-
Number of instruments exercised during the period	-	4,388	-	1,500	-
Number of instruments as at 03/31/19	842,530	136,792	168,133	43,500	165,750

	03/31/17				
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
Number of instruments as at 04/01/18	318,100	892,340	205,140	10,300	11,820
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	15,600	36,085	-	-	-
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at 03/31/19	302,500	856,255	205,140	10,300	11,820

	03/31/19					
Grant date	06/27/18	09/12/18	10/30/18	12/17/18	02/01/19	Total
Maturity – vesting period *(in years)*	4 years	4 years	4 years	4 years	4 years	
Number of instruments as at 04/01/18	-	-	-	-	-	3,952,542
Number of instruments granted during the period	606,869	8,631	3,708	77,151	31,791	728,150
Number of instruments cancelled during the period	14,390	-	-	-	-	102,309
Number of instruments exercised during the period	-	-	-	-	-	699,826
Number of instruments as at 03/31/19	592,479	8,631	3,708	77,151	31,791	3,878,557

Group savings scheme

Group savings scheme – Massive Multishare Ownership

Ubisoft grants employee stock ownership plans for the benefit of a certain number of its employees.

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.

These plans were notably financed by Ubisoft via a 15% discount on the shares allocated to the operation. This discount is calculated compared to the average of the share trading prices over the 20 trading days prior to the Board of Directors' meeting that approved the capital increase.

After a holding 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.

	03/31/19	03/31/18
Grant date	06/28/18	07/27/17
Maturity – vesting period *(in years)*	5 years	5 years
Reference price	€83.41	€49.14
Subscription price	€70.90	€41.77
Discount	15%	15%
Number of shares	1,671,481	2,312,903
Subscription amounts:		
♦ Employees	€5,974 thousand	€5,538 thousand
♦ Additional contribution	€5,877 thousand	€4,122 thousand

Own shares

As at March 31, 2019, the Company held 1,558,212 own shares.

	03/31/19		03/31/18	
Own shares by objective	Number of shares	Valuation *(€ thousand)*	Number of shares	Valuation *(€ thousand)*
Liquidity agreements	35,485	2,793	21,750	1,259
Employee stock ownership coverage	1,522,727	100,500	10,139	498
Cancellation	-	-	1,117,572	72,308
Acquisitions	-	-	437,715	12,038
TOTAL	**1,558,212**	**103,293**	**1,587,176**	**86,103**

The changes mainly relate to the operations below:

- 1,565,426 shares worth €84,844 thousand were canceled on September 12, 2018;
- settlement in advance of the swap contract for 3,045,455 own shares that were delivered on November 9, 2018 in return for the payment of a price of €66, i.e. a total price of €201 million. As at February 1, some 1,522,728 shares amounting to €100.5 million had been canceled. The remaining shares are intended to be used in share compensation plans or share-indexed compensation plans for employees, or to be canceled;
- Ubisoft Entertainment SA signed a new liquidity agreement with EXANE BNP PARIBAS, which became effective on January 1, 2019.

6.3.4.10 Unrecognized contractual commitments

NOTE 28 FINANCIAL COMMITMENTS AND OTHER INFORMATION

Off-balance sheet commitments related to Company financing

Summary

Type	03/31/19	03/31/18
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	36,133	67,665
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not used	389,000	310,000

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/19
Commitments received by Ubisoft Entertainment SA			**351,000**
Lines of credit received and not used			
	Syndicated loan	07/18/23	300,000
	Committed lines of credit	04/09/20	10,000
	Lines of credit with banking institutions		41,000

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):

	2018/2019	2017/2018
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, 2019, the Company is in compliance with all these ratios and expects to remain so during the 2019/2020 financial year.

Other borrowings are not governed by covenants.

Off-balance sheet commitments related to hedging instruments

Summary

Type	Description	03/31/19	03/31/18
Foreign exchange hedges [1]		60,348	220,078
Contracts on Ubisoft shares [2]		300,000	501,000

(1) Fair value in thousands of euros valued at the guaranteed price

(2) On March 20, 2018, Ubisoft committed to buy back from Vivendi 7,590,909 of its own shares as part of a structured transaction in the form of a forward sale of shares by Vivendi to Crédit Agricole Corporate and Investment Bank (CACIB) and a forward buyback mechanism by Ubisoft from CACIB, enabling Ubisoft to spread out share buybacks until March 22, 2021. This buyback was partially completed during the financial year, following the early settlement of the swap contract signed with the bank CACIB for 3,045,455 shares on November 9, 2018 for a value of €201 million. The buyback of the remaining 4,545,454 shares will be completed by means of the prepaid forward contract to be settled through the delivery of the securities at maturity in 2021 or earlier. These acquisitions will be made at a price of €66 per share

Breakdown of unsettled instruments at the closing date

Nominal hedging amount in thousands of currency units	Subscription date	Maturity date	Hedged price	Type of instrument
USD				
2,500	March 2019	May 2019	1.1434	Forward sale
GBP				
2,800	March 2019	April 2019	0.8582	Forward purchase
CAD				
31,400	March 2019	April 2019	1.5081	Forward purchase
8,600	March 2019	April 2019	1.5081	Forward purchase
SEK				
21,000	March 2019	May 2019	10.454	Forward sale
42,200	March 2019	May 2019	10.4352	Forward sale
180,000	March 2019	May 2019	10.4454	Forward sale
JPY				
500,000	March 2019	May 2019	126.495	Forward purchase
RUB				
85,000	March 2019	May 2019	74.7	Forward sale

Finance lease agreement

Leased property	Initial cost	Provisions for the period	Cumulative depreciation and amortization	Net amount
Land	3,246	-	-	3,246
Building	23,093	646	2,333	20,760
TOTAL	**26,339**	**646**	**2,333**	**24,006**

	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	-	-	-	-	3,246	3,246	-
Building	1,372	4,597	2,205	9,195	8,413	19,814	-
TOTAL	**1,372**	**4,597**	**2,205**	**9,195**	**11,659**	**23,060**	**-**

Other commitments

Ubisoft Entertainment SA has committed to provide financial support to its subsidiaries in order to meet their cash flow requirements.

Staff

At March 31, 2019, the staff consisted of five corporate officers.

Management compensation

Compensation of corporate executive officers

The compensation of Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2019, comprises the following components:

- fixed compensation, which amounts to €567,790 since April 1, 2018;
- annual variable compensation based on two quantitative criteria and one qualitative criterion, which is subject to the approval of the General Meeting called to approve the financial statements for the past financial year;
- long-term variable compensation.

The compensation of the Executive Vice Presidents for the financial year ended March 31, 2019 comprises the following components:

- fixed compensation;
- long-term variable compensation.

Upon the recommendation of the Nomination and Compensation Committee, the Board of Directors approved the long-term variable compensation which, for the year ended March 31, 2019, translates to the allocation 41,607 share subscription options for the Chairman and Chief Executive Officer and 3,606 share subscription options for each of the Executive Vice Presidents.

The vesting of these share subscription options is conditional:

(i) for 50%, on average Group EBIT by value (not a strictly accounting-based indicator) calculated using the non-IFRS Group EBIT figures for the 2018/2019, 2019/2020 and 2020/2021 financial years; and

(ii) for 50%, on the total shareholder return on the Ubisoft Share (the "Ubisoft TSR") compared to the TSR of the NASDAQ Composite Index, with the Ubisoft TSR and the TSR of the NASDAQ Composite Index companies being calculated between December 17, 2018 and December 16, 2021.

Achievement of these criteria is assessed over a minimum period of three consecutive financial years or calendar years conditioning the acquisition of the long-term compensation. The share subscription plan will be definitively vested after a minimum vesting period of four years.

The total gross compensation paid/owed by the Company to corporate executive officers during the financial year was €1,608 thousand.

Corporate Executive Officers are not eligible for any severance or non-compete indemnity, nor a supplementary pension scheme in respect of their function in 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 22, 2017 set the maximum annual amount of directors' fees that can be paid to members of the Board of Directors and/or committees at €750 thousand.

During the 2018/2019 financial year, members of the Board of Directors received €565 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

In accordance with Article No. 624-11 of French General Accounting Plan (PCG), the breakdown of free shares that have not been exercised at the closing date is provided in Note 27.

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 annual and long-term compensation and are granted free preference shares and/or stock options. Information on these transactions can be found above.

6.3.4.11 Subsidiaries and shareholdings (March 31, 2019)

	Country	Currency	Capital *(in thousands of currency units)*	Reserves and retained earnings prior to allocation of earnings *(in thousands of currency units)*
Subsidiaries share capital at least 50% owned				
Ubisoft Inc.	United States	US dollar	90,405	21,389
Ubisoft EMEA SAS	France	Euro	11,960	714
Ubisoft International SAS	France	Euro	50,008	(363)
Ubisoft France SAS	France	Euro	20,623	3,556
Ubisoft GmbH	Germany	Euro	11,950	9,193
Owlient SAS	France	Euro	80	585
Ubisoft Mobile Games SARL	France	Euro	29,088	16,709
Ubisoft Motion Pictures SARL	France	Euro	3,339	7,645
Performance Group BV	Netherlands	Euro	18	(32)
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 individually. Other subsidiaries comprise a significant number of companies, but the value of the shares is not material

Percentage of share capital held *(in %)*	Carrying amount of securities held *(in € thousands)* gross	net	Loans and advances granted by the Company and not 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	-	952,382	59,027	-
100%	55,158	55,158	-	793,004	6,008	2,900
100%	50,008	50,008	-	214,048	4,574	7,100
100%	22,872	22,872	-	56,876	721	3,700
100%	27,101	22,420	-	92,600	956	-
100%	20,094	2,361	-	7,796	1,424	1,000
100%	92,399	92,399	-	99,252	(21,290)	-
100%	45,245	7,294	-	5,410	(3,816)	-
100%	53,179	53,179	1,000	1,834	416	-
	21,231	21,231	-	-	-	14,300
	37,239	33,291	29,163	-	-	49,290
	521,517	**457,204**				
	-	-				

6.4 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.

Financial year ended March 31, 2019

To the General Meeting of the company Ubisoft Entertainment,

OPINION

As mandated by your General Meetings, we conducted the audit of the separate financial statements of Ubisoft Entertainment in respect of the financial year ended March 31, 2019, as attached to this report.

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.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

BASIS FOR THE OPINION

Audit Guidelines

We conducted our audit in accordance with accepted professional standards in France. It is our view that the elements that we collected are sufficient and adapted to base our opinion.

Our responsibilities under these standards are indicated in the section "Responsibilities of the Statutory auditors relating to the audit of the separate financial statements" in this report.

Independence

We conducted our audit in accordance with the applicable rules of independence, over the period from April 1, 2018 to the date of issue of our report, and notably, did not provide services prohibited by Article 5, paragraph 1 of the (EU) Regulation No. 537/2014 or by the Statutory auditors' Code of Ethics.

BASIS FOR OUR ASSESSMENT - KEY POINTS OF THE AUDIT

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the basis for our assessments, we call your attention to the key points of the audit regarding the risks of material misstatements which, in our professional judgment, were the most significant for the audit of the separate financial statements for the financial year, together with the responses we provided to these risks.

Our assessments were made within the context of our audit of the separate financial statements as a whole and provided a basis for the opinion expressed previously. We do not express an opinion on the items in the separate financial statements taken separately.

Assessment of the commercial software developed internally – impairment tests
Note 19 of the notes to the separate financial statements

Risk identified	Response provided
As at March 31, 2019, the net carrying amount for the commercial software developed internally amounted to €852 million for a total statement of financial position of €2,892 million. The intangible assets resulting from the development of commercial software, once released, are amortized on a straight-line basis starting on the commercial release date for a duration of 1 to 6 years. Moreover, as indicated in Note 19 "Inventory value and changes during the financial year" in the note "Intangible assets" in the notes to the separate financial statements, the Company subjects the released commercial software to an impairment test at each closing date. Commercial software in production with a planned release date within 12 months after the closing date, or for which an impairment loss indicator is identified is also subject to an impairment test.These tests involve comparing the net carrying amount of the commercial software (after normally recognized linear depreciation) to the expected future cash flows from the sale of the game. Impairment is recognized if the value-in-use is lower than the net carrying amount of the commercial software. We have considered the impairment tests on commercial software developed internally as a key point of the audit, given the particularly significant amount and the significant degree of judgment required by the Company to determine the value-in-use most often based on forecasts of discounted cash flows for which achievement is inherently uncertain.	We have examined the procedures for conducting these impairment tests. Our work notably consisted in: (1) Taking note of the internal control relating to the implementation of these impairment tests and testing by sampling the key controls implemented by the Company for these processes. Our procedure tests consisted in: ♦ assessing the implementation of editorial control by the Company's Executive Management; ♦ assessing the portfolio review of software in production which aims to control the exhaustive accounting translation of editorial discontinuation decisions; ♦ ensuring that the Board of Directors has approved the 3 year business plan. (2) Our substance tests mainly consisted in: ♦ conducting a retrospective analysis of the impairment tests carried out by the Company over the previous financial years; ♦ comparing sales and profitability forecasts for the commercial software used in the impairment tests with those underlying the Group's 3 year business plan approved by the Board of Directors; ♦ assessing the consistency of the future sales forecasts with regard to available data or comparables (previous opus within the same franchise, another similar commercial software with the same comparable levels of functions, taking into account the level of pre-orders for example). We also assessed the relevant nature of the information provided in Note 19 "Inventory value and changes during the financial year" in the note "Intangible assets" in the notes to the separate financial statements.

Assessment of equity investments
Notes 17 and 23 of the notes to the separate financial statements

Risk identified	Response provided
At March 31, 2019, the equity investments are recorded in the statement of financial position for a net carrying amount of €457 million, or 16% of the total assets. As indicated in Note 23, equity investments are subject to impairment tests at each closing date to check that their net carrying amounts do not exceed their value-in-use. The estimate of the value in use of the equity investments is calculated according to: ♦ the medium-term profitability outlook. A method was determined to establish the future cash flows of the various activities of the Group. These are updated using a rate based on a valuation of the average cost of capital, which stood at 8.84% at March 31, 2019; ♦ the net position as of this date, if it is higher than the value determined by the discounted future cash flows. Moreover, Note 17 indicates that 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.Thus, provisions are recognized to cover subsidiaries' negative equity. Due to the particularly significant net carrying amount of equity investments in the total statement of financial position, and the high degree of judgment exercised by the Company as part of the estimate of value-in-use, especially when it is based on forecast elements, we have considered that the assessment of equity investments, and by extension the associated provisions for risks are a key point in our audit.	In order to assess the amount of value in use of the equity investments determined by the Company, our work notably consisted in: ♦ assessing the relevance of the methodology used to determine the value in use; ♦ comparing the proportions of net positions used to determine the value in use of equity investments with the financial statements for the investments, which were subject to an audit or analytical procedures; ♦ via interviews with the management team, assessing the main assumptions and modalities selected to estimate value in use, particularly the long-term growth rate and the discount rate, by referring to our experts where necessary; ♦ checking the arithmetical accuracy of the value in use calculations made by your Company; ♦ noting the recognition of a provision for risks if your Company has committed to covering the losses of a subsidiary with negative equity.

Specific verifications

We also carried out the specific verifications required by law and the regulations, pursuant to professional standards applicable in France.

Information provided in the management report and the other documents sent to shareholders on the financial position and the separate financial statements

We have no comments regarding the accuracy and consistency with the separate financial statements of the information provided in the management report prepared by the Board of Directors or in the other documents sent to shareholders concerning the financial position and separate financial statements.

We certify the accuracy and consistency of the information regarding the payment schedules mentioned in Article D.441-4 of the French Commercial Code with the separate financial statements.

Corporate governance report

We certify the existence in the Board of Directors' report on corporate governance of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

With regard to the information provided pursuant to the provisions of Article L. 225-37-3 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.

Regarding the information on elements that your Company considered likely to have an impact in the event of a public takeover or swap bid, provided pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, we have checked compliance with the source documents provided to us. Based on this work, we have no comments to make on this information.

Other 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.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Appointment of the Statutory auditors

We were appointed as Statutory auditors for Ubisoft Entertainment by your General Meetings of June 27, 2003 for KPMG Audit and September 29, 2016 for MAZARS.

As at March 31, 2019, KPMG Audit was in its 16th consecutive year of assignment, and MAZARS in its 3rd consecutive year of assignment.

RESPONSIBILITIES OF THE MANAGEMENT TEAM AND THE PEOPLE COMPRISING THE CORPORATE GOVERNANCE WITH REGARD TO THE SEPARATE FINANCIAL STATEMENTS

The management team is responsible for preparing separate financial statements that present a true and fair view, in accordance with French accounting rules and principles, and implementing the internal control it considers necessary for preparing separate financial statements that do not include material misstatements resulting either from fraud or errors.

When preparing the separate financial statements, the management team is responsible for assessing the Company's ability to continue its operations, and presenting in these financial statements, if applicable, the information on the continuation of operations, and applying the accounting going-concern convention, unless it plans to liquidate the Company or cease its activity.

The Audit Committee is responsible for monitoring the financial information preparation process and the effectiveness of the internal control and risk management systems, as well as, if applicable, internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The annual financial statements have been prepared by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Audit objective and approach

We are responsible for preparing a report on the separate financial statements. Our aim is to obtain reasonable assurance that the separate financial statements taken as a whole do not include material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit conducted in accordance with professional standards would systematically detect all material misstatements. Misstatements from fraud or resulting from errors are considered to be material when we can reasonably expect that they may, taken individually or cumulatively, influence economic decisions that users of the financial statements may take based on them.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or the management quality of your Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Statutory auditor exercises his/her professional judgment throughout the audit. Moreover:

- he/she identifies and assesses the risks that the separate financial statements include material misstatements from fraud or resulting from errors, defines and implements audit procedures faced with these risks and collects the elements that he/she considers sufficient and appropriate on which to base his/her opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a misstatement resulting from an error, as the fraud may involve collusion, falsification, voluntary omissions, false declarations or circumvention of internal control;
- he/she takes note of the relevant internal control for the audit in order to define the relevant audit procedures, and not with the aim of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriate nature of the selected accounting principles and the reasonable nature of the accounting estimates made by the management team, as well as the information on them provided in the separate financial statements;
- he/she assesses the relevant nature of the application of the going-concern accounting convention by the management team, and, depending on the elements collected, the existence of a significant uncertainty with regard to the events or circumstances likely to call into question the Company's ability to continue its operations. This assessment is based on the elements collected up to the date of his/her report, it being recalled that subsequent circumstances or events may call into question the continuation of operations. If he/she concludes that there is a significant uncertainty, he/she calls the readers' attention to the information provided in the separate financial statements on the subject of this uncertainty, or, if this information is not provided or is not relevant, he/she formulates a certification with reserves or refuses to certify;
- he/she assesses the overall presentation of the separate financial statements and assesses if the separate financial statements reflect the underlying operations and events, in order to provide a true and fair view.

Report to the Audit Committee

We provide a report to the Audit Committee presenting notably the scope of the audit work and the work program implemented, as well as the conclusions resulting from our work. We also draw its attention, if applicable, to the significant weaknesses of the internal control that we have identified with respect to the procedures for the preparation and processing of accounting and financial information.

Amongst the elements communicated to the Audit Committee are the risks of material misstatements that we have considered to be the most important for the audit of the separate financial statements for the financial year, and that constitute as such the key points of the audit, which we are responsible for describing in this report.

We also provide the Audit Committee with the declaration provided for by Article 6 of (EU) Regulation No. 537-2014 confirming our independence under the meaning of the rules applicable in France as set notably by Articles L. 822-10 to L. 822-14 of the French Commercial Code, and the Statutory auditors' Code of Ethics. If applicable, we discuss with the Audit Committee the risks weighing on our independence and the safeguard measures applied.

Rennes and Nantes, May 29, 2019

Statutory Auditors

KPMG Audit	**MAZARS**
Vincent Broyé	**Arnaud Le Néen**

6.5 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 General Meeting of the company Ubisoft Entertainment,

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 as well as the reasons explaining their interest for the Company of the agreements and commitments brought to our attention or which we may have discovered during the course of our mission, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to assess the interest in entering into such agreements and commitments for the purpose of approving them.

Furthermore, we are required to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the performance, during the past financial year, of agreements and commitments previously approved by the General Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment. These procedures consisted in verifying the consistency of the information we were provided with the source documents.

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

In application of Article R. 225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the General Meeting during the preceding financial year, remained in effect during the financial year.

Prepaid forward contract signed with Crédit Agricole Corporate and Investment Bank (CACIB)

- Co-contracting entity: Crédit Agricole Corporate and Investment Bank (CACIB);
- Indirectly involved legal entity: Vivendi SA, shareholder holding over 10% of the voting rights in the Company at the time the contract was signed;
- Purpose and type: Prepaid forward contract concerning the acquisition by Ubisoft Entertainment SA of 4,545,454 own shares at the price of €66 per share, to be settled by the delivery of securities – the said shares being subject to a structured transaction in the form of a forward sale signed by Vivendi SA to CACIB at the price of €66 per share maturing on October 1, 2018;
- Terms and conditions: Contract signed on March 20, 2018 maturing on March 22, 2021 (or earlier on Ubisoft Entertainment SA's initiative);
- Reasons selected by the Board to justify its interest in the Company: Puts an end to an uncertain situation and disagreement prejudicial to the Company, its shareholders and its employees.

Swap contract on Ubisoft Entertainment SA shares signed with Crédit Agricole Corporate and Investment Bank (CACIB)/Agreement for cash assignment by way of a security

- Co-contracting entity: Crédit Agricole Corporate and Investment Bank (CACIB);
- Indirectly involved legal entity: Vivendi SA, shareholder holding over 10% of the voting rights in the Company at the time the contract was signed;

- Purpose and type: Swap contract concerning 3,045,455 Ubisoft Entertainment SA shares at the price of €66 per share, to be settled either in cash (Ubisoft Entertainment SA benefiting or bearing the valuation differences), or by the delivery of securities against payment of the price – the said shares being subject to a structured transaction in the form of a forward sale signed by Vivendi SA to CACIB at the price of €66 per share maturing October 1, 2018. The swap contract includes an agreement for cash assignment guaranteeing the correct execution by Ubisoft Entertainment SA of its obligations;
- Methods: Contract signed on March 20, 2018 and expiring on March 22, 2021, settled in advance on October 31, 2018 through the delivery of the securities in return for payment of the price;
- Reasons selected by the Board to justify its interest in the Company: Puts an end to an uncertain situation and disagreement prejudicial to the Company, its shareholders and its employees.

"Standstill" agreement signed with Vivendi SA

- Co-contracting entity: Vivendi SA;
- Involved legal entity: Vivendi SA, shareholder holding over 10% of the voting rights in the Company at the time the contract was signed;
- Purpose and type: Agreement stipulating that Vivendi SA and/or any individual or legal entity, controlling (alone or in concert) or controlled, directly or indirectly by Vivendi SA, shall refrain from (i) acquiring, proposing or agreeing to acquire shares or securities giving access, directly or indirectly, to the capital of Ubisoft Entertainment SA, (ii) announcing or ensuring that a third party announces a public takeover bid for Ubisoft Entertainment SA as well as all groupings or extraordinary transactions concerning the capital or assets of Ubisoft Entertainment SA or any company, controlling or controlled, directly or indirectly by Ubisoft Entertainment SA and (iii) undertaking any discussions, negotiations, arrangements or understandings with any third parties or making any public announcements with regard to (i) and (ii) above;
- Agreement signed on March 20, 2018 for a duration of five years (normal maturity of the agreement planned for March 22, 2023);
- Reasons selected by the Board to justify its interest in the Company: Ensures a context of stability and positive momentum for the Company, its shareholders and its employees.

Rennes and Nantes, May 29, 2019

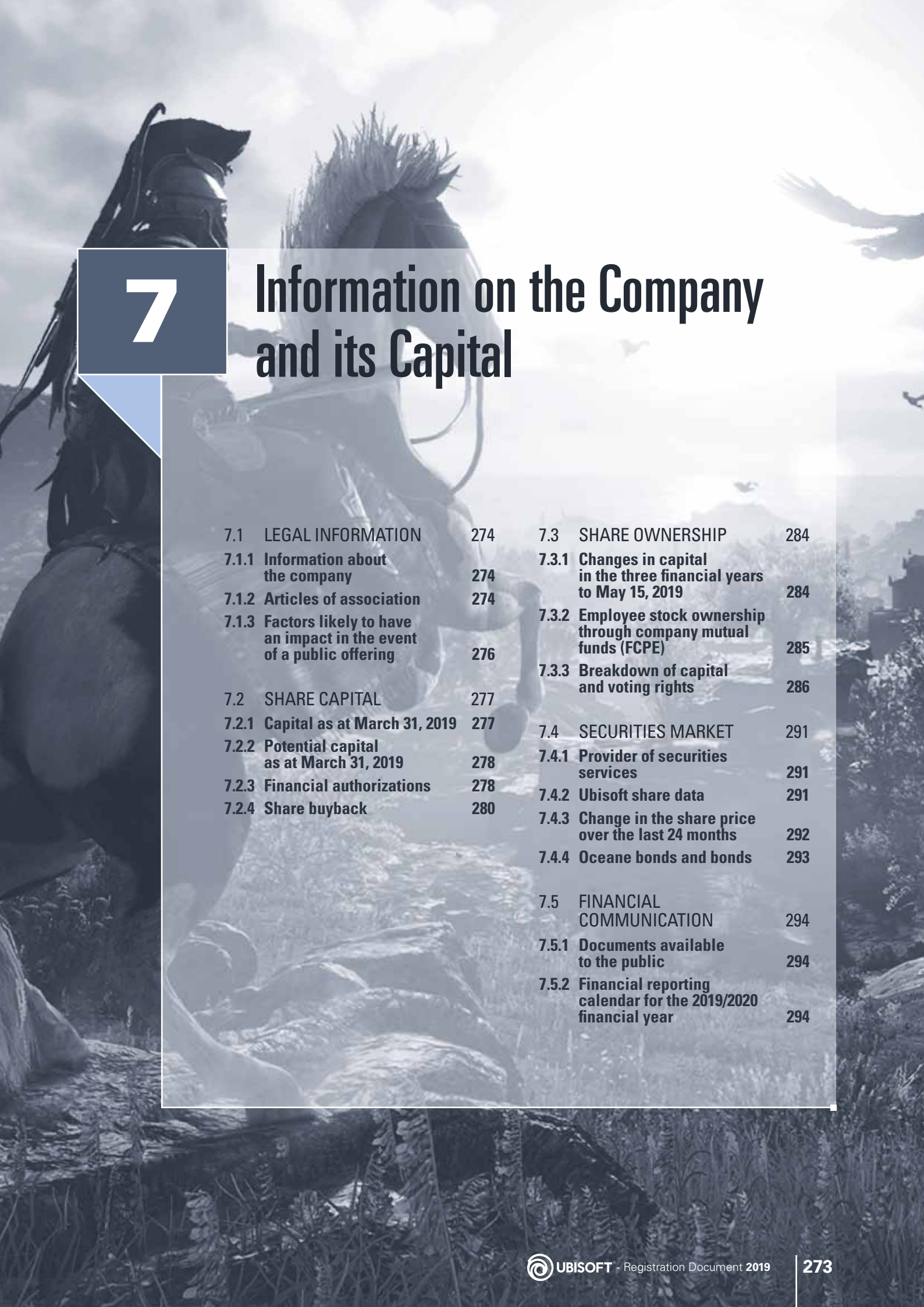
Statutory Auditors

KPMG Audit	**MAZARS**
Vincent Broyé	**Arnaud Le Néen**

6.6 Ubisoft (parent company) results for the past five financial years

Financial year	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Capital *(in €)*	8,478,237	8,710,056	8,752,233	8,652,490	8,649,921
Number of ordinary shares	109,396,612	112,387,818	112,932,041	111,631,149	111,592,116
Number of preference shares	-	-	-	13,883	19,771
Number of preference shares	-	-	-	-	-
Maximum number of shares to be created:	8,307,244	7,283,147	14,980,048	13,431,223	12,923,656
through the exercise of stock options	*4,875,020*	*2,634,721*	*2,387,422*	*2,171,411*	*1,737,829*
through the allocation of free shares	*3,432,224*	*4,648,426*	*5,285,356*	*3,952,542*	*3,878,557*
through the conversion of OCEANE bonds	-	-	*7,307,270*	*7,307,270*	*7,307,270*
Sales *(in € thousands)*	1,100,316	1,199,870	1,319,663	1,550,694	1,741,415
Net profit (loss) before tax, investments and provisions *(in € thousands)*	568,900	453,577	406,234	779,359	750,698
Income tax *(in € thousands)*	(25,741)	5,162	52,220	2,176	1,468
Employee profit-sharing	-	-	-	-	-
Net income after tax, investments and provisions *(in € thousands)*	150,700	(105,306)	(104,869)	215,808	159,159
Distributed earnings	-	-	-	-	-
Per share, profit (loss) after tax, before provisions *(in €)*	4.97	4.55	4.06	7.00	6.71
Per share, profit (loss) after tax and provisions *(in €)*	1.38	(0.94)	(0.92)	1.93	1.43
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll [1] *(in € thousands)*	949	789	1,185	1,324	1,507
Social security contributions and employee benefits *(in € thousands)*	438	283	549	965	997

(1) Compensation of one corporate officer recognized as subcontracting was not included



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7.1 Legal information

7.1.1 INFORMATION ABOUT THE COMPANY

Corporate name	Ubisoft Entertainment
Registered office	107, avenue Henri Fréville – BP 10704 – Rennes (35207) Cedex 2
Legal information	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

7.1.2 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 Article 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 dividend equal to the proportion of the 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.

7.1.3 FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to Article L. 225-37-5 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 structure of the Company's share capital, as well as the investments of which the Company is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code, are presented in section 7.3 – Share ownership.

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 7.1.2 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.

During the financial year ended March 31, 2019, the Company was not advised of the existence of any clauses referred to in 2° of Article L. 225-37-5 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 7.1.2 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 4° of Article L. 225-37-5 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, 2019, the mutual funds held 3.905% of the share capital and 4.027% of the theoretical voting rights, or 4.078% 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 6° of Article L. 225-37-5 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 June 27, 2018, 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 July 2, 2019 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, prohibited 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 or subscription option plans (the "Option") and the free share plans (the "Share"), 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 or change in ownership of the Share, employees 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.

7.2 Share capital

7.2.1 CAPITAL AS AT MARCH 31, 2019

As at March 31, 2019, the number of shares outstanding totaled 111,611,887 shares with a par value of €0.0775 each, of which 111,592,116 class A ordinary shares and 19,771 preference shares (11,474 class B-1 preference shares, 2,409 class B-2 preference shares, 4,388 class B-3 preference shares and 1,500 class B-4 preference shares), fully paid up, i.e. share capital of €8,649,921.24. Preference shares have no voting rights.

The following table shows the number of shares created and/or canceled between April 1, 2018, and March 31, 2019:

AT 04/01/18	**111,645,032 SHARES**
Exercise of subscription options	683,702 shares
Free ordinary share grants	693,938 shares
Free preference share grants	5,888 shares
Reserved capital increases (1) (employee stock ownership)	1,671,481 shares
Cancellation of own shares *(see 7.2.4.2)*	(3,088,154) shares
AT 03/31/19	**111,611,887 SHARES**

(1) 28th, 29th and 30th resolutions of the General Meeting of September 22, 2017

7.2.2 POTENTIAL CAPITAL AS AT MARCH 31, 2019

Free share grants (see 4.2.3.5)	Number of potential shares	Potential dilution
Attendance and/or performance conditions	3,878,557	3.36%

Share subscription options (see 4.2.3.6)		Number of potential shares	Potential dilution
Open and not open	Plans 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40 and 41	1,737,829	1.53%

OCEANE bonds (see 7.4.4.1) [1]	Number of potential shares	Potential dilution
Number of OCEANE bonds	7,307,270	6.14%

(1) 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)

7.2.3 FINANCIAL AUTHORIZATIONS

7.2.3.1 Authorizations in force or used during the financial year ended March 31, 2019

The table below summarizes (notably in application of the provisions of Article L. 225-37-4, 3° of the French Commercial Code), the current valid delegations in respect of the past financial year or those that expired and that were used during the past financial year.

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use 2018/2019	Issuance or cancellation from 04/01/18 to 03/31/19
Share buyback	09/22/17 20th resolution [1]	18 months 03/21/19	10% of the share capital Maximum purchase price: €75	*See 7.2.4*	
	06/27/18 12th resolution	18 months 12/26/19	10% of the share capital Maximum purchase price: €120		
Reduction in capital by cancellation of treasury shares	06/27/18 13th resolution	18 months 12/26/19	10% of the share capital per 24 month period	*See 7.2.4*	
				09/24/18 02/01/19	(3,088,154)
Capital increase by capitalization of reserves, earnings, premiums or other	09/22/17 22nd resolution	26 months 11/21/19	€10 million	06/28/18 [2] 09/24/18 [2] 12/17/18 [2]	699,826
Capital increase with preferential subscription rights preserved	09/22/17 23rd resolution [3]	26 months 11/21/19	In capital: €1,450 thousand Debt securities: €400 million [4]	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a public offering	09/22/17 24th resolution [3]	26 months 11/21/19	In capital: €850 thousand [5] Debt securities: €400 million [4]	N/A	N/A
Capital increase with waiver of preferential subscription rights by way of a private placement	09/22/17 25th resolution [3]	26 months 11/21/19	In capital: €850 thousand [5] Debt securities: €400 million [4]	N/A	N/A
Determination of the subscription price as part of a capital increase with cancelation of preferential subscription rights	09/22/17 26th resolution [3] [6]	26 months 11/21/19	In capital: €850 thousand [5] Debt securities: €400 million [4]	N/A	N/A
Capital increase as consideration for contributions in kind	09/22/17 27th resolution [3]	26 months 11/21/19	10% of the share capital at 09/22/17 [4] [5] €887,410	N/A	N/A

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use 2018/2019	Issuance or cancellation from 04/01/18 to 03/31/19
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG)	09/22/17 28th resolution (1) (3)	26 months 11/21/19	1.50% of the share capital on the date of the Board decision (7) 1,676,949 shares €129,963.55 in nominal	01/25/18 05/22/18 06/28/18	1,671,481 shares issued (8)
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	09/22/17 29th resolution (1) (3)	18 months 03/21/19			
Capital increase reserved for categories of beneficiaries as part of an employee share offering	09/22/17 30th resolution (1) (3)	18 months 03/21/19			
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG)	06/27/18 14th resolution (3)	26 months 08/26/20	1.50% of the share capital on the date of the Board decision (9)	02/01/219	1,114,712 shares maximum to be issued (10)
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	06/27/18 15th resolution (3)	18 months 12/26/19			
Capital increase reserved for categories of beneficiaries as part of an employee share offering	06/27/18 16th resolution (3)	18 months 12/26/19			
Allotment of share purchase or subscription options	09/23/15 22nd resolution (1) (11) ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.30% of the share capital on the date of the Board decision	04/13/18 06/27/18	31,079 options granted
	06/27/18 18th resolution (3) ♦ Employees ♦ Executive Committee	38 months 08/26/21	1% of the share capital on the date of the Board decision (12)	06/27/18	188,454 options granted
	06/27/18 19th resolution (3) ♦ Corporate Executive Officers	38 months 08/26/21	0.2% of the share capital on the date of the Board decision (13)	12/17/18	56,031 options granted
Free share grants	06/27/18 17th resolution (3) ♦ Employees ♦ Executive Committee	38 months 08/26/21	1.50% of the share capital on the date of the Board decision	06/27/18 09/12/18 10/30/18 12/17/18 02/01/19	728,150 ordinary shares allocated
	09/23/15 21st resolution (11) ♦ Corporate Executive Officers	38 months 11/22/18	0.05% of the share capital on the date of the Board decision (preference shares only)	N/A	N/A

(1) The unused portion of this authorization was canceled by the General Meeting of June 27, 2018, which adopted a similar resolution

(2) Free ordinary share allocation plans (4+0): July 1, 2014, September 24, 2014 and December 16, 2014 and/or free preference share allocation plans: September 23, 2015 and September 16, 2015 (3+2+1) (see section 4.2.3.5)

(3) Charged against the overall limit of €4 million set by the General Meeting of September 22, 2017 (33rd resolution)

(4) Shared ceiling of 23rd, 24th, 25th, 26th and 27th resolutions of the General Meeting of September 22, 2017

(5) Shared ceiling of 24th, 25th, 26th and 27th resolutions of the General Meeting of September 22, 2017

(6) Last known closing price prior to the date on which the price is set, minus a maximum discount of 5%

(7) Shared ceiling of 28th, 29th and 30th resolutions of the General Meeting of September 22, 2017

(8) 1,671,481 shares issued on June 28, 2019 of the 1,676,949 maximum number of shares that may be issued pursuant to the implementation decision of May 22, 2018 having set the subscription price at €41.77 and the subscription period

(9) Shared ceiling of 14th, 15th and 16th resolutions of the General Meeting of June 27, 2018

(10) Ceiling set at 1% of the share capital as of the date of the Board of Directors launch meeting on February 1, 2019 (i.e. a maximum number of 1,114,712 ordinary shares to be issued) subject to implementation by the Board of Directors setting the subscription price and the subscription period: Capital increase planned for July 4, 2019)

(11) Charged against the overall limit of €4 million set by the General Meeting of September 23, 2015 (24th resolution)

(12) Shared ceiling of 18th and 19th resolutions of the General Meeting of June 27, 2018

(13) Charged against the overall limit of the 18th resolution of the General Meeting of June 27, 2018

7.2.3.2 Authorizations submitted to the vote of the Shareholders' General Meeting of July 2, 2019

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum authorized (Par value)
Share buyback (1)	07/02/19 16th resolution	18 months 01/01/21	10% of the share capital Maximum purchase price: €120
Reduction in capital by cancelation of treasury shares	07/02/19 17th resolution	18 months 01/01/21	10% of the share capital per 24 month period
Capital increase by capitalization of reserves, earnings, premiums or other (1)	07/02/19 18th resolution	26 months 09/01/21	€10 million
Capital increase with preferential subscription rights preserved (1)	07/02/19 19th resolution (2)	26 months 09/01/21	In capital: €1,450 thousand Debt securities: €1 billion (3)
Capital increase with waiver of preferential subscription rights by way of a public offering (1)	07/02/19 20th resolution (2)	26 months 09/01/21	In capital: €850 thousand (4) Debt securities: €1 billion (3)
Capital increase with waiver of preferential subscription rights by way of a private placement (1)	07/02/19 21st resolution (2)	26 months 09/01/21	In capital: €850 thousand (4) Debt securities: €1 billion (3)
Determination of the subscription price as part of a capital increase with cancelation of preferential subscription rights	07/02/19 22nd resolution (2) (5)	26 months 09/01/21	In capital: €850 thousand (4) Debt securities: €1 billion (3)
Capital increase as consideration for contributions in kind (1)	07/02/19 23rd resolution (2)	26 months 09/01/21	10% of the share capital at 07/02/19 (3) (4)
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG)	07/02/19 24th resolution (2)	26 months 09/01/21	1.50% of the number of shares comprising the Company's share capital at the date of the Board of Directors' decision to proceed with the capital increase(s) Maximum discount: 15%
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	07/02/19 25th resolution (2)	18 months 01/01/21	
Capital increase reserved for categories of beneficiaries as part of an employee share offering	07/02/19 26th resolution (2)	18 months 01/01/21	
Free performance share grants ♦ Employees (6) ♦ Executive Committee (7)	07/02/19 27th resolution (2)	38 months 09/01/22	2% of the number of shares comprising the Company's share capital at the date of the Board of Directors' allocation decision

(1) Except during a public offering period

(2) Charged against the overall limit of €4 million set by the General Meeting of July 2, 2019 (28th resolution)

(3) Shared ceiling of all debt securities referred to in the 19th, 20th, 21st, 22nd and 23rd resolutions of the General Meeting of July 2, 2019

(4) Shared ceiling of the 20th, 21st, 22nd and 23rd resolutions of the General Meeting of July 2, 2019

(5) Last known closing price prior to the date on which the price is set, minus a maximum discount of 5%

(6) Subject to individual attendance and performance conditions assessed over at least 4 years/vesting period: 4 years

(7) Subject to a continued employment and individual performance condition (1/3) assessed over a minimum of 4 years, with an internal performance condition assessed over a minimum of 3 financial years (1/3 based on an average non-IFRS Group EBIT) and on an external performance condition assessed over a minimum of 3 years (1/3 depending on the TSR as compared to the TSR of companies in the NASDAQ Composite Index)/vesting period: 4 years

7.2.4 SHARE BUYBACK

This section 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 *Autorité des Marchés Financiers* (AMF) General Regulation.

7.2.4.1 Legal framework

The Combined General Meeting of June 27, 2018 (the "2018 General Meeting") renewed the authorizations to the Board of Directors previously granted by the Combined General Meeting of September 22, 2017 (the "2017 General Meeting") allowing the Company, in accordance with Article L. 225-209 of the French Commercial Code, to purchase, on or off the market, a number of shares representing up to 10% of the Company's share capital on the purchase date, for the purposes stipulated by European Regulation no. 596/2014 as well as the framework for market practices authorized by the *Autorité des Marchés Financiers* (AMF) (the "Share buyback program(s)").

The 2017 and 2018 General Meetings also authorized the Board of Directors to reduce the share capital by cancelation of the shares purchased under the Share Buyback Programs.

7.2.4.2 Situation at March 31, 2019

Percentage of own shares held directly and indirectly	1.40%
Number of shares in portfolio (1)	1,558,212
Portfolio book value	€103,293,018.53
Portfolio market value (2)	€123,659,704.32

(1) Breakdown by purpose below

(2) Closing price at 03/29/19 (market closed on 03/30 and 03/31/19): €79.36

NUMBER OF SHARES HELD BROKEN DOWN BY PURPOSE AT MARCH 31, 2019

	Number of shares	
Purpose	03/31/18	03/31/19
To support the share price via a liquidity agreement (1)	21,750	35,485
Acquisitions	437,715	-
Employee stock ownership coverage	10,139	1,522,727
Coverage of securities eligible for share allotment	-	-
Cancellation	1,117,572	-
TOTAL TREASURY SHARES HELD	**1,587,176**	**1,558,212**
PERCENTAGE OF TREASURY SHARES HELD	**1.42%** (2)	**1.40%** (3)

(1) Suspension of the liquidity agreement from 10/05/17 to 01/31/19 / Bringing into compliance of liquidity agreement (see section 7.2.4.3)

(2) Based on 111,645,032 shares as at 03/31/18

(3) Based on 111,611,887 shares as at 03/31/19

DETAILS OF TRANSACTIONS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2019

(Article L. 225-211 of the French Commercial Code)

Treasury shares held at 03/31/18	1,587,176	% of share capital (1)	1.42%	Value of the shares at 03/31/18	at purchase price	€86,103,219.54
					par value	€123,006.14
Shares acquired in FY19				3,501,742 (2) (3)	Average purchase price	€66.64
Shares sold in FY19				442,552 (2)	Average selling price	€69.63
Execution fees						-
Shares transferred in FY19 (employee share plans)				-	% capital	- %
Shares reallocated in FY19				447,854 (4)	% of share capital (6)	0.40%
Shares canceled in FY19 (capital reduction)				3,088,154 (5)	% of share capital (6)	2.77%
Treasury shares held at 03/31/19	1,558,112	% of share capital (5)	1.40%	Value of the shares at 03/31/19	at purchase price	€103,293,018.53
					par value	€120,761.43

(1) Based on 111,645,032 shares as at 03/31/18

(2) Of which 456,287 shares acquired and 442,552 shares sold under the liquidity agreement

(3) Of which 3,045,455 shares under the share swap contract settled in advance on 10/31/18 ***(see below)***

(4) Reallocation from the "Acquisitions" and "Employee stock ownership coverage" objectives to the "cancellation" objective

(5) Cancellation with effect from 09/24/18 of 1,565,426 shares (market purchase price: €84,844,228.95 / €121,320.51 in par value)
Cancellation with effect from 02/01/19 of 1,522,728 shares (market purchase price: €100,500,048 / €118,011.42 in par value)

(6) Based on 111,611,887 shares as at 03/31/19

DERIVATIVE PRODUCTS

Transactions concluded during the financial year ended March 31, 2019

No transactions involving derivative products were concluded during the financial year ended March 31, 2019

Transactions completed during the financial year ended March 31, 2019 (early settlement)

Date of settlement	Name of intermediary	Purchase/ Sale	Number of shares	Options/Term	Date of book-entry	Exercise price	Premiums	Regulated market/ OTC
10/31/18	CACIB (1)	Purchase	3,045,455 (2)	Early settlement through delivery of the securities against payment of price	11/09/18	€66	N/A	Over the counter

(1) Crédit Agricole Corporate and Investment Bank

(2) Purpose of purchases: Cancellation / Programs for employee compensation in shares or indexed to the value of the share

Open positions as at March 31, 2019

Date of transaction	Name of intermediary	Purchase/ Sale	Number of shares	Options/Term	Expiry date	Exercise price	Premiums	Regulated market/ OTC
03/20/18	CACIB (1)	Purchase	4,545,454	Term (Prepaid forward agreement)	March 22, 2021 (unless settled early)	€66	N/A	Over the counter

(1) Crédit Agricole Corporate and Investment Bank

7.2.4.3 Liquidity agreement

The Company signed a new liquidity agreement (the "Agreement") with Exane BNP Paribas which took effect on January 1, 2019 following changes in the regulations applicable to liquidity agreements (Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 regarding market abuses and Delegated Regulation (EU) 2016/908 of the Commission of February 26, 2016 supplementing Regulation (EU) no. 596/2014) and in accordance with the AMF Decision no. 2018-01 of July 2, 2018 on the introduction of liquidity agreements on equity securities for permitted market practices.

The Agreement took effect in its execution on February 1, 2019 putting a de facto end to the temporary suspension in place since October 5, 2017 to the agreement signed with Exane BNP Paribas on December 22, 2005 with effect from January 2, 2006.

7.2.4.4 Description of the share buyback program submitted for the approval of the Combined General Meeting of July 2, 2019

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 July 2, 2019 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, 2019 (111,638,435), taking into account the number of shares held as at May 15, 2019 (1,576,251 shares representing 1.41% of the share capital): 9,587,592 shares or 8.59%.

BREAKDOWN OF EQUITY SECURITIES HELD AS AT MAY 15, 2019

Percentage of own shares held directly and indirectly	1.41%
Number of shares in portfolio	1,576,251
Liquidity agreement	53,524
Employee stock ownership coverage	1,522,727
Cancellation	-
Acquisitions	-
Portfolio book value	€104,899,470.79
Portfolio market value (1)	€130,040,707.50

(1) Closing price on May 15, 2019: €82.50

POSITIONS OPEN ON DERIVATIVE PRODUCTS AT MAY 15, 2019

Date of transaction	Name of intermediary	Purchase/ Sale	Number of shares	Options/Term	Expiry date	Exercise price	Premiums	Regulated market/ OTC
03/20/18	CACIB [1]	Purchase	4,545,454	Term (Prepaid forward agreement)	March 22, 2021 (unless settled early)	€66	N/A	Over the counter

(1) Crédit Agricole Corporate and Investment Bank

Maximum purchase price: €120, or a maximum of €1,339,661,160 based on the share capital as at April 30, 2019 or, taking into account the number of shares held at May 15, 2019 described above, €1,150,511,040.

Objectives:

- to ensure the liquidity and market activity of Ubisoft Entertainment SA shares using an investment services provider acting independently under a liquidity agreement in accordance with AMF Decision no. 2018-01 of July 2, 2018;
- 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 July 2, 2019

7.3 Share ownership

7.3.1 CHANGES IN CAPITAL IN THE THREE FINANCIAL YEARS TO MAY 15, 2019

Date of Board of Directors [1]	Type of transaction	Number of shares issued or canceled	Amount *(in cash)*	Premiums	Cumulative number of shares	Amount of share capital [2]
04/08/16	Exercise of SOP from 07/01/15 to 03/31/16	1,169,353	€90,624.86	€8,372,899.01	112,387,818	€8,710,055.90
12/10/16	Increase by capitalization of reserves and exercise of SOP from 04/01/16 to 09/30/16	1,137,781	€88,178.02	€(26,953.73) €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	€(22,242.50) €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	112,884,255	€8,748,529.76
	Cancellation of treasury shares	(1,248,214)	€(96,736.59)	€(19,943,321.92)		
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
05/09/17	Increase by capitalization of reserves and exercise of SOP from 04/01/17 to 04/30/17	167,166	€12,955.36	€(10,361.75) €293,377.33	113,099,207	€8,765,188.54
06/15/17	Increase by capitalization of reserves and exercise of SOP from 05/01/17 to 05/31/17	279,838	€21,687.45	€(15,691.66) €733,131.26	113,379,045	€8,786,875.99
07/27/17	Capital increases reserved (i) for employees outside the Group savings plan and (ii) for a financial institution within the context of (i) Exercise of SOP from 06/01/17 to 06/30/17	1,036,694	€80,343.78	€41,540,422.12	114,415,739	€8,867,219.77
09/25/17	Increase by capitalization of reserves and exercise of SOP from 07/01/17 to 08/31/17	100,356	€7,777.59	€(889.24) €1,261,986.21	114,516,095	€8,874,997.36
10/05/17	Increase by capitalization of reserves and exercise of SOP from 09/01/17 to 09/30/17	165,871	€12,855.01	€(3,100) €2,131,310.70	114,681,966	€8,887,852.37
10/25/17	Increase by capitalization of reserves	552,966	€42,854.86	€(42,854.86)	115,234,932	€8,930,707.23
11/17/17	Exercise of SOP from 10/01/17 to 10/31/17	62,255	€4,824.76	€742,480.68	111,703,557	€8,657,025.67
	Cancellation of treasury shares	(3,593,630)	€(278,506.32)	€(121,429,117.07)		
12/12/17	Increase by capitalization of reserves and exercise of SOP from 11/01/17 to 11/30/17	69,889	€5,416.40	€(186.70) €905,935.71	111,773,446	€8,662,442.07
03/30/18	Exercise of SOP from 12/01/17 to 02/28/18	55,922	€4,333.95	€643,354.84	111,609,368	€8,649,726.02
	Cancellation of treasury shares	(220,000)	€(17,050.00)	€(13,735,654.74)		
04/10/18	Exercise of SOP from 03/01/18 to 03/31/18	35,664	€2,763.96	€576,031.86	111,645,032	€8,652,489.98
06/28/18	Capital increases reserved (i) for employees covered by a Group savings plan and (ii) for employees outside the Group savings plan and (iii) a financial institution within the context of (ii) Increase by capitalization of reserves and exercise of SOP from 04/01/18 to 05/31/18	2,287,042	€177,245.76	€121,009,874.79 €(36,086.17)	113,932,074	€8,829,735.74
09/24/18	Increase by capitalization of reserves and exercise of SOP from 06/01/18 to 08/31/18	245,252	€19,007.03	€(1,170.10) €6,080,783.39	114,177,326	€8,848,742.77
	Cancellation of treasury shares	(1,565,426)	€(121,320.51)	€(84,722,908.44)	112,611,900	€8,727,422.25
12/17/18	Increase by capitalization of reserves and exercise of SOP from 09/01/18 to 11/30/18	376,366	€29,168.37	€(16,980.25) €2,472,489.62	112,988,266	€8,756,590.62
02/01/19	Exercise of SOP from 12/01/18 to 12/31/18	5,712	€442.68	€95,297.37	112,993,978	€8,757,033.30
	Cancellation of treasury shares	(1,522,728)	€(118.011.42)	-	111,471,250	€8,639,021.88
04/11/19	Exercise of SOP from 01/01/19 to 03/31/19	140,637	€10,899.36	€2,069,005.59	111,611,887	€8,649,921.24

(1) Or recorded by the Chairman and Chief Executive Officer in case of delegation

(2) Share capital (leading to a revision of the Articles of Association and K-bis (registry document))

7.3.2 EMPLOYEE STOCK OWNERSHIP THROUGH COMPANY MUTUAL FUNDS (FCPE)

As at March 31, 2019, employees held 4,358,520 shares, or 3.905% of the share capital, through Company mutual funds.

This ownership is the result of capital increase transactions reserved for employees of companies (associated with the Company under the terms stipulated in Article L. 225-180 of the French Commercial Code) belonging to the Ubisoft Group savings scheme pursuant to the delegations granted to the Board of Directors by the Shareholders' General Meeting, or of share disposals, in application of the provisions of Article L. 3332-24 of the French Labor Code, within the context of the share buyback programs approved by the Shareholders' General Meeting.

During the financial year ended on March 31, 2019, a capital increase was completed on June 28, 2018 as stipulated in the preceding paragraph, pursuant to a delegation granted by the General Meeting of September 22, 2017 *(see section 7.2.3.1)*.

7.3.3 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

7.3.3.1 Change over the last three financial years

	03/31/19			03/31/18			03/31/17		
	Shares	Gross Voting Rights [1]	Net Voting Rights [2]	Shares	Gross Voting Rights [1]	Net Voting Rights [2]	Shares	Gross Voting Rights [1]	Net Voting Rights [2]
	(in %)	*(in %)*	*(in %)*	*(in %)*	*(in %)*	*(in %)*	*(in %)*	*(in %)*	*(in %)*
Guillemot Brothers Ltd [3]	**17,406,414**	**25,062,178**	**22,031,875**	**17,406,414 [2]**	**23,880,217 [2]**	**20,511,082**	**11,655,772**	**18,061,764**	**17,722,932**
	15.595%	20.258%	18.036%	15.591%	18.323%	15.974%	10.321%	14.537%	14.787%
Yves Guillemot	**933,567**	**1,822,134**	**1,822,134**	**988,567**	**1,906,350**	**1,906,350**	**988,567**	**1,906,350**	**1,906,350**
	0.836%	1.473%	1.492%	0.885%	1.463%	1.485%	0.875%	1.534%	1.534%
Claude Guillemot	**732,869**	**1,455,738**	**1,455,738**	**732,475**	**1,454,838**	**1,454,838**	**732,475**	**1,454,838**	**1,454,838**
	0.657%	1.177%	1.192%	0.656%	1.116%	1.133%	0.649%	1.171%	1.171%
Michel Guillemot	**388,715**	**767,430**	**767,430**	**378,715**	**747,318**	**747,318**	**378,715**	**747,318**	**747,318**
	0.348%	0.620%	0.628%	0.339%	0.573%	0.582%	0.335%	0.601%	0.601%
Gérard Guillemot	**455,659**	**901,318**	**901,318**	**495,659**	**981,206**	**981,206**	**535,659**	**1,061,206**	**1,061,206**
	0.408%	0.729%	0.738%	0.444%	0.753%	0.764%	0.474%	0.854%	0.854%
Christian Guillemot	**107,125**	**213,750**	**213,750**	**106,625**	**213,250**	**213,250**	**116,625**	**222,744**	**222,744**
	0.096%	0.173%	0.175%	0.096%	0.164%	0.166%	0.103%	0.179%	0.179%
Other members of the Guillemot family	**83,094**	**162,958**	**162,958**	**83,864**	**167,707**	**167,707**	**83,864**	**167,707**	**167,707**
	0.074%	0.132%	0.133%	0.075%	0.129%	0.131%	0.074%	0.135%	0.135%
Guillemot Corporation SA	**443,874**	**887,748**	**887,748**	**443,874**	**887,748**	**887,748**	**443,874**	**887,748**	**887,748**
	0.398%	0.718%	0.727%	0.398%	0.681%	0.691%	0.393%	0.714%	0.744%
CONCERT [4] [5]	**20,551,317**	**31,273,254**	**28,242,951**	**20,636,193 [4]**	**30,238,634 [4]**	**26,869,499**	**14,935,551**	**24,509,675**	**24,170,843**
	18.413%	*25.279%*	*23.121%*	*18.484%*	*23.202%*	*20.926%*	*13.225%*	*19.726%*	*20.167%*
Ubisoft Entertainment SA	**1,558,212**	**1,558,212**	**-**	**1,587,176**	**1,587,176**	**-**	**4,056,809**	**4,056,809**	**-**
	1.396%	1.260%	-	1.422%	1.218%	-	3.592%	3.265%	-
Employees [6]	**4,358,520**	**4,981,615**	**4,981,615**	**3,879,192**	**4,498,964**	**4,498,964**	**2,846,358**	**3,615,086**	**3,615,086**
	3.905%	4.027%	4.078%	3.475%	3.452%	3.504%	2.520%	2.91%	3.016%
Free float	**85,143,838**	**85,899,858**	**88,930,161**	**85,542,471**	**94,000,990**	**97,031,293**	**91,093,323**	**92,069,047**	**92,069,047**
	76.286%	69.435%	72.801%	76.62%	72.128%	75.57%	80.662%	74.099%	76.817%
TOTAL	**111,611,887**	**123,712,939**	**122,154,727**	**111,645,032**	**130,325,764**	**128,399,756**	**112,932,041**	**124,250,617**	**119,854,976**
	100%	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

(1) Number of "gross" or "theoretical" voting rights used as a basis for calculating the crossing of legal thresholds

(2) Number of "net" or "exercisable in a General Meeting" voting rights

(3) Forward sales contract, with promises of sale or purchase that may be settled with securities or cash, signed on September 5, 2016 and expiring October 30, 2020 (amendment dated April 16, 2018) involving 4,000,008 shares pledged to the bank and that may be borrowed by it under certain terms and conditions

Forward sales contract, with promises of sale or purchase that may be settled with securities or cash, signed on September 1, 2017 and expiring on October 30, 2020 involving 2,000,016 shares pledged to the bank and that may be borrowed by it under certain terms and conditions

Acquisition of 3,030,303 shares on March 20, 2018 as part of Vivendi SA's disposal of its investment, through structured financing of (i) a prepaid forward contract (2,424,242 shares) with physical or cash settlement and (ii) a prepaid forward contract (606,601 shares) with physical or cash settlement. Pledge of 3,030,303 shares to the bank. Transactions to be settled upon maturity in March 2021 or at the initiative of Guillemot Brothers Ltd, through an early settlement.

(4) The concert, composed of the companies Guillemot Brothers Ltd and Guillemot Corporation SA and the Guillemot family, held 10,721,937 shares with double voting rights at 03/31/19

(5) In accordance with the Articles of Association, a double voting right is conferred on shares that have been registered for at least two years

(6) Shares held by employees through Company mutual funds (FCPE)/Not inclusive of 0.20% representing the shares held as part of a Group savings scheme under direct share ownership

7.3.3.2 Breakdown of capital and voting rights at April 30, 2019

	Capital		Gross Voting Rights [1]		Net Voting Rights [2]	
	Number of shares	%	Number	%	Number	%
Guillemot Brothers Ltd	17,406,414	15.592%	25,062,178	20.254%	22,031,875	18.032%
Yves Guillemot	933,567	0.836%	1,822,134	1.473%	1,822,134	1.491%
Claude Guillemot	732,869	0.656%	1,455,738	1.176%	1,455,738	1.191%
Michel Guillemot	388,715	0.348%	767,430	0.620%	767,430	0.628%
Gérard Guillemot	455,659	0.408%	901,318	0.728%	901,318	0.738%
Christian Guillemot	107,125	0.096%	213,750	0.173%	213,750	0.175%
Other members of the Guillemot family	83,094	0.075%	162,958	0.133%	162,958	0.133%
Guillemot Corporation SA	443,874	0.398%	887,748	0.717%	887,748	0.727%
CONCERT	**20,551,317**	**18.409%**	**31,273,254**	**25.274%**	**28,242,951**	**23.115%**
Ubisoft Entertainment SA [3]	1,555,227	1.393%	1,555,227	1.257%	-	-
Employees [4]	4,338,334	3.886%	4,961,429	4.010%	4,961,429	4.061%
Free float	85,193,557	76.312%	85,947,560	69.460%	88,977,863	72.824%
TOTAL	**111,638,435**	**100%**	**123,737,470**	**100%**	**122,182,243**	**100%**

(1) Number of "gross" or "theoretical" voting rights used as a basis for calculating the crossing of legal thresholds

(2) Number of "net" or "exercisable in a General Meeting" voting rights

(3) Derivative products not settled (See section 7.2.4.4)

(4) Shares held by employees through Company mutual funds (FCPE)/Not inclusive of 0.20% representing the shares held as part of a Group savings scheme under direct share ownership

7.3.3.3 Shareholders exceeding 5% of the share capital as at May 15, 2019 [1]

Shareholder	% of share capital [2]	% of gross voting rights [2] [3]	% of net voting rights [2] [4]
BlackRock Inc.	5.503%	4.965%	5.028%
Tencent Mobility Limited [5]	5.009%	4.519%	4.576%
WCM Investment Management, LLC	5.013%	4.523%	4.581%

(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, 2019

(3) Number of "gross" or "theoretical" voting rights used as a basis for calculating the crossing of legal thresholds

(4) Number of "net" or "exercisable in a General Meeting" voting rights

(5) Controlled by Tencent Holding Company

7.3.3.4 Crossing of legal thresholds

During the financial year ended March 31, 2019, and until May 15, 2019, it was disclosed that the following legal thresholds had been crossed:

Name of shareholder	Date	Threshold (in %)		Declaration of intent	Type	Interest after crossing of threshold (in %)	
		Capital	Voting rights			Capital	Voting rights
BlackRock Inc.	04/04/18	5%	-	-	**Upward** Acquisition of shares on and off the market Receipt of shares held as collateral	5.03%	4.28%
	04/05/18	5%	-	-	**Downward** Disposal of shares off market Restitution of shares held as collateral	4.89%	4.16%
	05/07/18	5%	-	-	**Upward** Acquisition of shares on and off the market Receipt of shares held as collateral	5.05%	4.32%
	05/08/18	5%	-	-	**Downward** Restitution of shares held as collateral	4.99%	4.28%
	05/09/18	5%	-	-	**Upward** Acquisition of shares off market Receipt of shares held as collateral	5.08%	4.35%
	05/11/18	5%	-	-	**Downward** Restitution of shares held as collateral	4.99%	4.28%
	05/14/18	5%	-	-	**Upward** Acquisition of shares on and off the market Receipt of shares held as collateral	5.04%	4.32%
	05/24/18	-	5%	-	**Upward** Acquisition of shares on and off the market	5.94%	5.08%
	06/20/18	-	5%	-	**Downward** Disposal of shares on the market Restitution of shares held as collateral	5.78%	4.96%
	06/22/18	-	5%	-	**Upward** Acquisition of shares off market Receipt of shares held as collateral	5.94%	5.09%
	03/04/19	-	5%	-	**Downward** Disposal of shares on and off the market Restitution of shares held as collateral	5.44%	4.91%
	03/07/19	-	5%	-	**Upward** Acquisition of shares on and off the market Receipt of shares held as collateral	5.62%	5.07%
	04/03/19	-	5%	-	**Downward** Disposal of shares on the market Restitution of shares held as collateral	5.51%	4.97%
	04/03/19	-	5%	-	**Upward** Acquisition of shares off market Receipt of shares held as collateral	5.61%	5.06%
	04/11/19	-	5%	-	**Downward** Restitution of shares held as collateral	5.45%	4.92%
	04/12/19	-	5%	-	**Upward** Acquisition of shares on the market Receipt of shares held as collateral	5.57%	5.02%
	04/15/19	-	5%	-	**Downward** Disposal of shares on and off the market Restitution of shares held as collateral	5.50%	4.97%

Name of shareholder	Date	Threshold (in %) Capital	Threshold (in %) Voting rights	Declaration of intent	Type	Interest after crossing of threshold (in %) Capital	Interest after crossing of threshold (in %) Voting rights
Crédit Agricole SA	04/12/18	15%	-	X 04/24/18 04/26/18	**Upward (indirect crossing)** Receipt of shares held as collateral	15.05%	18.71%
	05/03/18	15%	-	-	**Downward (indirect crossing)** Disposal of shares on the market	14.73%	18.42%
	05/24/18	15%	-	X 05/24/18	**Upward (indirect crossing)** Borrowing of shares on the market	15.12%	18.75%
	05/28/18	15%	-	-	**Downward (indirect crossing)** Restitution of shares held as collateral	14.71%	18.39%
	06/28/18	15%	-	X 06/28/18	**Upward (indirect crossing)** Forward purchase contract and prepaid forward contract	15.62%	19.20%
	09/20/18	-	15%	-	**Upward (indirect crossing)** Conversion into bearer shares by Vivendi SA, on September 20, 2018, of 7,590,909 shares (each with attached double voting right)	15.52%	14.15%
Crédit Agricole Corporate and Investment Bank (CACIB) [1]	06/29/18	15%	-	X 06/29/18	**Upward** Increase in borrowed shares	15.67%	19.25%
	09/20/18	-	15%	-	**Downward** Conversion into bearer shares by Vivendi SA, on September 20, 2018, of 7,590,909 shares (each with attached double voting right)	15.52%	14.15%
	10/01/18	5%	5%	-	**Upward** Physical delivery of 7,590,909 shares to CACIB following the settlement of a forward purchase contract between this company and Société Générale, involving 7,590,909 shares	15.73%	14.21%
	10/17/18	15%	-	-	**Downward** Reduction in the number of borrowed securities	14.85%	13.41%
FMR LLC [2]	04/17/18	-	5%	-	**Downward** Disposal of shares on the market	5.62%	4.81%
	05/09/18	5%	-	-	**Downward** Disposal of shares on the market	4.99%	4.28%
Guillemot family	09/27/18	-	25%	X 09/27/18	**Upward** Decrease in the total number of voting rights	18.22%	25.08%
	01/15/19	-	25%	-	**Downward** Increase in the total number of voting rights	18.16%	24.99%
	02/07/19	-	25%	X 02/07/19	**Upward** Decrease in the total number of voting rights	18.39%	25.28%
Guillemot Brothers Ltd [3]	09/27/18	-	20%	X 09/27/18	**Upward** Decrease in the total number of voting rights	15.46%	20.10%
JP Morgan Chase & Co [4]	08/24/18	-	10%	-	**Downward** Disposal of shares off market	11.61%	9.97%
	08/30/18	-	10%	X 09/05/18	**Upward** Acquisition of shares on the market	11.66%	10.02%
JP Morgan Securities plc	08/24/18	-	10%	-	**Downward** Disposal of shares off market	11.59%	9.96%

Name of shareholder	Date	Threshold (in %) Capital	Threshold (in %) Voting rights	Declaration of intent	Type	Interest after crossing of threshold (in %) Capital	Interest after crossing of threshold (in %) Voting rights
Société Générale	09/20/18	5% 10%	5% 10%	X 09/20/18	**Upward** Conclusion of a forward purchase contract involving 7,590,909 shares Securities lending transactions completed to hedge said forward contract	13.78%	12.56%
	10/01/18	10%	10%	-	**Downward** Disposal of shares off market	8.05%	7.27%
	03/05/19	5%	5%	-	**Downward** Decrease in share position, as a result of which the trading exemption applies (Article 223-13, I-2° of the AMF's General Regulation)	-	-
Vivendi SA	09/20/18	-	10%	-	**Downward** Conversion into bearer shares of 7,590,909 shares to which were attached 15,181,818 voting rights and loss, as a result, of 7,590,909 double voting rights	6.65%	6.06%
	03/05/19	5%	5%	-	**Downward** Disposal of shares off market	-	-
WCM Investment Management, LLC	05/09/19	5%	-	-	**Upward** Acquisition of American Depositary Receipts (ADR) on the market	5.01%	4.52%

(1) Controlled by Crédit Agricole SA

(2) FMR LLC is a holding company of an independent group of companies, acting on behalf of funds, commonly referred to as Fidelity Investments

(3) Controlled by the Guillemot family

(4) Through the companies JP Morgan Securities plc and JP Morgan Securities LLC, which it controls

7.4 Securities market

7.4.1 PROVIDER OF SECURITIES SERVICES

BNP PARIBAS SECURITIES SERVICES
Grands Moulins de Pantin - CTO
Relations Actionnaires UBISOFT
9, rue du Débarcadère
93761 PANTIN CEDEX
FRANCE

7.4.2 UBISOFT SHARE DATA

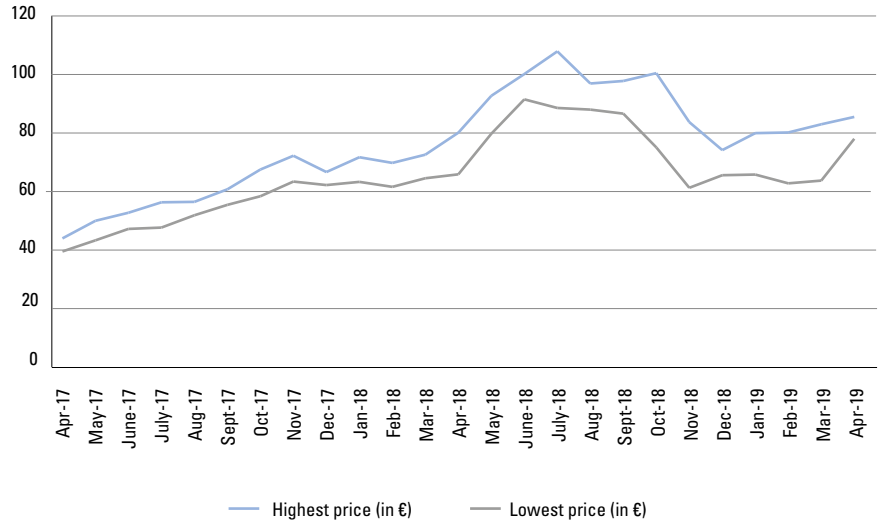
ISIN code	FR0000054470
Place listed	Euronext Paris - Compartment A
Par value	€0.0775
Number of shares outstanding as at 03/31/19	111,611,887
Closing price on 03/29/19 (1)	€79.36
Market capitalization as at 03/31/19 (2)	€8,855,950,325.76
Flotation price on 07/01/96	€38.11
Five-for-one stock split on 11/11/00	€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) Market closed on 03/30 and 03/31/19 – Source Euronext
(2) After deduction of the 19,771 class B preference shares, unlisted

7.4.3 CHANGE IN THE SHARE PRICE OVER THE LAST 24 MONTHS

Month	Highest price *(in €)*	Lowest price *(in €)*	Volume traded *(in shares)*
2017			
April 2017	43.990	39.520	3,927,426
May 2017	50.000	43.320	10,175,658
June 2017	52.750	47.225	8,462,336
July 2017	56.320	47.685	6,081,727
August 2017	56.470	51.890	4,764,356
September 2017	60.760	55.450	6,740,083
October 2017	67.520	58.390	8,930,060
November 2017	72.230	63.410	16,933,376
December 2017	66.660	62.210	7,003,500
2018			
January 2018	71.720	63.300	5,928,923
February 2018	69.780	61.600	7,287,303
March 2018	72.600	64.540	10,876,713
April 2018	80.120	65.880	9,398,931
May 2018	92.720	79.760	8,964,750
June 2018	100.150	91.500	8,807,160
July 2018	107.900	88.560	7,454,283
August 2018	96.920	88.000	6,510,321
September 2018	97.780	86.620	6,886,178
October 2018	100.450	75.080	10,523,729
November 2018	83.720	61.280	10,173,125
December 2018	74.160	65.580	7,514,017
2019			
January 2019	79.960	65.800	8,050,225
February 2019	80.180	62.800	11,725,632
March 2019	82.980	63.740	10,620,578
April 2019	85.500	78.020	8,052,189

(Source Euronext)



7.4.4 OCEANE BONDS AND BONDS

7.4.4.1 Oceane bonds

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 (03/31/19)	N/A
Issue amount	€399,999,959.80
Number issued	7,307,270
Par value	€54.74 (premiums of 60%)
Issue price	At par
Nominal interest rate	N/A
Conversion ratio	1 new or existing share for 1 OCEANE bond
Date of issue and settlement	September 27, 2016
Bond duration	5 years
Expiry date	September 27, 2021
Private placement	In France and outside France (1)
Listing of the OCEANE bonds	On the open market of the Frankfurt Stock Exchange (Freiverkerh) (ISIN code: FR0013204286)
Dividend rights of underlying shares	Immediate dividend rights

(1) With the particular exception of the United States, Canada, Japan and Australia

7.4.4.2 Bond issues outstanding as at March 31, 2019

Date	01/30/18
Duration	5 years
Total nominal amount	€500,000,000
Interest	1.289% per year
Number of bonds	5,000
Par value	€100,000
ISIN Code	FR0013313186
Seniority	Direct, unconditional, unsubordinated and unsecured commitments of the Company ranking pari passu and without preference among themselves with other present and future unsubordinated and unsecured obligations of the Company
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 the Company
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.ubisoft.com) and the *Autorité des Marchés Financiers* (www.amf-france.org).

7.5 Financial communication

7.5.1 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).

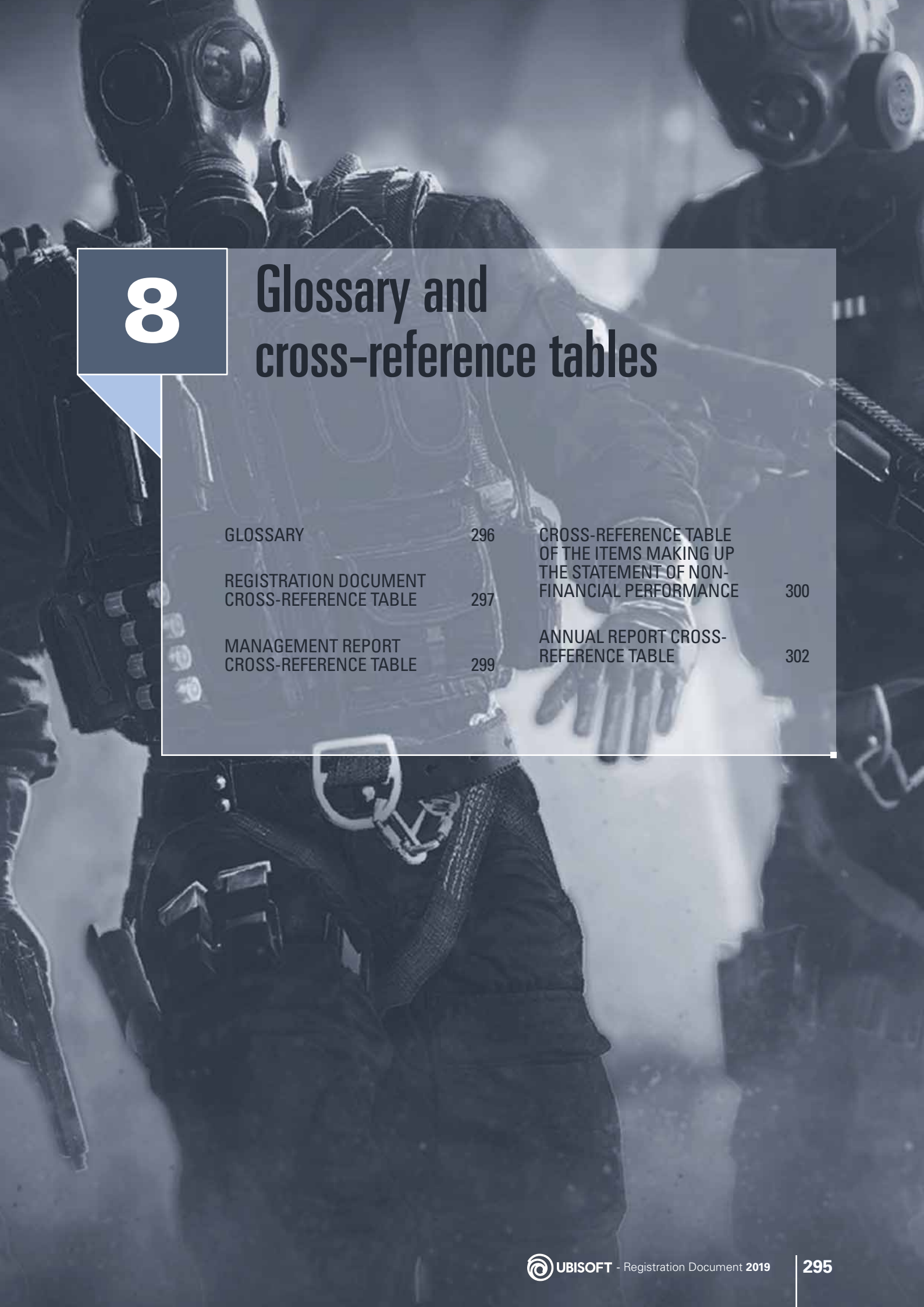
Regulatory information is available on the company's website (www.ubisoftgroup.com).

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

7.5.2 FINANCIAL REPORTING CALENDAR FOR THE 2019/2020 FINANCIAL YEAR

	Date
Q1 sales	Week of July 15, 2019
H1 results	Week of November 4, 2019
Q3 sales	Week of February 10, 2020
Year-end results	Week of May 11, 2020

These dates are provided for information purposes only and will be confirmed during the year.



8 Glossary and cross-reference tables

GLOSSARY 296

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CROSS-REFERENCE TABLE OF THE ITEMS MAKING UP THE STATEMENT OF NON-FINANCIAL PERFORMANCE 300

ANNUAL REPORT CROSS-REFERENCE TABLE 302

Glossary

AAA

Term used to describe the games of the video game industry that receive the highest development and promotion budgets. Pronounced "triple A", the term is equivalent to "blockbuster" in the film industry.

AVATAR

Graphical representation of the player or his/her alter-ego/character within the game environment.

BACK CATALOGUE

All Group games with the exception of recent productions.

CLOUD GAMING

Technology permitting the playing of a video game in high definition from any type of media (computer, tablet, smartphone, etc.) provided the player has an adequate internet connection. The game resides on a remote server and is installed on extremely high-performance machines permitting the game to be played under optimal conditions. Cloud gaming thus offers the option of playing anywhere, anytime and on any type of screen, without the player having to own the equipment (console, expensive PC, etc.) normally required to play a chosen game.

DOWNLOADABLE CONTENT (DLC)

Digital content for a previously installed game, available on digital distribution platforms and within games offering game extensions, new missions, avatars, themes, game modes, etc.

E-SPORTS

Type of competition using video games, most frequently in multiplayer mode, particularly among professional players.

FREE-TO-PLAY

Any video game that permits its users to play without any payment requirement. Accordingly, free games generate revenue through other means, such as integrated purchases or advertising.

OPEN WORLD GAME

Type of video game in which players can freely move about and may choose how and when to tackle their objectives.

OPERATION

Last phase of the operating process which includes the production of online downloadable content (DLC) after its launch.

PAYMIUM

Game within which purchases are available to enable the player to expand, facilitate or strengthen the game experience, in contrast to "Premium" games for which players cannot make any further purchases beyond the initial downloading cost, in order to complete the game.

ROLE PLAYING GAME (RPG)

Roleplay in which players embody characters they then develop over the course of the game. Most RPGs are based on a system of points and experience level. The more the character interacts with its universe, the more points it acquires and moves from level to level in order to advance through the game and finish it.

SEASON PASS

Service purchased by users enabling them to pay in advance to receive all downloadable content for a game, including downloadable content that has not yet been published.

LIVE SERVICE

Also known as "live" games, this offering represents games offering a continuous experience to players via new content, free updates, premium downloadable content (DLC) and other add-ons that extend the game's lifespan.

STREAMING

Principle of continual online diffusion of content. This technology makes it possible to receive content on a computer, tablet or cellphone without owning it physically (CD, DVD, etc.) or digitally (downloaded file).

Streaming is therefore different to downloading since it does not require obtaining all the multimedia data prior to use.

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").

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Management report cross-reference table

The management report for the 2017/2018 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 15, 2019.

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This Registration Document was prepared in compliance with the regulatory requirements of Articles L. 225-102-1 and R. 225-105-2 establishing a statement of non-financial performance following the transposition of European Directive 2014/95/EU regarding the publication of non-financial information (Order no. 2017-1180 of July 19, 2017 and Decree no. 2017-1265 of August 9, 2017).

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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.

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This statement may contain targets, information on future projects and transactions and on future economic results/performance. Such valuations are provided for estimation purposes only. They are subject to market risks and uncertainties and may vary significantly with the actual results that shall be published.

The targets have been presented to the Board of Directors and have not been audited by the Auditors.

Copies of this document are available upon request from Ubisoft’s business address

28, rue Armand-Carrel – 93108 Montreuil-sous-Bois Cedex – France

Ubisoft Entertainment
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