UBISOFT

2018

REGISTRATION DOCUMENT

and Annual Report

Contents

Registration Document 2018

and Annual Report

The French version of this Registration Document was filed on June 6, 2018 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, 2017, presented in the Registration Document filed on July 21, 2017 under No. D.17-0787, pages 125 to 219;
- the consolidated and separate financial statements and the relevant Statutory auditors' reports for the financial year ended March 31, 2016, presented in the Registration Document filed on July 22, 2016 under No. D.16-0729, pages 103 to 181.

Message from the Chairman

Dear Shareholders and Partners,

Ubisoft performed extremely well across the board during the previous financial year. Following the comeback of Assassin's Creed® Origins, the success of Mario + Rabbids® Kingdom Battle and the continued excellent performance of multiplayer games Rainbow Six® Siege, The Division® and Ghost Recon® Wildlands, our last release of the year, Far Cry® 5, became the second most successful launch in the Company's entire history. Players, who are the key to our strategy, have hailed of the quality of our games and our ever-growing engagement with the communities. These results reflect the determination of the Ubisoft teams to continuously improve player experience post-release.

Accordingly, we exceeded our objectives regarding sales, up by 19% at €1,732 million, and non-IFRS operating profit, which reached a record level of €300 million. The Group's digital transformation continues to grow at a pace exceeding our expectations and now represents 58% of our total sales. This success has resulted in much greater visibility than in the past, reduced our dependence on new releases and has had a very positive impact on our profitability. Our games now benefit from longer development periods, which have had a positive impact on their quality and financial contribution, as demonstrated by the success of Assassin's Creed® Origins and Far Cry 5.

This performance is the result of our long term strategy based on the creation and ownership of our brands and on continued investment in our teams and their skills. We have established an organization for our production on which we can rely to deliver both high quality games and solid online services. We are building a Group that is increasingly adaptable and responsive, relying on the sustained and acknowledged commitment of player communities, which are real partners for our teams. These differentiating factors will be major assets for Ubisoft in the years to come, enabling it to seize all opportunities created by future changes in the industry.

The short and medium terms are indeed exciting both in terms of growth potential and the increase in our profitability. Opportunities abound: from our growth capacity in the digital realm to our potential in the promising PC and mobile segments, particularly in China, without forgetting our progress in esports.

In the longer term, new types of games, particularly those involving streaming, should significantly increase our addressable market and permit our flagship brands to become playable on all media and, potentially, accessible to half of the world's population. Through our investments in Ubisoft Club, our online services platform, and in artificial intelligence, which is undergoing exponential growth, we will be able to adapt game experiences according to player profiles, with the objective of providing ever-richer experiences. To develop our expertise in these areas of excellence, we are opening new studios in regions that offer both special access to universities on the cutting edge of these fields and to a dynamic talent pool. This strategy is possible thanks to our multi-studio organization, which facilitates a collaboration among our different teams that is unparalleled in the industry, with particular attention paid to the sharing of knowledge, expertise and technologies.

I would also like to once again note the change in our stock ownership over the past year. It has specifically resulted in two new long term shareholders who are true experts in the video game industry and the world of technology. This positive change was made possible by the excellent execution of our strategy and the decisive support of our talent pool, our players and our shareholders. I would like to extend my warmest thanks to each of you.

Yves Guillemot
Chairman and Chief Executive Officer

Statement by the person responsible for the Registration Document

This is a free translation into English of the person responsible for the Registration Document issued in French language and it is provided solely for the convenience of English speaking readers.

Sir,

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 272 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 historical financial information presented in this Registration Document was the object of Statutory auditor's reports which appear on pages 152 to 153 and 185 to 186 of the 2016 and 2017 Registration Documents.

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

The Statutory auditors' report on the consolidated financial statements for the financial year ended March 31, 2017 appears on pages 185 and 186 of the 2017 Registration Document.

The Statutory auditors' report on the consolidated financial statements for the financial year ended March 31, 2018 appears on pages 204 and 208 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 9 as of April 1, 2017.

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, 2016 (pages 180 and 181 of this Registration Document) contains no comment.

The Statutory auditors' report on the separate financial statements for the financial year ended March 31, 2017 (pages 216 and 217 of this Registration Document) contains no comment.

The Statutory Auditors' report on the separate financial statements for the financial year ended March 31, 2018 (pages 240 and 243 of this Registration Document) contains an observation 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.

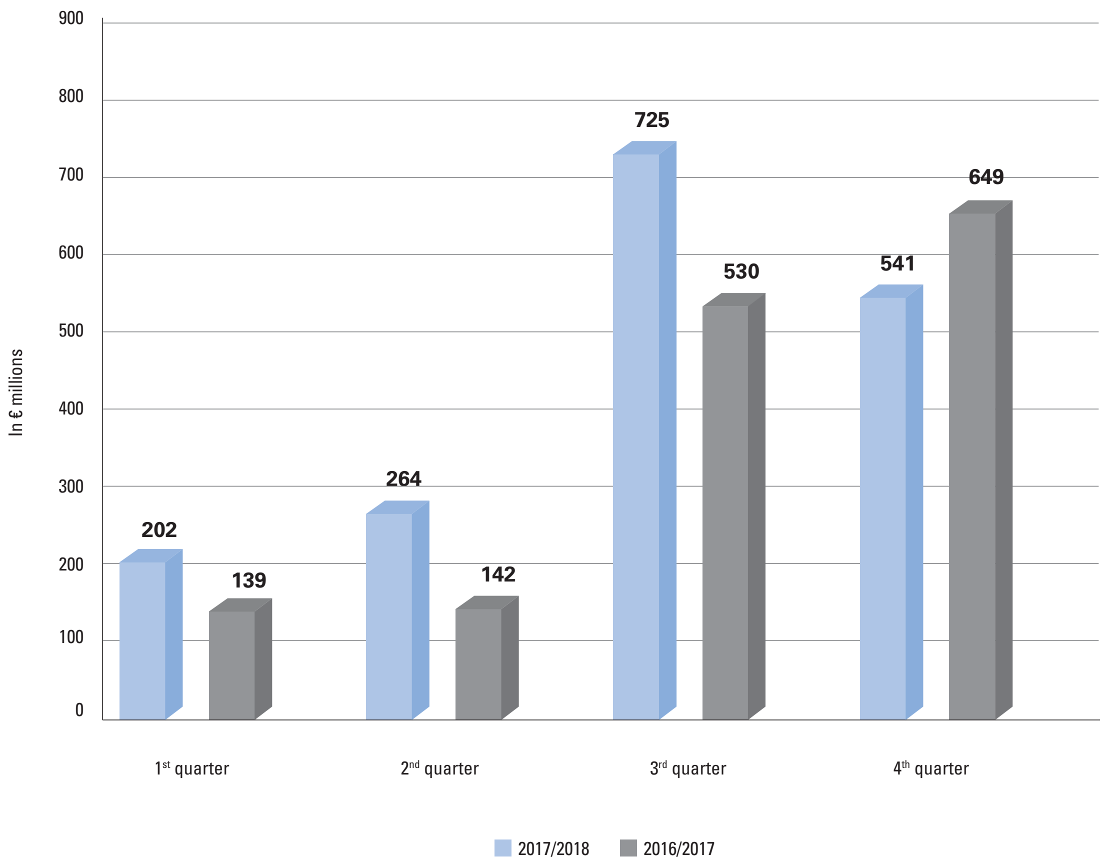
The Statutory auditors have certified without reservation the separate financial statements of the past three financial years.

Yves GUILLEMOT,

Chairman and Chief Executive Officer

1 Key figures

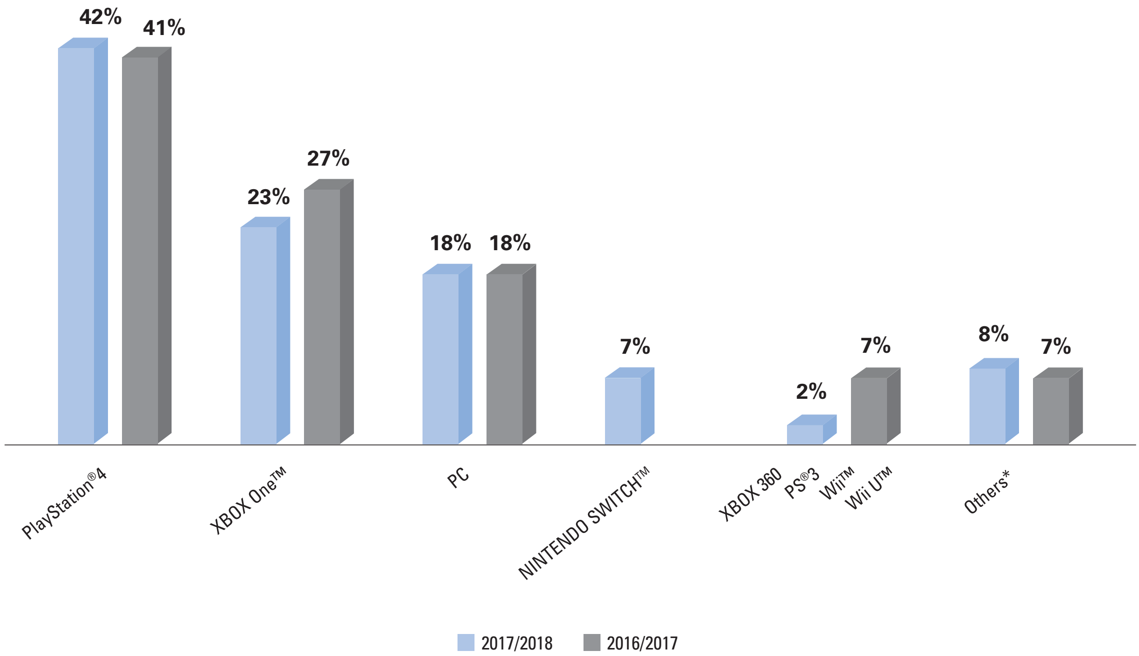
1.1 Quarterly and annual consolidated sales



Sales *(in € millions)*	2017/2018	2016/2017	Change at current exchange rates	Change at constant exchange rates*
1st quarter	202	139	45.2%	45.7%
2nd quarter	264	142	85.8%	88.6%
3rd quarter	725	530	36.8%	41.0%
4th quarter	541	649	-16.6%	-11.2%
FINANCIAL YEARTOTAL	**1,732**	**1,460**	**18.6%**	**22.9%**

* *The method used for calculating sales at constant exchange rates is that of applying to the figures for the period in question the average exchange rates used for the same period of the previous financial year*

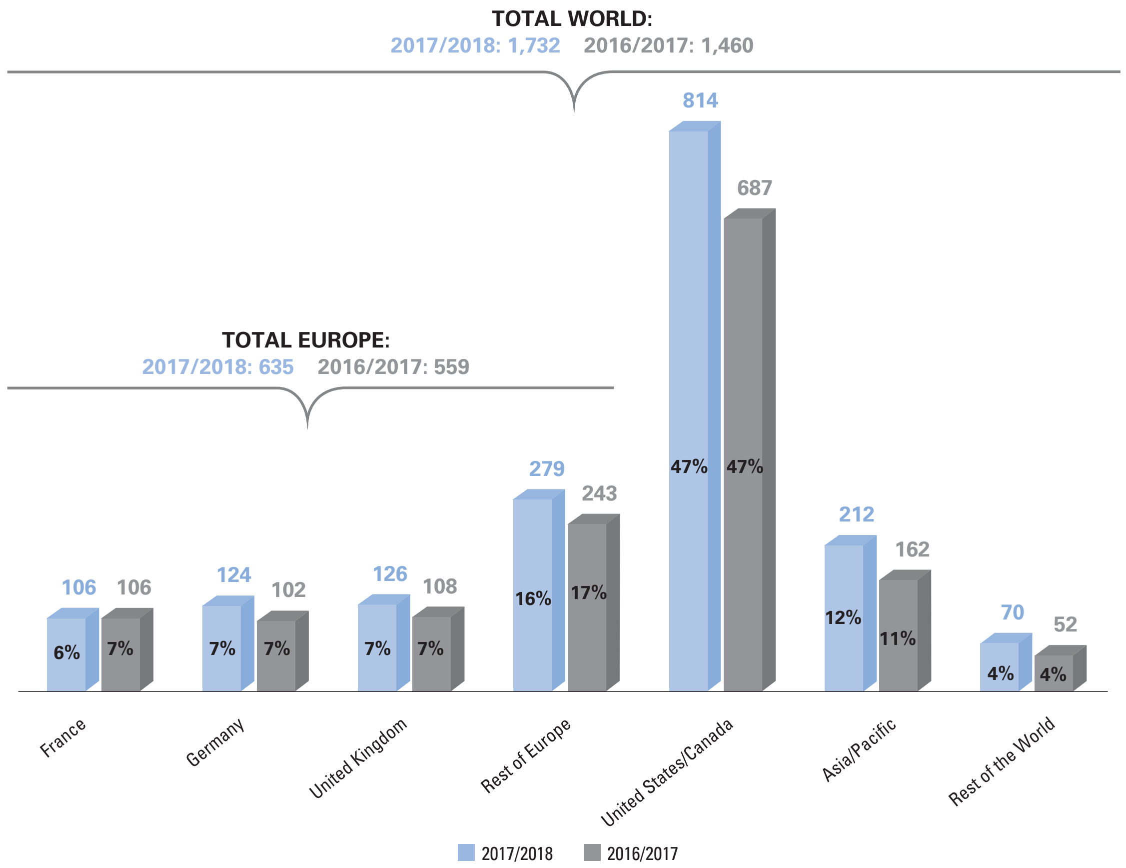
1.2 Sales by platform



* Mobile, derivative products, etc.

1.3 Sales by geographic region

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



2 Group presentation

2.1 Group profile and strategy

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

Ubisoft stands out from its direct competitors due to its unique ability to keep on developing new brands organically. The Group now benefits from an expanded portfolio of strong franchises that are more geared to player commitment over the long-term: Assassin's Creed, Far Cry, For Honor®, Tom Clancy's Ghost Recon, The Crew®, Tom Clancy's Rainbow Six, Tom Clancy's The Division and Watch Dogs®.

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

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

2.2 History

1986: Creation of Ubisoft

by the five Guillemot brothers.

1989-1995: International expansion

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

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

1996-2001: Organic growth and strategic acquisitions

Flotation on the Paris stock exchange in 1996.

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

2002-2006: A development strategy for owned franchises

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

2007/2018: A real creator of franchises and acceleration of the digital business

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

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

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

Between 2012 and 2018, the percentage of digital sales rose from 11.7% to 58%.

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 and Ukraine 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;

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

- Owlient studio, specializing in Free-to-Play games, and RedLynx, specializing in downloadable games in 2011;
- THQ Montreal and two specialists in Free-to-Play games: 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;
- Free-to-Play mobile game Growtopia® in 2017;
- 1492 Studio and Blue Mammoth Games studios, specialists in Free-to-Play games in 2018.

2.3 Financial year highlights

April 2017 – Ubisoft partners with Tencent and Playcrab to develop and publish a new mobile game

Ubisoft announced a partnership with Tencent to develop and publish a new mobile game in China. Tencent, the internet services leader in China, published Might and Magic® Heroes/Era of Chaos®, a new mobile game license developed exclusively for China and operating a traditional Ubisoft franchise. Developed by Playcrab, an Ourpalm subsidiary specializing in action and strategy games, this new mobile game, available in China in iOS and Android stores since June 2017, has already generated more than €100 million in gross income in China.

April 2017 – Announcement of the opening of two new studios in Berlin and Bordeaux

Ubisoft increased its creative capacity in Europe with the opening of studios in Berlin and Bordeaux, which will take part in the development of AAA games on some of the largest Ubisoft franchises.

August 2017 – Announcement of the opening of a studio in Stockholm

Ubisoft opened a studio in Stockholm, Sweden, which will collaborate with the Massive studio on the development of AAA games.

September 2017 – Extension of the partnership with the government of Quebec until 2027 and creation of the studio in Saguenay

In addition to the announcement of Ubisoft's expansion in Quebec, which calls for an additional investment of CAD 780 million and the creation of 1,000 new jobs by 2027, the Group has announced the opening of a new studio dedicated to online development in Saguenay.

General Meeting of September 22, 2017: overwhelming support of Ubisoft's strategy and management by its shareholders

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

The shareholders also approved the resolutions of the Extraordinary General Meeting, particularly the possibility, for employees, based on the decision of the Board of Directors, to participate in capital increases. Due to the automatic abstention of Vivendi, as in 2016, resolution 31 regarding the compensation of the talent pool was not approved.

December 2017 – On the strength of the success of the releases and the back catalog, Ubisoft decided to increase the development time of three games

In a particularly favorable context for Ubisoft, based on the continued outstanding momentum of its back catalog in November and new releases, Ubisoft announced that three games would receive additional development time. In order to take into account the adjustment in its lineup and the confirmation of these positive trends, Ubisoft updated its 2017/2018 financial objectives, particularly through an increase in profitability.

January 2018 – Partnership between Tencent and Ketchapp

Ubisoft and Tencent established a strategic partnership in order to provide a selection of Ketchapp's games on Weixin mini-games, a mobile application launched by Tencent. Weixin is the equivalent of WeChat for Continental China's population, with 980 million monthly active users (MAUs).

January 2018 – €500 million bond issue

Ubisoft successfully completed a bond issue totaling €500 million with a five-year maturity (January 2023) and an annual coupon of 1.289%. The order book exceeded €2.2 billion, i.e. an over-subscription of more than 4.4x.

February 2018 – Acquisition of 1492 Studio, specializing in Free-to-Play mobile games

Ubisoft acquired "1492 Studio", a game development studio specializing in the creation of Free-to-Play episodic and interactive stories on mobiles.

March 2018 – Acquisition of Studio Blue Mammoth Games, specializing in multiplayer Free-to-Play games for PCs and PS4

With this acquisition, Ubisoft added Brawlhalla® to its portfolio, the combat game that is currently the most played on Steam, and expanded its digital expertise.

March 2018 – Announcement of the opening of new studios in India and Ukraine

Ubisoft stated that its creative capacities will increase thanks to the opening of new studios in India and Ukraine. These studios in Mumbai and Odessa will concentrate their activities on the development of AAA games and on game support post-launch.

March 2018 – Signature of a strategic partnership with Tencent and disposal of Vivendi's investment in Ubisoft

Ubisoft signed a strategic partnership agreement with Tencent, which will help its brands to grow on the Chinese market and to reach millions of new players on mobiles and PCs. This partnership was signed at the time of the disposal of the entirety of Vivendi's investment in Ubisoft, thereby permitting equity investments by Tencent and Ontario Teachers' Pension Plan ("Ontario Teachers'") as long-term shareholders.

2.4 Subsidiaries and equity investments

2.4.1 INVESTMENTS DURING THE FINANCIAL YEAR

Opening of new companies

- ***April 2017:*** Ubisoft Bordeaux SAS, production studio,
- ***July 2017:*** Script Movie Inc., United States.

Acquisition

- ***November 2017:*** Acquisition of Krysalide SAS

On November 1, 2017, Ubisoft acquired 100% of Krysalide SAS, which joined its international studio network.

- ***February 2018:*** Acquisition of 1492 Studio SAS

On February 28, 2018, Ubisoft SA acquired 100% of 1492 Studio SAS, a game development studio specializing in the creation of free-to-play interactive episodic stories on mobiles. Founded in 2014 and based in France, 1492 Studio SAS created the successful mobile franchise "Is it Love? ™".

- ***March 2018:*** Acquisition of Blue Mammoth Games LLC

On March 1, 2018, Ubisoft acquired 100% of the development studio Blue Mammoth Games LLC, as well as its wholly-owned subsidiary BGM Europe BV. Based in the United States, the studio developed and published Brawlhalla, a free-to-play combat game.

Mergers

- ***June 2017:*** merger of Ubisoft Motion Pictures SARL with Ubisoft Motion Pictures Assassin's Creed SAS and Ubisoft Motion Pictures Splinter Cell SAS.
- ***December 2017:*** merger of Krysalide SAS with Ivory Art & Design 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

	03/31/18			03/31/17			03/31/16		
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)	780,977	23,083	19,068	672,834	21,782	13,639	630,473	16,403	12,368
of which intra-group sales	*44,540*			*43,124*			*42,097*		
Ubisoft EMEA SAS	582,122	7,259	3,181	433,107	4,731	3,591	355,777	3,256	1,952
of which intra-group sales	*168,289*			*149,851*			*173,858*		
Ubisoft Ltd (United Kingdom)	81,718	1,608	15,719	77,259	1,917	8,388	111,438	3,084	2,370
Ubisoft Entertainment Inc. (Canada) *Distribution only*	56,783	1,473	1,078	53,030	1,092	(786)	68,798	1,587	1,033
Ubisoft GmbH (Germany)	79,382	1,559	1,228	80,385	2,441	(5,052)	105,906	2,482	(4,376)
Ubisoft France SAS	57,949	12,305	3,813	50,740	1,426	(618)	68,587	1,587	(479)

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, 2018. These companies are all wholly owned, directly or indirectly.

Ubisoft Entertainment SA

Video games 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
- Blue Byte GmbH – Germany
- Ubi Studios SL – Spain
- Ubisoft Studios Srl – Italy
- Ubisoft Toronto Inc. (1) – Canada
- Ubisoft Divertissements 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 Privale 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 – Singapour
- Ubisoft Entertainment Philippines (4) – Philippines

Distribution

- Ubisoft France SAS – France
- Ubisoft EMEA SAS – France
- Ubi Games SA – Switzerland
- Ubisoft Ltd – United Kingdom
- Ubisoft CRC Ltd (1) – United Kingdom
- Ubisoft Nordic A/S – Denmark
- Ubisoft SA – Spain
- Ubisoft SpA – Italy
- Ubisoft BV – Netherlands
- Ubisoft (4) – Belgium
- Ubisoft Entertainment (4) – Korea
- Ubisoft Pty Ltd – Australia
- Ubisoft Games LLC – Russia
- Ubisoft Ltd – Hong Kong
- Ubisoft KK – Japan
- Ubisoft Divertissements Inc. (2) – Canada
- Ubisoft Editions Musique Inc. – Canada
- Ubisoft Inc. – United States
- Ubisoft Entertainment Ltda – Brazil
- Ubisoft GmbH – Germany
- Ubisoft (4) – Austria
- Ubisoft GmbH spółka z ograniczoną (4) – Poland

Mobile production

- Ubisoft Paris – Mobile Sarl – France
- 1492 Studio SAS (1) – France
- Ubisoft Sarl – Morocco
- Ubisoft Emirates FZ LLC – United Arab Emirates
- Ubisoft Barcelona Mobile SL (1) – Spain

Production/Distribution (3)

- Ubisoft Mobile Games Sarl – France
- Owlient SAS – France
- Future Games of London Ltd (1) – United Kingdom

Film

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

Other business

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

(1) Indirectly owned
(2) Studio Montreal, Quebec and Halifax (Mobile)/ Distributor for North America
(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. Thanks to its acquisition of teams of engineers having mastered the best existing technologies, Ubisoft currently employs a very pragmatic approach to its projects: depending of the problems and expected results for a game, the choice of tools will either focus on specific internal developments or on existing software on the market, or most commonly, on a combination of both. Research is thus focused on innovation and functionality using technologies that are suited to a high-quality product.

In a sector where technological innovation is a constant, a culture of knowledge-sharing is essential to the performance of the teams. A collaborative approach [(1)] is favored to encourage the sharing and transfer of technological knowledge within the Group's different teams (production, support, IT) and to contribute to ongoing advances in tools and production processes.

Different initiatives have been implemented over the years, driven mainly by the Knowledge Management and Technology Group departments, to develop various tools and sharing platforms to support knowledge capitalization. On the other hand, the re-use of the technological building blocks that are vital to the creation of a video game is encouraged and allows the production team to focus on their research and development work on the non-generic parts of the games, thus maximizing their added value. These advances, associated with promoting networking between the Group's studios, have enabled the Company to master the development of new products, particularly with regard to the transition toward new generations of consoles and the exploration of new technologies like virtual, and augmented, reality.

Although the Group does not conduct any basic research, it has worked closely with a variety of research partners for many years in order to collaborate with researchers in fields connected to game development. For example, the Montreal studio collaborates with the academic research community [(2)] by jointly developing innovative prototypes to find out more about player behavior. 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 2017/2018 financial year, commercial software and movie costs reached €679 million, 18% 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 2017/2018.

(1) See section 5.3.2.4

(2) See section 5.5.2.1 on Ubisoft's involvement in research

	2017/2018	2016/2017	2015/2016
Internal production-related capex (in € millions)	€671M	€568M	€514M
Capex per member of production staff	€61,217	€59,578	€59,700

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, which is payable at 30 days on average, as well as the marketing costs before collecting cash inflows, on average 70 days after games are released. The Group must therefore finance significant cash flow peaks linked to the game release dates.

However, progress in the development of digital activity is easing financing requirements associated with the physical production of marketed products.

Equity financing

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

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

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

With equity of €889 million, the Ubisoft Group financed investment expenditure on internal and external production of games and films to the tune of €720 million for the 2017/2018 financial year.

Other sources of finance

Over the 2017/2018 financial year, the Ubisoft Group used the following resources to meet its operating cash requirements:

- a €300 million syndicated loan signed in July 2017, over five years with the option of a one-year extension, renewable once;
- a Schuldschein type loan of €50 million granted in March 2015 (maturing in March 2020); €150 million having been repaid on the total €200 million initially issued;
- two Euro PP type bonds of €20 million and €40 million issued in December 2012 (maturing in December 2018) and May 2013 (maturing in May 2018) respectively;
- a €400 million OCEANE bond (maturing in September 2021);
- a bond issue of €500 million (maturing in January 2023);
- bilateral credit lines of €45 million (maturing in less than one year);
- a loan of €5 million (maturing in September 2018);
- three loans with scheduled refunds:
  - €3.8 million due in March 2021,
  - €0.9 million due in September 2019,
  - €1.3 million due in December 2018;
- a commercial paper program with a maximum 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. During the financial year, no disposals took place under a contract;
- invoice discounting and receivables factoring in Germany and the United Kingdom.

FACTORING COMMITMENT AND DISCOUNT ON THE CLOSING DATE

(in € millions)	03/31/18	03/31/17	03/31/16
United Kingdom	-	13.8	25
Germany	-	31.3	37.5
FACTORING COMMITMENT	**-**	**45.1**	**62.5**
France	-	-	2.7
DISCOUNT	**-**	**-**	**2.7**

However, Ubisoft does not use securitization agreements, Daily 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, 2018, the Ubisoft Group was in compliance with these ratios and expects to remain so during the 2018/2019 financial year.

Financing in 2018/2019

For the 2018/2019 financial year, and unless the Company makes a major acquisition, Ubisoft should be able to finance its operations from cash and the facilities at its disposal, including at least €1,250 million in lines of credit of more than one year.

2.6 2017/2018 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;
- non-IFRS operating profit, which corresponds to operating profit after deduction of:
  - share-based compensation expense arising on free share plans, Group savings plans and stock options,
  - impairment of acquired intangible assets with an indefinite useful life,
  - non-operating profit linked to the Group's organizational restructuring;
- non-IFRS operating margin, which corresponds to the ratio between non-IFRS operating profit and sales. This ratio reflects economic performance;
- non-IFRS net income corresponds to net income after deduction of:
  - restatements included in the non-IFRS operating profit above,
  - income and expenses relating to the remeasurement after the measurement period of any variable compensation granted in connection with business combinations,
  - interest on the OCEANE bond under IAS 39,
  - tax impacts on these adjustments;
- non-IFRS diluted EPS corresponds to non-IFRS net income divided by the weighted average number of shares after exercise of the rights of dilutive instruments.

The adjusted cash flow statement includes:

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

RECONCILIATION OF IFRS NET INCOME AND NON-IFRS NET INCOME

	2017/2018			2016/2017		
(in € million, except per share data)	IFRS	Adjustments	Non-IFRS	IFRS	Adjustments	Non-IFRS
SALES	**1,731.9**	**-**	**1,731.9**	**1,459.9**	**-**	**1,459.9**
Total operating expenses	**(1,509.6)**	**77.8**	**(1,431.8)**	**(1,284.1)**	**61.9**	**(1,222.2)**
Stock-based compensation	(39.6)	39.6	-	(36.8)	36.8	-
Goodwill/brand impairment	(38.2)	38.2	-	(25.1)	25.1	-
OPERATING PROFIT (LOSS)	**222.3**	**77.8**	**300.1**	**175.8**	**61.9**	**237.7**
Net financial income	(13.4)	7.7	(5.7)	(16.2)	7.2	(9.0)
Share in profit of associates	(0.2)	-	(0.2)	(0.3)	-	(0.3)
Total income tax	(69.2)	(4.4)	(73.6)	(51.4)	(2.6)	(54.0)
Profit (loss) for the period	**139.5**	**81.1**	**220.6**	**107.8**	**66.5**	**174.3**
Diluted earnings per share	**1.18**	**0.62**	**1.80**	**0.92**	**0.54**	**1.46**

2.6.2 CHANGES IN THE INCOME STATEMENT

(in € thousands)	03/31/18	03/31/17
Sales	**1,731,894**	**1,459,874**
Gross profit	1,435,074	1,188,987
Non-IFRS R&D costs	(661,090)	(521,723)
Non-IFRS SG&A costs	(473,867)	(429,520)
Non-IFRS current operating profit	**300,117**	**237,743**
Non-IFRS net financial income	**(5,687)**	**(9,013)**
Share of profit of associates	(224)	(338)
Non-IFRS income tax (credit)	(73,640)	(54,095)
NON-IFRS NET INCOME	**220,566**	**174,297**
Equity	889,330	1,133,816
Investment expenditure on internal and external game and film production	720,173	610,496
Staff	13,742	11,907

Gross profit as a percentage of sales grew to 82.9%, or €1,435.1 million in absolute terms, compared with a gross profit of 81.4% (€1,189.0 million) in 2016/2017.

Non-IFRS operating profit amounted to €300.1 million, up 26.2% from the €237.7 million generated in 2016/2017.

The change in operating profit breaks down as follows:

- €246.1 million increase in gross profit;
- R&D costs rose by €139.4 million, to stand at €661.1 million (38.2% of sales), compared with €521.7 million for 2016/2017 (35.7%);
- SG&A costs were also up, by €44.3 million, at €473.9 million (27.4% of sales), compared with €429.5 million (29.4%) for the previous year:
  - variable marketing expenses stood at €233.2 million (13.5% of sales), an increase over the €218.5 million (15.0%) for 2016/17,
  - structure costs totaled €240.7 million (13.9% of sales) compared with €211.1 million (14.5%) in 2016/2017.

Non-IFRS net income totaled €220.6 million, corresponding to non-IFRS (diluted) net earnings per share of €1.80, compared with a non-IFRS net income of €174.3 million for 2016/2017, or €1.46 per share.

2.6.3 CHANGE IN WCR AND DEBT LEVELS

Based on the non-IFRS cash flow statement, the working capital requirement increased by €45.0 million compared to a decrease of €38.9 million during the previous financial year, primarily due to the lack of factoring on trade receivables for the year.

Cash flows generated from operating activities stood at €169.9 million (compared with the €149.1 million used in 2016/2017).

This reflects cash flows from operations of €214.9 million (compared with €110.2 million for 2016/2017) and an increase in WCR of €45.0 million.

Net debt stood at €(548.1) million at March 31, 2018, versus net debt of €(80.4) million at March 31, 2017. This change is the result of the following:

- cash flow generation: €169.9 million;
- receipts and disbursements relating to other intangible assets and property, plant and equipment: €(59.3) million;
- receipts and disbursements relating to non-current financial assets: €(101.7) million;
- acquisitions: €(77.6) million (including 1492 Studio and Blue Mammoth Games);
- exercise of stock options and employee stock ownership: €49.0 million;
- purchases/sales of own shares: €(411.5) million;
- Change in the option value of the convertible bond: €(8.4) million;
- Effect of foreign exchange gains and losses: €(27.9) million.

NON-IFRS CASH FLOW STATEMENT (UNAUDITED)

(in € thousands)	03/31/18	03/31/17
Non-IFRS cash flows from operating activities		
Consolidated profit (loss)	139,452	107,813
+/- Share of profit of associates	224	338
+/- Net depreciation and amortization of gaming software & movies	462,207	407,816
+/- Other net depreciation and amortization of non-current assets	81,824	66,819
+/- Net provisions	4,052	(2,563)
+/- Cost of stock-based compensation	39,558	36,836
+/- Gains/losses on disposals	308	408
+/- Other income and expenses calculated	8,578	(10,655)
+/- Internal development and license development costs	(521,290)	(496,588)
Non-IFRS cash flows from operations	**214,914**	**110,223**
Inventory	229	(5,381)
Customers	(61,544)	31,934
Other assets	(78,567)	3,113
Trade payables	15,243	(45,082)
Other liabilities	79,591	54,315
+/- Change in non-IFRS WCR	**(45,048)**	**38,899**
Total non-IFRS cash flow generated by operating activities	**169,865**	**149,122**
Non-IFRS cash flows from investing activities		
- Payments for other intangible assets and property, plant and equipment	(59,366)	(62,914)
+ Proceeds from the disposal of intangible assets and property, plant and equipment	20	603
- Payments for the acquisition of financial assets	(131,493)	(44,374)
+ Repayment of loans and other financial assets	29,790	43,322
+/- Changes in scope *	(77,589)	(105,642)
Total non-IFRS cash flow used by investing activities	**(238,638)**	**(169,005)**
Cash flows from financing activities		
+ New borrowings	894,598	669,147
+ New finance leases contracted	5,054	1,416
- Repayment of finance leases	(1,672)	(898)
- Repayment of borrowings	(487,677)	(214,663)
+ Proceeds from shareholders in capital increases	48,951	9,465
+/- Sales/purchases of own shares	(411,498)	(67,844)
Cash generated by financing activities	**47,756**	**396,623**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(21,017)**	**376,740**
Cash and cash equivalents at the beginning of the period	632,314	255,688
Foreign exchange, losses/gains	(27,943)	(114)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**583,354**	**632,314**
* *Including cash in companies acquired and disposed of*	*4,738*	*26,421*

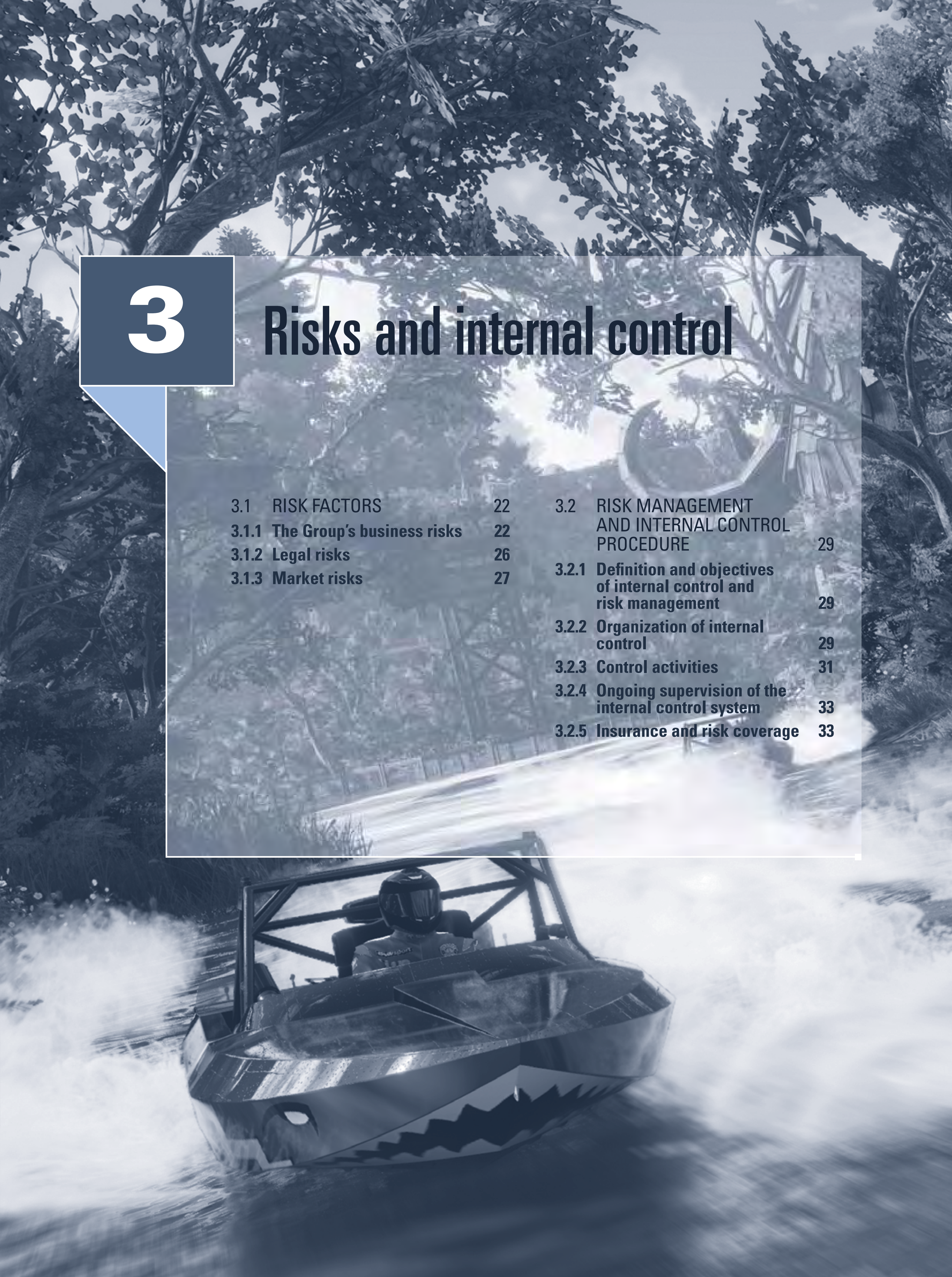
2.7 Outlook

In 2017, the console and PC video games market grew by 10% (Europe, Australia and North America -source: NPD, GFK). Growth is set to continue in 2018, still due to the sharp increase in digital revenues and a dynamic console and PC market.

In mid-May 2018, the Group updated its 2018/2019 objectives:

- sales per IFRS 15 of around €2,000 million [(1)];
- net bookings of approximately €2,050 million to be compared with the prior objective of €2,100 million, on the basis of:
  - 3 new AAA launches (The Crew 2, The Division 2 and an unannounced franchise) for 19 million units, compared to the previously expected 4 AAA and 23 million units. In keeping with previous practices, and on the strength of the acceleration in digital transformation, back catalog growth and the excellent momentum of recent releases, the Company has decided to allocate more development time to Skulls & Bones, thereby offering an even more engaging experience for players. Skull & Bones™ is now expected during the 2019-2020 financial year,
  - expected digital sales of around 65% of net bookings (compared with approximately 60% previously), PRI of around 30% of net bookings (compared to over 25% previously),
  - an expected back catalog at roughly 50% of net bookings (compared to over 45% previously);
- non-IFRS operating profit (loss) (calculated based on net bookings) confirmed at around €440 million;
- confirmed free cash flow of around €300 million.

(1) Based on our IFRS 15 analysis to date (unaudited)



3 Risks and internal control

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

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

3.1.1 THE GROUP'S BUSINESS RISKS

Risks associated with market changes

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

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

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

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

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

Size of the video games market [1]	2017 *(in € billions)*
Sales of physical games	8.9
Digital sales	27.1

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

	2017		2016	
Market share in terms of physical sales (GFK, NPD)	Independent publisher	Market share	Independent publisher	Market share
US	5th	9.2%	4th	9.0%
EMEA	4th	9.0%	3rd	10.9%

The Ubisoft Group's main competitors are video game publishers such as Electronic Arts, Activision Blizzard King, Take-Two Interactive 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;
- developing its digital business, notably though Live services and its mobile offering.

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

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

Finally, the Company has embarked on a market expansion strategy, promoting its brands in other segments of the entertainment market, especially cinema. As part of its strategy to develop its brands beyond video games, the Company may decide, on a case-by-case basis, to invest in films derived from its franchises. The Company's ability to recoup its investment will partly depend on the film's success and profitability, as well as the ability of the production company to keep to the original budget. To maximize the chances of success and limit the risks of a budget overrun, Ubisoft works with major film studios.

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

Risks of a delay or poor start to the release of a flagship game

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

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

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

However, in a very competitive and seasonal market, the announcement of a delay in the release of a highly anticipated game could have a negative impact on the Group's income and future earnings, and could potentially lead to a drop in its share price. Failure to meet production and product release schedules could lead to increased development and marketing expenses which could in turn result in an operating profit significantly lower than its targets. 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 *(in € millions)*	2017/2018	Breakdown	2016/2017	Breakdown	2015/2016	Breakdown
1st quarter	202	12%	139	10%	96	7%
2nd quarter	264	15%	142	10%	111	8%
3rd quarter	725	42%	530	36%	562	40%
4th quarter	541	31%	649	44%	625	45%
CONSOLIDATED ANNUAL SALES	**1,732**	**100%**	**1,460**	**100%**	**1,394**	**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 MAIN CUSTOMERS IN THE GROUP'S SALES EXC. VAT

Share as a %	2017/2018	2016/2017	2015/2016
Main customer	18%	15%	12%
Top 5 customers	54%	49%	42.5%
Top 10 customers	64%	60%	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 89% 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. Should this happen, Ubisoft could see itself exposed to strong competitive pressure.

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 the acquisition and integration of new entities

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

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

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

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

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

Risks associated with recruiting and retaining talent

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

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

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

Furthermore, all of the programs introduced by human resources at local and international levels are first and foremost designed to attract, train, retain and motivate employees with strong technical and/or managerial skills: development opportunities, share purchase plans, stock option plans, personal development plans, etc.

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

Risks associated with information security and infrastructure

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

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

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

- the development of innovative IT system monitoring programs;
- the enhancement during the 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 personal data protection within the European Union, notably with regard to the reduction of the dissemination of private 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;
- the regular performance of internal and external audits to adapt and improve risk management procedures: Ubisoft carries out network and system intrusion testing, and social engineering tests, and continuously 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.

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

Industrial and environmental related risks

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

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

3.1.2 LEGAL RISKS

Risks associated with intellectual property rights

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

Aware of the importance and value of its portfolio of intellectual property rights (brands, copyright and patents), Ubisoft has a team of lawyers dedicated to these rights and protecting them. This team oversees the registration of industrial property rights, continually monitors brands identical or similar to its own registered by third parties on an international level and, where required, efficiently fights all forms of piracy and copyright infringement (removal procedures in relation to contested products, legal action, etc.).

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

Risks associated with regulations

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

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

A) THE COLLECTION AND PROCESSING OF PERSONAL DATA

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

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

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. Similarly, the "Privacy Shield" agreement, which became effective in August 2016, authorizes data transfer from the European Union to a company in the United States, provided that this company processes the data in compliance with a set of rules and guarantees pertaining to data protection.

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

(1) See paragraphs 5.4.2 and 5.4.3 of the section on "Corporate social responsibility"

C) CONSUMER PROTECTION

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

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

D) POLICIES SUPPORTING THE SECTOR

The Group benefits from public policies that support the sector, particularly in France, Canada, the United Kingdom and Singapore. Under these policies, Ubisoft benefits from substantial grants and any change in government policy could have a significant impact on the Company's production costs and profitability. As a result, Ubisoft ensures that it regularly renegotiates these agreements so as to limit, as much as possible, any risks associated with a change in public policies. The amount and geographical distribution of the grants are detailed in Note 13 to the consolidated financial statements.

E) FISCAL POLICIES

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

Risks associated with administrative and legal proceedings

There is 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	9,591	6,526
GBP	866	467
CAD	562	2,776

(1) In thousands of euros for the 2017/2018 financial year

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

Currency	Impact on equity (1)
USD	680
GBP	489

(1) In thousands of euros for the 2017/2018 financial year

FINANCING AND LIQUIDITY RISK

In the course of its operating activities, the Group has no recurrent or significant debts. Operating cash flows are generally sufficient to finance operating activities and organic growth. However, the Group issued bonds for €960 million including €500 million 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, 2018, a €300 million syndicated loan, a €50 million Schuldschein loan, €11 million in loans, €45 million in bilateral credit lines and other bank credit facilities totaling €79 million, and €126 million in commercial paper (as part of a program for a maximum amount of €300 million).

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

INTEREST-RATE RISK

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

As at March 31, 2018, the Group's debt included bonds, a Schuldschein loan, loans, commercial paper and bank overdrafts.

The sensitivity of debt to a change in interest rates is described in Note 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, 2018, the Company held 1,587,176 treasury shares with a value of €86,103 thousand.

The shares are currently assigned to the following objectives:

- market-making and liquidity of Company shares under an agreement signed with Exane BNP: these purchases are made under the terms of a market-making agreement that complies with all applicable regulations, and are designed to ensure the liquidity of share purchases and sales. The Company has allocated €1.5 million for the implementation of this agreement;
- cancelation 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. This buyback will take place under two contracts:

- 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 contract for 3,045,455 shares settled at the maturity date or in advance on Ubisoft's initiative either in cash or by delivery of shares against payment of the price of €66. The swap contract is covered by a €100 million security deposit. According to IFRS 9, this contract is qualified as a derivative and classified in current financial assets.

Thus, over FY 2017-2018, Ubisoft disbursed:

- €303 million in relation to the prepaid forward contract, of which €300 million for the 4,545,454 shares at €66 per share and €3 million for the expenses stemming from the acquisition of said shares;
- €100 million for the security deposit relating to the swap contract.

To prevent the risk of non-recovery of the deposit once the obligations of the swap contract are fulfilled and the risk of non-delivery of shares on the expiration date or during an early unwinding of the forward contract, Ubisoft has concluded these contracts with a first-rate banking institution.

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:

- **the 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 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, fiscal, IT and human resources policies, and supporting the subsidiaries with their implementation.

  Specific visits are made to the subsidiaries in order to carry out audits and training and to make recommendations so as to ensure that the internal control system is satisfactory.

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

Clear goals and responsibilities

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

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

Consequently, at an individual level, each major subsidiary has local internal control procedures (delegation of bank signing authority, verification of day-to-day transactions, segregation of duties between the signatory and the person preparing the payment, limitation of payments by check, 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 analyses to operational managers so that they can make the necessary management decisions. This information is periodically reported in a standard format and is consolidated by head office teams, who analyze the differences between objectives and actual performance.

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 (3 or 5 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 analysis of the Group's monthly, interim and separate consolidated financial statements. It audits the accounting information received from subsidiaries, checks its compliance with the accounting policies manual and performs reconciliations to ensure the standardization of procedures. A detailed report is sent to the management team each month so that the Group's performance may be monitored and analyzed. It ensures compliance with applicable standards and regulations so as to provide a true picture of the Group's business activities and position;
- **the Treasury Department** checks the suitability and compatibility of exchange rate and liquidity risk management policies, as well as the financial information published. It arranges foreign exchange derivative contracts and coordinates cash flow management at French and foreign subsidiaries, in particular by overseeing the dissemination of cash pooling solutions and cash flow projections. It centralizes and verifies the authorization granted to a limited number of employees, who are exclusively authorized by the general management to handle certain financial transactions, subject to pre-defined thresholds and authorization procedures. The Treasury department provides support to the Group's subsidiaries in the implementation of tools for enhancing controls and the security of means of payment;
- acquisitions are managed by the **Acquisitions Department,** which reports to the Finance Department in close collaboration with the Legal Department. The Acquisitions Department examines and assesses the strategic interest of the planned total or partial takeover of a company and submits the relevant proposal to the general management, which makes the final decision. No Group subsidiary can make this decision on its own;
- **the Legal Departments** are specialists in all legal business matters and particularly in acquisition law, company law, contract law, tax law, employment law and intellectual property law. They are responsible for developing innovative legal solutions that comply with current regulations in the various countries in which Ubisoft operates. Working in close partnership with the operational teams, the lawyers work upstream to identify the best strategy, to assess and manage risks and to provide support in implementing said solutions. The legal teams provide support to all subsidiaries with regard to their legal issues and are involved at every stage of their projects (from concept and production to marketing and distribution). They coordinate external growth operations, prepare and implement strategies and contractual relations (particularly in the development of new products, the hiring of new staff in France or abroad, and negotiations with new partners). They manage the portfolio of industrial property, handle any disputes and continually monitor regulatory changes in the various countries in which Ubisoft operates;
- **the Tax Department** assists and advises the Group's French and foreign companies with the analysis of the tax aspects of their projects. In coordination with the various internal departments, it ensures the Group's tax security by organizing risk prevention, identification and management. It determines the Group's transfer pricing policy 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 separate 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.

2017/2018 was focused on the standardization of the internal control system, i.e.:

- the development of a shared risk assessment methodology;
- the deployment of the risk assessment methodology for processes associated with cash outflows for a sample of the Group's significant subsidiaries in terms of sales or capitalized production;
- the implementation of periodic key, standardized controls, in coordination with Statutory Auditors, in order to increase the effectiveness of external audits, focused notably on general IT controls for a selection of key applications (accounting basis management, time management, ERP), personnel costs, etc.

For 2018/2019, the Audit Committee formulated the following internal control objectives:

- continued deployment of the risk assessment methodology for cash outflows for new subsidiaries;
- the implementation of IT tools for greater efficiency of internal control for process mapping and monitoring of action and control plans;
- the human development of the Internal Control Department, in order to increase its intervention capacities.

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.

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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 subsidiaries [1] have subscribed;
- **property damage and trading loss insurance:** this type of insurance is managed directly by local subsidiaries so as to take account of the specific nature of their businesses and any local insurance opportunities;
- **specific coverage such as vehicle** and health insurance, employee pension funds and coverage for business travel or expatriates. These are managed locally in accordance with requirements and local regulations.

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

Total premiums paid on insurance policies in force during the financial year ended March 31, 2018 amounted to €1,621 thousand excluding credit insurance.

(1) Representing 89% of non-digital Group sales as at the end of March 2018

4 Corporate governance report

This chapter contains the report of the Board of Directors on corporate governance which was 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 17, 2018.

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 November 2016 (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 Committee in charge of compensation) *"It is recommended [...] that one of its members be an employee director."*	Since Lionel Bouchet, a director that represents employees, was elected on March 7, 2018, his appointment as a member of the Nomination and Compensation Committee has not been reviewed to date.
17.3 Operating procedures (of the Committee in charge of compensation) *"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.
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 once 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 strategic investment projects – pertaining to external growth operations likely to have a material impact on the Group's earnings, the structure of its statement of financial position or its risk profile – are subject to the prior approval of the Board of Directors. Accordingly, the Chairman and Chief Executive Officer must obtain the prior authorization of the Board of Directors for external investments that involve shareholdings or assets totaling more than €100 million each and not previously approved by the Board.

In addition, at its meeting on May 16, 2017, 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 17, 2018 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 Group Management ("Executive Committee")

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

The Executive Committee members are:

Alain Corre	Executive Director, EMEA
Laurent Detoc	Executive Director, NCSA
Christine Burgess-Quémard	Executive Director, worldwide production
Serge Hascoët	Chief Creative Officer

4

4.1.2.4 The Board of Directors and its committees

COMPOSITION AS AT MAY 17, 2018

DIRECTORS

AVERAGE OF 53.83 YEARS OLD

12

11 INCLUDING directors appointed by the General Meeting

AND

1 director elected by the employees

INDEPENDENT DIRECTORS (1)

54.55%

AND

100% at the Committees (2)

1

LEAD INDEPENDENT DIRECTOR

BALANCE OF MEN/WOMEN

45.45 % (3)

(1) The director representing the employees is not taken into account in the calculation of the independence rate, pursuant to the AFEP-MEDEF Code

(2) Audit Committee and Nomination and Compensation Committee

(3) The director representing the 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

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 contribute to the Board of Directors, is set out in section 4.1.2.5 of this Registration Document.

Name	Age	Gender	Nationality	Audit Committee	Nomination and Compensation Committee
GENERAL MANAGEMENT					
Yves Guillemot, Chairman & CEO	57	M	French		
Claude Guillemot, Executive Vice President	61	M	French		
Michel Guillemot, Executive Vice President	59	M	French		
Gérard Guillemot, Executive Vice President	56	M	French-American		
Christian Guillemot, Executive Vice President	52	M	French		
DIRECTORS DEEMED INDEPENDENT					
Didier Crespel	56	M	French	◆ Chairman (1)	(2)
Laurence Hubert-Moy	56	F	French	◆	◆ Chairman
Florence Naviner	55	F	French	◆ (1)	
Frédérique Dame	42	F	French-American		
Corinne Fernandez-Handelsman	56	F	French		
Virginie Haas	52	F	French		◆ (2)
DIRECTOR REPRESENTING EMPLOYEES					
Lionel Bouchet	44	M	French		

(1) Ms. Florence Naviner, a member of the Audit Committee since January 1, 2018, is replacing Mr. Didier Crespel as chair of this committee as of May 18, 2018. Mr. Didier Crespel will remain a full member of the Audit Committee

(2) Ms. Virginie Haas was appointed as a member of the Nomination and Compensation Committee to replace Mr. Didier Crespel, effective April 1, 2018

(3) Virginie Haas's attendance rate can be explained by the fact that two Board of Directors' meetings were held during a very short timeframe during which Ms. Haas was not available

	Start of 1st term	End of current term	Years of presence on the Board	Number of shares At 05/17/18	Board attendance rate (FY 2018)	Number of terms in listed companies outside the Ubisoft Group
	02/28/88	2020	30	988,567	100%	2
	02/28/88	2021	30	732,475	93.33%	1
	02/28/88	2021	30	378,715	93.33%	1
	02/28/88	2020	30	495,659	80%	1
	02/28/88	2021	30	106,625	93.33%	1
	11/20/13	2021	5	320	100%	-
	06/27/13	2021	5	414	100%	-
	09/29/16	2020	2	315	86.67%	-
	09/29/16	2020	2	321	93.33%	-
	09/22/17	2019	1	150	100%	1
	09/22/17	2019	1	50	77.78% (3)	-
	03/07/18	2022	< 1	0	100%	-

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

Board of Directors		
Nominations	Renewals	Term(s) of office(s) expired
Virginie Haas (AGM 09/22/17)	**Claude Guillemot** (AGM 09/22/17)	**Pascale Mounier** (AGM 09/22/17)
Corinne Fernandez-Handelsman (AGM 09/22/17)	**Michel Guillemot** (AGM 09/22/17)	
	Christian Guillemot (AGM 09/22/17)	

	Audit Committee	Nomination and Compensation Committee
Chairperson	**Didier Crespel** (independent)	**Laurence Hubert-Moy** (independent)
Member(s)	**Laurence Hubert-Moy** (independent) **Florence Naviner** (independent)	**Didier Crespel** (independent)

In relation to the employment charter for which Didier Crespel, lead director, Chairman of the Audit Committee and member of the Nomination and Compensation Committee was responsible, and in accordance with his wishes, the Board of Directors appointed the following persons on the recommendation of the Nomination and Compensation Committee:

- Ms. Florence Naviner as a member of the Audit Committee as of January 1, 2018 and Chairwoman of the said committee as of May 18, 2018; Mr. Didier Crespel will remain a full member of the committee;
- Ms. Virginie Haas as member of the Nomination and Compensation Committee to replace Mr. Didier Crespel, as of April 1, 2018.

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). On March 7, 2018, Mr. Lionel Bouchet was elected director representing employees, pursuant to the provisions of Article 8.2 of the Company's Articles of Association.

To date the Board of Directors does not have any directors representing shareholder employees. However, for the first time, since March 31, 2018, end of the Company's last financial year, employee holdings of the Company's share capital exceeded, in accordance with Article L. 225-102 of the French Commercial Code, the threshold of 3% of the Company's share capital, amounting to 3.69%; an Extraordinary General Meeting will be convened in accordance with the terms, conditions and time limits referred to in Article L. 225-23, paragraph 2 of the French Commercial Code in order to proceed with the amendment of the Articles of Association, and to define the methods to be used by employee shareholders to designate candidates to represent them, whose appointment shall be voted on at a subsequent Shareholders' General Meeting.

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 eighteen members, notwithstanding any derogation permitted by law.
- **Method of appointment:** Over the life of the Company, directors are appointed or reappointed by the Ordinary General Meeting; however, in the event of a merger or demerger, the appointment may be made by the Extraordinary General Meeting held to deliberate on the operation concerned. Between two meetings and in the event of a vacancy due to death or resignation, appointments may be made on a provisional basis by the Board of Directors. They are subject to ratification at the next General Meeting.
- **Duration of a director's 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 on the Board of Directors 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 for directors:** The Articles of Association set an age limit of 80.
- **Ubisoft Entertainment SA shares held:** Pursuant to Article 8 of the Company's Articles of Association, each director must hold at least one share in the Company. The number of shares held by the directors is variable as the Company currently believes that the number of shares held by the directors is not a corollary of their commitment to performing their duties. However, during its meeting of March 19, 2015 the Board of Directors decided to set the number of shares to be held by the directors for the duration of their term of office as the equivalent of an invested amount of €10,000 (in acquisition value).

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 13, 2018 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
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
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
Must not be (or must not be associated directly or indirectly with) a customer, supplier, commercial banker or investment banker: ♦ 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
Must not be related by close family ties to a corporate officer	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Must not have been an Auditor of the Company within the previous five years	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Must not have been a director of the Company for more than twelve years	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Must not be, control or represent a shareholder holding, alone or in concert, more than 10% of the capital or voting rights at General Meetings of the Company	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

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

POLICY ON DIVERSITY/BALANCED REPRESENTATION OF WOMEN AND MEN

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, international experience, expertise, and so on).

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.

As at March 31, 2018, 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, which is 45.45%, compared to 40% as at March 31, 2017.

4.1.2.5 List of offices and positions held by corporate officers at March 31, 2018

Yves GUILLEMOT
Chairman and Chief Executive Officer/Director

57 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/18
988,567

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 four brothers embarked on an adventure in the nascent video game industry. They founded Ubisoft in 1986. Early on, they understood that creating original content in-house and growing proprietary brands, while attracting and retaining the finest talent in the industry would be key to Ubisoft's success. Appointed Chairman and Chief Executive Officer, Yves Guillemot established Ubisoft's strategy of using disruptive technology to innovate and create new brands and capture market share.

With a strong focus on organic growth, the five brothers developed an organization recognized for its competitiveness, unrivaled collaborative mindset and the expertise of its talent pool.

For over 30 years, Yves Guillemot has supported the transformation of the video game industry and has led Ubisoft's evolution over the years with player engagement at the core of the Company's development. His deep understanding of the challenges and risks of this ultra-dynamic market is appreciated 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-Quebécois* (French Quebec executives club). He was named Entrepreneur of the Year by Ernst & Young in 2009, and Glassdoor elected him one of the Top 6 most esteemed CEOs in France in 2017.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

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, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL

Abroad

Chairman and Director of Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), 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 Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco), Byte Mammoth Games 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), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia)

Current positions outside the Ubisoft Group as at 03/31/18

France

Director of Rémy Cointreau SA (1), AMA SA
Member of the Supervisory Board of Lagardère SCA (1)
Executive Vice President of Guillemot Corporation SA (1)
Chief Executive Officer of Guillemot Brothers SAS

Abroad

Director and Executive Vice President of Guillemot Brothers SE (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	**Chairman and Director** of Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada),Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Quebec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada) **Chairman** of Ubisoft LLC (United States) **General Manager** of Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany), Ubisoft Entertainment SARL (Luxembourg)

Expired positions outside the Ubisoft Group (last 5 financial years)	
France	**Abroad**
Executive Vice President and Director of Guillemot Brothers SE, 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

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Claude GUILLEMOT

Executive Vice President in charge of Operations/Director

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

Claude 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 hardware market and distribution network have enabled Ubisoft to be positioned early on each new hardware cycle, an instrumental pillar in Ubisoft's long-term success.

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

61 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2021

Number of shares at 03/31/18
732,475

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

Ubisoft Entertainment SA
Guillemot Corporation SA

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

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

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
Chairman and Chief Executive Officer and Director of Guillemot Corporation SA (1) **Chairman** of Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS **Chief Executive Officer** of Guillemot Brothers SAS **Director** of AMA SA	**Chairman and Director** of Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States) **Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Executive Director** of Guillemot Electronic Technology (Shanghai) Co. Ltd (China) **Director** of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Srl (Italy), Guillemot Romania Srl (Romania), Guillemot Spain SL (Spain) **Director** of Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) **General Manager** of Guillemot 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 Guillemot Brothers SE and Gameloft SE (2)	**Director** of Gameloft Divertissements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain), Gameloft Inc. (United States)

(1) Publicly traded company

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

59 years

French

1st appointment (director
02/28/88

End of current term
General Meeting 2021

Number of shares
at 03/31/18
378,715

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

Ubisoft Entertainment SA
Guillemot Corporation SA

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.

Michel Guillemot graduated from EDHEC business school and holds a degree (DECS) in accounting.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18	
France	**Abroad**
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18	
France	**Abroad**
Executive Vice President and Director of Guillemot Corporation SA [1] **Chief Executive Officer** of Guillemot Brothers SAS **Director** of AMA SA	**Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Director** of Playwing Ltd (United Kingdom), Artificial Intelligence Research Lab Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) **Director** of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Ariann Finance Inc. (Canada), Playwing Inc. (Canada), Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) 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	**Abroad**
Chairman and Chief Executive Officer of Gameloft SE (2) **Executive Vice President and Director** of Guillemot Brothers SE **Chairman** of Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS **General Manager** of Gameloft Rich Games Production France SARL	**Chairman** of Gameloft Srl (Romania), Gameloft Computer (Beijing) Company Ltd (China), Gameloft Computer (Chengdu) Company Ltd (China), Gameloft Argentina SA (Argentina), Gameloft Computer (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), Gameloft S.r.o. (Czech Republic) **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
CEO of Ubisoft's film business

56 years

French-American

1st appointment (director)
02/28/88

End of current term
General Meeting 2020

Number of shares at 03/31/18
495,659

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

Ubisoft Entertainment SA
Guillemot Corporation SA

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

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
Executive Vice President and Director of Guillemot Corporation SA (1) **Chief Executive Officer** of Guillemot Brothers SAS **Director** of AMA SA	**Chairman** of Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada) **Director and Executive Vice President** of Guillemot Brothers SE (United Kingdom) **Director** of Playwing Ltd (United Kingdom), 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 Guillemot Brothers SE and Gameloft SE (2)	**Chairman** of Studios Longtail Québec Inc. (Canada) **Director** of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)

(1) Publicly traded company

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

Christian GUILLEMOT

Executive Vice President in charge of Administration/Director

52 years

French

1st appointment (director)
02/28/88

End of current term
General Meeting 2021

Number of shares at 03/31/17
106,625

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

Ubisoft Entertainment SA
Guillemot Corporation SA

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 SE, 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 of Administration. He brings to the Board 30 years of experience in the videogame industry. Christian Guillemot managed the creation, consolidation and integration of international subsidiaries for Ubisoft and played a leading role when the company listed on the stock exchange in 1996. 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.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France

N/A

Abroad

Director of Ubisoft Nordic A/S (Denmark)

Current positions outside the Ubisoft Group as at 03/31/18

France

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

Abroad

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 SE (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

N/A

Abroad

N/A

Expired positions outside the Ubisoft Group (last 5 financial years)

France

Chairman and Chief Executive Officer and Director of Guillemot Brothers SE
Executive Vice President and Director of Gameloft SE (2)
Chairman of Studio AMA Bretagne SAS
Joint General Manager of Studio AMA Bretagne SARL

Abroad

Director of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Ltd (United Kingdom), Gameloft Iberica SA (Spain), Gameloft Inc. (United States)
Chairman and Director of Advanced Mobile Advertisement Inc. (United States)
Chairman of AMA Studios SA (Belgium)

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

Didier CRESPEL

Independent Lead Director
Chairman of the Audit Committee (1)
Member of the Nomination and Compensation Committee (2)

56 years

French

1st appointment (director)
11/20/13

End of current term
General Meeting 2021

Number of shares as at 03/31/18
320

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

Ubisoft Entertainment SA

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

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
General Manager of the Mecamen Group **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 Ms. 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

56 years

French

1st appointment (director)
06/27/13

End of current term
General Meeting 2021

Number of shares as at 03/31/18
414

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

Ubisoft Entertainment SA

Laurence Hubert-Moy is a Professor at the University of Rennes. Since 2013, she has been President of one of the two scientific committees of the French National Center of Spatial Studies (CNES), the TOSCA Committee. She is also the Scientific Manager of the ENVAM Digital Campus, a French consortium of four universities and schools. Thanks to these positions, Mrs. Hubert-Moy is in constant and direct relation with scientific teams and academics from around the world while benefiting from access to the latest modeling and spatial analysis. Her current research involves collaborations with scientists in China, Brazil and India, among others. Over the past 20 years, she has published numerous scientific research papers on space remote sensing and its application in the environment. In 2003, she was awarded a bronze medal by the French National Center for Scientific Research (CNRS).

Mrs. Hubert-Moy sits on Ubisoft's Board of Directors as an independent member since 2013. She chairs the Nomination and Compensation committee and sits on the Audit committee. Her extensive research on space observation and big data puts R&D, innovation, analytics and open worlds at the heart of the Board's agenda.

Mrs. Hubert-Moy holds a Ph.D. and completed post-doctorate studies at Boston University. She also holds a certificate in business administration from the IFA-Sciences Po Paris.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
Professor at the University of Rennes 2 **Chairwoman** of the TOSCA (Terre, Océans, Surfaces Continentales, Atmosphère) Committee of the CNES **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
Member of the Audit Committee since January 1, 2018 (1)

55 years

French

1st appointment (director)
09/29/16

End of current term
General Meeting 2020

Number of shares as at 03/31/18
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 graduated from the HEC Business School Paris and possesses a DESCF degree in accounting.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
N/A	**Chief Financial Officer and Senior Vice-President** of Wrigley Junior Company (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) Chairperson of the Audit Committee as of May 18, 2018

Frédérique DAME

Independent Director

42 years

French-American

1st appointment (director)
09/29/16

End of current term
General Meeting 2020

Number of shares as at 03/31/18
321

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

Ubisoft Entertainment SA

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 angel and investor in Silicon Valley, investing in start-ups and digital technologies.
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. She spearheaded two strategic programs at Uber: the "Driver Experience", which allows private drivers to become part of Uber's network on a global scale, as well as the "Employee Experience", aimed at automating internal systems to improve the productivity and collaboration of its international teams.
Previously, Frédérique Dame contributed to the development of Yahoo!, while managing 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.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18	
France	**Abroad**
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18	
France	**Abroad**
N/A	**Founder, 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

56 years

French

1st appointment (director)
09/22/17

End of current term
General Meeting 2019

Number of shares as at 03/31/18
150

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

Ubisoft Entertainment SA
Coheris SA

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.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

France	Abroad
Executive Search Consultant and Partner at Progress SA **Director** of Coheris SA (1)	**Director** of IIC Partners

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) Publicly traded company

52 years

French

1st appointment (director)
09/22/17

End of current term
General Meeting 2019

Number of shares as at 03/31/18
50

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

Ubisoft Entertainment SA

Virginie HAAS

Independent Director (1)

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.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

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

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

Lionel BOUCHET

Director representing employees

44 years

French

Election (director representing employees)
03/07/18

End of current term
03/07/22

Number of shares as at 03/31/18
0

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

Ubisoft Entertainment SA

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 franchise Ghost Recon, 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 an Ubisoft employee with a thorough understanding of the Group, Lionel also provides the Board of Directors with an operational perspective on the Group's entities.

OTHER APPOINTMENTS AND ROLES

Current positions within the Ubisoft Group as at 03/31/18

France	Abroad
N/A	N/A

Current positions outside the Ubisoft Group as at 03/31/18

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 Thursday, April 27, 2017. Over and above the expertise and powers of the Board, the internal rules of the Board prescribe the principle of confidentiality for information disclosed to members, and state that the office of director shall be held in accordance with the rules on independence, ethics and integrity. Moreover, the internal rules of the Board of Directors stipulate the requirement that each of the directors shall inform the Board in the event of a real or potential conflict of interests in which he/she may be directly or indirectly involved.

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 April 27, 2017.

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

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

4.1.3.2 Organization of the Board of Directors

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

The internal rules referred to above define or specify the content and the procedures governing the exercise of the prerogatives of the Board of Directors, of the specialized committees created within the Board, of the Chairman and Chief Executive Officer and of the lead director.

The Board of Directors represents the shareholders. 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 two committees, the Audit Committee and the Nomination and Compensation Committee, are tasked with reviewing and documenting the matters that the Board has decided to discuss and to present it at a plenary session with recommendations on the issues within the areas of their respective purview. 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 BOARD'S POWERS AND RESPONSIBILITIES

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

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

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

Consequently, the Board of Directors:

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

In addition, the Board of Directors contributes to the determination of the Group's objectives and strategy in line with its culture and values.

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, 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 executives, 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

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

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 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 2018, 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, 2018

Number of meetings of the Board of Directors and attendance rate

The Board of Directors met 15 times during the 2017/2018 financial year; for practical reasons one meeting had to be held over two days with an identical agenda. The attendance rate at meetings of the Board of Directors was as follows:

Director	Yves Guillemot	Claude Guillemot	Michel Guillemot	Gérard Guillemot	Christian Guillemot	Didier Crespel	Laurence Hubert-Moy
Number of meetings	15/15	14/15	14/15	12/15	14/15	15/15	15/15
Attendance rate	100%	93.33%	93.33%	80%	93.33%	100%	100%

Director	Florence Naviner	Frédérique Dame	Corinne Fernandez Handelsman	Virginie Haas	Lionel Bouchet	Pascale Mounier	Total
Number of meetings	13/15	14/15	9/9 (1)	7/9 (1)	2/2 (2)	6/6 (1)	
Attendance rate	86.67%	93.33%	100%	77.78% (3)	100%	100%	93.68%

(1) Appointments held 6 months in respect of the 2017/2018 financial year

(2) Appointment held from March 7 to 31, 2018

(3) Virginie Haas's attendance rate can be explained by the fact that two Board of Directors' meetings were held during a very short timeframe during which Ms. Haas was not available

MAIN TOPICS ADDRESSED BY THE BOARD OF DIRECTORS DURING THE 2018 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 mainly focused on:

- considering the Ubisoft Group's strategic issues;
- examining and approving the separate and consolidated financial statements for the year ended March 31, 2017 and relevant reports, as well as the interim consolidated financial statements at September 30, 2017;
- financial information/financial reports;
- establishing management forecasts;
- preparing for the Combined General Meeting of September 22, 2017 (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 decisions to cancel own shares;
- issuing ordinary 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 and committees as set out in sections 4.1.3.3 and 4.1.3.4,
  - 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,
  - re-election of the Corporate Executive Officers,
  - succession plan(s) for the Corporate Executive Officers, the Executive Committee and the lead director,
  - the composition of the committees,
  - inclusion of the director representing employees: training, time allocation;
- 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 Executive Vice Presidents, and assessment of achievement of the said criteria;
- transactions associated with the buyback of all of its equity interest in Vivendi SA.

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.

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

RESPONSIBILITIES

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

- chairs the meetings of the Board of Directors in the event that the Chairman is unavailable and following a proposal from the latter in accordance with the provisions of the Articles of Association;
- temporarily assumes the chair of the Board of Directors in the event that the Chairman is unavailable;
- chairs, convenes and organizes at least one meeting per year for the independent directors during which they can discuss topics of their choice outside of a plenary meeting of the Board of Directors;
- maintains ongoing dialogue with the directors and, where required, acts as their spokesman with the Chairman of the Board of Directors and in particular acts as a liaison if required between the independent directors and the Chairman of the Board of Directors;
- ensures that all shareholder questions are answered, is available to communicate with shareholders at the request of the Chairman of the Board of Directors and keeps the Board informed of these exchanges;
- oversees the evaluation of the Board of Directors' operating procedures where required.

RESOURCES

While performing his duties, the lead director can:

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

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

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

The lead director may be the Chairman 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 2017/2018 FINANCIAL YEAR

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

The lead director also invited the independent directors to meet on May 11, 2017 to discuss the advisability of submitting to a vote of the General Meeting scheduled for September 22, 2017 whether to proceed with a dividend distribution, review the status of ongoing training, discuss the feedback from the firm Spencer Stuart as part of the formal evaluation of the Board and the committees, and prepare the governance roadshow.

The lead director also presented the changes in the Company's governance to the General Meeting of September 22, 2017, highlighting the role of independent directors.

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

In accordance with the internal rules of the Board of Directors, the lead director reported on his activities over the past financial year at the meeting of the Board of Directors on April 13, 2018.

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.

COMMITTEES 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 Chairperson. 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 Chairperson 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 if a quorum of at least half of their members are present – if committees only comprise two members, all members must participate in meetings. As members are personally appointed, they may not be represented by others. The Nomination and Compensation Committee must meet at least once a year and the Audit Committee at least three times a year.

The agenda of committee meetings is set by their Chairperson. 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 2017/2018 FINANCIAL YEAR

Audit Committee	Created on November 20, 2013
Composition as at 03/31/18	♦ Mr. Didier Crespel, Chairman (1) ♦ Ms. Laurence Hubert-Moy ♦ Ms. Florence Naviner (since January 1, 2018) (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 April 27, 2017 in response to Order No. 2016-315 issued March 17, 2016, which came into effect on June 17, 2016 concerning audit reform and/or the AFEP-MEDEF Code as revised in November 2016. The committee is chaired by Didier Crespel (1) who brings his financial and accounting expertise to the committee, together with precision and an analytical spirit. Laurence Hubert-Moy has held and still holds a number of management positions in a variety of research organizations giving her years of technical experience in the management of substantial budgets and in risk mapping. In addition to her skills in the fields of finance, accounting and tax, Ms. Florence Naviner brings a pragmatic international approach to the Audit Committee.
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 2017/2018	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, 2017 and the consolidated management report, ◊ review of the half-year consolidated financial statements as at September 30, 2017 and the half-year financial report, ◊ review of the work of the Statutory Auditors as at March 31, 2017 and September 30, 2017, ◊ 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 in view of regulatory developments (Law No. 2016-1691 of December 9, 2016, the so-called "Sapin II" law); ♦ audit and relations with external auditors: ◊ internal audit: 2017 summary and review of the 2018 audit plan, ◊ review of the assignments of external auditors, including additional assignments, ◊ review of the fee budget for external auditors, ◊ update on the new additional report of the Statutory Auditors to the Audit Committee (Article L. 823-16, III of the French Commercial Code/Order No. 2016-315 of March 17, 2016); ♦ other: ◊ evaluation of requirements for internal control resources, ◊ consideration of the composition of the committee, ◊ implementation and application of the audit charter.
2017/2018 attendance rate	100%

(1) As of May 18, 2018, the Audit Committee will be chaired by Ms. Florence Naviner

Nomination and Compensation Committee	
Composition as at 03/31/18	♦ Laurence Hubert-Moy, Chairwoman ♦ Mr. Didier Crespel (1)
Operating procedures	The committee has been chaired since September 30, 2016 by Ms. Laurence Hubert-Moy who, firstly, due to the executive positions she holds or has held in various research entities, has experience of compensation for high-level managerial teams (researchers and engineers) and, secondly, thanks to her current and prior experience, is well versed in recruitment and analysis techniques. Thanks to his professional experience working for major international groups, Didier Crespel is an expert in business strategy. He brings a pragmatic and rational approach to the committee and the issues it addresses. 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.
Composition as at 04/01/18	♦ Ms. Laurence Hubert-Moy, Chairwoman ♦ Ms. Virginie Haas 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 Shift Technology, Virginie Haas will bring to the committee a structured vision and thorough analysis of the various topics and will therefore be able to make on detailed proposals on a case-by-case basis.

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 metrics with regard to international practices.

More particularly, it is responsible for:

- Nominations:
  - Concerning the Board of Directors:
    - making proposals to the Board, after examining in detail all factors to be taken into account in its decision-making, the optimum balance of the composition of the Board of Directors and its committees (gender balance, nationalities, international expertise, etc.): the search for potential candidates and their vetting, the timing of renewals of terms of office and, in particular, the procedure for selecting future directors;
    - making proposals on the establishment and membership of the Board's committees;
    - periodically evaluating the structure, size and membership of the Board of Directors and recommending any changes;
    - periodically reviewing the criteria applied by the Board to classify a director is 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 re-election of the Chairman-Chief Executive Officer, or of the Chairman and the Chief Executive Officer, and/or of the Executive Vice Presidents;
    - examining the succession plan of Corporate Executive Officers, particularly in the event of an unforeseen vacancy;
    - more generally, ensuring that the Chairman and Chief Executive Officer (or the Chief Executive Officer) keeps it informed of the succession plan for the Executive Committee.
- 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 in terms of transparency of compensation information and in particular prepares an annual report on the activity of the Nomination and Compensation Committee to be included in the Annual Report, and ensuring that all information required by law and relating to compensation appears in the Annual Report.
  - of the Chairman and Chief Executive Officer:
    - defining the rules under which the variable component is set, ensuring the consistency of these rules with the annual evaluation of the performance of the Chairman and Chief Executive Officer and with the Company's strategy and its creation of long-term value.
  - of directors:
    - making recommendations to the Board of Directors as regards the rules for distributing directors' fees and individual payments to be made to the directors in this respect, taking account of the directors' attendance at Board and committee meetings, in accordance with the internal rules of the Board;
    - making recommendations to the Board of Directors as regards the overall amount of directors' fees proposed to the Company's General Meeting.
  - share purchase and/or subscription option plans and/or any other form of compensation based on shares or index-linked or otherwise connected to shares:
    - providing the Board of Directors with an opinion on the general policy for granting share subscription and/or purchase options, which should be reasonable and appropriate, and on the option plan(s) established by the Group's general management, advising the Board of its recommendation as regards the allocation of share subscription or purchase options and explaining the reasoning behind its choice as well as the consequences thereof; predetermining the frequency of such allocations;
    - examining any matter referred to it by the Chairman and Chief Executive Officer concerning the aforementioned points and any proposals relating to employee stock ownership.
  - of the teams and the Executive Committee:
    - making inquiries and preparing recommendations so as to ensure consistency between the fixed and variable compensation of executive teams with the business strategy, and implementation of performance conditions.

Work during 2017/2018	The Nomination and Compensation Committee met seven times. The attendance rate at each of committee meetings was 100%. In particular the committee addressed the following issues: ♦ Compensations: ♦ Corporate Executive Officers (Chairman and Chief Executive Officer and Executive Vice Presidents): - review of the overall compensation structure; - definition of the general allocation policy (share purchase and/or subscription options and free shares) and proposal of performance criteria in relation to resolutions to be submitted to a shareholder vote; - calculation of compensation for the 2018 financial year (FY 2017/2018) and 2019 (FY 2018/2019); - 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 2017 financial year (FY 2016/2017); - analysis of the compensation of the Chairman and Chief Executive Officer for financial years 2018 (FY 2017/2018) and 2019 (FY 2018/2019): 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 included in the Registration Document relating to the compensation of Corporate Executive Officers, particularly the information relating to "say on pay" (FY 2016/2017) and the ex-post vote (FY 2017/2018); - define the compensation policy that is required to be submitted to an ex-ante shareholders' vote (FY 2017/2018 and FY 2018/2019). ♦ Executive Committee and/or employees: - gain an overview of the teams and key people at Ubisoft; - ascertain whether the attendance and/or performance conditions for the long-term incentive plans for Group employees have been achieved; - review and proposal of the implementation of the 28th, 29th and 30th resolutions of the General Meeting of September 22, 2017: (i) a share capital increase as part of the Group savings plan via a collective investment fund with a leverage formula and (ii) a share capital increase/stock appreciation rights; - analysis of the terms and conditions of the 2017 Ubisoft key people plan; - put forward resolutions relating 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; - study of alternative arrangements to the free allocation of shares and/or preference shares; - study of the impact of the new performance management system on individual performance conditions associated with free share allocation plans. ♦ Nominations: ♦ Review of the internal rules of the Board of Directors and of its committees in order to take into account the revised version of the AFEP-MEDEF Code of November 2016 as well as the changes that have been made to the organization and operating procedures of the Board of Directors and its committees. ♦ Definition of a recruitment procedure for new directors, examination of applications for the position of director. ♦ Proposal on the duration of the term of new directors so as to result in a staggered system of re-elections. ♦ 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. ♦ 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. ♦ Revision of the status of independent director in the light of the circularization of attestations. ♦ Examination of the composition of committees of the Board of Directors and proposal for reorganization and/or establishment of a new committee. ♦ Proposal of a new name for the steering committee (Chairman and Chief Executive Officer and the Executive Vice Presidents). ♦ Review of the employees' satisfaction survey.
2017/2018 attendance rate	100%

(1) Ms. Virginie Haas replaced Mr. Didier Crespel as a member of the Nomination and Compensation Committee effective April 1, 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 2018 financial year 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	♦ Succession plans for Corporate Executive Officers, the Executive Committee and the lead director ♦ Reorganization of the composition of committees
Areas for improvement	♦ Establishment of a CSR Committee ♦ Communication upstream for significant M&A transactions ♦ Increase the frequency of independent directors' meetings ♦ Further mobilize directors' skills

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 is also evident from the Declaration completed by each director that:

- there are no arrangements or agreements with shareholders, customers, suppliers or other party whereby a member of the Board of Directors was appointed on that basis;
- there are 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 SHAREHOLDINGS

In accordance with Article L. 225-37-4, 2° of the French Commercial Code, the corporate governance report 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, 2018, 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 Board of Directors has noted, where appropriate, that there was no need for review or approval, in accordance with Article L. 225-40-1 of the French Commercial Code, of regulated agreements entered into during previous financial years that are in effect during the financial year ended March 31, 2018;
- the special report of the Statutory Auditors required by the provisions of Article L. 225-40 of the French Commercial Code identifies the new agreements entered into during the past financial year having received the Board of Directors' prior approval.

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 2018 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 announcement of half-year (consolidated financial statements) and annual (consolidated financial statements) results: during a period of thirty calendar days before publication. As regards free shares (AGA), the blackout period is extended by three trading days following the publication of the results;
- for the announcement of quarterly results (non-consolidated financial statements): for a period of 15 calendar days prior to the publication of the results.

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

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

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

In addition to the obligations of confidentiality and abstention described above, **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 publishing inside information in accordance with the applicable regulation. The Company has also appointed **ethics officers for trading** ("Ethics officers") whose duties include making employees aware of trading rules and training them in the concept of inside information and the prevention of insider misconduct (in particular the precautions and obligations pertaining to possession of inside information and the abstention periods during which insiders must comply with the rules of confidentiality and abstention). As well, the Company has adopted a **charter of good conduct** detailing the principles of trading ethics and the rules that apply to trading in the Company's securities.

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

Surname, first name, position on the date of the transaction	Type of transaction	Date of transaction	Number of shares	Type	Unit price	Amount of transaction
SECURITIES TRANSACTIONS BY CORPORATE OFFICER						
Gérard Guillemot Executive Vice President	Disposal	04/04/17	40,000	Shares	€39.8715	€1,594,860
Christian Guillemot Executive Vice President	Disposal	06/19/17	10,000	Shares	€51.0758	€510,758
SECURITIES TRANSACTIONS BY RELATED PERSON						
AMA Corporation Limited legal entity managed by Mr. Christian Guillemot, Executive Vice President of Ubisoft Entertainment SA	Contribution	07/19/17	100,000	Shares	€49.099	€4,909,900
	Disposal	10/06/17	80,000	Shares	€63.2232	€5,057,856
			20,000	Shares	€63.0063	€1,260,126
Guillemot Brothers SE legal entity managed by Mr. Christian Guillemot, Executive Vice President of Ubisoft Entertainment SA	Acquisition	05/17/17	100,000	Shares	€46.1526	€4,615,260
	Acquisition	05/22/17	100,000	Shares	€47.3455	€4,734,550
	Disposal	05/24/17	50,000	Shares	€48.3405	€2,417,025
	Acquisition	06/01/17	100,000	Shares	€50.351	€5,035,100
	Acquisition	06/19/17	97,261	Shares	€51.0077	€4,961,059.91
	Acquisition	06/20/17	2,739	Shares	€51.9754	€142,360.62
	Disposal	06/20/17	50,000	Shares	€50.7654	€2,538,270
	Acquisition	06/22/17	88,000	Shares	€51.0169	€4,489,487.20
	Acquisition	06/23/17	12,000	Shares	€51.1817	€614,180.40
			70,323	Shares	€51.6652	€3,633,251.86
	Acquisition	06/26/17	30,000	Shares	€52	€1,560,000
	Acquisition	06/27/17	20,000	Shares	€50.6497	€1,012,994
	Contribution	07/19/17	100,000	Shares	€49.099	€4,909,900
	Acquisition	08/24/17	42,082	Shares	€54.6254	€2,298,746.08
	Acquisition	08/25/17	45,308	Shares	€54.6408	€2,475,665.37
	Acquisition	08/28/17	14,057	Shares	€54.8952	€771,661.83
	Acquisition	08/29/17	98,553	Shares	€53.0748	€5,230,680.76
	Acquisition	09/08/17	2,000,016	Shares	€56.8848	€113,770,510.16
	Acquisition	10/06/17	100,000	Shares	€63.2737	€6,327,370
	Acquisition and pledge	03/20/18	3,030,303	Shares	€66	€199,999,998

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				Lead Director
Audit Committee		Nomination and Compensation Committee		
Fixed Chairperson	Variable Members	Fixed Chairperson	Variable Members	Lump-sum
€15,000	€2,500 per meeting (maximum 4 meetings per year)	€5,000	€2,500 per meeting (maximum 4 meetings per year)	€15,000 per year

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4.2.1.2 Amounts paid for the financial year ended March 31, 2018

	Board of Directors		Audit Committee (2)		Nomination and Compensation Committee (3)		Lead Director	
	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	€24,000	-	-	-	-	-	€40,000
Christian Guillemot	€16,000	€24,000	-	-	-	-	-	€40,000
Didier Crespel	€16,000	€24,000	€15,000	€10,000	-	€10,000	€15,000 (4)	€90,000
Laurence Hubert-Moy	€16,000	€24,000	-	€10,000	€5,000	€10,000	-	€65,000
Pascale Mounier	€8,000 (1)	€12,000 (1)	-	-	-	-	-	€20,000
Florence Naviner	€16,000	€24,000	-	€5,000 (5)	-	-	-	€45,000
Frédérique Dame	€16,000	€24,000	-	-	-	-	-	€40,000
Corinne Fernandez-Handelsman	€8,000 (1)	€12,000 (1)	-	-	-	-	-	€20,000
Virginie Haas	€8,000 (1)	€12,000 (1)	-	-	-	-	-	€20,000
Lionel Bouchet	-	€3,000 (6)	-	-	-	-	-	€3,000
								€503,000

(1) On a prorate basis for the duration of the term of office as director (Pascale Mounier: from April 1, 2017 to September 22, 2017/Corinne Fernandez-Handelsman and Virginie Haas: from September 22, 2017 to March 31, 2018)

(2) Audit Committee: 5 meetings held during FY2018

(3) Nomination and Compensation Committee: 7 meetings held during FY2018

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

(5) Appointed as a member of the Audit Committee effective on January 1, 2018: 2 meetings attended

(6) Elected on March 7, 2018: application of the rule of proportionality

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

	03/31/18		03/31/17	
Identity	Ubisoft directors' fees	Other compensation	Ubisoft directors' fees	Other compensation
Pascale Mounier				
Fixed component	€8,000 (1)	-	€16,000	-
Variable component	€12,000 (1)	-	€24,000	-
TOTAL	**€20,000**	**-**	**€40,000**	**-**
Didier Crespel				
Fixed component	€46,000 (2)	-	€46,000 (2)	-
Variable component	€44,000 (3)	-	€41,000 (3)	-
TOTAL	**€90,000**	**-**	**€87,000**	**-**
Laurence Hubert-Moy				
Fixed component	€21,000 (4)	-	€21,000 (4)	-
Variable component	€44,000 (5)	-	€54,000 (5)	-
TOTAL	**€65,000**	**-**	**€75,000**	
Florence Naviner				
Fixed component	€16,000	-	€8,000 (1)	-
Variable component	€29,000 (6)	-	€12,000 (1)	-
TOTAL	**€45,000**	**-**	**€20,000**	**-**
Frédérique Dame				
Fixed component	€16,000	-	€8,000 (1)	-
Variable component	€24,000	-	€12,000 (1)	-
TOTAL	**€40,000**	**-**	**€20,000**	**-**
Corinne Fernandez-Handelsman				
Fixed component	€8,000 (1)	-	-	-
Variable component	€12,000 (1)	-	-	-
TOTAL	**€20,000**	**-**	**-**	**-**
Virginie Haas				
Fixed component	€8,000 (1)	-	-	-
Variable component	€12,000 (1)	-	-	-
TOTAL	**€20,000**	**-**	**-**	**-**
Lionel Bouchet				
Fixed component	-	-	-	-
Variable component	€3,000 (7)	-	-	-
TOTAL	**€3,000**	**-**	**-**	**-**

(1) Amounts allocated prorata temporis when the terms of office start or end during the financial year

(2) Including (i) fixed component as Chairman of the Audit Committee and (ii) lump-sum as the lead director

(3) Including variable component as member of the Audit Committee and of the Nomination and Compensation Committee (or of the Nomination Committee and of the Compensation Committee for FY 2017)

(4) Including fixed component as Chairwoman of the Nomination and Compensation Committee

(5) Including variable component as member of the Audit Committee and of the Nomination and Compensation Committee (or of the Nomination Committee and of the Compensation Committee for FY 2017)

(6) Including proportional variable component (appointment during the financial year) as member of the Audit Committee

(7) Proportional variable component (elected on March 7, 2018)

4.2.2 COMPENSATION OF CORPORATE EXECUTIVE OFFICERS

Law no. 2016-1691 of December 9, 2016 (“Sapin II” law) stipulates that companies whose securities are listed on a regulated market must submit to the shareholders’ vote:

- at least once a year, since General Meetings held in 2017, 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);
- 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 to the Chairman and Chief Executive Officer and the Executive Vice Presidents (the *“Ex Post”* vote) as from General Meetings held in 2018.

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 June 27, 2018.

The Board of Directors that met on March 30 and May 17, 2018 approved, based on the recommendations of the Nomination and Compensation Committee, the principles of determination and the structure of the compensation of the Chairman and Chief Executive Officer and of the Executive Vice Presidents in respect of the financial year ending March 31, 2019.

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 the annual and long-term variable components. 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 total 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 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.

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

(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

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

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.

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 Group non-IFRS EBIT have respectively grown by 38% and 200% over the last five financial years. This performance has led to the Ubisoft Share price rising by 708% over 5 years and 70% over the course 1 year, testifying to the considerable 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 Executive 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% over the financial years ended March 31, 2017 and 2018. 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, 2018 is positioned at 83% of the Market Median. The changes proposed by the Nomination and Compensation Committee for the financial year ending March 31, 2019 aim to bring the total target compensation of the Chairman and Chief Executive Officer to around €1,893,000, or 96% of the Market Median of the 2018 study and will enable the catch-up process in respect of the updated study to be completed 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.

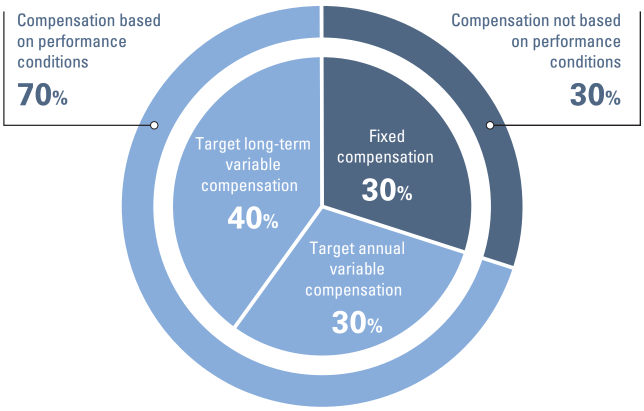
2. Change in the total compensation structure

In parallel with the repositioning process started during the financial year ended March 31, 2017, the Nomination and Compensation Committee wanted to change the structure of the compensation of the Chairman and Chief Executive Officer to reinforce the weight and relevance of the variable components, and specifically its long-term part. In line with the compensation policy pillars, and taking into account the target positioning indicated above, the structure for the total compensation of 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.

In total, 70% of the total compensation is subject to achievement of performance conditions.

TOTAL COMPENSATION STRUCTURE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



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

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 and/or years Vesting period: minimum 4 years
Cash	Cash	Ubisoft Shares (1) or cash (allocation value indexed to the Ubisoft Share price)

(1) 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

Directors' fees made up of a fixed component (40%) and a variable component based on attendance rate at meetings (60%) may also be 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, 2018, the fixed compensation of Mr. Yves Guillemot was set at €567,790 i.e. an increase of 5%. This increase was proposed by the Nomination and Compensation Committee as part of the catch-up process started during the financial year ended March 31, 2017 in order to ensure the competitiveness of the fixed compensation of Mr. Yves Guillemot compared to the fixed compensation of Corporate Executive Officers of the companies comprising the comparison panel, and in line with the structure presented above. Thus, for the financial year ended March 31, 2018, fixed compensation is set at 74% of the Market Median.

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 are designed to reflect each year the achievement of the annual Business Plan. The qualitative criteria(on) enrich(es) this view and enable(s) the achievement of the strategic choices required for the growth of Ubisoft Group to be taken into account.

The target value for annual variable compensation is 100% of the fixed compensation (i.e. 30% of the total compensation), and the maximum is set at 150% of the 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.

For the financial year ended March 31, 2019, the following criteria were selected:

- non-IFRS Group EBIT, for 60%;
- Group Net Booking [1] Digital Sales, for 30%;
- increase in the number of players in certain strategic territories, for 10%.

On the proposal of the Nomination and Compensation Committee, it was decided that only one criterion relating to sales in value terms would be kept, and only the Group's Net Booking Digital Sales would be retained, the latter being more of a value creator and representing a greater share of total revenues. Consequently, the "non-IFRS Group EBIT" criterion is henceforth assessed in absolute-value terms. These modifications enable the Group's real value creation and profitability to be taken into account.

Moreover, the Nomination and Compensation Committee decided to significantly reinforce the requirement in relation to performance criteria, with payment of respectively 30% and 50% of the target amount upon reaching 1st and 2nd threshold, rather than the 80% previously paid.

(1) Corresponds to the prior sales standard

For each criterion, the payment of the annual variable compensation follows the following framework:

	Performance conditions				
	< 1st Threshold	1st Threshold	2nd Threshold	Target	Maximum
FINANCIAL CRITERIA (90%)					
Non-IFRS Group EBIT *(in € millions)*	< 352	≥ 352 - < 396	≥ 396 - < 440	440 (1)	550
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%
Net Booking Digital *(in € millions)*	< 1,066	≥ 1,066 - < 1,199.25	≥ 1,199.25 - < 1,332.50	1,332.50 (1)	1,665.63
As % of target Net Booking Digital	*< 80%*	*≥ 80% < 90%*	*≥ 90% < 100%*	*100%*	*125%*
Annual variable compensation as a % of fixed compensation	0%	9%	15%	30%	45%
QUALITATIVE CRITERION (10%)					
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%
TOTAL					
Annual variable compensation as a % of fixed compensation	0%	30%	50%	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

In accordance with the recommendations of the Nomination and Compensation Committee, the Board of Directors wished to correct the maximum level of achievement for the maximum payment of the annual variable compensation. As the target values are set annually and in accordance with the Business Plan defined each year, a study of historical performance has shown the inconsistency of the maximums previously positioned at 150% of the target and statistically unachievable. Whilst retaining a high level of requirements, the readjustment of the maximum payments for the annual variable compensation enables overperformance to be compensated in a more rational way, and thus better support overachievement.

It is to 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 ending March 31, 2019, 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 and/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 from financial year 2020.

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 according to IFRS, 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, 2019, 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

(1) 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)

(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") (1) compared to the TSR of the NASDAQ Composite Index (1) (the "External Conditions").

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

	< 80% average Group EBIT	≥ 80% and < 90% average Group EBIT	≥ 90% and < 100% average Group EBIT	≥ 100% 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 each criterion is consistent with the objectives announced by the Group in its press release issued at the beginning of each financial year. The Group undertakes to communicate the level of achievement in 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 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 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 and/or calendar years conditioning the acquisition/payment of the long-term compensation. The latter will also be conditional upon remaining in office as a Corporate Executive Officer. The Share Plans include a one-year retention period.

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

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 ending 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 may receive, 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, 2019, 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*).

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.

(1) Ubisoft TSR and TSR of the NASDAQ Composite Index calculated between the grant date and the day before the vesting date

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 and/or years Vesting period: minimum 4 years
Cash	Ubisoft Shares (1) or cash (allocation value indexed to the Ubisoft Share price)

(1) 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%).

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, 2018, the fixed compensation of Messrs Claude, Gérard, Christian and Michel Guillemot is set at €65,621, i.e. an increase of 5%.

The Group's growth, combined with a context of strategic technological innovation and increased competition, leads to an increase in the Executive Vice Presidents' responsibilities, which is reflected in the fixed compensation. You are reminded that the compensation of Claude, Gérard and Christian Guillemot has remained unchanged since 2011.

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 and/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 according to IFRS, 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, 2019, 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 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% average Group EBIT	≥ 80% and < 90% average Group EBIT	≥ 90% and < 100% average Group EBIT	≥100% 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 each criterion is consistent with the objectives announced by the Group in its 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 based on the criterion	**50%** of the award based on the criterion	**100%** of the award based on the criterion

(1) 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)

(2) Group TSR and TSR of the NASDAQ Composite Index calculated between the grant date and the day before the vesting date

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 and/or calendar years conditioning the acquisition/payment of the long-term compensation. The latter will also be conditional upon remaining in office as a Corporate Executive Officer. The Share Plans include a one-year retention period.

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

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 ending 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 may 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, 2019, 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*).

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 of the Executive Vice Presidents due or payable in respect of the financial year ended March 31, 2018

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, 2018

The compensation of Mr. Yves Guillemot, Chairman and Chief Executive Officer, for the financial year ended March 31, 2018, comprises the following components:

Fixed compensation

The fixed compensation of the Chairman and Chief Executive Officer amounts to €540,750, representing a 5% increase year-on-year.

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.

The Nomination and Compensation Committee also referred to the study carried out by Willis Towers Watson in January 2017. This study shows the gap between Mr. Yves Guillemot's fixed compensation and that offered by companies in the selected panel. This observation, identified last year, prompted the Nomination and Compensation Committee to undertake efforts to close that gap during the financial year ended March 31, 2017. The gradual closure of the gap continued this year, 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. With the increase applied during the year ended March 31, 2018, the fixed compensation of Mr. Yves Guillemot is now in the First Quartile of the Market.

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 three quantitative criteria and one 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 proportionately between the minimum threshold and the target, then between the target and the maximum.

Indicator	Performance conditions Quantitative criteria				Achievement of objectives
	<Threshold	Threshold	Target	Maximum	Final % granted
Total sales	< €1,360 million	€1,360 million	€1,700 million	€2,550 million	€1,732 million
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	30.56%
% of Group EBIT [(1)] versus sales	< 12.71%	12.71%	15.88%	23.82%	17.32%
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	32.72%
% digital sales versus sales	< 40%	40%	50%	75%	58%
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	34.8%

(1) Non-IFRS

The three objectives in relation to total sales, % of Group EBIT versus total sales and % of digital sales versus total sales exceed the target initially communicated without, however, reaching their maximum threshold. They thus give rise to 30.56%, 32.75% and 34.80% respectively, i.e. 98.08% of total fixed compensation for the quantifiable criteria.

- Qualitative criteria: 10% of fixed compensation in the event that the performance conditions are attained, and a maximum 15% of fixed compensation, increasing proportionately between the minimum threshold and the target, then between the target and the maximum.

Indicator	Performance conditions Qualitative criterion				Achievement of objectives
	<Threshold	Threshold	Target	Maximum	Final % granted
Increase of number of players in certain strategic territories	< 20%	20%	25%	37.50%	115%
Annual variable compensation as % of fixed amount	0%	8%	10%	15%	15%

The maximum level of achievement for the target of increasing the number of players in certain strategic territories was exceeded and accordingly gives entitlement to the maximum bonus for this criterion, i.e. 15% of fixed compensation.

Accordingly, level of achievement of these objectives gives rise to 113.08% of annual variable compensation target, equal to a gross amount of €611,492.

It should be noted that, pursuant to Article L. 225-37-2 subparagraph 2 of the French Commercial Code, the payment of the variable compensation components described above will be subject to approval by the General Meeting called to approve the financial statements for the financial year ended March 31, 2018, to be held on June 27, 2018, 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 compensation submitted for a shareholder vote at the General Meeting of September 22, 2017, the Board of Directors approved, at 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, 2018, consists of the award of multi-annual compensation index-linked to the Ubisoft Share price. This scheme provides for the award of shadow stock options payable in cash.

The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and

(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").

For each criterion, the vesting of shadow stock options is based on the following framework:

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

The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold.

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.

	Ubisoft TSR < NASDAQ TSR	Ubisoft TSR ≥ 100% NASDAQ TSR or Ubisoft TSR ≤ 115% NASDAQ TSR	Ubisoft TSR > 115% NASDAQ TSR
Ubisoft TSR compared against NASDAQ TSR (50%)	**0%** of the award based on the criterion	Between **70%** and **100%** 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 against the NASDAQ TSR is vested in an increasing proportion between each threshold.

In addition, as the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the Internal and External Conditions only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [(1)] set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value of the share [(2)] and the baseline share price, per shadow stock option.

The payment of long-term compensation is also subject to remaining in office as a Corporate Executive Officer.

The award represents one-third of the total compensation of the Chairman and Chief Executive Officer for the financial year ending March 31, 2018, i.e. €540,750 on the day of granting.

SUMMARY OF AWARD

General Meeting Board of Directors	Number of shadow stock options awarded	Vesting period	Baseline price (2) (3)	Performance conditions assessed over 3 consecutive financial years and/or years determining the number of shadow stock options vested		Cash payment based on the shadow stock options vested	
				Internal Condition (50%)	External Condition (50%)	Final fair market value of the share (5) ≤ Baseline share price (2)	Final fair market value of the share (5) > Baseline share price (2)
General Meeting 09/22/17 (10th resolution) Board of Directors meeting 03/30/18 Board of Directors meeting 05/17/18	35,623 shadow stock options (1)	3 consecutive financial years or years	€69.155	Average Group EBIT (4) expressed as an absolute value, based on the Group EBIT figures announced to the market during the 3 financial years covering the vesting period	Total shareholder return (TSR) on Ubisoft Share compared against the TSR of the NASDAQ index, both TSRs being calculated on the price between the grant date and the day before the vesting date.	No payment	(Final fair market value of the share – Baseline price) x number of shadow stock options vested

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

(2) €69.155, corresponding to the average closing price of Shares on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting

(3) IFRS fair value of a shadow stock option at the grant date: €15.18

(4) 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)

(5) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris

It should be noted that, pursuant to Article L. 225-37-2 subparagraph 2 of the French Commercial Code, the payment of the variable compensation components described above will be subject to approval by the General Meeting called to approve the financial statements for the financial year ended March 31, 2021, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

(1) €69.155, corresponding to the average closing price of Shares on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting

(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris

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)

	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	
Name	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, 2018 (AMF nomenclature)

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

	03/31/18		03/31/17	
Yves Guillemot, Chairman and Chief Executive Officer	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year (1)	€1,192,242	-	€1,070,008	-
Valuation of multi-annual variable compensation granted during the financial year (2)	€540,750	-	-	-
Valuation of options granted during the financial year (2)	-	-	-	-
Valuation of performance shares granted during the financial year (2)	-	-	€221,822	-
TOTAL	**€1,732,992**	**-**	**€1,291,830**	**-**

(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)

		03/31/18		03/31/17	
Yves Guillemot Chairman and Chief Executive Officer		Amounts paid *(in €)* (1)	Amounts payable *(in €)* (2)	Amounts paid *(in €)* (1)	Amounts payable *(in €)* (2)
Gross fixed compensation before tax		540,750	540,750	515,004	515,004
Annual variable compensation		515,004	611,492	145,570	515,004
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		**1,095,754**	**1,732,992**	**700,574**	**1,070,008**

(1) All compensation paid to the Corporate Executive Officer for his duties over the financial year

(2) Compensation awarded to the Corporate Executive Officer for his duties during 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 (see summary table below)

(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 June 27, 2018.

Yves Guillemot, Chairman and Chief Executive Officer

Compensation components due or granted Financial year ended March 31, 2018	Amounts or accounting valuation submitted for a vote	Presentation
Fixed gross compensation	€540,750	Compensation in force since April 1, 2017 The fixed compensation has increased by 5% in comparison with the financial year ended March 31, 2017, 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	€611,492	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 proportionately between the minimum threshold and the target, then between the target and the maximum.

	Performance conditions Quantitative criteria				Achievement of objectives
Indicator	< Threshold	Threshold	Target	Maximum	Final % granted
Total sales (in € millions)	< 1,360	1,360	1,700	2,550	1,732
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	30.56%
% of Group EBIT (1) versus sales	< 12.72%	12.72%	15.90%	23.85%	17.32%
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	32.72%
% digital sales versus sales	< 40%	40%	50%	75%	58%
Annual variable compensation as % of fixed amount	0%	24%	30%	45%	34.80%

(1) Non-IFRS

The three objectives in relation to total sales, % of Group EBIT versus total sales and % of digital sales versus total sales exceed the target initially communicated without, however, reaching their maximum threshold. They thus give rise to 30.56%, 32.72% and 34.80% respectively, i.e. 98.08% of total fixed compensation for the quantifiable criteria.

- **Quantitative criteria:** 10% of fixed compensation in the event that the performance conditions are attained, and a maximum 15% of fixed compensation, increasing proportionately between the minimum threshold and the target, then between the target and the maximum.

	Performance conditions Qualitative criterion				Achievement of objectives
Indicator	< Threshold	Threshold	Target	Maximum	Final % granted
Increase of number of players in certain strategic territories	< 20%	20%	25%	37.50%	115%
Annual variable compensation as % of fixed amount	0%	8%	10%	15%	15%

The maximum level of achievement for the target of increasing the number of players in certain strategic territories was exceeded and accordingly gives entitlement to the maximum bonus for this criterion, i.e. 15% of fixed compensation.

Accordingly, level of achievement of these objectives gives rise to 113.08% of annual variable compensation target, equal to a gross amount of €611,492.

<table>
<tr><th colspan="3">Yves Guillemot, Chairman and Chief Executive Officer</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2018</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></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>€540,750 (accounting valuation)</td><td>The long-term variable compensation consists of an award of 35,623 shadow stock options, payable in cash.
As the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the internal and external performance conditions, set out below, only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [1] set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value [2] of the share and the baseline share price, per shadow stock option.
This award is subject to the internal and external performance conditions described here below. It will also be conditional upon remaining in office as a Corporate Executive Officer.
The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and
(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").
For each criterion, the vesting of shadow stock options is based on the following framework:
<table>
<tr><th></th><th>< 80% average Group EBIT</th><th>80% average Group EBIT</th><th>≥ 100% average Group EBIT</th></tr>
<tr><td>Average non-IFRS Group EBIT (50%)</td><td>0% of the award based on the criterion</td><td>80% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold. 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 commits to communicating the results attained in relation to the target as part of the Registration Document for FY 2020.
<table>
<tr><th></th><th>Ubisoft TSR < NASDAQ TSR</th><th>Ubisoft TSR ≥ 100% NASDAQ TSR or Ubisoft TSR ≤ 115% NASDAQ TSR</th><th>Ubisoft TSR > 115% NASDAQ TSR</th></tr>
<tr><td>Ubisoft TSR compared against the NASDAQ index TSR (50%)</td><td>0% of the award based on the criterion</td><td>Between 70% and 100% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the Ubisoft TSR compared against the NASDAQ TSR is vested in an increasing proportion between each threshold.</td></tr>
<tr><td>Annual exceptional compensation</td><td>N/A</td><td>The principle of exceptional compensation was not retained for the financial year ended March 31, 2018</td></tr>
<tr><td>Stock options</td><td>N/A (accounting valuation)</td><td>No stock options were granted to Yves Guillemot during this financial year</td></tr>
<tr><td>Performance shares</td><td>N/A (accounting valuation)</td><td>No performance shares were granted to Yves Guillemot during this financial year</td></tr>
</table>

Yves Guillemot, Chairman and Chief Executive Officer		
Compensation components due or granted Financial year ended March 31, 2018	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	€40,000 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; ♦ attendance at Board meetings between 50% and 75%: half of the variable component is paid; ♦ attendance at Board meetings greater than 75%: all of the variable component is paid
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) €69.155, corresponding to the average closing price of the Ubisoft Share on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting

(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris

(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/18 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, 2018

Annual fixed compensation received by the Executive Vice Presidents

Executive Vice Presidents	Annual gross compensation	
Claude Guillemot	€62,496	Compensation unchanged since June 1, 2008
Michel Guillemot	€62,496	Compensation increased on April 1, 2017
Gérard Guillemot	€62,496	Compensation unchanged since January 1, 2011
Christian Guillemot	€62,496	Compensation unchanged since June 1, 2008

The fixed compensation of Claude, Gérard and Christian Guillemot did not change during the financial year ended March 31, 2018. The fixed compensation of Michel Guillemot increased in order to bring it in line with the compensation of the other Executive Vice Presidents.

Long-term variable compensation

In accordance with the principles and criteria for the determination, distribution and award of compensation submitted for a shareholder vote at the General Meeting of September 22, 2017, 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, 2018, consists of the award of multi-annual compensation index-linked to the Ubisoft Share price. This scheme provides for the award of shadow stock options payable in cash.

The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and

(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").

For each criterion, the vesting of shadow stock options is based on the following framework:

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

The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold.

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.

	Ubisoft TSR < NASDAQ TSR	Ubisoft TSR ≥ 100% NASDAQ TSR or Ubisoft TSR ≤ 115% NASDAQ TSR	Ubisoft TSR > 115% NASDAQ TSR
Ubisoft TSR compared against NASDAQ TSR (50%)	**0%** of the award based on the criterion	Between **70%** and **100%** 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 against the NASDAQ TSR is vested in an increasing proportion between each threshold.

In addition, as the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the Internal and External Conditions only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [(1)] set on the day of granting (€69.155).

The cash payment corresponds to the difference between the final fair market value of the share [(2)] and the baseline share price, per shadow stock option.

The payment of long-term compensation is also subject to remaining in office as a Corporate Executive Officer.

The award represents 50% of the total compensation of the Executive Vice Presidents for the financial year ended March 31, 2018, i.e.€62,496 on the date of granting.

(1) €69.155, corresponding to the average closing price of Shares on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting

(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris

SUMMARY OF AWARD

General Meeting Board of Directors	Executive Vice Presidents	Number of shadow stock options awarded	Vesting period and baseline price [2] [3]
General Meeting 09/22/17 (10th resolution) Board of Directors meeting 03/30/18 Board of Directors meeting 05/17/18	Claude Guillemot	4,117 shadow stock options [1]	Vesting period: 3 consecutive financial years or years Baseline price: €69.155
	Michel Guillemot	4,117 shadow stock options [1]	
	Gérard Guillemot	4,117 shadow stock options [1]	
	Christian Guillemot	4,117 shadow stock options [1]	

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

(2) €69.155, corresponding to the average closing price of Shares on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting

(3) IFRS fair value of a shadow stock option at the grant date: €15.18

(4) 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)

(5) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris

It should be noted that, pursuant to Article L. 225-37-2 subparagraph 2 of the French Commercial Code, the payment of the variable compensation components described above will be subject to approval by the General Meeting called to approve the financial statements for the financial year ended March 31, 2021, in accordance with the conditions set out in Article L. 225-100 of the French Commercial Code.

Directors' fees

In their role as directors, the Executive Vice Presidents also receive 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)

	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	
Name	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		✓		✓		✓		✓

Performance conditions assessed over 3 consecutive financial years and/or years determining the number of shadow stock options vested		Cash payment based on the shadow stock options vested	
Internal Condition (50%)	External Condition (50%)	Final fair market value of the share [5] ≤ Baseline price [2]	Final fair market value of the share [5] > Baseline price [2]
Average Group EBIT [4] expressed as an absolute value, based on the Group EBIT figures announced to the market during the 3 financial years covering the vesting period	Total shareholder return (TSR) on Ubisoft Share compared against the TSR of the NASDAQ index, both TSRs being calculated on the price between the grant date and the day before the vesting date.	No payment	(Final fair market value of the share – Baseline price) x number of shadow stock options vested

Standardized tables in accordance with AMF recommendations

SUMMARY OF COMPENSATION AND OF STOCK OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE VICE PRESIDENT

	03/31/18		03/31/17	
Claude Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€102,496	-	€62,496	-
Valuation of multi-annual variable compensation awarded in the financial year [2]	€62,496	-	-	-
Valuation of options granted during the financial year [2]	-	-	€50,149	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€164,992**	**-**	**€112,645**	**-**

	03/31/18		03/31/17	
Michel Guillemot, Executive Vice President	Ubisoft	Other companies	Ubisoft	Other companies
Compensation due for the financial year [1]	€102,496	-	€24,000	-
Valuation of multi-annual variable compensation awarded in the financial year [2]	€62,496	-	-	-
Valuation of options granted during the financial year [2]	-	-	€50,149	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€164,992**	**-**	**€74,149**	**-**

Gérard Guillemot, Executive Vice President	03/31/18 Ubisoft	03/31/18 Other companies	03/31/17 Ubisoft	03/31/17 Other companies
Compensation due for the financial year [1]	€102,496	€595,352 [3]	€62,496	€613,645 [3]
Valuation of multi-annual variable compensation awarded in the financial year [2]	€62,496	-	-	-
Valuation of options granted during the financial year [2]	-	-	€50,149	-
Valuation of performance shares granted during the financial year	-	-		-
TOTAL	**€164,992**	**€595,352**	**€112,645**	**€613,645**

Christian Guillemot, Executive Vice President	03/31/18 Ubisoft	03/31/18 Other companies	03/31/17 Ubisoft	03/31/17 Other companies
Compensation due for the financial year [1]	€102,496	-	€62,496	-
Valuation of multi-annual variable compensation awarded in the financial year [2]	€62,496	-	-	-
Valuation of options granted during the financial year [2]	-	-	€50,149	-
Valuation of performance shares granted during the financial year	-	-	-	-
TOTAL	**€164,992**	-	**€112,645**	-

(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

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

Claude Guillemot Executive Vice President		03/31/18 Amounts paid (in €) [1]	03/31/18 Amounts payable (in €) [2]	03/31/17 Amounts paid (in €) [1]	03/31/17 Amounts payable (in €) [2]
Gross fixed compensation before tax		62,496	62,496	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		**102,496**	**164,992**	**102,496**	**102,496**

(1) All compensation paid to the Corporate Executive Officer for his duties over the financial year
(2) Compensation awarded to the Corporate Executive Officer for his duties over the financial year, irrespective of the date of payment
(3) Subject to the achievement of internal and external performance conditions (see summary table below)
(4) 40% fixed and 60% variable

Michel Guillemot Executive Vice President		03/31/18 Amounts paid *(in €)* (1)	03/31/18 Amounts payable *(in €)* (2)	03/31/17 Amounts paid *(in €)* (1)	03/31/17 Amounts payable *(in €)* (2)
Gross fixed compensation before tax		62,496	62,496	24,000	24,000
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		**102,496**	**164,992**	**64,000**	**64,000**

Gérard Guillemot Executive Vice President		03/31/18 Amounts paid *(in €)* (1)	03/31/18 Amounts payable *(in €)* (2)	03/31/17 Amounts paid *(in €)* (1)	03/31/17 Amounts payable *(in €)* (2)
Gross fixed compensation before tax		657,848 (5)	657,848 (5)	653,349 (5)	653,349 (5)
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				22,782	22,782
TOTAL		**697,848**	**760,344**	**716,141**	**716,141**

Christian Guillemot Executive Vice President		03/31/18 Amounts paid *(in €)* (1)	03/31/18 Amounts payable *(in €)* (2)	03/31/17 Amounts paid *(in €)* (1)	03/31/17 Amounts payable *(in €)* (2)
Gross fixed compensation before tax		62,496	62,496	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		**102,496**	**164,992**	**102,496**	**102,496**

(1) All compensation paid to the Corporate Executive Officer for his duties over the financial year
(2) Compensation awarded to the Corporate Executive Officer for his duties over the financial year, irrespective of the date of payment
(3) Subject to the achievement of internal and external performance conditions (see summary table below)
(4) 40% fixed and 60% variable
(5) Of which €595,352 for his duties as CEO of the film business

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 General Meeting of June 27, 2018.

<table>
<tr><th colspan="3">Claude guillemot, Executive Vice President</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2018</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross compensation</td><td>€62,496</td><td>Compensation in force since June 1, 2008</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>€62,496 (accounting valuation)</td><td>
The long-term variable compensation consists of an award of 4,117 shadow stock options, payable in cash.
As the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the internal and external performance conditions, set out below, only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [1] set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value [2] of the share and the baseline share price, per shadow stock option.
This award is subject to the internal and external performance conditions described here below. It will also be conditional upon remaining in office as a Corporate Executive Officer.
The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and
(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").
For each criterion, the vesting of shadow stock options is based on the following framework:
<table>
<tr><th></th><th>< 80% average Group EBIT</th><th>80% average Group EBIT</th><th>≥ 100% average Group EBIT</th></tr>
<tr><td>Average Group EBIT (50%)</td><td>0% of the award based on the criterion</td><td>80% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold. 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 commits to communicating the results attained in relation to the target as part of the Registration Document for FY 2020.
<table>
<tr><th></th><th>Ubisoft TSR < NASDAQ TSR</th><th>Ubisoft TSR ≥ 100% NASDAQ TSR or Ubisoft TSR ≤ 115% NASDAQ TSR</th><th>Ubisoft TSR > 115% NASDAQ TSR</th></tr>
<tr><td>Ubisoft TSR compared against the NASDAQ index TSR (50%)</td><td>0% of the award based on the criterion</td><td>Between 70% and 100% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the Ubisoft TSR compared against the NASDAQ TSR is vested in an increasing proportion between each threshold.
</td></tr>
</table>

Claude guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2018	Amounts or accounting valuation submitted for a vote	Presentation
Exceptional compensation	N/A	The principle of an annual exceptional compensation is not envisaged
Stock options	N/A	No stock options were granted to Claude Guillemot during this financial year
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	€40,000 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; ♦ attendance at Board meetings between 50% and 75%: half of the variable component is paid; ♦ attendance at Board meetings greater than 75%: all of the variable component is paid.
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) €69.155, corresponding to the average closing price of the Ubisoft Share on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting
(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris
(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/18 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, 2018</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross annual compensation</td><td>€62,496</td><td>Fixed compensation increased from April 1, 2017 in order to bring it in line with the compensation of the other Executive Vice Presidents.</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>€62,496 (accounting valuation)</td><td>The long-term variable compensation consists of an award of 4,117 shadow stock options, payable in cash.
As the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the internal and external performance conditions, set out below, only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [1] set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value [2] of the share and the baseline share price, per shadow stock option.
This award is subject to the internal and external performance conditions described here below. It will also be conditional upon remaining in office as a Corporate Executive Officer.
The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and
(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").
For each criterion, the vesting of shadow stock options is based on the following framework:
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The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold. 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 commits to communicating the results attained in relation to the target as part of the Registration Document for FY 2020.
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<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>N/A</td><td>No stock options were granted to Michel Guillemot during this financial year</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, 2018	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	€40,000 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; ♦ attendance at Board meetings between 50% and 75%: half of the variable component is paid; ♦ attendance at Board meetings greater than 75%: all of the variable component is paid
Benefits in kind	N/A	Michel 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	Michel Guillemot is not eligible for a supplementary pension scheme

(1) €69.155, corresponding to the average closing price of the Ubisoft Share on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting
(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris
(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/18 indicated in section 4.1.3.2

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<tr><th colspan="3">Gérard Guillemot, Executive Vice President</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2018</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross annual compensation</td><td>€62,496</td><td>Compensation in force since January 1, 2011</td></tr>
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As the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the internal and external performance conditions, set out below, only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price (1) set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value (2) of the share and the baseline share price, per shadow stock option.
This award is subject to the internal and external performance conditions described here below. It will also be conditional upon remaining in office as a Corporate Executive Officer.
The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and
(ii) for 50%, on the total shareholder return on Ubisoft Share (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the "External Conditions").
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The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold.
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 commits to communicating the results attained in relation to the target as part of the Registration Document for FY 2020.
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The long-term variable compensation conditional upon the Ubisoft TSR compared against the NASDAQ TSR is vested in an increasing proportion between each threshold.
</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>N/A</td><td>No stock options were granted to Gérard Guillemot during this financial year</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, 2018	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	€40,000 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; ♦ attendance at Board meetings between 50% and 75%: half of the variable component is paid; ♦ attendance at Board meetings greater than 75%: all of the variable component is paid.
Benefits in kind	N/A	Gérard 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	Gérard Guillemot is not eligible for a supplementary pension scheme

(1) €69.155, corresponding to the average closing price of the Ubisoft Share on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting
(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris
(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/18 indicated in section 4.1.3.2

<table>
<tr><th colspan="3">Christian Guillemot, Executive Vice President</th></tr>
<tr><th>Compensation components due or granted Financial year ended March 31, 2018</th><th>Amounts or accounting valuation submitted for a vote</th><th>Presentation</th></tr>
<tr><td>Fixed gross annual compensation</td><td>€62,496</td><td>Compensation in force since June 1, 2008</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>
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<tr><td>Multi-annual variable compensation</td><td>€62,496 (accounting valuation)</td><td>The long-term variable compensation consists of an award of 4,117 shadow stock options, payable in cash.
As the shadow stock options scheme is the closest alternative to the stock options scheme, the shadow stock options vested following assessment of the internal and external performance conditions, set out below, only give rise to a cash payment if the Ubisoft Share price has risen above the baseline price [1] set on the day of granting (€69.155). The cash payment corresponds to the difference between the final fair market value [2] of the share and the baseline share price, per shadow stock option.
This award is subject to the internal and external performance conditions described here below. It will also be conditional upon remaining in office as a Corporate Executive Officer.
The vesting of shadow stock 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 2017/2018, 2018/2019 and 2019/2020; and
(ii) for 50%, on the total shareholder return on Ubisoft Share (the “Ubisoft TSR”) compared against the TSR of the NASDAQ index (the “NASDAQ TSR”), both TSRs being calculated from March 30, 2018 to March 29, 2021 (the “External Conditions”).
For each criterion, the vesting of shadow stock options is based on the following framework:
<table>
<tr><th></th><th>< 80% average Group EBIT</th><th>80% average Group EBIT</th><th>≥ 100% average Group EBIT</th></tr>
<tr><td>Average Group EBIT (50%)</td><td>0% of the award based on the criterion</td><td>80% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the attainment of average Group EBIT is vested proportionately on the attainment of the performance conditions between each threshold. 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 commits to communicating the results attained in relation to the target as part of the Registration Document for FY 2020.
<table>
<tr><th></th><th>Ubisoft TSR < NASDAQ TSR</th><th>Ubisoft TSR ≥ 100% NASDAQ TSR or Ubisoft TSR ≤ 115% NASDAQ TSR</th><th>Ubisoft TSR > 115% NASDAQ TSR</th></tr>
<tr><td>Ubisoft TSR compared against the NASDAQ index TSR (50%)</td><td>0% of the award based on the criterion</td><td>Between 70% and 100% of the award based on the criterion</td><td>100% of the award based on the criterion</td></tr>
</table>
The long-term variable compensation conditional upon the Ubisoft TSR compared against the NASDAQ TSR is vested in an increasing proportion between each threshold.</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>N/A</td><td>No stock options were granted to Christian Guillemot during this financial year</td></tr>
<tr><td>Performance shares</td><td>N/A (accounting valuation)</td><td>No performance shares were granted to Christian Guillemot during this financial year</td></tr>
</table>

Christian Guillemot, Executive Vice President		
Compensation components due or granted Financial year ended March 31, 2018	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	€40,000 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; ♦ attendance at Board meetings between 50% and 75%: half of the variable component is paid; ♦ attendance at Board meetings greater than 75%: all of the variable component is paid.
Benefits in kind	N/A	Christian 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	Christian Guillemot is not eligible for a supplementary pension scheme

(1) €69.155, corresponding to the average closing price of the Ubisoft Share on Euronext Paris for the 20 trading days prior to the Board of Directors' meeting
(2) Average closing price of the Ubisoft Share during the 3 months prior to the vesting date (excluding the vesting date itself) as recorded on Euronext Paris
(3) Attendance rate at Board of Directors' meetings for the financial year ended 03/31/18 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, 2018

During the past financial year, the Board of Directors, following authorization from the General Meeting, granted the share subscription options (SOP) detailed below. No ordinary free shares (AGA) or preference shares (AGAP) were granted.

Beneficiary category	General Meeting (Resolution) Board of Directors	Number of beneficiaries Number granted Subscription price (SOP)	Periods (exercise, vesting, retention, conversion)	Performance conditions
Employees	09/23/15 (22nd) 06/27/17	75 beneficiaries 418,500 SOP €50.02 France €51.80 Abroad	Conversion period: 4 years 25% per year at the end of the 1st year	N/A
	09/23/15 (22nd) 09/22/17	2 beneficiaries 11,000 SOP €57.26	Conversion period: 4 years 25% per year at the end of the 1st year	N/A
	09/23/15 (22nd) 12/12/17	1 beneficiary 2,500 SOP €64.63	Conversion period: 4 years 25% per year at the end of the 1st year	N/A

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

4.2.3.3 Corporate Executive Officers

No share purchase or subscription options or free ordinary or preference shares (performance shares) were granted to Corporate Executive Officers of the Company in respect of the past financial year. Moreover, no share purchase or subscription options were exercised by Corporate Executive Officers in respect of the past financial year, and no performance share allocation plans matured.

HISTORY

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

(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
Board of Directors Plan no.	04/26/07 (no. 14)	06/27/08 (no. 17)	05/12/09 (no. 19)	04/29/10 (no. 22) (3)
Price	€17.45 (1) (2)	€27.35 (1) (2)	€14.75 (2)	€9.91 (2)
Number of Corporate Executive Officers	5	5	5	5
Exercised	0	0	0	0
Initially granted	151,680 (2)	139,648 (2)	125,392 (2)	120,336 (2)
Balance (at 03/31/18)	0	0	0	0
Performance conditions	N/A	N/A	N/A	100% Internal conditions (cumulative): sales and profitability (4)

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

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

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

(4) Board of Directors of March 9, 2012: change in the 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 achievement 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 canceled*
- *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*

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

Subscription options granted or exercised between April 1, 2017 and March 31, 2018			
	Options granted during the financial year ended 03/31/18 to the ten employees other than executive officers who received the largest number of options so granted	Average weighted price	Plan no. Expiry date
Complete information for all Group companies combined	142,000	€51.55	no. 35 06/26/22

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

	Options exercised during the financial year ended 03/31/18 by the ten employees other than executive officers who received the largest number of options thus exercised	Average weighted price	Plan no. Expiry date
			no. 25, 26, 28, 30 and 32
Complete information for all Group companies combined	176,763	€11.49	10/18/17 10/28/18 09/23/19 09/22/20 06/22/21

4.2.3.5 Summary of free share plans valid as at March 31, 2018

Free ordinary share allocation plans			
Date of General Meeting	06/27/13	07/01/14	07/01/14
Date of Board meeting	07/01/14	09/24/14	12/16/14
Performance conditions	(1)	(1)	(1)
Number of beneficiaries	1,135	7	48
Corporate Executive Officers			
Yves Guillemot	N/A	N/A	N/A
Claude Guillemot	N/A	N/A	N/A
Michel Guillemot	N/A	N/A	N/A
Gérard Guillemot	N/A	N/A	N/A
Christian Guillemot	N/A	N/A	N/A
Type of shares	ordinary	ordinary	ordinary
Vesting period + retention period	4+0	4+0	4+0
Vesting date of the shares	07/02/18	09/24/18	12/17/18
End date of the retention period	07/02/18	09/24/18	12/17/18
End date of the conversion period	N/A	N/A	N/A
Total number of shares granted initially	572,898	10,710	242,600
Cumulative number of shares canceled	104,150	0	25,000
Balance at 03/31/18	468,748	10,710	217,600

(1) 100% subject to individual performance objectives linked to the beneficiary's contribution with the exception of 2 beneficiaries: See (2)

(2) 2 beneficiaries ➔ Internal performance conditions: 60% contingent upon achieving predefined declining levels of average non-IFRS Group EBIT over 4 financial years and 40% contingent upon achieving predefined declining levels of average Group sales over 4 financial years

07/01/14	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15
09/23/15	10/19/15	03/03/16	04/19/16	06/23/16	12/14/16
[1]	[1] [2]	[1]	[1]	[1]	[1]
1,543	34	64	94	1,743	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	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
4+0	4+0	4+0	4+0	4+0	4+0
09/23/19	10/21/19	03/03/20	04/20/20	06/23/20	12/14/20
09/23/19	10/21/19	03/03/20	04/20/20	06/23/20	12/14/20
N/A	N/A	N/A	N/A	N/A	N/A
970,220	183,833	179,100	384,300	962,410	10,300
97,676	12,600	13,350	66,200	70,070	0
872,544	171,233	165,750	318,100	892,340	10,300

4

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		
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 03/31/18	0 [6] [7] 344,220 [2]	649 [6] 19,470 [2]

(1) 100% subject to individual performance objectives linked to the beneficiary's contribution: 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) Share price condition to be met at the end of the retention period (or vesting period for the beneficiaries of the plan of 09/24/14 [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 shares*
- *if ↗ in the market price up to 50% compared to the Stock Market Floor price*: each % of ↗ 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 achieving predefined levels of average non-IFRS Group EBIT over 3 financial years and 40% contingent upon achieving predefined levels of average Group sales over 3 financial years (3 eligible beneficiaries under the plan of 12/16/14 and 1 eligible beneficiary under the Plan of 09/23/15)

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	24	2	43	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	3+2	3+2	3+2
12/18/17 (7)	09/24/18	12/17/18	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)	4,706 (6) 141,180 (2)	1,500 (6) 45,000 (2)	6,838 (6) 205,140 (2)	394 (6) 11,820 (2)
0	0	0	0	0
0 (6) (7) 72,270 (2)	4,706 (6) 141,180 (2)	1,500 (6) 45,000 (2)	6,838 (6) 205,140 (2)	394 (6) 11,820 (2)

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

(5) Internal performance condition: 100% contingent upon achieving an average level of 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) 1 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 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 share purchase or subscription option plans valid as at March 31, 2018

Plan	Plan 26	Plan 27	Plan 28	Plan 29	Plan 30
General Meeting	09/24/12	09/24/12	09/24/12	09/24/12	09/24/12
Board of Directors	10/29/13	03/17/14	09/24/14	12/16/14	09/23/15
Number of beneficiaries	62	5	116	3	90
Number granted	798,125 (2)	100,000	665,740	62,200	328,100
of which Corporate Executive Officers					
Yves Guillemot	N/A	60,000 (2) (3)	N/A	N/A	N/A
Claude Guillemot	N/A	10,000 (3)	N/A	N/A	N/A
Michel Guillemot	N/A	10,000 (3)	N/A	N/A	N/A
Gérard Guillemot	N/A	10,000 (3)	N/A	N/A	N/A
Christian Guillemot	N/A	10,000 (3)	N/A	N/A	N/A
Opening date	10/29/14	May 2018 (1)	09/24/15	12/16/15	09/23/16
Expiry date	10/28/18	03/16/19	09/23/19	12/15/19	09/22/20
Subscription or purchase price	France €9.547 World €8.83	€11.92 (without discount)	€12.92	€14.22	€17.94
Exercise terms	25% per year from 10/29/14	Corporate Executive Officers: May 2018 (1)	25% per year from 09/24/15	25% per year from 12/16/15	25% per year from 09/23/16
Number of options exercised between allocation and 03/31/18	527,595	0	322,185	3,000	36,036
Number of options canceled or void since allocation	70,750	15,000 (2)	51,680	0	80,889
Number of options outstanding at 03/31/18	199,780	85,000	291,875	59,200	211,175

(1) For the Corporate Executive Officers (plans 27, 31 and 33) and/or members of the Executive Committee (plan 32: 1 beneficiary), the performance conditions to be met are spread over 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 fourth year (Plan 27: May 2018/Plan 31: May 2019/Plans 32 and 33: May 2020)

(2) 25% of the allocation being subject to collective performance conditions: plan of 10/29/13 (41 beneficiaries)/plan of 03/17/14: Yves Guillemot – The non-achievement of these conditions was recorded by the Compensation Committee on 06/26/14 and resulted in the cancelation by the Board of Directors on 07/01/14 of 51,250 of the 205,000 options granted on 10/29/13 and 15,000 of the 60,000 options granted on 03/17/14

Plan 31	Plan 32	Plan 33	Plan 34	Plan 35	Plan 36	Plan 37
09/24/12	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15	09/23/15
12/16/15	06/23/16	12/14/16	03/30/17	06/27/17	09/22/17	12/12/17
3	138	5	39	75	2	1
37,500	758,810	29,344	220,700	418,500	11,000	2,500
N/A	N/A	N/A	N/A	N/A	N/A	N/A
12,500 [3]	N/A	4,836	N/A	N/A	N/A	N/A
12,500 [3]	N/A	4,836	N/A	N/A	N/A	N/A
12,500 [3]	N/A	4,836	N/A	N/A	N/A	N/A
N/A	N/A	4,836	N/A	N/A	N/A	N/A
May 2019 [1]	06/23/17 May 2020 [1] [4]	12/14/17 May 2020 [1] [4]	03/30/18	06/27/18	09/22/18	12/12/18
12/15/20	06/22/21	12/13/21	03/29/22	06/26/22	09/21/22	12/11/22
€26.85 (without discount)	€33.015	€31.955 (without discount)	France €37 World €39.03	France €50.02 World €51.80	€57.26	€64.63
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]	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
0	98,619	0	0	0	0	0
0	46,354	0	3,000	6,000	0	0
37,500	613,837	29,344	217,700	412,500	11,000	2,500

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

(4) 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 canceled*
- *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*

4.2.3.7 Authorizations submitted for a shareholder vote at the General Meeting of June 27, 2018

In order to pursue its policy of motivating its employees and Corporate Executive Officers and associating them (see further details in Section 4.2.2.1) with the Group's development, the Board of Directors, on the proposal of the Nomination and Compensation Committee, will put to the vote of the General Meeting of June 27, 2018 new resolutions, valid for 38 months, granting powers to the Board of Directors to award (i) ordinary shares subject to performance criteria ("AGA"), whether existing or yet to be issued, to Group employees, including the members of the Executive Committee who feature in Section 4.1.2.3 of this Registration Document, pursuant to the provisions of Articles 225-197-1 et seq. of the French Commercial Code (seventeenth resolution) or (ii) stock subscription or purchase options ("SOP") to Group employees including the members of the Executive Committee (eighteenth resolution), and to Corporate Executive Officers of the Company (nineteenth resolution) pursuant to the provisions of Articles 225-177 et seq. of the French Commercial Code.

The purpose of these resolutions is to renew those voted on by the General Meeting of September 23, 2015; it being specified that as regards the AGA resolution, there will be no free preference share grants and only ordinary shares will be awarded. 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 these resolutions are referred to below, and notably describe the specific performance conditions associated with the grants to Corporate Executive Officers and to the members of the Executive Committee.

	Salaried employees	Members of the Executive Committee	Corporate Executive Officers of the Company (see Section 4.2.2.1)
	AGA		
Validity of the resolution	38 months (17th resolution)		
Maximum percentage	1.50% (1)		
Minimum validity of the plans	4 years		
Minimum vesting period	4 years		
Condition(s)	Attendance		
	Individual performance (2) assessed over at least 4 years	Individual performance (1/3 of the award) assessed over at least a 4 years Internal performance (1/3 of the award) assessed over at least 3 financial years on the basis of average non-IFRS Group EBIT (3) Vesting per threshold (see below) External performance (1/3 of the award) assessed over at least 3 years on the basis of Ubisoft's TSR (4) Vesting per threshold (see below)	

Internal performance – Vesting per threshold:

< 80% average Group EBIT	≥ 80% and < 90% average Group EBIT	≥ 90% and < 100% average Group EBIT verage Group EBIT	≥ 100% average Group EBIT
0% of the grant on this criteria	**30%** of the grant on this criteria	**50%** of the grant on this criteria	**100%** of the grant on this criteria

External performance – Vesting per threshold:

< 50th percentile	≥ 50th and ≤ 60th percentile	> 60th percentile
0% of the grant on this criteria	**50%** of the grant on this criteria	**100%** of the grant on this criteria

-

	Salaried employees	Members of the Executive Committee	Corporate Executive Officers of the Company (see Section 4.2.2.1)
	SOP		
Validity of the resolution	38 months (18th resolution)		38 months (19th resolution)
Maximum percentage	1 % (1)		0,20 % (1) charged against the 1% of the 18th resolution
Minimum validity of the plans	5 ans		
Minimum vesting period	1 year which can be 25% exercised per year at the end of the 1st year	4 years which can be 100% exercised (subject to meeting the performance conditions) at the end of a 4-year period	
Condition(s)	Attendance	Attendance	Continued capacity as Corporate Executive Officer
	Individual performance (2) assessed over at least 4 years	Internal performance (50% of the award) assessed over at least 3 financial years on the basis of average non-IFRS Group EBIT (3) Vesting per threshold < 80% average Group EBIT: **0%** of the grant on this criteria ≥ 80% and < 90% average Group EBIT: **30%** of the grant on this criteria ≥ 90% and < 100% average Group EBIT average Group EBIT: **50%** of the grant on this criteria ≥ 100% average Group EBIT: **100%** of the grant on this criteria	Internal performance (50% of the award) assessed over at least 3 financial years on the basis of average non-IFRS Group EBIT (3) Vesting per threshold < 80% average Group EBIT: **0%** of the grant on this criteria ≥ 80% and < 90% average Group EBIT: **30%** of the grant on this criteria ≥ 90% and < 100% average Group EBIT average Group EBIT: **50%** of the grant on this criteria ≥ 100% average Group EBIT: **100%** of the grant on this criteria
		External performance (50% of the award) assessed over at least 3 years on the basis of Ubisoft's TSR (4) Vesting per threshold < 50th percentile: **0%** of the grant on this criteria ≥ 50th and ≤ 60th percentile: **50%** of the grant on this criteria > 60th percentile: **100%** of the grant on this criteria	External performance (50% of the award) assessed over at least 3 years on the basis of Ubisoft's TSR (4) Vesting per threshold < 50th percentile: **0%** of the grant on this criteria ≥ 50th and ≤ 60th percentile: **50%** of the grant on this criteria > 60th percentile: **100%** of the grant on this criteria

(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 on 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 (total shareholder return) and TSR of the NASDAQ Composite Index calculated between the grant date and the day before the vesting

4.3 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, 2017 and March 31, 2018 are detailed under Financial Statements in § 6.1.2.22.

5 Corporate social responsibility

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

5.1.1 INDICATOR FRAMEWORK

Ubisoft based its framework on:

- the regulatory requirements in France established or reinforced by Article 225 of the Grenelle II law and its implementing decree *(Decree No. 2012-557 of April 24, 2012, on corporate transparency obligations regarding employee-related and environmental matters)*;
- the transposition of the European CSR Directive, which aims to replace the current company CSR report with a statement of extra-financial performance *(Order 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.

5.1.2 REPORTING PERIOD

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

CSR data	Reporting periods: 4/01/17 – 03/31/18 (12 months)	Reporting periods: 1/01/17 – 12/31/17 (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 > 50 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 covers all of the Group's subsidiaries, with the exception of the Canadian subsidiary "Hybride Technologies Inc." (104 employees), not currently integrated in the Group's human resources scope of reporting due to the fact that it does not use the human resource IT system (HRTB) used by all other Group subsidiaries for the automated recording of employee data.

5.1.4 CHANGE IN METHOD/ CONDITIONS COMPARED WITH THE PREVIOUS YEAR

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

Scope of reporting	4/01/17 – 03/31/18	4/01/16 – 03/31/17
Companies outside France	> 50 employees	> 60 employees
French companies	100%	100%
% staff taken into account	97.4%	95.00%

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:***
  - Water consumption no longer tracked:

  Taking into account the Group's business activities, it only uses water for domestic purposes. In view of the figures recorded over the five previous years, the Group deems that the volumes are not significant enough (average of 7.2 m^3 of water per employee in 2016) to warrant the ongoing recording and consolidation of water consumption data. Moreover, this information is generally unavailable for sites where water consumption is included in rental charges. As a result, comprehensive information cannot be obtained for the reporting scope (in 2016, the data was available on only 31 sites, representing 61.8% of the Group's workforce).

(1) The scope defined in this way covered 97.4% of the Ubisoft Group workforce at the end of March 2018
(2) Scope defined on the basis of the Ubisoft Group workforce at the end of September 2017
(3) The scope defined in this way covered 98.6% of the Ubisoft Group workforce at the end of March 2018

In addition, as water is supplied directly by local water distribution networks, the Group complies with applicable water supply regulations in the countries where it operates.

As a result, these indicators – which are deemed non-relevant – are no longer tracked.

Change in the travel-related indicator: Up until 2016, to measure the carbon footprint of business trips, the Group monitored the total number of kilometers traveled per means of transport (plane and train). However, since the number of kilometers traveled by train remains low (less than 4% of the total number of kilometers traveled in 2016) and the resulting carbon footprint is negligible compared with that of air transport (namely, 0.1% of Airplane metric tons of CO_2 eq), the Group deems that the recording and consolidation of train-related data is no longer warranted.

As a result, the carbon footprint of business trips is now exclusively based on the total number of kilometers traveled by plane, with the impact of train travel remaining marginal.

- Other indicators deemed non-relevant by the Group, not examined in this report:

Themes of the CSR Directive covered by Decree No. 2017-1265 of August 9, 2017	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.
♦ Land use	The Group has a limited impact in relation to land use due to the vertical installation of its sites, which are mainly located in urban areas.
♦ Measures taken to preserve/restore biodiversity	All Ubisoft sites are located in urban areas. Consequently, none of the sites are located in or beside protected areas or areas that are rich in biodiversity.

5.1.5 REPORTING PRINCIPLE

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

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

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

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

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

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

Specifications on the methods for collecting data

- 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.

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

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

Consolidation and verification

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

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

5.1.6 METHODOLOGICAL CLARIFICATION OF INDICATORS

Regarding employee-related data

Staff are defined as all employees registered at the end of the period, regardless of the type of employment (full- or part-time), with an open-ended or fixed-term contract. Casual workers, seasonal workers, freelancers, the self-employed, interns, those on work-study contracts, sub-contractors and temporary workers are not included.

- A hire is defined as any individual who joins the workforce during the period in question. Fixed-term contract renewals are not included in new hires.
- The male-female pay ratio, based on the total workforce, is calculated by level of responsibility within each subsidiary for which both men and women are represented. This ratio is weighted by the corresponding headcount, then consolidated by country.
- To determine the number of training hours, consideration is given to training activities undertaken on site by an internal or external trainer, attendance at specialist conferences included in the training plan, and e-learning with an automated system for monitoring completed sessions. Other activities (such as other e-learning courses, team meetings, etc.) are 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.
- The current reporting system does not provide quantitative data for waste electrical and electronic equipment (WEEE) at the Group's main sites. Only qualitative data is published at present. However, the Group is gradually introducing a WEEE quantification method and has undertaken to publish quantitative data within 1 year.
- To determine its CO_2 emissions, the Group has opted for the following procedures:

Datacenters (energy)	Recording of electricity consumption throughout 2017. 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 depreciation periods for devices returned to first parties before the end of their useful lives).
Buildings (energy)	Local recording of electricity consumption throughout 2017. 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 m² 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 3 categories, use of ADEME factors
Business trips	Local recording of flights booked for the entity's staff and guests in 2017. 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

5.1.7 METHODOLOGICAL LIMITS OF THE INDICATORS

The indicators may present methodological limits due to:

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

5.2 Corporate Social Responsibility strategy

Ubisoft is committed to developing a positive and long-lasting impact for all its stakeholders, both internal and external. Its strategy is four-pronged: developing a safe and positive gaming experience for players, allowing each employee to be their authentic self and fulfill their full potential, supporting local communities, and optimizing our impact on the planet.

- Developing a safe and positive gaming experience: actions, such as the introduction of a Code of Conduct in games, are being undertaken to improve the player experience and restrain any toxic behaviors.

  In addition, Ubisoft has been experimenting with new types of games having a societal impact. The game "Assassin's Creed Origin" has just launched a discovery mode enabling players to learn about historical facts on ancient Egypt. Moreover, the Group has undertaken to make all of its games accessible to people with disabilities by 2020.
- Allowing each employee to be their authentic self and fulfill their full potential: This involves a friendly and supportive work environnement, 98% approved by Ubisoft employees in the latest internal satisfaction survey, conducted in 2017. Furthermore, we are convinced that diversity promotes creativity and performance. Our first objective is thus to increase diversity within our development teams. In addition, a main focus of our human resource policy is to provide training and support to employees throughout their careers at Ubisoft.
- Supporting local communities through charitable initiatives and events that bring joy to our surroundings. Ubisoft is also a company that gives preference to local suppliers for employee services, thereby stimulating the local economic fabric. For example, in France, according to a study conducted by an external expert, 80% of the socio-economic impact of Ubisoft's activity is concentrated at the micro-local level around the Group's main sites.
- Optimizing our impact on the planet, in particular our direct carbon footprint, while supporting staff and business growth.

5.3 Employee-related indicators

Ubisoft brings together diverse talents to develop original games in a friendly environment. Each employee has the possibility of growing and getting ahead, surrounded by people who are passionate about their particular field of work. The teams' constant creativity is expressed in the content of our new games, as well as in the day-to-day work environment.

5.3.1 EMPLOYMENT

5.3.1.1 Dynamic growth in the Group's teams

Attracting, developing and retaining the finest talent in the industry is one of the key factors determining Ubisoft's success. The Group is committed to providing the resources that its teams need in order to progress, learn and develop their skills and expertise. This enables the best games of the future to be created, today. With over 11,700 employees in game development, Ubisoft is one of the leading figures in the video game industry and wins numerous awards every year for its teams' creative abilities.

At the end of March 2018, Ubisoft had 13,742 employees (1) compared with 11,907 at the end of March 2017. In the 2017/2018 financial year, the headcount therefore increased by 1,835 employees, i.e. up 15.4%. 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 Bordeaux, Berlin, Stockholm (Sweden) and Saguenay (Canada).

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

Staff	03/31/18	03/31/17
Total headcount (1)	13,742	11,907

Breakdown of staff by business line	03/31/18	%	03/31/17	%
Production	11,734	85.4%	10,100	84.8%
Business	2,008	14.6%	1,807	15.2%

Breakdown of staff by employment type	03/31/18	%	03/31/17	%
Full-time employment	13,603	99.0%	11,779	98.9%
Part-time employment	139	1.0%	128	1.1%

5.3.1.2 A steadily growing company

Ubisoft continues to grow and manages a high volume of recruitments each year, mainly in production jobs (87% at the end of March 2018 and 86% at the end of March 2017).

	03/31/18	03/31/17
Total number of hires	3,988	3,315
Redundancies/dismissals	191	204

In order to stimulate its recruitment policy, Ubisoft has an active policy of supporting young people during, or in addition to, their initial training. During the year under review, 811 interns and apprentices thus benefited from an enriching and empowering professional experience at an Ubisoft company, compared with 674 during the previous year. These internships are instructive and act as a springboard for joining the Group. In total, 40% of interns were offered a job.

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

- the Graduate Program, launched in 2014, took in its 4th cohort during the year. 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 training pathway, one year of which will be spent in a studio abroad. Each graduate has a specific mentoring program with a dedicated mentor and takes part in skills development and sharing sessions. This format improves knowledge transfer and makes it easier for graduates to adopt the culture and practices of the business;
- numerous partnerships are established between the sites and local universities or organizations for the training of future developers and artists and to create a talent pool for the Group:
  - in Montreal, the CODEX program, launched in 2015, has numerous long-term initiatives for the industry's most promising young talents.

    Every year, the studio thus gives scholarships totaling CAD 50,000 (2) to students who stand out by the excellence of their academic records and who provided solutions to a technological challenge devised by one of the studio's production teams. Some of these scholarships are specifically intended to encourage women to consider a career in science and technology.

    The studio also organizes university competitions to spot future talents in specific fields such as computer engineering, design and animation. Thus, every year at its university competition, Ubisoft Montreal guarantees a minimum of 10 jobs and internships to the talents who distinguished themselves during the competition. In 2017, some thirty students were thus given jobs or internships *(Cf. 5.5.2.1)*.

(1) Corresponding to the Group's total headcount, i.e. 13,742 people, excluding the staff of the Canadian subsidiary Hybride Technologies Inc. (104 employees) currently integrated in the Group's human resources scope of reporting

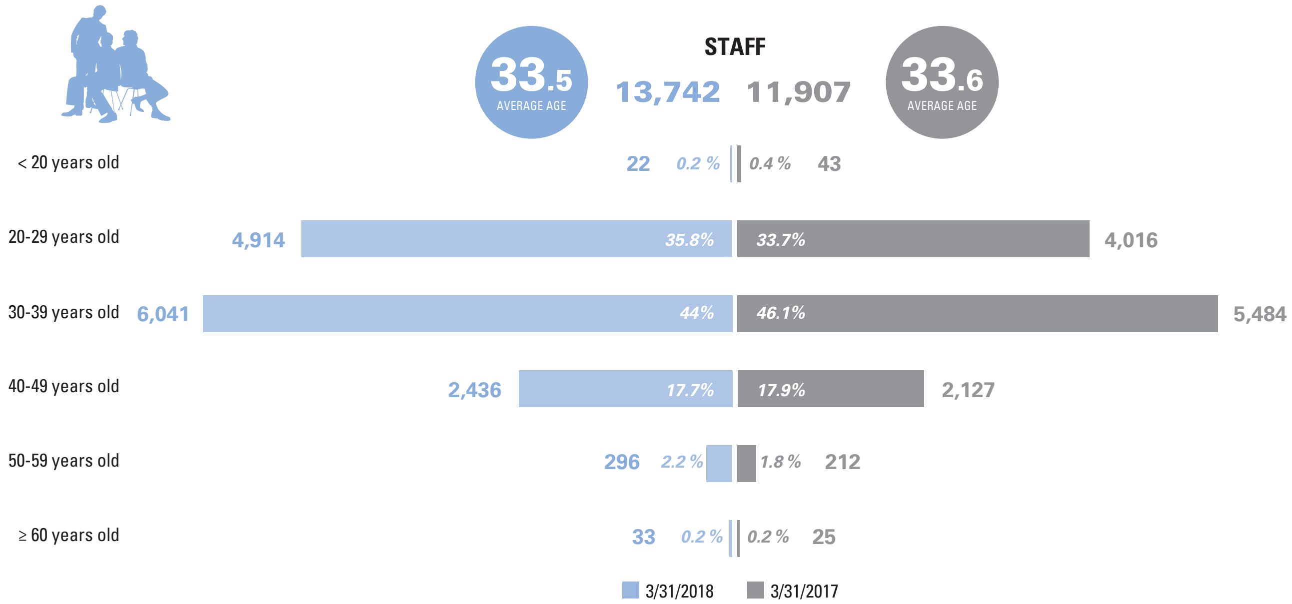
(2) Equivalent to €31 thousand at end-March 2018

Moreover, some initiatives of the CODEX program provide video game industry opportunities to other sectors. Such is the case with the partnerships developed with the National Theatre School of Canada (NTS) and the Dawson College, which enable students to specialize in motion capture,

- in Pune (India), the subsidiary launched more than twenty initiatives this year (conferences, open door events, job discovery sessions, etc.) in partnership with the local technology universities and those of Mumbai, in order to identify and recruit the top talents. Students have thus been able to work alongside studio teams in a variety of collaborative projects and several of them were offered jobs following this experience,
- in Dusseldorf, the Blue Byte studio continued to implement its “Blue Byte Goes Campus” program, aimed at developing the talents of the top local technology universities through a variety of initiatives including courses and lectures on campus, studio visits, talent mentoring and thesis supervision.

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

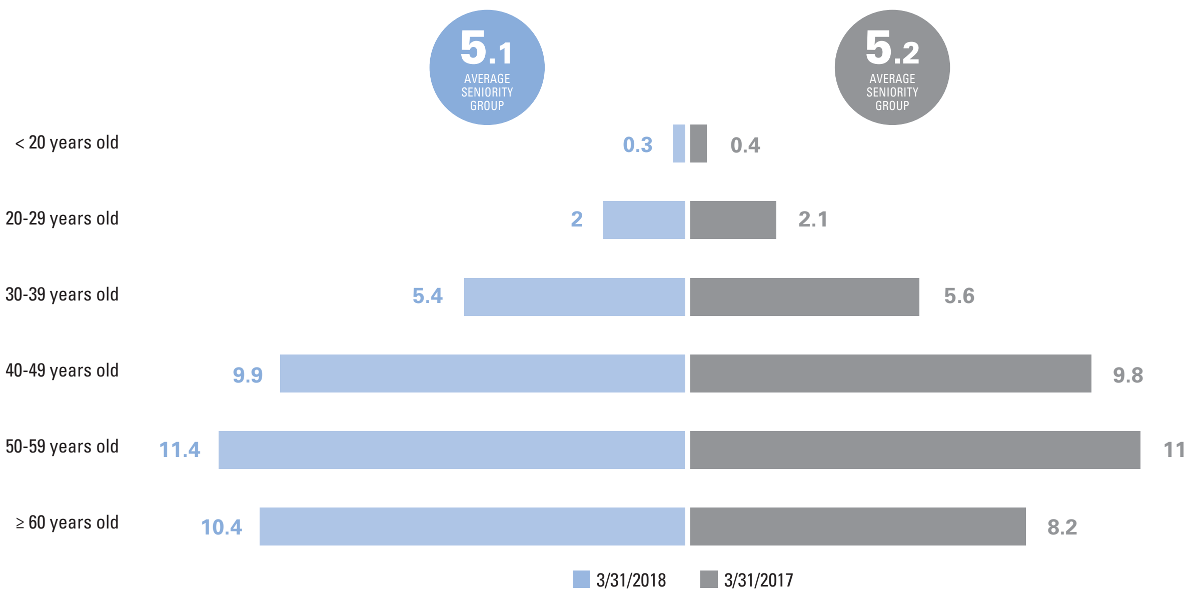
AGE PYRAMID



The average age at the Ubisoft Group is 33.5 years. This is on par with the previous year, dominated by the 20-39 age group (79.7%) following extensive recruitment of candidates in their 20s. The video game industry as a whole is a young industry and this average age remains in line with the skills needed to develop games often linked to the most innovative technologies.

Staff have been with the company for an average of 5.1 years, similar to the previous year.

SENIORITY BY AGE BRACKET (IN YEARS)



5.3.2 DEVELOPING SKILLS AND FACILITATING PERFORMANCE

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

5.3.2.1 Personalized guidance

Ubisoft provides an environment that allows every employee to develop their skills, advance their careers and fulfill their potential in their jobs and in the company. Dedicated HR managers at each site offer each individual one-to-one guidance. In addition, managers are involved in the day-to-day monitoring of their teams.

Employees who have been with the company for more than a year receive an annual appraisal. This equated to 86% of staff in 2017/2018, like in the previous financial year. The annual appraisal is an important moment in the year for each employee. The employees meet with their managers to review their year's performance and discuss their career development goals. These exchanges give employees greater visibility over future prospects in their positions and at Ubisoft. They also enable managers to assess the satisfaction, commitment and aspirations of their team members.

The new performance management system announced during the last financial year has been rolled out across the Group since April 1, 2017. In 2017/2018, this new system had already been adopted by 34% of the workforce. The performance management philosophy was redefined within the Group in order to improve the teams' grasp of the impact of their work on Ubisoft's strategy, thereby reinforcing the meaning of each person's work. In addition, a toolbox was developed to enable them to manage their own performance and development with clear and ambitious targets, transparent and continuous feedback and facilitated career interviews.

Moreover, since January 2018, pulse surveys have been introduced in several Group entities to keep closer track of the satisfaction of employees in their jobs, teams and companies, as well as identify more rapidly the actions that will improve their motivation and loyalty.

Lastly, the Group currently offers numerous possibilities for advancement in France and abroad, within specific fields and cross-functional roles. Overall, 14% of our employees changed positions at least once during the financial year, amounting to over 1,800 transfers. In terms of international mobility, the Group recorded 185 transfers during the period. 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.

5.3.2.2 A compensation policy aimed at recognizing performance

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

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

Employee share ownership is another excellent way for Ubisoft to let employees participate in the Company's success. Employee share ownership initiatives regularly take place. During the year, a leveraged employee share ownership scheme was offered to staff in 15 countries where Ubisoft is based. This type of operation reinforces the commitment of staff and gives them the chance to profit from the Company's growth. Over 40% of the staff thus took part in the operation.

As at the end of March 2018, the total number of shares held by employees through a Company mutual fund (FCPE) and/or a Group savings plan amounted to 3.69% of the share capital.

Medium-term compensation is also granted to the top performing employees in order to ensure loyalty. This takes the form of stock options or preference or free share grants. As at the end of March 2018, 16.7% of the Group's employees received such options or shares from all plans combined.

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

5.3.2.3 A training policy adapted to the challenges of the sector

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

Training	03/31/18	03/31/17
% of payroll spent on training [(1)] [(2)]	0.72%	0.66%
Training expenditure	€3,888,360	€3,281,648
TOTAL NUMBER OF EMPLOYEES TRAINED	**8,518**	**6,537**
of which employees trained in health and safety	158	146
% of average headcount trained	66.0%	57.9%
TOTAL NUMBER OF TRAINING HOURS	**193,605**	**146,107**
Average duration of training (in hours) per employee trained	22.6	22.2

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

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

E-learning	03/31/18	03/31/17
Number of e-learning modules accessible to all employees	475	336
Total number of e-learning hours	961	1,252
Number of people trained via e-learning	822	704

Skill-sharing between sites through mobility	03/31/18	03/31/17
Number of international mobility (short- or long-term assignments)	185	200

Training expenditure accounted for nearly 0.72% of payroll. In 2016/2017, 8,518 employees completed at least one training course. This is equivalent to over 66% of the Group's average headcount, compared with almost 58% in the previous year. This increased participation was mainly due to the extensive campaign gradually rolled out across the Group to introduce the new performance management ecosystem to employees. The rollout will continue over the upcoming years. This training campaign presents the Group's new vision of performance. It also includes demonstration modules for the new employee assessment tool, as well as feedback training sessions. The total number of training hours provided amounted to 193,605 hours, versus 146,107 hours the previous year, representing a 32% increase.

The entertainment sector demands constant technological innovation and skills development. Inevitably, training is a major priority in order to keep pace with these changes. The purpose of training teams is to address current needs while preparing them for future challenges.

In the video game industry, skills are developed through real-world project experience or through contact with industry experts. The training program thus aims to provide support to employees at each key moment in their careers: onboarding, upskilling, and management.

The courses are mainly provided in-house and may take the form of informal discussions, mentoring, e-learning, or classroom sessions. Certain entities offer onboarding sessions to newcomers, enabling them to rapidly understand the way in which Ubisoft operates, the different business lines, their duties and the tools they will be using on a daily basis.

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

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

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

Experimentation is another way of building up expertise, by allowing the most senior employees to develop new methods or produce tools that will be useful to other employees. Several programs were launched this year on critical skills such as code quality, artificial intelligence and machine learning.

Beyond such skills, self-management and the ability to work effectively in a team are key factors of success. A major effort was thus made this year to train employees in "constructive feedback", in order to develop everyone's ability to give and receive feedback on a daily basis. Managers and employees will continue to benefit from on-site and digital training sessions on that topic over the next two years. A training session on that topic will also be included in the newcomer onboarding program so that the practice becomes the rule for everyone.

5.3.2.4 Encouraging a collaborative approach within teams

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

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

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

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

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

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

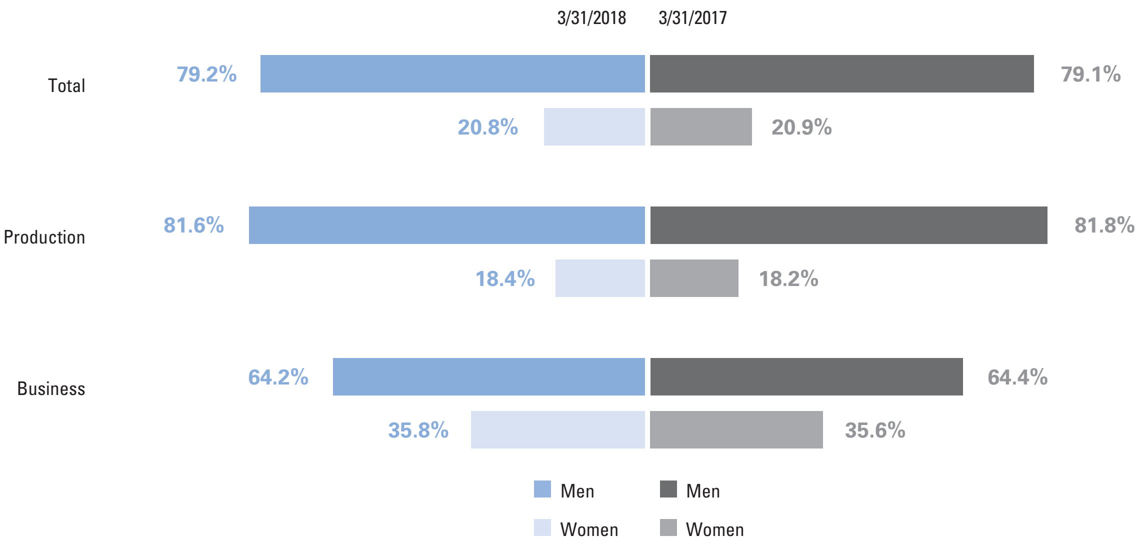
5.3.3 DIVERSITY AND INCLUSION

The diverse range of professional profiles at Ubisoft is inherent to the creativity and innovation the Company needs to stay at the forefront of innovation and technology. The process of creating a video game brings together teams with very different backgrounds and training to produce the best game possible. The Group promotes an inclusive work environment through cultural, gender and age diversity. The development of all forms of diversity within the teams is crucial to address the industry's future challenges and reflect the diversity of the world around it.

5.3.3.1 Raising awareness of the importance of diversity among teams

At the end of March 2018, the Group was composed of 20.8% women and 79.2% men. This distribution, like that of the wider gaming industry, is mainly due to the fact that production roles tend to attract men and account for 85.4% of the Ubisoft workforce *(see 5.3.1.1)*. However, in the space of 3 years, the Group managed to increase the proportion of women in its workforce by more than 1% (from 19.8% at end-March 2015 to 20.8% at end-March 2018), in particular through awareness-raising actions and better visibility of the recruitment of more female profiles.

BREAKDOWN OF MEN/WOMEN IN TOTAL HEADCOUNT



With 23.4% of women managers and 23.7% 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, just as many women as men are in a senior management role and report directly to the chairman and Chief Executive Officer.

Women in management	03/31/18	03/31/17
% of women in top management (1) and/or in the Executive Committee (3)	23.7%	23.1%
% of women in management (2) (3)	23.4%	24.1%

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

Employment	03/31/18	03/31/17
Female hire rate (1)	22.1%	23.0%

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

The stepping-up of efforts to increase diversity within the teams is a first step to open up the teams to new profiles. Thus, throughout the Group, a pilot training course was provided during the financial year to raise the awareness of the human resource teams of some ten Group studios of the influence of unconscious biases on HR processes (recruitments, promotions, etc.). More than 80 recruiters and HR managers benefited from a 7-week course aimed at reducing the impact of their personal biases on decision-making, and thus opening up the Company to a greater diversity of profiles.

The outcome is particularly visible at the local level, on sites which have undertaken additional actions, both in-house and externally:

- the display of an equal opportunities policy at French sites, as well as at the San Francisco, Toronto and Newcastle sites;
- the organization of diversity support groups by certain studios. In Sweden, the Massive studio thus continued to support its "Equal Opportunity Group" – an internal community where concrete measures are discussed to encourage employees from disadvantaged or under-represented communities to gain access to the same opportunities as all other employees. This year, the Newcastle studio launched Diversity Workshops focusing on various themes concerning the respect of differences;
- many studios are continuing to partner with associations that advocate for a greater role for women in the industry, particularly among the next generation. The San Francisco and Red Storm studios thus continue to support the national association Girls Make Games, both financially and through team volunteering. This year, the San Francisco studio thus hosted a summer camp in its premises, introducing girls to programming and the creation of video games. The Montreal and Toronto studios are continuing their respective collaborations with the non-profit organizations Pixelles and Ladies Learning Code. Ubisoft's French sites took part in this year's launch of Women in Games France, a network which brings together the industry's most influential female talents to promote the feminization and diversification of the sector.

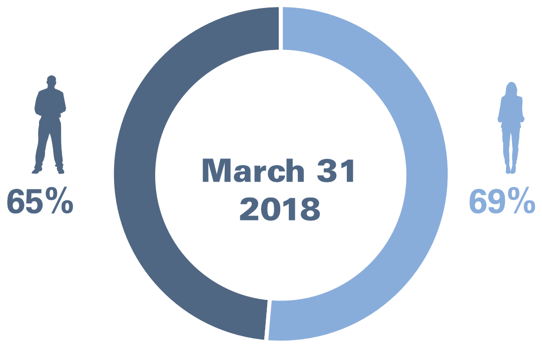
Moreover, the intranet site launched in 2016 and dedicated to the sharing of good local practices is regularly enhanced with new initiatives conducted by different subsidiaries to promote diversity and inclusion within the Group.

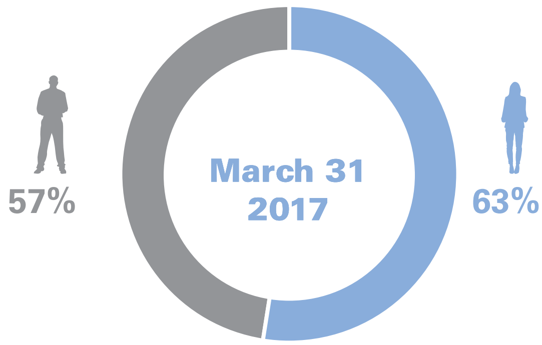
5.3.3.2 Measures taken to improve gender equality

In terms of equal opportunities, the human resources policy is designed to ensure equal access to learning and development opportunities, as well as fair pay for equal skills and performance. To that end, indicators were defined at Group level to identify the areas in which action is needed to promote gender equality.

Men and women are given the same level of access to learning and skills development, since training is open to everyone. At the end of March 2018, the training rate was as follows:

TRAINING RATE BY GENDER*

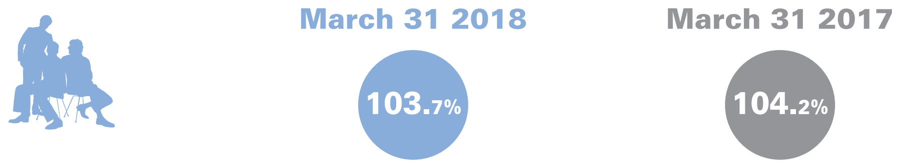




* *Number of women (men) trained as a percentage of the average female (male) headcount.*

MALE-FEMALE PAY RATIO*

The male-female pay ratio, at an equivalent contribution level, is 103.7% for teams with a full-time, open-ended or fixed-term contract within the Group.



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

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

- in communications, most studios put the spotlight on female talents in their external releases on key projects. Numerous studios (including those in Montreal, Paris, Toronto, Halifax, and others) give girls the opportunity to discover video game jobs and careers by following a female employee over an ordinary day's work;
- concerning recruitment, several local initiatives introduced this year were aimed at improving the attractiveness of female talents. The Montreal studio thus launched a project to ensure that there were no gender connotations in any of the job offers posted by the studio, in order to encourage more women to apply. Moreover, the Future Games of London (FGOL) and Toronto studios recruited women via specific networks promoting the sector's female talents;
- concerning the development of an inclusive culture, this year, the Montreal studio allowed the creation of a support group to facilitate the integration of new female employees. In addition, the Paris studio called on the services of an expert in interpersonal communication in order to strengthen the production teams' sense of dialogue and inclusion and fight against minority effects. Furthermore, the RedLynx studio in Finland now conducts surveys on the topic of workplace equity to get the employees' views on equal treatment.

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

5.3.3.3 Cultural diversity

Ubisoft is present in 31 countries across all continents. With 95 different nationalities, Ubisoft cultivates the cultural diversity required for a good understanding of the gamers and improved adaptation of games to cultural differences.

BREAKDOWN OF STAFF BY GEOGRAPHIC REGION

Geographic region	03/31/18	%	03/31/17	%
Americas	5,070	36.9%	4,627	38.9%
EMEA/Pacific	8,672	63.1%	7,280	61.1%
TOTAL	**13,742**		**11,907**	
Number of countries	31		31	

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

The employment rate of disabled persons within the Group is 0.53%. Its official disclosure is optional or prohibited in most of the countries where the Group operates. HR Managers thus provide data on office facilities to the persons who request it, yet without disclosing a specific employment rate.

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, 64.4% of employees worked in a building accessible to mobility-impaired persons. Certain sites, such as the Toronto site, are working on making the whole of their buildings accessible over the coming years.

In France, the "Boost!" initiative, launched at the end of 2017, 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. Moreover, this disability team actively shares information with all French employees to overcome prejudices concerning disabilities and promote the inclusion of disabled workers in the Company.

Lastly, several Group sites (1) have established partnerships to promote the employment and professional integration of persons with disabilities: firstly, in the recruitment process in order to identify job applications from persons with disabilities and, secondly, by calling on companies from the protected and adapted work sector for office supply contracts and recycling initiatives.

Employment of people with disabilities (1)	03/31/18	03/31/17
Number of disabled workers at the end of the period	36	33
Employment rate of people with disabilities	0.53%	0.56%

(1) Information from companies with over 50 employees based in countries other than France where the local legislation imposes a quota on French firms and companies (accounting for 49.1% of the Group's workforce at the end of March 2018)

(1) Applicable to the sites in France, Montreal and Bucharest, accounting for 56% of the Group's workforce at the end of March 2018

5.3.4 WELL-BEING, HEALTH AND LABOR RELATIONS

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

5.3.4.1 A friendly work environment

Ubisoft strives to develop a friendly and pleasant environment in all of its subsidiaries, with a range of workspaces adapted to the needs of each individual (meeting rooms, relaxation areas, cafeterias). 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 as "a great place to work". Moreover, 80% of employees stated that they "feel comfortable in their work space (workstation, space, light, noise, etc.)". Once again this year, the good work environment is the aspect most frequently mentioned by staff in the blank comments field of the questionnaire.

The Group also ensures that each employee is given the support and resources they need for their development. 84% of employees would "recommend their Manager to other people", and 80% of them feel that "the tools and processes available make for easy sharing and collaboration".

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

5.3.4.2 Flexible working hours

Group policy, although complying with local legislation, provides employees with a certain amount of flexibility when it comes to organizing their working hours.

The Group's "flextime" policy is designed to give staff more control over when they start and finish work. Employees can therefore adapt their hours to suit their personal constraints, while still putting in their weekly hours. This policy, which has been introduced by the majority of subsidiaries, contributes to the well-being of the teams as well as to individual work-related autonomy.

Some subsidiaries also offer flexible working hours for parents. For example, French sites 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.

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

5.3.4.3 Monitoring absenteeism rates

Number of days of employee absence by reason (1)	03/31/18	%	03/31/17	%
Illness (all reasons)	52,434	40%	45,231	42%
Occupational accident (2)	413	0%	532	0%
Maternity, paternity and parental leave	25,340	19%	23,803	22%
Leave for family events and personal reasons	49,624	38%	36,933	34%
Other	3,473	3%	1,668	2%
TOTAL	**131,284**	**100%**	**108,166**	**100%**
Group absenteeism rate linked to occupational accidents and illnesses (3)	1.66		1.63	
Average number of days' absence per employee	10.2		9.6	

(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 > 50 employees and French companies (accounting for 96.04% of the Group's workforce at the end of March 2018), unlike other types of absence. The impact of this restriction on the absenteeism rate is considered to be minor

(3) Calculation method = total number of days of absence over the scope used/sum of theoretical number by company of days worked without these absences

At the end of March 2018, the average number of days' absence per person was 10.2, compared with 9.6 in the previous financial year. This slight increase was mainly due to the rise in the number of days' absence for personal reasons. Indeed, on most sites, to ensure a good work/life balance for its employees, Ubisoft offers them the possibility of taking days off, in agreement with their manager, according to their needs or unforeseen life events.

Moreover, the number of days' absence due to illness rose in proportion to the increase in the Group's workforce.

5.3.4.4 Supporting health and safety in the workplace

Promoting the well-being of its teams also means being attentive to the health and safety of its employees across the board.

As at the end of March 2018, the changes in indicators relating to health and safety in the workplace broke down as follows:

Health and safety in the workplace (1)	03/31/18	03/31/17
Number of occupational accidents with time off (2)	35	16
Number of fatal accidents	0	0
Frequency rate of occupational accidents with time off (3)	1.543	0.959
Severity rate of occupational accidents with time off (4)	0.018	0.032
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 > 50 employees and French companies (accounting for 96.04% of the Group's workforce at the end of March 2018)

*(3) Number of occupational accidents with time off/total per company (average annual headcount * theoretical number of annual hours worked per employee) x 1,000,000*

*(4) Number of days lost per occupational accident/total per company (average annual headcount * theoretical number of annual hours worked per employee) x 1,000*

(5) Occupational illness recognized according to applicable local legislation

At the end of March 2018, the number of occupational accidents increased, while their severity rate dropped significantly.

Various local initiatives exist to prevent health risks or facilitate access to healthcare professionals:

- **Medical check-ups supplied free or for a reduced fee or eligible for reimbursement** are available at some sites. The Montreal studios (1) have a clinic which is open five days a week. The clinic is not just for use by employees, but is also open to their families for medical consultations. Employees at the Bucharest studio (2) also have access to an on-site doctor four days a week. More generally speaking, health prevention initiatives, led by health professionals, have been implemented at other Ubisoft subsidiaries.
- **Health and safety training** is provided each year. 158 employees were trained in 2017/2018. Various wellness events are also organized: the Toronto studio holds a "wellness week", while the San Francisco, Reflections and Red Storm studios in the United States have programs covering a portion of the costs relating to wellness ("Body, Mind, Soul" program). In 2018, the subsidiary in Pune (India) launched the "Be Stronger, Be Better" program to raise employee awareness on the importance of taking time off and resting in the event of illness, before returning to work. Lastly, the Montreal site employs a team of full-time ergonomists who advise employees on how to optimize their workspaces to prevent health risks.
- **A hotline** (3) manned by psychologists helps relieve stress and provides greater support for those who need it. The German subsidiary Blue Byte GmbH and the Abu Dhabi studio also offer their staff **preventive health screenings** to detect and reduce anxiety and obesity (Cardio Stress Test, Body Fat Analysis), along with counseling and coaching if necessary. In addition, when staff are faced with unusually difficult events, the subsidiaries arrange for counselors to come on site to provide support.
- **Access to gyms and sport classes** is a key feature of Ubisoft's well-being policy. During the financial year, 82% of employees had access to sport facilities or sporting activities on their site. 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.

5.3.4.5 Constructive industrial relations

Management-employee dialogue is based on exchange and collaboration as part of a close relationship with staff. It is led by employee representatives in countries where this is a legal requirement.

In France, staff are represented by works councils, single employee representative bodies, health and safety committees and union representatives in companies where local regulations require them to be appointed. Within this framework, employee representatives and management meet regularly to discuss the operation, development and strategy of French companies.

(1) Accounting for 26.2% of the Group's workforce at the end of March 2018

(2) Accounting for 12.1% of the Group's workforce at the end of March 2018

(3) Introduced at the French and Montreal sites, which accounted for 43.8% of the Group's workforce at the end of March 2018

Finally, collective agreements negotiated with employee representatives are still in place, in a bid to involve staff in the performance of the business (incentives/profit-sharing).

COLLECTIVE AGREEMENTS AND BREAKDOWN BY SUBJECT

	03/31/18	03/31/17
Number of collective agreements [1]	7	7
Breakdown by subject:		
Compensation	7	7
Other subjects	0	0

(1) The scope of this indicator is worldwide, but as the concept of the collective agreement comes from French legislation, it is hard to emulate on an international level, which is why foreign subsidiaries are not represented for this indicator

Furthermore, for the last 17 years, Ubisoft has conducted a worldwide opinion poll of all its employees every two years. The poll serves a dual purpose: to gauge support for and understanding of the Group's strategy, and to canvass the opinion of staff on key issues such as employee wellness, career management, teamwork and communication. The results are published within the Group via the internal social network as a way to engage in a direct discussion with employees and draw up targeted action plans. At some sites the opinion poll is conducted via occasional "Pulse Surveys", which provide an insight into the needs of staff and help define the appropriate actions to be taken.

Lastly, the corporate social network encourages interaction at all levels of the Group. This widely used platform is accessible to all employees. It encourages the exchange of information and provides a forum for commenting on a variety of issues, such as new developments in the video game industry or sharing best practice.

5.3.5 PROMOTION OF AND COMPLIANCE WITH THE PROVISIONS OF THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION

5.3.5.1 Respect for freedom of association and the right to collective bargaining

Ubisoft respects freedom of association and the right to collective bargaining *(See section 5.3.4.5)*.

Employees in France are covered under the Syntec collective agreement. This agreement regulates the working conditions of employees and related social-security regimes.

5.3.5.2 Elimination of workplace and professional discrimination

To make the best games on the market, Ubisoft gathers talented employees from different backgrounds and professional profiles *(see section 5.3.3)*. For this reason, the Group recruits varied professional profiles and endeavors to combat discrimination, in all its forms. Ubisoft is vigilant when it comes to management and hiring practices, and has implemented several initiatives promoting diversity *(see section 5.3.3.1)*.

5.3.5.3 Abolition of forced or compulsory labor and effective abolition of child labor

Given the nature of the Group's business (intellectual services) and the countries where it operates, Ubisoft is not affected by this issue. Ubisoft employees must be highly qualified, which effectively precludes child labor. However, children may visit our studios for games testing or consumer panel surveys. Ubisoft remains vocal about its intention to uphold the effective abolition of child labor at sites where this is a sensitive local issue (in India and China, for example).

5.4 Environmental indicators

5.4.1 GENERAL ENVIRONMENTAL POLICY

5.4.1.1 Key areas of progress

The Ubisoft Group's environmental actions revolve around 4 major axes.

1. **The digitization of video games** provides Ubisoft with an opportunity to optimize its impact on the environment. The downloading of a game in digital format emits six (1) times less greenhouse gases than the packaging of a DVD and its transport to its point of sale.
2. **The optimization of business trips** has been identified as an avenue for progress. Indeed, the game development strategy is based on an organizational structure involving several countries. The international teams work in close collaboration to produce high-quality games. As a result, business trips constitute a major source of greenhouse gas emissions for the Ubisoft Group.
3. **Improving energy efficiency** is a way for Ubisoft to progress at an environmental level. The Group strives to improve its energy efficiency through eco-responsible choices in the renovation and construction of buildings. Opting for renewable energy sources for its electricity contracts is another major focus of attention. In this regard, the proportion of renewable energies used by Ubisoft amounted to 78% in 2017.
4. **Encouraging employees to adopt eco-friendly habits** is another avenue for improvement for Ubisoft. In order to optimize its impact on the planet at all levels, Ubisoft strives to increase its efforts to raise its employees' awareness of environmental issues.

5.4.1.2 General organization

The CSR Department is tasked with assessing the Group's environmental impact. It is responsible for leading and coordinating the action plans identified.

The carbon audit carried out in early 2015 with an external consulting firm identified the main sources of the Group's greenhouse gas emissions *(see section 5.4.4 – Climate Change)*. The results were then used to define environmental priorities and launch employee awareness initiatives.

In addition, the IT purchasing policy is centralized at Group level. This means that more powerful hardware can be chosen without compromising on energy efficiency.

Data on the Group's environmental impact solely covers its direct video game production, publishing and distribution activities and those relating to ancillary products.

5.4.1.3 Employee awareness-raising and training

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

These actions focus on various environment-related topics, such as prompting employees to switch off their computers at the end of the day, and raising their awareness of recycling waste in accordance with local rules. They can also focus on broader issues, such as the implications of sustainable development, or the eco-friendly habits to be adopted by employees on a daily basis.

- The Group's internal CRS site provides the teams with information on the Group's main environmental impacts, its footprint reduction targets, and the initiatives undertaken Group-wide and within individual subsidiaries. A site dedicated to eco-friendly practices is also available, focusing on the simple habits that employees can adopt in their working lives. The Code of Conduct, which includes a page to help employees adopt a more sustainable approach in decision-making, is also available via this page. The internal social network also has a "green" community. In addition, an e-mail address is available to contact the CSR team for advice or assistance with various environmental initiatives.
- In Canada, Ubisoft's Montreal studio proposed events open to all employees during the Earth Day week. Training sessions were offered on eco-friendly practices such as "Cultivating your balcony" to encourage employees to grow their own vegetables on their balconies, and "Repairing your bike" to encourage them to use this green mode of transport. On a more sustainable level, the studio has developed a web page dedicated to the environment. It enables everyone to find out about and share information on the ecological initiatives taking place in Montreal (2).
- Similarly, "Ubi Green" – a day event dedicated to sustainable development – was organized for the Montreuil premises in France. Employees were invited to take part in activities focused on waste sorting, the production of home-made hygiene products, or the repair of IT equipment. On that occasion, the CSR Management presented Ubisoft's carbon footprint to all employees, through a conference broadcast live to the various Ubisoft sites and subsequently available on replay on the Group's intranet.

(1) The six-to-one ratio stems from a study conducted by a green IT consultant in 2017. This study includes the greenhouse gas emissions generated by the activities of Ubisoft and its gamers (excluding games and equipment at the end of their life cycles)

(2) http://montreal.ubisoft.com/fr/ubisoft-et-lenvironnement/

- In Toronto, a Green Committee was set up on the employees' initiative. It consists of 11 employees from the studio's various business lines. This committee undertakes a variety of initiatives such as organizing the collection of electronic waste, setting up a bike sharing system for employees, and installing motion detectors to manage the lighting of buildings. This committee also raises the awareness of employees by putting up posters on environmental issues such as recycling, and the habits they should adopt to reduce their impact on the planet.
- In Australia, a designated team is tasked with questioning employees on the objects amassed in their work space. As a result, the teams must adjust their orders of materials, and think up solutions to avoid any future accumulation and dispose of any waste in a responsible way.
- The teams in Kiev (Ukraine) have continued to participate in the "Ukraine without waste" program, aimed at reducing the country's waste and raising the awareness of employees. To this effect, posters supplied by "Ukraine without waste" have been put up in the premises, as well as recycling bins to encourage waste sorting.
- Other initiatives are conducted in the Ubisoft Group's various studios and offices. These awareness-raising actions stress the importance of complying with local recycling rules, while reiterating the principles of reduction of energy consumption (switching off one's computer when leaving the office, switching off lights, etc.). They also encourage employees to reduce office waste, for example by using a personal cup rather than disposable cups.

Awareness-raising campaigns are run at least every 2 years. As a result, 42 sites (1) conducted at least one awareness-raising campaign between January 1, 2016 and December 31, 2017. In 2017, 32 sites conducted at least one awareness-raising campaign.

5.4.2 PREVENTING ENVIRONMENTAL RISKS AND POLLUTION

Ubisoft's definition of environmental risk is based on the GRI definition contained in the G4 guidelines (2).

The Group's own activities do not present any significant industrial and environmental risks since the Group does not manufacture the video games, audiovisual products or associated ancillary products it publishes and distributes.

Nevertheless, the Group remains alert to regulatory changes in countries where it is present.

The Group's main expenses and actions for the protection of the environment are further examined and detailed in this report's Climate Change and Circular Economy sections.

5.4.3 PROVISIONS AND GUARANTEES

The Group currently has no knowledge of any industrial or environmental risk. Ubisoft did not record any provision, purchase any insurance to cover potential environmental risks, or pay any compensation in this regard during the financial year.

5.4.4 CLIMATE CHANGE

5.4.4.1 Greenhouse gas emissions

To measure its environmental footprint and define the measures to be put in place to reduce greenhouse gas (GHG) emissions, at the end of January 2015 the Ubisoft Group hired an external service provider to carry out a carbon audit. The approach used was both quantitative – measuring the carbon footprint according to the latest standards (Bilan Carbone® and Greenhouse Gas Protocol®) and semi-quantitative, measuring other environmental impacts in terms of resources (energy, water, raw materials).

For 2017, Ubisoft's GHG emissions amounted to 86.1 kilotons of CO_2 eq. The scope (3) taken into account was extended in comparison with 2015.

The main sources of greenhouse gas emissions from Ubisoft's business activities are as follows:

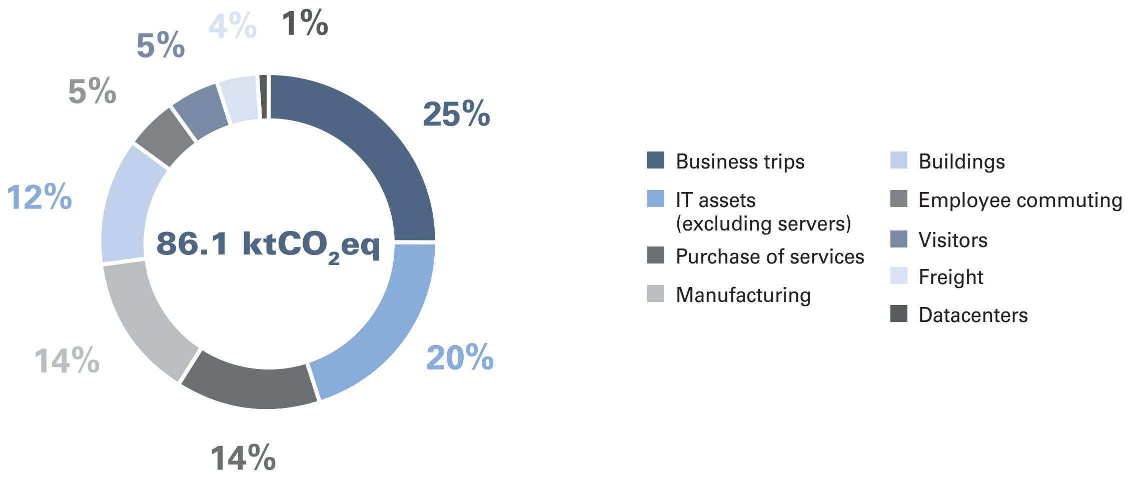
- the manufacture, shipment to warehouses and distribution of video game cases/DVDs and ancillary products, activities that have been subcontracted by the Group;
- business travel by employees;
- the energy consumed by buildings, heating and air conditioning systems, and servers;
- IT equipment;
- purchase of services.

(1) Representing 71% of the workforce at March 31, 2018

(2) "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."

(3) Increase in the categories of IT equipment taken into account

BREAKDOWN OF THE GROUP'S GHG EMISSIONS IN 2017



ENERGY CONSUMPTION AND USE OF RENEWABLE ENERGIES

Ubisoft only measures electricity as an energy source, as other energy sources are a negligible part of Ubisoft's consumption in comparison.

In 2017, the Group's total consumption amounted to 51,145 MWh for its work sites and servers.

For the Group's work sites, consumption amounted to 41,291 MWh [1] (i.e. 7,342 metric tons of CO_2 equivalent) breaking down as follows:

(in MWh)	Canada	France	Romania	United States	China	Other Countries	Total	Carbon footprint in metric tons of CO_2eq
2017	20,526	6,083	4,017	2,011	1,620	7,034	41,291	7,342
2016	18,633	5,814 [1]	3,613	1,557	1,605	5,583 [2]	36,806	5,674

(1) Unlike in the figure given for 2016, the consumption of the Paris datacenter was not taken into account
(2) Corrected 2016 figure

The 12.5% increase in electricity consumption [1] at end-2017 compared with the previous year was mainly due to staff hires, the extension of premises, the upgrade of the IT infrastructures required for the Group's growth, and the inclusion of new sites in the scope covered.

A significant portion of the electricity used by the Group stems from renewable energies, thereby limiting its carbon footprint. Most of the French and Canadian sites use energy from renewable sources (hydraulic, wind, solar, etc.). The Montreal and Quebec sites continue to be supplied by the energy supplier Hydro-Québec, which generates 99% of its power from hydroelectric dams. A total of 38 sites source more than 10% of their electricity from renewable energy. Other sites have also decided to increase the share of renewable energies in their energy supply. Thus, 77% of the energy consumed in 2017 in the Group's work sites stemmed from renewable sources, versus 70% in 2016.

Due to the fact that the operation of the datacenters is energy-intensive, their consumption was measured separately.

(in MWh)	2017	2016	Change
Paris	2,609	2,730	-4%
Hong Kong [1]	347	294	18%
Montreal	6,897	5,306	24%
TOTAL	**9,853**	**8,330**	**15%**

(1) Datacenter managed by a third party

(1) Excluding the consumption of datacenters

In 2017, the increase in electricity consumption was due to the replacement of 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 434 metric tons of CO_2eq [1]. In the French and Canadian datacenters, 99% of the energy consumed is from renewable sources, thereby greatly limiting those centers' environmental footprint.

Their power consumption is closely monitored. 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. The Paris center also has an Optimized Management Interface (OMI) to regulate the air-conditioning system in real time, according to server workload, thereby optimizing electricity consumption. The OMI was optimized in March 2017 to further reduce energy consumption.

Other actions are also undertaken to improve the centers' energy efficiency (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 end-December 2017, the Paris and Montreal server rooms continued to have a significant virtualization rate of 72%.

In 2017, the Group continued to identify and encourage measures to reduce overall energy consumption. These initiatives are decentralized and vary depending on the site. Some have chosen to limit their consumption, while others have adapted their installations to use less power:

- many sites have introduced measures to limit the consumption of their air conditioning and lighting systems:
  - as mentioned in section 5.4.1.3 – Employee awareness and training – in 2017, 32 sites conducted communication campaigns to remind employees of the daily habits to adopt to avoid electricity wastage. For example, staff are encouraged to switch off lights and computers when leaving work, or to turn on heaters or air conditioning only when necessary,
  - smart devices for air conditioning systems to avoid using air conditioning when there is no one in the offices,
  - some sites have movement sensors or systems that automatically switch off lights when not in use, so that lighting can be adjusted to suit employees' needs;
- other sites are investing in optimizing their installations to reduce consumption:
  - by renovating buildings, along with their heating and air conditioning systems.

    For example: the eco-energy retrofit project which began in 2014 for buildings at the Montreal site is still ongoing. Workspaces have been redesigned for optimum sun exposure, while efficient insulation systems reduce energy consumption,
  - in France, the Ivory Tower premises in Lyon were recently renovated, including the installation of solar panels. The building's electricity contract, like for all of the Group's French buildings, provides for 100% renewable energies. This work also involved the improvement of the building's insulation, the installation of electrochromic glass to help regulate light and heat in the premises, and the replacement of light fixtures with LED lights to reduce electricity consumption,
  - the use of low-energy light bulbs is increasing within the Group. Numerous sites use LED lighting due to its energy-efficient properties and longer life, thereby reducing the environmental impact and providing more efficient lighting.

PRODUCT MANUFACTURING AND TRANSPORTATION

The Group's GHG emissions mainly stem from our suppliers' use of raw materials for the manufacturing of our standard products (video game cases, DVDs, etc.) and non-standard products (ancillary products such as figurines, printed materials, etc.), and the transportation of these products from the production sites to the sales outlets.

In 2017, the CSR Department improved its data collection process and its assessment of the GHG footprint of the manufacturing and transportation of Ubisoft products.

As the manufacturing is outsourced, it has an indirect footprint for Ubisoft. The GHG footprint of the manufacturing of physical video games and ancillary products was evaluated at 11.7 ktons of CO_2 eq, compared with 10.8 ktons of CO_2eq in 2016. This increase is due to the expansion of the Group's business. More detailed information on the consumption of raw materials is available in section 5.4.5.2 – Sustainable use of resources – of this report.

The transportation of the products from their manufacturing sites to their sales outlets accounts for 3.9 kilotons of CO_2eq, representing 5% of the Group's total GHG emissions.

GROUP TRAVEL POLICY AND IMPACT OF BUSINESS TRIPS

The Group's travel policy is aimed at controlling the environmental impact of employee travel, which is one of the main sources of greenhouse gas emissions, accounting for 26% of the carbon footprint in 2017. The increase in the carbon footprint is proportional to the increase in the distance traveled.

(1) 355 metric tons of CO_2 in 2016. 18% increase in 2017

The 9.6% increase in the distance traveled – i.e. from 87.1 million kilometers in 2016 to 95.5 million in 2017 – is due to the growing number and size of game development projects requiring international inter-studio collaboration. This increase is lower than the staff increase (1), confirming Ubisoft's rationalization of business trips.

Due to the Group's international scale, employees frequently have to travel to other sites. Consequently, the Group seeks to optimize travel wherever possible. To this end, several measures have been put in place:

- videoconferencing is recommended whenever possible to avoid travel. The criteria taken into account for the use of such facilities include, on the one hand, the number of participants, the number of regions, the importance of the meeting and its duration, and, on the other hand, the total travel cost for all participants, and the savings made by using such facilities. To this effect, numerous sites stated that they had videoconference rooms. All of the Group's subsidiaries have computers with the Skype for Business application;
- in 2017, a business trip guide was sent to all Ubisoft subsidiaries. This guide includes advice to make business trips more environmentally friendly. When videoconferencing is impossible, employees are encouraged to travel by train rather than by plane whenever possible, and use clean, safe, ecological, affordable means of transport once on site. In general, preference is given to the least expensive and most environmentally friendly means of transport. Train travel is also the means of transport favored in certain European countries (France, Germany, UK) for short and domestic trips;
- efficient management of employees' appointments so that their travel is limited to the absolute minimum (policy of reducing travel). For example, the travel policies implemented in sites such as those of Toronto and Newcastle encourage employees to schedule several business meetings during the same trip in order to optimize their travel.

EMPLOYEE COMMUTING

Employee commuting accounts for 5% of Ubisoft's GHG footprint. Hence, numerous sites have introduced measures to enable their employees to travel to work in an environment-friendly way. Initiatives include the following:

- the use of public transport and carpooling to reduce emissions. The Sydney studio encourages employees to use public transport by paying for part of their subscriptions;
- the Toronto subsidiary has subscribed to Smart Commute, a platform operated by the city of Toronto to facilitate ride-sharing among city dwellers;
- certain studios encourage staff to commute to work by bike. The Blue Byte studio in Germany is a certified "eco-friendly employer" because of the way it promotes cycling as a form of transport among its employees. Montreuil employees can borrow bikes free of charge up to 3 times a week for commuting purposes. Bikes are also available to employees on the Toronto and Malmö sites. In addition, numerous sites have installed bike racks to encourage employees to use their own bikes.

5.4.4.2 Adapting to climate change

Due to the nature of its business activities and the location of its sites, Ubisoft is not directly affected by the consequences of climate change.

Every time Ubisoft chooses a new building or has one built or renovated, the environmental dimension is taken into account. As mentioned in the section on energy consumption and use of renewable energies, the Ivory premises in Lyon underwent major renovations in 2017, involving the improvement of the building's insulation and lighting system, and installation of solar panels on the roof.

5.4.4.3 Group's GHG reduction objectives

Ubisoft strives to optimize its carbon footprint in a high-growth business. In 2017, its GHG footprint per employee was thus reduced from 7.1 metric tons of CO_2eq (as appraised by an external consultant in 2015) to 6.4 metric tons. Ubisoft's objective is to maintain that ratio.

5.4.5 CIRCULAR ECONOMY

5.4.5.1 Waste prevention and management

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 2017, the number of sites who stated that they recycled this type of waste amounted to 51 (2).

The sites manage WEEE by calling on external service providers, organizations or companies specialized in the dismantling of 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.

(1) 15% increase in the average headcount between 1/01/17 and 12/31/17, compared with the average headcount between 1/01/16 and 12/31/16

(2) Representing 93% of the Group's workforce at 03/31/18. In 2016, 42 sites, representing 88.4% of the Group's workforce at 3/31/17, stated that they recycled WEEE

Moreover, part of the discarded IT and electronic equipment is donated to schools or non-profit organizations, or sold or given out to employees. Some studios, like those in Montreal and Montpellier, have adopted a community-minded approach, as they entrust their used equipment to charities who either distribute it to people in need or sell it to them at a very low price. In Barcelona, this is valid for all waste recycled by the site.

PAPER

In 2017, 47 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 2017, 47 sites stated that they recycled this type of products [(2)].

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.

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 France, employees at the Montreuil site can also drop off certain used items – such as batteries, light bulbs and mobile phones – at reception for recycling. Organic waste is also handled in a specific way on certain sites.

Several sites have launched initiatives to reduce or even eliminate the use of plastic and paper cups in their buildings. The Montreal studio has introduced a "zero disposable cup" policy in its premises and has been eliminating them gradually since February 2017. Employees are encouraged to bring their own cups and therefore benefit from a reduced price on coffee. The Annecy studio in France no longer offers disposable cups. Other sites such as those of Buccinasco, Barcelona and Morrisville have given flasks to all of their employees to replace the disposable 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. For example, the Madrid subsidiary has teamed up with the SEUR Foundation, sending part of its plastic waste so that this can be used to make prostheses for children with special orthopedic needs. In Sweden, by collecting redeemable cans and bottles, 22,000kr was raised for the non-profit organization Hungerprojektet, which participates in women's literacy initiatives in Malawi.

5.4.5.2 Sustainable use of resources

CONSUMPTION OF RAW MATERIALS

The carbon audit carried out in early 2015 made it possible to measure the carbon footprint resulting from consumables used by our suppliers to manufacture standard products (physical video game media such as cases, DVDs, etc.) and non-standard products (ancillary products such as action figures, posters, etc.). The 2017 carbon footprint update has made it possible to measure the impact of the manufacture of physical products on Ubisoft's footprint. This outsourced activity has an indirect impact for Ubisoft. The tonnages and CO_2 equivalent of raw materials used break down as follows by type of products and materials:

Standard products	PP [(1)]	Paper	Polycarbonate
In metric tons	2,488	1,152	459
In metric tons of CO_2eq	4,977	1,520	3,555

(1) Polypropylene, a semi-crystalline thermoplastic polymer

(1) Representing 84% of the Group's workforce at 03/31/18. In 2016, 43 sites, representing 91.4% of the Group's workforce at 3/31/17, stated that they recycled paper

(2) Representing 85% of the Group's workforce at 03/31/18

For standard products, total emissions amounting to 10,052 metric tons of CO_2eq in 2017, and 8,647 metric tons in 2016.

Non-standard products	ABS [(1)]	PVC [(2)]	Cardboard	Paper	Fiberglass	MDF [(3)]
In metric tons	41	148	261	285	9	21
In metric tons of CO_2eq	154	861	277	373	30	25

(1) Acrylonitrile butadiene styrene, a thermoplastic polymer
(2) Polyvinyl chloride, a thermoplastic polymer
(3) Medium Density Fiberboard

For non-standard products, total emissions amounting to 1,721 metric tons of CO_2eq in 2017, and 2,134 metric tons in 2016.

The Group is continuing its digitalization policy for its video games business. This accounted for 56% of sales at the end of December 2017, compared with 47% in 2016. This policy allows the optimization of material consumption in relation to business growth.

Furthermore, the actions taken in the past to reduce the consumption of paper and ink cartridges continued in 2017. Thus, 36 sites (accounting for 67% of the Group's workforce [(1)] stated that they promote the purchase of recycled or FSC/PEFC certified paper.

Energy consumption

Detailed information on these consumptions and emissions are available in the "Climate Change" section of this report.

5.4.6 COMBATING POLLUTION

5.4.6.1 Discharges into the air

The Group's transport activities, generated by the distribution of physical video games, are responsible for a certain amount of air pollution as a result of greenhouse gas emissions.

Likewise, business trips by Ubisoft staff, as well as employee commuting, are also responsible for a certain amount of air pollution from greenhouse gas emissions.

Further information on these emissions, which are monitored, is available in the "Greenhouse Gas Emissions" section of this report.

5.4.6.2 Discharges into water or soil, and other forms of pollution

Due to the nature of Ubisoft's core business, the likelihood of the Group producing organoleptic nuisances or air, water or soil emissions is very low. Indeed:

- the waste generated by the Group is not classed as hazardous under applicable legislation, except for certain WEEE classed as such;
- the Group is not affected by accidental spills, given the nature of its business;
- water is only used for domestic purposes.

Ubisoft's activities generate little noise or light pollution.

(1) Headcount at 03/31/18. In 2016, 32 sites (accounting for 64.2% of the Group's workforce at 3/31/17) stated that they promote the purchase of recycled or FSC/PEFC certified paper

5.5 Societal indicators

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

1. supporting local economic growth (section 5.5.1);
2. supporting causes linked to our business (section 5.5.2);
3. sharing social events with local populations (section 5.5.3).

In 2017, the 46 [(1)] subsidiaries surveyed took part in at least one economic, academic or cultural initiative for the benefit of local communities.

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

5.5.1 SUPPORT FOR LOCAL ECONOMIC GROWTH

Ubisoft contributes to local economic development by creating direct jobs, supporting local employment, and giving preference to local companies for its local service needs.

CREATING JOBS

Ubisoft contributes to local economic development by **creating jobs in the districts** and cities where the Group has chosen to set up premises.

For a solid assessment of the Group's impact on local employment, in 2017, the CSR Department launched a pilot project to calculate Ubisoft's local socio-economic footprint in France, via an external service provider. The study, which used 2016 as its reference period, deems that Ubisoft's presence in France supports over 8,000 full-time jobs across the country. Moreover, 80% of the economic impacts of Ubisoft's sites are regional, thereby boosting local economic development.

On Ubisoft's Montreal site, which is celebrating its 20th anniversary this year, nearly 3,000 direct jobs have been created since the site's opening. In view of ongoing growth, 1,000 additional jobs are expected at Ubisoft in Quebec over the next 10 years.

At the end of December 2017, local employees accounted for 80.9% of the Group's workforce, in line with that of the previous financial year. In line with its diversity policy, the Ubisoft Group encourages multiculturalism within its subsidiaries by locally recruiting different nationalities and by sending employees on international secondments. This only happens in the case of rare skills not available locally.

EMPLOYMENT SUPPORT

The Group generates significant **economic and social vitality** in the districts, cities and regions where it operates. This year, David Polfeldt, Director of the studio of Malmö (Sweden), was thus awarded the title of "Scandinavian Manager of the Year" for the company's efforts in terms of inclusion and reduction of social inequalities in the city. For almost three years now, *Good Malmö* – the studio's spearhead program of initiatives to promote equal opportunities – has been offering enriching work experience to young job-seekers, with various partner companies.

Similarly, the Newcastle studio is a member of Dynamo North East, an initiative aiming to turn the local region into an emerging high-tech hub. The Reflections studio plays an active role in this endeavor, as Skills Developer, by offering local residents the opportunity to discover the various jobs in the technology and IT industry.

PROMOTING LOCAL COMPANIES

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.** In 2017, almost all of the subsidiaries surveyed, i.e. 42 [(2)] of them, offered this type of service to their teams.

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:**

- certain French sites (Annecy and Lyon) call on organizations dedicated to the integration of persons with physical or mental disabilities for their food/catering requirements for various events;
- at the Montreal, Montreuil, San Francisco and Toronto sites, employees are offered baskets of fresh fruits and vegetables from local organic growers.

(1) Accounting for 99.2% of the Group's total headcount in March 2018
(2) Accounting for 95.6% of the Group's workforce at the end of March 2018

5.5.2 SUPPORTING CAUSES LINKED TO OUR BUSINESS

Every year, Ubisoft engages with local communities by offering innovative pathways to train the next generation of competent, passionate workers, and put the power of play at the service of the most deprived populations.

5.5.2.1 Offering new learning pathways

In 2017, Ubisoft upheld **its commitment to train the next generation in new technologies and gaming.** With the growing interest of young students, entrepreneurs and schools in the opportunities offered by subsidiaries, the range of initiatives conducted by the Group has been greatly enhanced over recent years.

- The CODEX program, launched two years ago, consists of a variety of initiatives catering for all educational backgrounds. The idea is to promote video games as a source of motivation and learning, which in turn will shape the next generation of technical creatives in Quebec. In 2017, the program's initiatives were supplemented with new opportunities:
  - the Ubisoft Game Lab Competition gives students 10 weeks to develop a playable 3D video-game prototype with the support of mentors from the Montreal and Quebec studios, based on specifications provided by a panel of Ubisoft experts. Some thirty internships and jobs were offered to the Competition's most promising talents. In addition, prizes totaling CAD 22,000 [(1)] were awarded to the winning teams;
  - via CODEX, the Montreal Museum of Fine Arts was granted financing for its interactive app "What a History!" for digital tablets. This new e-learning tool enables school groups to browse through the Museum's collection of Quebec and Canadian art. Ubisoft Montreal also contributes to the Museum's support program "Coup de pouce aux familles" which distributes 15,000 passes per year to 60,000 parents and children from underprivileged backgrounds to enable them to discover the many benefits of art: self-discovery, openness to the world and the development of creativity.

  As part of this program, initiated in 2015, Ubisoft Montreal has committed to invest more than CAD 8 million [(2)] over five years, including more than a thousand hours a year of mentoring by Ubisoft employees.
- In France, the Montreuil site organized two events to bring out creative young talents and foster innovative video game ideas:
  - the Game Developers day: "The Next Generation" brought together, in Ubisoft premises, groups of students with innovative projects to create tomorrow's video games or play them in an even more immersive way. Spotted by Ubisoft's editorial teams, these young talents stem from the best interactive design and video game schools. They presented their prototypes using the latest augmented reality (AR) and virtual reality (VR) tools and techniques;
  - in partnership with the Simplon Foundation, which offers digital design training to the most deprived, Ubisoft organized Pimp the Data, a collaborative hackathon involving employees and students from the two organizations to come up with innovative ways of using the data collected during video game sessions and optimizing the gamer experience.
- In the Philippines, the Binan studio has committed to turning the expansion of the digital sector into a growth lever for the most deprived. Via the *Passerelles Numériques* (Digital Gateways) non-profit organization, it finances a higher-education high-tech course in the digital sector for ten young people from disadvantaged backgrounds, most of whom live in areas that are frequently hit by climate-related disasters. According to the NGO's estimates, this training program of almost 3 years enables future graduates to find a steady job in less than 2 months and earn 2 to 4 times the average local salary, thereby providing support to these deprived families.

Furthermore, Ubisoft supports the growth and maturing of new entrepreneurs in the video game industry. Several studios now assist technology start-ups and provide them with the tools and expertise they need to grow. In 2017, the Group partnered Station F – the world's biggest startup campus – to oversee the Video Games and Entertainment program. This program involves stimulating get-togethers of Ubisoft teams, entrepreneurs, and external experts to shape tomorrow's entertainment. Each participating startup works with Ubisoft to define its goals and meet experts to measure its progress.

In Canada, in 2017, the Quebec, Montreal and Toronto studios launched the Ubisoft Indie Series, an annual competition aimed at independent Canadian video game development studios. In 2017, the three winning teams each received financing of US$ 50,000 [(3)]. They also benefited from mentoring by Ubisoft experts in their development (artistic guidance, creative guidance, programming advice, etc.), as well as help with the marketing and commercial promotion of their games.

5.5.2.2 Promoting the power of play alongside local NGOs

As a major player in the entertainment industry, Ubisoft is convinced that playing is an essential requirement for everyone's development and fulfillment. Playing is a fantastic way of alleviating suffering, promoting social ties, and encouraging self-development. For this reason, since November 2017, the Group has chosen to combine all of its sponsorship actions under the **Play for Good** program, aimed at supporting play and its benefits for disadvantaged people, by increasing its teams' engagement with communities.

(1) Equivalent to €14.2 thousand at end-March 2018

(2) Equivalent to €5.2 million at end-March 2018

(3) Equivalent to €41.6 thousand at end-March 2018

BRINGING PLAY AND ITS BENEFITS TO DISADVANTAGED POPULATIONS

Numerous Group subsidiaries are actively involved with non-profit organizations who use play to entertain and brighten up the daily lives of disadvantaged, isolated or sick people. Ubisoft's Australian subsidiary thus partners two complementary NGOs who recognize the numerous benefits of play:

- the Starlight Foundation, which offers games, shows and entertainment to children in hospitals. In 2017, the Australian subsidiary donated US$ 35,000 [(1)] to the Foundation, in particular by involving staff in fund raising via sports challenges, and via Ubisoft fans at video game trade shows in Sydney;
- the Checkpoint non-profit organization, which uses play to help young people suffering from mental problems (depression, isolation, pervasive developmental disorders, etc.). By joining a caring community of players, any person suffering from psychological disorders can forge ties with others and thus regain self-confidence.

In the UK, the Newcastle studio and the Future Games of London studio both partner non-profit organizations that enable people with disabilities to play games on tablets or consoles. By developing innovative improvements (specially adapted joysticks, eye control, etc.), the Special Effect non-profit organization, financially supported by the Newcastle studio, makes the pleasure of play accessible to these people. Playing is beneficial for their rehabilitation and self-confidence. The Lifelites non-profit organization, which has been supported by the Future Games of London studio for the past three years, supplies digital tools and devices to children in hospitals, in order to make their stay more pleasurable. In 2017, more than 10,000 children in hospitals were thus given access to digital devices.

Furthermore, the French studios as a whole continue to make the dreams of sick children come true via the Petits Princes non-profit organization. In 2017, the studios of Annecy, Paris and Montpellier thus welcomed ten children and their families to show them the hidden aspects of the creation of a video game and play our games with them. In addition, the French subsidiaries donated €20,000 to the organization to enable other children to achieve their dreams.

FOSTERING COMMUNITY ENGAGEMENT AMONG TEAMS

Through the Play for Good program, Ubisoft also wants to give employees effective new tools to engage with their communities. Since November 2017, the Group has thus allowed its employees to use up to 3 paid workdays per year for community activities. This new program is gradually being rolled out across all sites and will be fully operational in 2018.

In addition to giving time, the Group also allows the teams, via the Good Game initiative, to donate Ubisoft computer games to non-profit organizations and public bodies working with disadvantaged populations or isolated persons. This initiative allows each employee to give disadvantaged people the pleasure of playing games to which they would otherwise have no access, and to share pleasurable moments with them.

USING GAMING TO SUPPORT CAUSES

Ubisoft increasingly uses gaming as a way of supporting good causes. Gaming acts as a fund-raising tool to help populations in precarious or crisis situations, or to raise awareness among gaming communities of such issues.

Tom Clancy's The Division thus organized a 24-hour gamer livestream on the Twitch site, during which fans were invited to make donations to the Multiple Sclerosis International Federation. Incidentally, one of the gaming community's developers suffers from the disease.

Following the humanitarian crisis suffered by survivors of Hurricane Maria in Puerto Rico, Just Dance also donated US$ 50,000 [(2)] to support the fund-raising initiative of Puerto Rican artist Daddy Yankee, one of the stars of the 2018 version of the game.

Furthermore, in the UK, the partnership between the Future Games of London studio and the OCEANA non-profit organization entered its third consecutive year: the studio now offers the purchase of functionalities in its Hungry Shark game, and all profits from these sales are donated to OCEANA, dedicated to the protection of sharks and marine fauna. In 2017, the purchase of functionalities raised more than €56,000 for the non-profit organization. Moreover, OCEANA invited the game development teams to take part in a week's efforts to protect endangered marine species in the Atlantic ocean. On the strength of this success, in 2017, the studio also partnered the Oceanic Global non-profit organization, providing it with a VR version of the Hungry Shark game, as well as the required high-tech equipment to raise the awareness of some one hundred young people on the impacts of climate change on the marine ecosystem.

5.5.3 SHARING SOCIAL EVENTS WITH LOCAL COMMUNITIES

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

To celebrate its 20th anniversary, the Montreal studio has thus chosen to harness the power of play for the benefit of local residents by organizing *The Mile-End Summer*, a 2-kilometer fun course open during the three summer months, celebrating play in all its forms: outdoor games (inflatable castles, hopscotch, etc.), collective games (free-access sports grounds), giant board games, leisure and culture spaces (such as open-air libraries), etc. Furthermore, dedicated areas called game boxes call on local residents' community spirit by asking them to bring games that other people will be able to discover free of charge. The Mile-End Summer is the biggest playground ever set up in Montreal. It obtained the support of 25 local businesses and organizations (canteens, local tradesmen, sports clubs, etc.). A total of over 15,000 people benefited from the attractions offered.

(1) Equivalent to €21.8 thousand at end-March 2018

(2) Equivalent to €41.6 thousand at end-March 2018

5.5.4 DEVELOPING LONG-TERM RELATIONSHIPS WITH STAKEHOLDERS

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

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 (R6 invitational) or video game industry events (E3, Gamescom, etc.)
Trade payables	♦ Buyer/supplier meetings ♦ Supplier selection process
Shareholders and investors	♦ Telephone conferences for presentation of results, meetings and plenary meetings
Employees	♦ Biannual employee satisfaction surveys ♦ Dialog with employee representation bodies (if applicable) ♦ Organization of Sharetimes and other teamworking initiatives
Research facilities and companies	♦ Collaborative approach, creation of and participation in R&D programs, university chairs, open innovation events
Communities, NGOs	♦ Partnerships with local NGOs and/or non-profits on local issues
Local businesses	♦ Partnerships with local businesses (local retailers, etc.)
State, public organizations, etc.	♦ Participation in working groups and local and international organizations on the challenges facing our industry ♦ Local meetings with town councils or local government concerning local issues

5.5.5 SUBCONTRACTORS AND SUPPLIERS

5.5.5.1 Considering employee-related and environmental issues in the purchasing policy

The Purchasing teams work in a proactive way to ensure that relations with suppliers are managed in a coordinated manner. A procedure is thus being rolled out to appraise and monitor supplier performance in order to ensure long-term relationships with key partners, based on the identification of areas for improvement and the monitoring of joint progress charts. This procedure integrates sustainability criteria (respect for fundamental rights, labor rights, risks & safety, the environment, detection of corruption, etc.) in procurements, as well as relationships with suppliers. On both local and global scales, the Purchasing departments highlight the benefits of those criteria on a daily basis. In 2017, the studio of Malmö (Sweden) thus opted for environment-friendly promotional items by using biodegradable products. Likewise, the long-term relationship with the suppliers of the Ubisoft head office implies the appraisal of their own CSR policy.

5.5.5.2 Production of games and ancillary products: dedicated management of CSR risks

For these two categories of purchases, the management of risks – in terms of respect for human rights and fundamental liberties, the health and safety of people, and the environment – is closely monitored due to the large volumes of purchases involved, the exposure of these products and the countries in which they are produced.

The production of video games (DVDs, cases) is overseen by the "First Parties" – Microsoft, Sony and Nintendo – who send Ubisoft their specifications, which include criteria concerning respect for human rights 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 dedicated to the EMEA region is tasked with selecting subcontractors who comply with Ubisoft's specifications in terms of quality, pricing and CSR.

For this purpose, a process was introduced to rank the risks according to the type of products (volumes, exposure) and the country in which they are produced.

The regulations applicable, such as the French law on the Duty of Care, have thus been reiterated to all subcontractors concerned. 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.

Furthermore, since 2017, all new subcontractors, as well as existing subcontractors with whom a new order is placed and who are identified as "high-risk", 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 UN and those of the International Labor Organization on child labor, forced labor, working time, health and safety, 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, currently in place in the EMEA region, is gradually being applied by the teams in the NCSA region.

5.5.5.3 Outsourcing

As part of its video game production, publishing and distribution business, Ubisoft occasionally outsources services, in particular pertaining to IT support, external/freelance development and related activities. In 2017, this accounted for 18% of the Group's external purchases and charges.

5.5.6 FAIR OPERATING PRACTICES

5.5.6.1 Preventing corruption

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

Since 2017, the Group has been applying a method to identify operational risks on outgoing financial flows. These analyses are gradually providing the Group with operational risk maps, enabling it to prioritize action plans and define risk control plans. The analyses also help to identify situations involving corruption risks.

Other more specific procedures are used across the Group:

- formal expenditure processes define the principles for authorizing and signing off on expenditure, depending on the amount involved. In the case of the most significant purchase flows, these processes are realized directly within tools, such as "Peoplesoft", for purchases relating to the production of finished products, or "Mint", for marketing purchases;
- the code of ethics for purchasing managed by the Group summarizes the guidelines (fairness, impartiality, integrity, legality, loyalty, honesty) and illustrates situations that could give rise to conflicts of interest, together with Ubisoft's policy on buyers (e.g. refusing gifts from suppliers above a certain amount);
- a strict transparency policy in the purchasing department is based on systematic transaction monitoring and an ordering system involving several members of staff who sign off on the various stages of the transaction.

Additional procedures are also implemented locally:

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

A Code of Conduct, produced in 2017, was disseminated among employees [1] and efforts to disseminate it Group-wide are continuing, in particular via the publication of a French version of the document. This Code of Conduct serves as a decision-making tool for any sensitive situations in which employees may find themselves on a daily basis. It includes a section on corruption risks and provides references and key contacts to enable everyone to comply with the procedures (systematic use of open and competitive tendering, identical information guaranteed for all suppliers, limitation on the value of gifts offered by a supplier, etc.).

5.5.6.2 Consumer health and safety

Ubisoft pursues its commitment to consumer health and safety through its involvement with trade associations for the gaming industry, such as SELL [2] and the PédaGoJeux website in France, and ESA [3] in the United States.

The Group's Code of Conduct, published in early 2017 and disseminated to all employees, sets out Ubisoft's responsibility to players in three key areas:

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

(1) 20 entities representing 72.2% of the workforce at March 31, 2018

(2) SELL: Syndicat des éditeurs de logiciels de loisirs (French union of entertainment software publishers)

(3) ESA: Entertainment Software Association

- respect for the age classification of games: During the life cycle of a game, the production and distribution teams work closely with ratings and consumer protection organizations, the most important of which are:
  - PEGI (Pan European Game Information) for Europe,
  - ESRB (Entertainment Software Rating Board) for the United States,
  - OFLC (Office of Film and Literature Classification) or COB for Australia,
  - USK (Unterhaltungssoftware Selbstkontrolle – in English, Entertainment Software Self-Regulation) for Germany,
  - CERO (Computer Entertainment Rating Organization) for Japan.

  Through these organizations, consumers are informed about the nature of the products and their recommended age based on classification systems designed to guarantee clear and transparent labeling of the video game content according to its age rating;
- the prevention of toxic behaviors in gaming communities: all Ubisoft games 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.).

Moreover, Ubisoft has strengthened its commitment to accessibility in order to offer a lasting, positive gaming experience to all, irrespective of their physical or mental condition.

A project was launched on the accessibility of video games to people with disabilities. It is managed via a dedicated work group. This project has two objectives:

- compliance with the US Communication and Video Accessibility Act, which aims to increase the accessibility of video game communication services (chat, voice and video) to persons with disabilities;
- achieving a basic level of accessibility in all games by 2020 via the integration of functionalities such as: large or adjustable subtitles, the reconfiguration of controls to be able to play with one hand, compatibility with third-party devices such as Tobii EyeTracking, options for color-blind people, etc.

The project is being deployed within the production teams and via external consultants. In addition, associations of disabled gamers (CapGame in France, SpecialEffect in the UK, AbleGamers in the USA) are regularly consulted. Furthermore, gamers with disabilities were queried via an online questionnaire to find out which functionalities were the most important for them.

All of these exchanges have enabled Ubisoft to establish a reference base of functionalities in order to assess, for each game, 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.

5.6 Duty of Care

Pursuant to the French law on the *Duty of Care*, the mapping of the risks of serious infringements on human rights, the health and safety of persons, and the protection of the environment is under way. Group purchases are analyzed, taking into account the risks inherent in each category of purchases, manufacturing countries, and budgets. This analysis makes it possible to prioritize the purchasing categories that involve the highest risks and introduce appropriate actions for the suppliers concerned: sending of CSR questionnaires, integration of contract clauses, signing of guidelines, and conduct of audits. The main actions implemented to date are detailed in section 5.5.5.2. A vigilance plan will be published in the next Registration Document.

5.7 Independent third party's report

This is a free translation into English of one of the auditors, appointed independent third party, on the employee-related, environmental and social information report issued in French language and it is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Ubisoft Entertainment SA, the appointed independent third party, accredited by COFRAC under number 3-1049 [(1)], we hereby present our report on the consolidated employee-related, environmental and societal information for the year ended March 31, 2018, set forth in the management report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors of Ubisoft Entertainment SA is responsible for preparing a management report including CSR information provided for in Article R. 225-105-1 of the French Commercial Code, prepared according to the reporting guidelines used by the Company (hereinafter "the Guidelines"), summarized in the management report and available on request from the Company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, our professional code of ethics and the provisions of Article L. 822-11-3 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures that aim to ensure compliance with ethical rules and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to:

- certify that the required CSR information is presented in the management report or, in the event of an omission, that an explanation is provided pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information);
- express a conclusion of moderate assurance on the fact that CSR information, taken as a whole, are presented fairly, in all material respects, in accordance with the Guidelines (Reasoned opinion on the fairness of CSR Information).

However, it is not our responsibility to express an opinion on the information's compliance with any other applicable legal provisions, in particular those of Article L. 225-102-4 of the French Commercial Code (Vigilance Plan) and law No. 2016-1691 of December 9, 2016 known as the Sapin II Law (on the fight against corruption).

Our audit called upon the expertise of five individuals and took place over a total period of around three weeks between October 2017 and May 2018. We called upon the assistance of our CSR experts in performing our audit.

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

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

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

1. Attestation of completeness of CSR Information

NATURE AND SCOPE OF WORK

Based on our interviews with the heads of the relevant departments, we familiarized ourselves with the overview of the guidelines on sustainable development in relation to the social and environmental consequences of the Company's activities, its societal commitments and, where appropriate, any related initiatives or programs.

We compared the CSR information presented in the management report with the list provided for in Article R. 225-105-1 of the French Commercial Code.

If any consolidated information was missing, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR information covered the scope of consolidation, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, with the limits specified in the section "Methodology note on employee-related, environmental and societal reporting" in the management report.

IN CONCLUSION

On the basis of this work and taking into account the above-mentioned limitations, we certify that the management report contains the required CSR information.

2. Reasoned opinion on the fairness of the CSR information

NATURE AND SCOPE OF WORK

We conducted a dozen or so interviews with individuals responsible for preparing the CSR Information by liaising with the departments in charge of the information collection process and, where relevant, the internal control procedures and risk management in order to:

- assess the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account industry best practice where relevant;
- verify the implementation of a process to collect, compile, process and control the completeness and consistency of CSR information and obtain an understanding of internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and extent of our tests and controls depending on the nature and importance of CSR information in relation to the characteristics of the Company, the social and environmental challenges of its business activities, its sustainable development guidelines and best industry practices.

For the CSR Information we considered most important [3]:

- at the level of the parent entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions). We implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and data consolidation and verified its consistency and its similarity with the other information contained in the management report;

(3) Employee-related indicators: Total number of employees and distribution by age, gender, geographic area, type of contract and business line, number of hires, number of redundancies/dismissals, number of days' absence, percentage of women in management, total number of training hours.

Environmental indicators: electricity consumption on work sites, greenhouse gas emissions from electricity consumption on work sites.

Societal indicators: Percentage of local employees registered at the end of the period.

Qualitative information: Health and safety conditions in the workplace; hires and lay-offs; measures in favor of gender equality; waste prevention, recycling and disposal measures; significant sources of greenhouse gas emissions from the Company's operations, in particular through the use of the goods and services it produces; territorial, economic and social impact of the Company's operations in terms of regional development and employment.

- with respect to the representative sample of sites that we selected [(4)] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the proper application of procedures and to identify any omissions. We performed detailed tests using sampling to verify the calculations and reconcile data with source documents. The selected sample covers 29% of the workforce, considered representative of the employee-related element, between 24% and 25% of the environmental data considered representative [(2)] of the environmental element, and 100% of the societal data considered representative of the societal element [(5)].

For other consolidated CSR information, we assessed its consistency in light of our knowledge of the Company.

Finally, we assessed the relevance of any explanations as to why certain information was incomplete or missing.

We believe that the sampling methods and sizes that we selected using our best professional judgment make it possible for us to express an opinion of moderate assurance; a higher level of assurance would have required a more extensive review. Because of the use of sampling techniques as well as others inherent limits in the operation of any information and internal control system, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

IN CONCLUSION

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

Paris La Défense, May 23, 2018

KPMG SA

Anne Garans
Partner
Sustainability Services

Vincent Broyé
Partner

(4) Social: Ubisoft International HQ (France), Ubisoft Divertissements (Canada).
Environment: Montreuil-Lagny (France), Montréal-Saint-Laurent (Canada).

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

6 Financial statements

6.1 Consolidated financial statements as at March 31, 2018

6.1.1 SUMMARY STATEMENTS

Statement of financial position

ASSETS

(in € thousands)	Notes	Net 03/31/18	Net 03/31/17
Goodwill	17 to 20	259,462	180,735
Other intangible assets	21 to 23	782,402	736,465
Property, plant and equipment	24 to 25	114,116	106,375
Investments in associates	6.1.2.15	(289)	(68)
Non-current financial assets	36	106,895	5,478
Deferred tax assets	29	84,181	88,831
Non-current assets		**1,346,767**	**1,117,815**
Inventory and work in progress	10	20,264	25,359
Trade receivables	5	435,573	405,557
Other receivables	12/30	208,778	146,467
Current financial assets	36	8,320	1,131
Current tax assets		38,481	32,967
Cash and cash equivalents	35	746,939	852,699
Current assets		**1,458,355**	**1,464,180**
TOTAL ASSETS		**2,805,122**	**2,581,995**

LIABILITIES

(in € thousands)	Notes	03/31/18	03/31/17
Capital	45/46	8,652	8,752
Premiums		234,123	280,975
Consolidated reserves	48/49	507,102	736,276
Consolidated earnings		139,452	107,813
Total equity		**889,330**	**1,133,816**
Provisions	32	3,074	4,246
Employee benefit liabilities	14	10,289	9,079
Long-term borrowings and other financial liabilities	35	933,629	640,705
Deferred tax liabilities	29	96,047	72,773
Non-current liabilities		**1,043,039**	**726,803**
Short-term borrowings and other financial liabilities	35	361,538	293,403
Trade payables	11/26	176,613	178,283
Other liabilities	6/32	321,934	219,817
Current tax liabilities		12,667	29,872
Current liabilities		**872,752**	**721,376**
TOTAL LIABILITIES		**2,805,122**	**2,581,995**

Consolidated income statement

(in € thousands)	Notes		03/31/18	%		03/31/17	%
Sales	**4**		**1,731,894**	**100%**		**1,459,874**	**100%**
cost of sales			(296,820)			(270,887)	
Gross profit			**1,435,074**	**83%**		**1,188,987**	**81%**
R&D costs	8		(690,592)			(548,735)	
Marketing costs	8		(339,274)			(316,806)	
Administrative and IT costs	8		(144,649)			(122,538)	
Operating profit (loss) from continuing operations			**260,559**	**15%**		**200,908**	**14%**
Current operating income before stock-based compensation		300,117			237,744		
Stock-based compensation	15	(39,558)			(36,836)		
Operating profit (loss) from continuing operations		**260,559**			**200,908**		
Other non-current operating expenses	9		(38,241)			(25,094)	
Operating profit (loss)			**222,317**	**13%**		**175,814**	**12%**
Interest on borrowings			*(17,732)*			*(12,081)*	
Income from cash			*1,823*			*1,265*	
Net borrowing cost			(15,909)			(10,816)	
Result from foreign-exchange operations			(5,747)			(2,288)	
Other financial expenses			(56)			(5,449)	
Other financial income			8,312			2,348	
Net financial income	**34**		**(13,400)**	**-1%**		**(16,205)**	**0%**
Share of profit of associates	6.1.2.15		(224)			(338)	
Total income tax	27		(69,241)	-4%		(51,457)	-4%
INCOME FOR THE PERIOD (1)			**139,452**	**8%**		**107,813**	**7%**
Earnings per share	**50**						
Basic earnings per share *(in €)*			1.26			0.98	
Diluted earnings per share *(in €)*			1.18			0.92	

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

Statement of comprehensive income

(in € thousands)	03/31/18	03/31/17
Net income for the period	**139,452**	**107,813**
Items reclassified subsequently under profit or loss	**(68,994)**	**5,018**
Foreign exchange gains and losses on foreign operations	(69,450)	12,005
Effective part of the change in fair value of cash flow hedges (1)	696	(10,656)
Tax on other comprehensive income reclassified subsequently under profit or loss (1)	(240)	3,669
Items not reclassified subsequently under profit or loss	**444**	**(832)**
Actuarial gains and losses on post-employment obligations	528	(1,013)
Tax on other comprehensive income	(215)	176
Other income not subject to tax	131	5
Total other comprehensive income	**(68,550)**	**4,186**
COMPREHENSIVE INCOME FOR THE PERIOD (2)	**70,902**	**111,998**

(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 03/31/16	**8,710**	**99,889**	**115,236**	**784,494**	**7,119**	**(78,931)**	**(11,415)**	**93,408**	**1,018,510**
Net income								107,813	107,813
Other comprehensive income				(832)	(6,987)		12,005		4,186
Profit (loss)				**(832)**	**(6,987)**		**12,005**	**107,813**	**111,998**
Allocation of consolidated profit (loss) in N-1				93,407				(93,407)	-
Change in the share capital of the parent company	42	(10,617)		-		20,040			9,465
Options on ordinary shares issued			36,836						36,836
OCEANE equity component			39,631	(12,854)					26,777
Sales and purchases of own shares				-		(69,770)			(69,770)
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**

Cash flow statement

(in € thousands)	Notes	03/31/18	03/31/17
Cash flows from operating activities			
Consolidated profit (loss)		139,452	107,813
Share of profit of associates		224	338
Net amortization and depreciation on property, plant and equipment and intangible assets	17/21/24	544,031	474,635
Net provisions	5/10/32	4,052	(2,563)
Cost of stock-based compensation	15	39,558	36,836
Gains/losses on disposals		308	408
Other income and expenses calculated	38	8,578	(10,655)
Income tax expense	28	69,241	51,457
Cash flows from operating activities		**805,444**	**658,269**
Inventory	10	229	(5,381)
Customers	5	(61,544)	31,934
Other assets (excluding deferred tax assets)	30/37	(81,048)	17,240
Suppliers [2]	11/26	15,243	(45,082)
Other liabilities (excluding deferred tax liabilities)	32	49,379	32,994
Deferred income and prepaid expenses	6/12	(3,089)	(8,124)
Change in WCR linked to operating activities		**(80,830)**	**23,582**
Current income tax expense		(33,460)	(36,140)
Total cash flow generated by operating activities [1]		**691,155**	**645,711**
Cash flows from investing activities			
Payments for internal and external developments [2]	22	(521,290)	(496,588)
Payments for other intangible assets	22	(10,949)	(10,482)
Payments for property, plant and equipment	25	(48,417)	(52,432)
Proceeds from the disposal of intangible assets and property, plant and equipment		20	603
Payments for the acquisition of financial assets [4]	36	(131,493)	(44,373)
Refund of loans and other financial assets	36	29,790	43,322
Changes in scope [3]		(77,589)	(105,642)
Cash used from investing activities		**(759,928)**	**(665,594)**
Cash flow from financing activities			
New finance leases contracted	35	5,054	1,416
New borrowings	35	893,596	669,165
Accrued interest	35	1,002	(18)
Refund of finance leases	35	(1,672)	(898)
Refund of borrowings	35	(487,677)	(214,663)
Funds received from shareholders in capital increases		48,951	9,465
Sales/purchases of own shares [5]	48	(411,498)	(67,844)
Cash generated by financing activities		**47,756**	**396,623**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(21,017)**	**376,742**
Cash and cash equivalents at the beginning of the period		632,314	255,688
Foreign exchange losses/gains		(27,943)	(114)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [3]		**583,354**	**632,314**
(1) including interest paid		*(8,365)*	*(7,862)*
(2) including changes linked to guaranteed, unpaid commitments		*(8,123)*	*4,978*
(3) Including cash in companies acquired and disposed of		*4,738*	*26,422*

(4) Including €100 million for the security deposit relating to the swap contract, see Note 36

(5) Including €303 million relating to the prepaid forward share contract, see Note 48

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The change in net cash breaks down as follows:

	03/31/18	03/31/17
Cash and cash equivalents	746,939	852,699
Bank overdrafts	(163,585)	(220,385)
CASH AND CASH EQUIVALENTS ON THE CASH FLOW STATEMENT	**583,354**	**632,314**

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

6.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

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 2017: "MMO" employee stock ownership plan

The Board of Directors of February 8, 2017 decided to carry out, on the one hand, a share disposal reserved for members of the Group savings scheme in accordance with the provisions of Article L. 3332-24 of the French Labor Code, and, on the other, a capital increase reserved for employees outside of the Group savings schemes. 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 July 27, 2017, Ubisoft Entertainment delivered 1,345,423 shares (FCPE formula) and created 967,480 shares (SAR formula) at a price of €41.77.

July 2017: Signature of a new syndicated loan

A new syndicated loan was signed on July 18, 2017, for an amount of €300 million over 5 years, with the option of one year's extension, renewable once. This line enables the refinancing of the €250 million syndicated loan in place since 2014, with better financing conditions and extended maturity.

October 2017: Share buyback program

On October 4, 2017, Ubisoft SA granted a mandate to an investment service provider for the purchase by the Company of its own shares, with maturity on December 29, 2017. The purchased shares are intended for cancellation.

1,337,572 shares were purchased at a price of €64.34.

January 2018: Bond issue

The Board of Directors authorized the issue of bonds for a total amount of €500 million. These bonds, with a unit value of €100,000 were admitted for trading on the regulated market of Euronext Paris on January 30, 2018. This 5-year bond issue has an annual coupon of 1.289%.

March 2018: Early loan repayment

On March 20, 2018, Ubisoft Entertainment SA proceeded with the early repayment of €150 million of the Schuldschein-type loan contracted in March 2015.

March 2018: Share buyback from Vivendi

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. This buyback will take place under two contracts: a prepaid forward sale contract for 4,545,454 shares, to be settled by the delivery of securities at maturity in 2021 or in advance, and a swap contract for 3,045,455 shares, to be settled at the maturity date or in advance on Ubisoft's initiative either in cash, Ubisoft benefiting from or bearing the valuation differences of the securities concerned, or by delivery of said securities against payment of the sale price. The swap contract is covered by a €100 million security deposit. All these acquisitions will be made at a price of €66 per share.

Thus, over FY 2017-2018, Ubisoft disbursed:

- €303 million in relation to the prepaid forward contract, of which €300 million for the 4,545,454 shares at €66 and €3 million for the expenses stemming from the acquisition of said shares (see Note 48);
- €100 million for the security deposit relating to the swap contract (see Note 36).

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, 2018 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 17, 2018. They will be presented for approval at the General Meeting.

6.1.2.2 Basis of preparation for the Financial statements of March 31, 2018

The consolidated financial statements for the financial year ended March 31, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at March 31, 2018, 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, 2018 are the result of the application:

- of all the standards approved by the European Commission and published in its official journal prior to March 31, 2018 and which have been mandatory since April 1, 2017;
- the early application of IFRS 9 on 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

6.1.2.3 Texts for which application is not mandatory for financial years beginning after April 1, 2017 and applied early

IFRS 9 – Financial Instruments was applied early retrospectively at April 1, 2017.

Standards (date of application)	Standards (date of application by the Group)	Consequences for the Group
IFRS 9 (January 1, 2018)	Financial instruments (applicable to financial years beginning on or after April 1, 2017, applied early)	IFRS 9 outlines a single method for determining whether a financial asset must be measured at amortized cost or at fair value, a single, forward-looking impairment model based on expected loss and a new approach to hedge accounting.

The impacts of the application of IFRS 9 are presented in Note 6.1.2.6.

6.1.2.4 Texts with mandatory application after April 1, 2017 and not applied early

With the exception of IFRS 9 applied early on April 1, 2017, Ubisoft has not opted for the early application of the new standards, amendments or interpretations published at March 31, 2018 (adopted or being adopted by the European Union).

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

Standards (date of application)	Standards (date of application by the Group)	Consequences for the Group
IFRS 15 (January 1, 2018)	Revenue from contracts with customers (applicable to financial years beginning on or after April 1, 2018)	This standard specifies the principles for the recognition of revenue that relates to contracts entered into with customers and provides a 5-step model to be applied to the recognition of financial years beginning on or such revenue. This standard presents the basic principle of recognizing revenue to depict the transfer of control of goods or services to a customer, for an amount which reflects the consideration to which the entity expects to be entitled in exchange for said goods or services. The new standard will also require additional information to be provided in the Notes.
IFRS 16 (January 1, 2019)	Leases (applicable to financial years beginning on or after Apr[il] 1, 2019)	This standard results in a fairer presentation of lessee's assets and liabilities by eliminating the distinction between operating and finance leases. It provides a new definition of the term "lease".

IFRS 15 standard is mandatory on April 1, 2018.

During the financial year ended March 31, 2018, the Company finalized the analysis of the modalities for the first-time adoption of IFRS 15 standard. The decisions resulting from these analyses mainly dealt with the choice of transitory provisions that will be applied by the Group and the modalities for the transfer of control of the service obligation (with regard to players) embedded in the games with substantial online components.

The Group intends to opt for the cumulative catch-up method with an impact on equity for the first-time adoption, i.e. on April 1, 2018.

The Group considers that IFRS 15 standard will have a significant impact on the recognition of revenue from video games with a service component, i.e. "Live Services" games, which give players access to online services. Under IFRS 15, all of these services, which are accessible at no extra cost for users, constitute a distinct obligation.

As a result, Ubisoft identifies two obligations on this type of game:

- an initial obligation associated with the digital or physical delivery of the software, where revenue associated with this initial obligation is recognized at the date of content delivery;
- a service obligation to players, including in particular rights over unspecified future content (updates, corrections, improvements, maintenance and any delivery of free content) and functionalities enabling the player to connect. This obligation is evaluated by game category depending on the service provided by Ubisoft. The revenue associated with this service obligation is spread out over the game's expected lifetime for the final users.

Under the currently-applicable revenue recognition standard (IAS18), 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, eading to defer some revenue.

The impact assessment for application of this standard during the financial year just ended is being finalised, due to the launches of games with substantial online functionalities during Q4, and subject to an audit by Group auditors on Q1 FY19 before the release of Q1 sales.

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.
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

Early adoption of IFRS 9

IFRS 9 – Financial Instruments was applied early retrospectively at April 1, 2017.

IFRS 9 defines new rules on the classification and assessment of financial instruments, impairment and the credit risk of financial assets and hedging accounting, without restatement of comparative financial statements.

The comparison between IAS 39/IFRS 9 for each class of non-derivative assets and liabilities is as follows:

IAS 39

CATEGORIES	UBISOFT
Held for trading assets (HFT)	Cash and equivalent: - demand deposits - short-term investments (SICAV/UCITS)
Assets held to maturity (HTM)	Non applicable to Group
Available for selectifs assets (AFS)	- fixed securities
Loans and receivables	- guarantees and deposits - subsidies - trade receivables
Liabilities at their amortized cost	- bank loans and overdraft - trade and other payables
Liabilities at fair value through profit and loss	Non applicable to Group

IFRS 9

CATEGORIES	UBISOFT
Assets at fair value through profit and loss (HFT)	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	- guarantees and deposits - subsidies - trade receivables
Liabilities at their amortized cost	- bank loans and overdraft - trade and other payables
Liabilities at fair value through profit and loss	Non applicable to Group

* case-by-case analysis according to the intent with which the securities are held

Non-derivative financial instruments

These provisions do not have an impact on the assessment of the Group's non-derivative financial assets and liabilities.

Derivatives

The impact is €199 thousand on equity at April 1, 2017 due to the restatement of the swap points on forward contracts documented as hedging items. This impact only concerns the hedging of future flows; IFRS 9 offers the possibility of recognizing the ineffective portion of derivatives designated as cash flow hedges in OCI between the derivative subscription date and the recognition date of the hedged transaction in order to avoid volatility of the ineffective portion in the income statement between the two dates.

At March 31, 2018, the impact of the adoption of IFRS 9 is €363 thousand on equity and €363 thousand on net financial income.

Impairment of commercial receivables

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.

In view of the quality of the counterparties relating to digital sales and of the credit insurance covering 89% of physical sales, the expected impairment loss on trade receivables is limited as regards the Group.

CHANGE IN ESTIMATION

N/A.

OTHER ITEMS AFFECTING COMPARABILITY

N/A.

6.1.2.7 Main changes in scope and consolidation scope

NOTE 2 MAIN CHANGES IN SCOPE

Acquisition

- **November 2017: Acquisition of Krysalide SAS**

On November 1, 2017, Ubisoft acquired 100% of Krysalide SAS, which joined its international studio network.

Krysalide SAS specializes in computer graphics.

(in € thousands)	At the acquisition date
Net assets and liabilities acquired	906
Goodwill resulting from the acquisition	150
Fair value of the consideration transferred	1,056
Cash acquired	905

Goodwill amounted to €150 thousand, and mainly represented the human capital that could not be identified separately.

The calculation of the goodwill is final as at March 31, 2018, with the estimate of the acquisition price and its allocation having been finalized at the closing date.

- **February 2018: Acquisition of 1492 Studio SAS**

On February 28, 2018, Ubisoft SA acquired 100% of 1492 Studio SAS, a game development studio specializing in the creation of free-to-play interactive episodic stories on mobiles. Founded in 2014 and based in France, 1492 Studio SAS created the successful mobile franchise "Is it Love?"

(in € thousands)	At the acquisition date
Net assets and liabilities acquired	6,342
Goodwill resulting from the acquisition	62,421
Fair value of the consideration transferred	68,763
Cash acquired	3,611

The calculation of the goodwill is provisional as at March 31, 2018, 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.

- **March 2018: Acquisition of Blue Mammoth Games LLC**

On March 1, 2018, Ubisoft SA acquired the development studio, Blue Mammoth Games LLC, along with its wholly-owned subsidiary, BMG Europe BV. Based in the United States, the studio has developed and published Brawlhalla, a free-to-play combat game.

(in € thousands)	At the acquisition date
Net assets and liabilities acquired	1,009
Goodwill resulting from the acquisition	16,001
Fair value of the consideration transferred	17,010
Cash acquired	222

The calculation of the goodwill is provisional as at March 31, 2018, 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 2017:*** Ubisoft Bordeaux SAS, production studio.
- ***July 2017:*** Script Movies Inc, in the United States.

Mergers of subsidiaries

- ***June 2017:*** merger of Ubisoft Motion Pictures Sarl with Ubisoft Motion Pictures Assassin's Creed SAS and Ubisoft Motion Pictures Splinter Cell SAS.
- ***December 2017:*** merger of Krysalide SAS with Ivory Art & Design SARL.

These mergers have no impact on the consolidated financial statements.

NOTE 3 SCOPE OF CONSOLIDATION

As at March 31, 2018, 69 entities were consolidated (67 entities as at March 31, 2017).

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
Blue Byte GmbH	Germany	100%	100%	FC	Production

FC = Full consolidation

The closing date of the annual accouting 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, 2018, all companies of the group are fully consolidated with the exception of Shanghai UNO Network Technology Co.Ltd consolidated with the equity method.

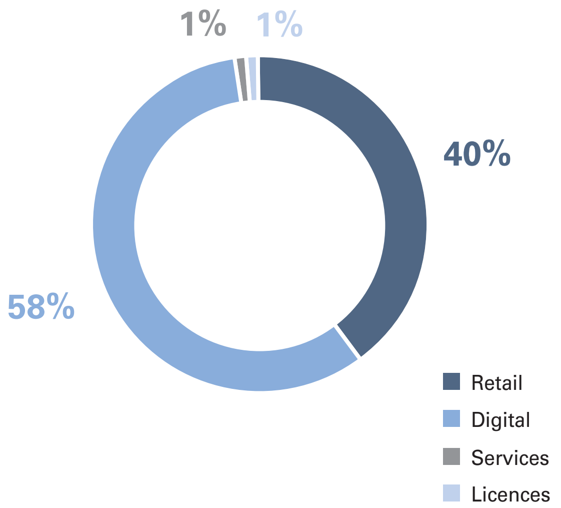
6.1.2.8 Sales

NOTE 4 SALES

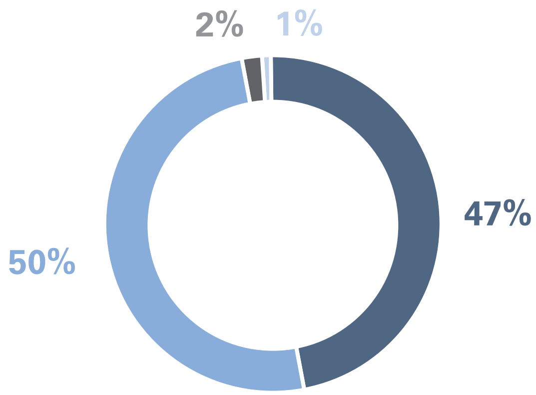
Sales	03/31/18	03/31/17	Change	Change current rates	Change constant rates
Retail	694,582	687,611	6,971	1%	5.1%
Digital	1,004,709	729,265	275,444	37.8%	42.2%
Services	20,331	25,158	(4,827)	-19.2%	-16.9%
Licenses	12,272	17,840	(5,568)	-31.2%	-29.2%
TOTAL	**1,731,894**	**1,459,874**	**272,020**	**18.6%**	**22.9%**

At current exchange rates, sales increased by 18.6% between 2018 and 2017 and 22.9% at current exchange rates.

BREAKDOWN OF SALES AT 03/31/18



BREAKDOWN OF SALES AT 03/31/17



ACCOUNTING PRINCIPLES

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.

NOTE 5 TRADE RECEIVABLES

Trade and other receivables	Gross Opening balance	Movement	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Gross Closing balance
Trade receivables	406,590	61,544	-	3,540	(34,785)	436,889
TOTAL AT 03/31/18	**406,590**	**61,544**	**-**	**3,540**	**(34,785)**	**436,889**
TOTAL AT 03/31/17	**420,097**	**(31,934)**	**(73)**	**1,609**	**16,891**	**406,590**

Provisions	Opening balance	Provisions	Reversals	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Trade receivables	1,033	1,681	(1,395)	-	-	(2)	1,317
TOTAL AT 03/31/18	**1,033**	**1,681**	**(1,395)**	**-**	**-**	**(2)**	**1,317**
TOTAL AT 03/31/17	**520**	**1,662**	**(1,066)**	**(73)**	**-**	**(10)**	**1,033**

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 89% of sales excluding digital sales are covered by credit insurance.

Ubisoft's largest customer accounts for 18% of Group sales excluding tax, the top 5 account for 54% and the top 10 for 64%.

Following the early adoption of 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.

The adoption of IFRS 9 on the valuation of commercial receivables has not had an impact on the Group's equity on opening.

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.

Following the early adoption of 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.

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

	03/31/17	Change	Foreign exchange gains and losses	Change in scope	03/31/18
Deferred income	40,691	3,453	(3,215)	(38)	40,891
TOTAL AT 03/31/18	**40,691**	**3,453**	**(3,215)**	**(38)**	**40,891**
TOTAL AT 03/31/17	**41,992**	**(2,738)**	**1,437**	**40,691**	**40,691**

Deferred income mainly comprises deferred income on revenue from downloadable content sales not yet made available to users at the closing date for €35,740 thousand compared to €33,800 thousand the previous year. Revenue from digital sales is recognized at the date the downloadable content is made available.

NOTE 7 SEGMENT REPORTING

In accordance with IFRS 8, the Group produces segment reports.

The operating segments reported correspond to the publication/production activities and to geographical areas of distribution at which operational decisions are made.

The breakdown by geographic region is given for two segments, according to the distribution of the Group's assets:

- EMEA distribution zone (corresponding to APAC zone and Europe);
- North America distribution zone (including Central and Latin America).

Operating profit (loss) by sector

	03/31/18				03/31/17			
	Publishing/ Production	Distribution EMEA	North America Distribution Zone	Group	Publishing/ Production	Distribution EMEA	North America Distribution Zone	Group
Sales	**124,874**	**815,572**	**791,448**	**1,731,894**	**95,015**	**683,825**	**681,034**	**1,459,874**
cost of sales	(6,178)	(166,988)	(123,654)	(296,820)	(3,571)	(147,579)	(119,737)	(270,887)
Gross profit	**119,696**	**648,584**	**667,794**	**1,435,074**	**91,444**	**536,246**	**561,297**	**1,188,987**
R&D costs	(658,671)	(2,710)	291	(661,090)	(518,305)	(3,283)	(135)	(521,723)
Marketing costs	(54,285)	(142,407)	(139,160)	(335,852)	(42,845)	(128,278)	(141,992)	(313,115)
Administrative and IT costs	(69,956)	(32,429)	(35,631)	(138,016)	(62,548)	(28,370)	(25,487)	(116,405)
Cross-sectoral (1)	913,717	(443,869)	(469,847)	-	731,518	(359,665)	(371,853)	-
Current operating income before stock-based compensation	**249,501**	**27,169**	**23,447**	**300,117**	**199,264**	**16,650**	**21,830**	**237,744**
Stock-based compensation (2)	(39,558)	-	-	(39,558)	(36,836)	-	-	(36,836)
OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS	**209,943**	**27,169**	**23,447**	**260,559**	**162,428**	**16,650**	**21,830**	**200,908**

(1) The Parent Company invoices subsidiaries for a contribution in the form of royalties to defray development costs (amortization of commercial software and external software development, and royalties paid to third-party developers, etc.)

(2) Expenses linked to stock-based compensation are recognized by the Parent Company but relate to employees in all geographic regions

Other items in the income statement, particularly other operating income and expenses, financial income and expenses and taxes 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

	03/31/18				03/31/17			
	Publishing/ Production	EMEA Distribution	North America Distribution Zone	TOTAL	Publishing/ Production	EMEA Distribution	North America Distribution Zone	TOTAL
Goodwill	233,912	9,688	15,862	259,462	161,186	19,548	-	180,735
Other intangible assets and property, plant and equipment	875,773	7,281	13,464	896,518	816,651	7,182	19,007	842,840
Non-current financial assets	105,448	604	554	106,606	4,490	564	356	5,410
Deferred tax assets	67,917	10,170	6,094	84,181	70,640	9,093	9,099	88,830
Non-current assets	**1,283,050**	**27,742**	**35,975**	**1,346,767**	**1,052,967**	**36,387**	**28,461**	**1,117,815**
Current assets	192,557	255,927	216,131	664,615	136,282	181,067	260,033	577,383
Current financial assets	8,320	-	-	8,320	1,131	-	-	1,131
Current tax assets	36,678	460	1,342	38,481	31,844	1,099	23	32,967
Cash and cash equivalents	672,511	68,740	5,687	746,939	684,647	165,161	2,890	852,699
Current assets	**910,066**	**325,128**	**223,161**	**1,458,355**	**853,905**	**347,328**	**262,947**	**1,464,180**
TOTAL ASSETS	**2,193,115**	**352,870**	**259,136**	**2,805,122**	**1,906,872**	**383,715**	**291,408**	**2,581,995**

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

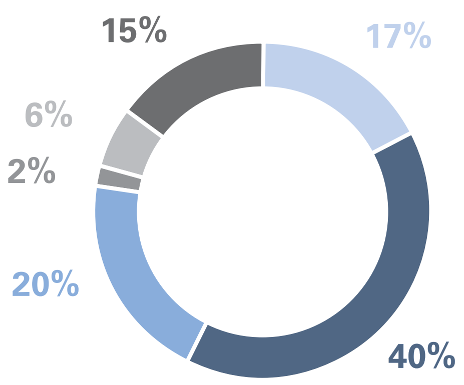
R&D costs increased by €141.9 million to reach €690.6 million (39.9% of sales), compared with €548.7 million for the 2016/2017 financial year (37.6%).

The cost of sales increased by €25.9 million to reach €296.8 million (17.1% of sales), compared with €270.9 million (18.6%) the previous financial year.

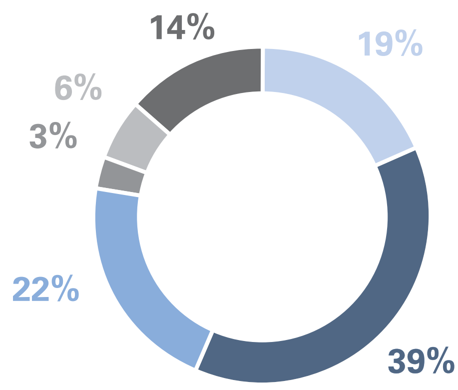
Marketing, administrative and IT costs increased by €47.9 million to reach €483.9 million (27.9% of sales), compared to €439.3 million (30.1%) the previous financial year:

- variable marketing expenses stood at €233.2 million (13.5% of sales), stable compared with €218.5 million (15.0%) for 2016/2017;
- overheads totaled €250.7 million (14.5% of sales) compared with €220.8 million (15.1%) in 2016/2017.

% OF SALES AT 03/31/18



% OF SALES AT 03/31/17



- Cost of sales
- R&D costs
- Marketing costs
- IT costs
- Administrative costs
- Operating profit (loss) from continuing operations

Details of provisions and reversals of provisions and depreciation and amortization by destination

	03/31/18				
Net provisions	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Depreciation, amortization and impairment of non-current assets	505,790	254	479,494	1,585	24,457
Provisions for trade receivables	286	-	-	286	-
Provisions for risks and charges	(866)	-	(512)	-	(354)
Provisions for post-employment liabilities	1,802	-	1,127	316	359
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/18	**507,012**	**254**	**480,109**	**2,187**	**24,462**
TOTAL PROVISIONS AND REVERSALS OF PROVISIONS 03/31/17	**451,834**	**184**	**434,159**	**3,413**	**14,077**

ACCOUNTING PRINCIPLES

For the purpose of comparisons 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 depreciation on commercial software from their 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

	03/31/18	03/31/17
Goodwill	31,878	20,466
Brands	6,364	4,628
TOTAL	**38,242**	**25,094**

Other non-current operating expenses include impairment of goodwill and brands recognized further to impairment test or when the market value has become lower than the book value.

As those expenses are non-recurring and relevant, they are presented as non-current expenses.

NOTE 10 INVENTORY

Inventory and work in progress	Opening balance	Change in inventory (result)	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Goods	31,202	(229)	-	-	(2,452)	28,521
TOTAL AT 03/31/18	**31,202**	**(229)**	**-**	**-**	**(2,452)**	**28,521**
TOTAL AT 03/31/17	**24,759**	**5,381**	**-**	**-**	**1,062**	**31,202**

Impairment	Opening balance	Provisions/ Reversals	Change in scope	Foreign exchange gains and losses	Closing balance
Goods	5,843	2,876	-	(462)	8,257
TOTAL AT 03/31/18	**5,843**	**2,876**	**-**	**(462)**	**8,257**
TOTAL AT 03/31/17	**5,385**	**262**	**-**	**196**	**5,843**

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	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance Gross
Suppliers	177,374	7,490	-	161	(8,949)	176,076
TOTAL AT 03/31/18	**177,374**	**7,490**	**-**	**161**	**(8,949)**	**176,076**
TOTAL AT 03/31/17	**205,140**	**(39,908)**	**-**	**7,724**	**4,418**	**177,374**

“Suppliers” includes commitments made under license agreements including the portion not yet paid.

At March 31, 2018, these outstanding commitments stood at €14,466 thousand compared with €22,588 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	Reclas-sifications	Change in scope	Closing balance
Prepaid expenses	26,291	6,542	(842)		46	32,036
TOTAL AT 03/31/18	**26,291**	**6,542**	**(842)**		**46**	**32,036**
TOTAL AT 03/31/17	**20,790**	**5,386**	**78**	**37**	**-**	**37**

These are mainly expenses committed for a trade show after the year-end (€5.5 million), IT maintenance and miscellaneous general expenses.

6.1.2.10 Employee benefits

NOTE 13 PERSONNEL COSTS

Staff at March 31, 2018 (total employees registered at the end of the period) break down as follows:

	03/31/18	03/31/17
Americas	5,075	4,627
EMEA/Pacific	8,667	7,280
TOTAL	**13,742**	**11,907**

The average headcount in 2017/2018 was 12,908.

	03/31/18	03/31/17
Salaries	634,215	544,776
Payroll taxes	156,988	133,803
Grants and tax credits	(126,233)	(111,539)
Stock-based compensation (1)	39,558	36,836
TOTAL	**704,528**	**603,876**

(1) See details in Note 15

The Group had total expenses of €20,621 thousand on its defined contribution plans.

Grants and tax credits presented as a reduction in personnel costs are as follows:

Country	Type	03/31/18	03/31/17
Canada	Grants [(1)]	85,809	75,684
	Tax credits [(1)]	6,766	9,014
France	Tax credits	18,474	12,365
	CICE	2,655	2,270
	Other	1,719	862
Singapore	Grants	5,365	5,227
United Kingdom	Tax credits	3,230	3,718
	Other	3	101
Abu Dhabi	Grants	1,278	1,573
Other		934	725
TOTAL		**126,233**	**111,539**

(1) The payment of certain grants or 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	9,079	1,806	(528)	(3)	-	(65)	10,289
TOTAL AT 03/31/18	**9,079**	**1,806**	**(528)**	**(3)**	**-**	**(65)**	**10,289**
TOTAL AT 03/31/17	**6,618**	**1,445**	**1,013**	**(26)**	**-**	**29**	**9,079**

Assumptions

	Japan		Italy		France		India		Bulgaria
	03/31/18	03/31/17	03/31/18	03/31/17	03/31/18	03/31/17	03/31/18	03/31/17	03/31/18
Wage growth	1.79%	2.09%	3%	3% and 5.6%	1.50 to 2%	1.50 to 2%	8% to 10%	7%	4%
Discount rate	1.44%	1.18%	1.44%	1.18%	1.44%	1.18%	7.90%	7.35%	1.4%
Average remaining working life	16.78 years	15.05 years	31.2 years and 22.55 years	30.69 years and 38.76 years	31.16 years	31.17 years	33.07 years	33.17 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 9.2% in the amount of the benefit liability.

An decrease of 50 basis points in the discount rate would result in an increase of 10.9% in 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 and India.

The employer's future obligations are measured on the basis of an actuarial calculation called the "projected unit credit method", in accordance with each plan's operating procedures and the information provided by each country. This method involves determining the value of likely discounted future benefits of each employee at the time of his/her retirement. In accordance with the revised IAS 19 standard, actuarial gains and losses are recognized in other comprehensive income.

In France, Italy and Japan, the discount rate is determined on the basis of market rates for high-quality corporate bonds (IBBOX AA10+ rate, the average of the last 12 months of AA rated corporate bonds over 10 years or more).

In India 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 03/31/17	**149,180**
Personnel costs	**39,558**
Stock options	*5,206*
Free share grants	*20,694*
MMO	*13,658*
EQUITY AT 03/31/18	**188,738**

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, 2018 *(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 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

	25th plan		26th plan		27th plan	28th plan	29th plan	30th plan	31st plan
Total number of shares granted	936,970		798,125		100,000	665,740	62,200	328,100	37,500
Start of exercise period	10/19/13		10/29/14		May 2018	09/24/15	12/16/15	09/23/16	May 2019
Expiry date of options	10/18/17		10/28/18		03/16/19	09/23/19	12/15/19	09/22/20	12/15/20
Strike price of options	€6.37	€6.65	€9.547	€8.83	€11.92	€12.92	€14.22	€17.94	€26.85
	France	World	France	World					
Maturity *(in years)*	5		5		5	5	5	5	5
Volatility	30%		30%		30%	42%	42%	42%	42%
Risk-free interest rate	0.35%		0.75%		0.50%	0.50%	0.15%	0.13%	0.13%
Estimated dividend rate	0%		0%		0%	0%	0%	0%	0%
Annual turnover rate	5%		5%		0%	5%	5%	5%	5%
Fair value of options after stock split *(€/share)*	€1.79	€1.28	€1.98	€1.69	€2.90	€4.29	€4.62	€4.35	€8.73
	France	World	France	World					
Options at April 1, 2017	174,056		357,808		85,000	423,415	59,200	278,339	37,500
Options granted during the period	-		-		-	-	-	-	-
Options exercised during the period	173,118		158,028		-	128,290	-	58,064	-
Options cancelled during the period	938		-		-	3,250	-	9,100	-
Options outstanding at March 31, 2018	-		199,780		85,000	291,875	59,200	211,175	37,500

	32nd plan	33rd plan		34th plan		35th plan		36th plan	37th plan	TOTAL
Total number of shares granted	758,810	29,344		220,700		418,500		11,000	2,500	
Start of exercise period	06/23/17 (1)	12/14/17 (1)		03/30/18		06/27/18		09/22/18	12/12/18	
Expiry date of options	06/22/21	12/13/21		03/29/22		06/26/22		09/21/22	12/11/22	
	€33.02	€31.95		€37	€39.03	€50.02	€51.80	€57.26	€64.63	
Strike price of options				France	Canada	France	World			
Maturity *(in years)*	5	5		5		5		5	5	
Volatility	42%	35%		35%		35%		34%	34%	
Risk-free interest rate	0%	0%		0%		0%		0%	0%	
Estimated dividend rate	0%	0%		0%		0%		0%	0%	
Annual turnover rate	5%	0%		5%		5%		0%	0%	
	€8.55	€8.72	€6.74	€12.10	€8.75	€14.06	€10.11	€13.02	€14.08	
Fair value of options *(€/share)*		Corporate officers	Employees			France	World			
Options at April 1, 2017	722,060	29,344		220,700		-		-	-	2,387,422
Options granted during the period	-	-		-		418,500		11,000	2,500	432,000
Options exercised during the period	98,619	-		-		-		-	-	616,119
Options cancelled during the period	9,604	-		3,000		6,000		-	-	31,892
Options outstanding at March 31, 2018	613,837	29,344		217,700		412,500		11,000	2,500	2,171,411

(1) May 2020 for Executive Committee Members (Plan 32) and corporate officers (Plan 33)

The average price of options exercised during the period was €13.86.

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.

	03/31/14					
Grant date	05/14/13	06/17/13	10/09/13	10/29/13	02/11/14	03/17/14
Maturity – vesting period *(in years)*	4 years	4 years	4 years	4 years	4 years	4 years
Fair value of the instrument in € *(per share)*	€8.6	€10.3	€10.55	€8.92	€11.40	€12.51
Percentage of operating targets reached	100%	100%	100%	100%	100%	100%
Number of instruments as at 04/01/17	133,700	202,473	40,000	568,908	10,000	258,000
Number of instruments granted during the period	-	-	-	-	-	-
Number of instruments cancelled during the period	-	-	-	15,942	-	10,000
Number of instruments exercised during the period	133,700	202,473	40,000	552,966	10,000	248,000
Number of instruments as at 03/31/18	-	-	-	-	-	-

	03/31/15				
Grant date	07/01/14	09/24/14	09/24/14	12/16/14	12/16/14
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years
Fair value of the instrument in € *(per share)*	€13.52	€12.71	€7.45	€14.17	€8.38
Percentage of operating targets reached	100%	100%	100%	100%	100%
Number of instruments as at 04/01/17	488,328	10,710	365,820	217,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	19,580	-	2,130	-	-
Number of instruments exercised during the period	-	-	11,474	-	2,409
Number of instruments as at 03/31/18	468,748	10,710	352,216	217,600	69,861

	03/31/16				
Grant date	09/23/15	09/23/15	10/19/15	12/16/15	3/03/16
Maturity – vesting period *(in years)*	4 years	3 years	4 years	3 years	4 years
Fair value of the instrument in € *(per share)*	€18.29	€11.61	€24.92	€15.45	€26.81
Percentage of operating targets reached	100%	100%	100%	100%	100%
Number of instruments as at 04/01/17	904,614	141,180	171,233	45,000	172,500
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	32,070	-	-	-	6,750
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at 03/31/18	872,544	141,180	171,233	45,000	165,750

	03/31/17					Total
Grant date	04/19/16	06/23/16	06/23/16	12/14/16	12/14/16	
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years	
Fair value of the instrument in € *(per share)*	€27.29	€33.55	€20.10	€32	€17.63	
Percentage of operating targets reached	100%	100%	100%	100%	100%	
Number of instruments as at 04/01/17	323,100	932,660	205,140	10,300	11,820	5,285,356
Number of instruments granted during the period	-	-	-	-	-	-
Number of instruments cancelled during the period	5,000	40,320	-	-	-	131,792
Number of instruments exercised during the period	-	-	-	-	-	1,201,022
Number of instruments as at 03/31/18	318,100	892,340	205,140	10,300	11,820	3,952,542

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.

	03/31/18	03/31/17
Grant date	07/27/17	08/30/16
Reference price	€49.14	€36.30
Subscription price	€41.77	€30.86
Discount	15%	15%
Number of shares	2,312,903	2,395,133
Subscription amounts:		
♦ Employees	€5,538 thousand	€4,189 thousand
♦ Additional contribution	€4,122 thousand	€3,203 thousand
IFRS2 expense net of the additional contribution	€13,658 thousand	€10,562 thousand
Gross expense	€17,780 thousand	€13,765 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 statement of financial position date.

This expense is spread over the vesting period, assuming presence on the vesting date and possibly performance conditions attached.

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- **Stock option plans:** compensation is recognized in income over the vesting period; however, the straight-line method is not used given the vesting terms set out in the various plan regulations; Ubisoft uses a binomial model to estimate the value of such instruments. This method is based on assumptions updated on the valuation date, such as estimated volatility of the security concerned, a risk-free discount rate, the estimated dividend rate and the likelihood of staff remaining in the Group and fulfilling performance conditions until they can exercise their rights.
- **Group savings scheme – 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 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 grant of preference shares 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 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, 2018 comprises the following components:

- fixed compensation, which amounts to €540,750 since April 1, 2017;
- annual variable compensation based on three 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 which was covered by the allocation of *shadow stock options* payable in cash.

The compensation of the Executive Vice Presidents for the financial year ended March 31, 2018 comprises the following components:

- fixed compensation;
- long-term variable compensation which was covered by the allocation of *shadow stock options* payable in cash.

The long term variable compensation have been validated by the Board of Directors March 30, 2018 and concern the allocation of a number of *shadow stock options* of an equivalent value at the date of grant to €540,750 for the Chairman and Chief Executive Officer and €62,496 for each of the Executive Vice Presidents.

The vesting of *shadow stock options* will be effective the March 30, 2021 and is conditional:

(i) for 50%, on average Group EBIT (not a strictly accounting-based indicator) calculated using the Group EBIT figures for the 2017/2018, 2018/2019 and 2019/2020 financial years; and

(ii) for 50%, on the total shareholder return on Ubisoft stock (the “Ubisoft TSR”) compared against the TSR of the NASDAQ index (the “NASDAQ TSR”), both TSRs being calculated from March 30, 2018 to March 29, 2021.

Moreover, shadow stock options acquired after the assessment of the internal and external conditions will only be paid in cash if the Ubisoft share price has increased compared to the base price set on the day of the allocation (€69.155). The cash payment corresponds to the difference between the final fair market value of the share and the baseline share price, per shadow stock option. The payment of long-term compensation is also subject to remaining in office as a Corporate Executive Officer.

The amount of the total gross compensation due/paid to corporate executive officers during the year by companies controlled by the Company within the meaning of IAS 24.16 was €2,197 thousand for the 2017-2018 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	03/31/18	03/31/17
Short-term benefits (1)	2,197	2,055
Post-employment benefits	N/A	N/A
Other long-term benefits (2)	0	N/A
Compensation for termination of employment contract	N/A	N/A
Stock-based compensation (3)	487	466
TOTAL	**2,684**	**2,521**

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, the expense is not significant for the year ended March 31, 2018

(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 2017/2018 financial year, members of the Board of Directors received €503 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, 2018 can be broken down as follows:

CGU	03/31/18	03/31/17
Publishing/Production	**17,540**	**935**
Distribution	**6,279**	**9,815**
Distribution rights France	6,279	2,362
Distribution rights Germany	-	5,789
Distribution rights Canada	-	1,664
Production/Distribution	**8,059**	**9,716**
Owlient Free to Play PC	8,059	8,000
Other	-	1,716
TOTAL	**31,878**	**20,466**

As at March 31, 2018, impairment was recognized due to the insufficient outlook on financial flows.

NOTE 18 GOODWILL

As part of the analyses relating to the organization of studio production conducted during the financial year, the company identified that the studios acquired work in collaboration with the other studios in accordance with the Group's integrated editorial 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.

The net carrying amount of goodwill as at March 31, 2018 is allocated as follows:

	03/31/18			03/31/17
CGU	Gross value	Cumulative impairment losses	Net amount	Net amount
Publishing/Production	**71,310**	**17,540**	**53,770**	**58,539**
Mono Project A	18,436	17,540	896	18,436
Mono Project B	1,474	-	1,474	1,474
Mono Project C	15,862	-	15,862	-
Multi Projects	35,538	-	35,538	38,629
Distribution	**-**	**-**	**-**	**6,279**
Distribution rights France	-	-	-	6,279
Production/Distribution	**228,751**	**23,059**	**205,692**	**115,917**
Ketchapp	106,124	-	106,124	66,624
1492 Studio	62,421	-	62,421	-
Growtopia	23,959	-	23,959	27,827
Owlient Free to Play PC	26,559	23,059	3,500	11,559
Future Games of London	9,688	-	9,688	9,907
TOTAL	**300,061**	**40,599**	**259,462**	**180,735**

The change in goodwill as at March 31, 2018 is allocated as follows:

	03/31/18	03/31/17
Gross value at the start of the period	**199,559**	**118,154**
Acquisitions	117,856	94,524
Foreign exchange gains and losses	(7,251)	654
Derecognitions	(10,103)	(13,774)
Gross value at the end of the period	**300,061**	**199,559**
Cumulative losses at the start of the period	**18,824**	**11,960**
Impairment losses	31,878	20,466
Foreign exchange gains and losses	-	172
Derecognitions	(10,103)	(13,774)
Cumulative losses at the end of the period	**40,599**	**18,824**
Net goodwill	**259,462**	**180,735**

The change in goodwill at March 31, 2018, is mainly due to the acquisition of the companies 1492 Studio SAS and Blue Mammoth Games LLC and the completion of the estimate of the acquisition price and its allocation for the acquisition of Ketchapp SAS, partially offset by €7.3 million in foreign exchange losses mainly impacting the Multi Projects (€3.2 million) and Growtopia (3.7 million) CGUs.

The earnout assessed on the acquisition of Ketchapp SAS is based on the achievement of the accumulated operating income targets. It was initially recognized in the amount of €39,500 thousand. The resulting goodwill at March 31, 2018 is definitive.

Information relating to entries into the scope is detailed in Note 2.

NOTE 19 KEY ASSUMPTIONS USED TO CALCULATE RECOVERABLE VALUES

MARCH 31, 2018

	Publishing/ Production	Distribution	Production/Distribution				
		Distribution rights France	Owlient Free to Play PC	Future Games of London	Growtopia	Ketchapp	Other
Basis used for recoverable value	Value-in-use						
Source used	Internal plan						
Methodology	Discounted cash flows						
Discount rate	8.67%						
Perpetuity growth rate	0 to 1.50%	0%	0%	1.50%	1.50%	1.50%	1.50%

MARCH 31, 2017

	Publishing/ Production	Distribution		Production/Distribution		
		Distribution rights France	Other	Owlient Free to Play PC	Future Games of London	Other
Basis used for recoverable value	Value-in-use					
Source used	Internal plan					
Methodology	Discounted cash flows					
Discount rate	9%					
Perpetuity growth rate	1.50%	0.50%	0.50%	0%	1.50%	1.50%

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NOTE 20 SENSITIVITY OF RECOVERABLE AMOUNTS

On the basis of foreseeable events to date, the Group considers that potential changes in the key assumptions described in the accounting principles hereafter would not lead to a surplus in the carrying amount compared with the recoverable value.

The table below shows the discount rate and EBIT growth rate required for an impairment to be recognized for material CGUs not impaired at March 31, 2018, excluding acquisitions during the financial year:

	Publishing/Production		
(in € millions)	Mono Project A	Mono Project B	Multi Projects
Estimated recoverable value of the tested CGU	10.5	23.2	2,079.8
Carrying amount of the tested CGU	10.5	5.3	262.4
Change in cash flows leading to an impairment	Sensitive	-77%	-88%
Discount rate leading to an impairment	Sensitive	25%	93%
Perpetuity growth rate leading to an impairment	Sensitive	-120%	Not sensitive

	Production/Distribution			
(in € millions)	Owlient Free to Play PC	Future Games of London	Ketchapp	Growtopia
Estimated recoverable value of the tested CGU	3.5	16.9	271.2	38.4
Carrying amount of the tested CGU	3.5	13.2	108.1	24
Change in cash flows leading to an impairment	Sensitive	-22%	-60%	-38%
Discount rate leading to an impairment	Sensitive	11%	20%	13%
Perpetuity growth rate leading to an impairment	Sensitive	-3%	-41%	-7%

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.

These are not amortized but are subject to impairment tests at least once a year and each time impairment indicators are identified.

As the recoverable amount of this goodwill cannot be determined individually, the Group has identified for each of them the smallest group of assets (cash generating unit – CGU) generating cash inflows that are independent of other group assets:

- for goodwill of ***sales and marketing subsidiaries:*** the CGU is the geographical zone 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,
  - Film.

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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 8.67% at March 31, 2018, (against 9% at March 31, 2017).

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

	03/31/18				
Amortization and impairment of intangible assets	Total	Cost of sales	R&D costs	Marketing costs	Administrative and IT costs
Released commercial software	367,760	-	367,760	-	-
Commercial software in production	55,311	-	55,311	-	-
External developments	24,062	-	24,062	-	-
Office software	9,273	-	2,339	46	6,887
Brands	6,364	-	6,364	-	-
Movies being marketed	6,176	-	6,176	-	-
Movies in production	8,899	-	8,899	-	-
Other	262	-	74	-	189
TOTAL 03/31/18	**478,107**	**-**	**470,985**	**46**	**7,076**
TOTAL 03/31/17	**422,875**	**-**	**414,823**	**45**	**8,007**

NOTE 22 INVENTORY VALUE AND CHANGES IN INTANGIBLE ASSETS DURING THE FINANCIAL YEAR

Intangible assets	03/31/18 Gross	03/31/18 Depreciation and amortization	03/31/18 Net	At 03/31/17 Net
Released commercial software	897,454	(679,120)	218,334	162,736
Released external software developments	54,624	(49,206)	5,418	7,199
Commercial software in production	506,715	(66,206)	440,509	424,745
External software developments in production	23,479	(1,324)	22,155	29,815
Office software	75,244	(56,837)	18,407	19,329
Other intangible assets in progress	5,481	-	5,481	3,369
Brands	69,098	(9,909)	59,189	68,045
Movies being marketed	46,144	(38,830)	7,314	13,458
Movies in production	7,404	(4,396)	3,008	7,744
Other	4,328	(1,741)	2,587	25
TOTAL	**1,689,972**	**(907,570)**	**782,402**	**736,465**

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	809,380	6,322	(365,862)	447,804	-	-	(190)	897,454
Released external software developments	75,860	6,639	(42,192)	14,317	-	-	-	54,624
Commercial software in production	466,316	488,203	-	(447,804)		-	-	506,715
External software developments in production	29,815	7,981	-	(14,317)	-	-	-	23,479
Office software	71,284	6,073	(2,236)	-	2,719	131	(2,727)	75,244
Other intangible assets in progress	3,369	4,876	(52)	-	(2,701)	-	(11)	5,481
Brands	72,519	-	(193)	-	-	-	(3,228)	69,098
Movies being marketed	46,181	(1,391)	(69)	-	1,423	-	-	46,144
Movies in production	8,630	5,412	(5,255)	-	(1,423)	-	40	7,404
Other	195	-	-	-	325	3,818	(10)	4,328
TOTAL AT 03/31/18	**1,583,550**	**524,115**	**(415,859)**	**-**	**343**	**3,949**	**(6,126)**	**1,689,972**
TOTAL AT 03/31/17	**1,509,867**	**512,047**	**(440,680)**	**-**	**(453)**	**3,870**	**(1,102)**	**1,583,550**

The increase in commercial software in production of €488,203 thousand and in released commercial software of €6,322 thousand can be explained by the capitalized production costs of €500,358 thousand, to which are added repayments of €4,427 thousand, and foreign exchange gains of €1,406 thousand.

Reclassifications between accounts result mainly from the transfer of intangible assets in progress.

Depreciation and amortization of intangible assets	Opening balance	Increase	Decrease	Reclassi-fications	Change in scope	Foreign exchange gains and losses	Closing balance
Released commercial software	646,644	367,760	(365,849)	30,677	-	(112)	679,120
Released external software developments	68,661	22,738	(42,192)	-	-	-	49,206
Commercial software in production	41,572	55,311	-	(30,677)	-	-	66,206
External software developments in production	-	1,324	-	-	-	-	1,324
Office software	51,955	9,273	(2,237)	(5)	126	(2,275)	56,837
Brands	4,474	6,364	(193)	-	-	(736)	9,909
Movies being marketed	32,723	6,176	(69)	-	-	-	38,830
Movies in production	886	8,899	(5,255)	-	-	(134)	4,396
Other	170	262	-	-	1,321	(13)	1,741
TOTAL AT 03/31/18	**847,085**	**478,107**	**(415,795)**	**(5)**	**1,447**	**(3,270)**	**907,570**
TOTAL AT 03/31/17	**862,265**	**422,875**	**(439,765)**	**35**	**4**	**1,671**	**847,085**

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 in-house software" or "released external software developments" accounts.

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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.
Movies	According to the ratio: 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	03/31/18 Gross value	03/31/18 Cumulative impairment losses	03/31/18 Net amount	03/31/17 Net amount
Driver	14,609	(6,609)	8,000	12,363
Tom Clancy	38,582	-	38,582	39,456
Other	15,907	(3,300)	12,607	16,226
TOTAL	**69,098**	**(9,909)**	**59,189**	**68,045**

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	8.67%		
Perpetuity growth rate	0%	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 fifteen times their net carrying amount.

6.1.2.13 Property, plant and equipment

NOTE 24 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Amortization and depreciation of property, plant and equipment	Total	Cost of sales	Research and Development expenses	Marketing expenses	Administrative and IT expenses
Buildings	1,012	-	364	-	648
Fixtures and fittings	7,311	139	4,983	535	1,654
Computer hardware and furniture	21,901	88	16,682	1,630	3,501
Development kits	3,777	-	3,777	-	-
Transport equipment	46	-	9	31	6
TOTAL DEPRECIATION AND AMORTIZATION 03/31/18	**34,047**	**227**	**25,815**	**2,196**	**5,809**
TOTAL DEPRECIATION AND AMORTIZATION 03/31/17	**31,293**	**184**	**22,925**	**2,345**	**5,839**

NOTE 25 INVENTORY VALUE AND CHANGES IN PROPERTY, PLANT AND EQUIPMENT DURING THE FINANCIAL YEAR

Property, plant and equipment	At 03/31/18 Gross	Cumulative depreciation and amortization	At 03/31/18 Net	At 03/31/17 Net
Land	3,467	-	3,467	3,743
Leased land	3,460	-	3,460	2,639
Buildings	12,049	(1,288)	10,760	11,956
Leased buildings	14,132	(2,116)	12,017	8,898
Fixtures and fittings	70,612	(35,216)	35,396	36,583
Computer hardware and furniture	145,321	(103,154)	42,167	36,465
Development kits	13,670	(10,736)	2,934	5,033
Transport equipment	368	(204)	164	126
Non-current assets in progress	3,751	-	3,751	932
TOTAL	**266,830**	**(152,714)**	**114,116**	**106,375**

Change in property, plant and equipment	Opening balance	Increase	Decrease	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Land	3,743	-	-	-	-	(276)	3,467
Leased land	2,639	821	-	-	-	-	3,460
Buildings	12,994	-	-	-	-	(945)	12,049
Leased buildings	10,356	3,776	-	-	-	-	14,132
Fixtures and fittings	67,915	6,293	(1,305)	2,313	-	(4,604)	70,612
Computer hardware and furniture	129,455	29,582	(5,011)	441	115	(9,261)	145,321
Development kits	16,130	1,790	(3,244)	-	-	(1,006)	13,670
Transport equipment	343	90	(56)	-	-	(9)	368
Non-current assets in progress	932	6,065	-	(2,994)	-	(252)	3,751
TOTAL AT 03/31/18	**244,507**	**48,417**	**(9,616)**	**(240)**	**115**	**(16,353)**	**266,830**
TOTAL AT 03/31/17	**214,501**	**52,429**	**(26,484)**	**675**	**5**	**3,381**	**244,507**

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Buildings	1,038	354	-	-	-	(104)	1,288
Leased buildings	1,458	658	-	-	-	-	2,116
Fixtures and fittings	31,332	7,311	(1,215)	-	-	(2,212)	35,216
Computer hardware and furniture	92,990	21,901	(4,836)	(454)	93	(6,541)	103,154
Development kits	11,097	3,777	(3,244)	-	-	(894)	10,736
Transport equipment	217	46	(57)	-	-	(2)	204
TOTAL AT 03/31/18	**138,132**	**34,047**	**(9,352)**	**(454)**	**93**	**(9,752)**	**152,714**
TOTAL AT 03/31/17	**130,555**	**31,294**	**(26,388)**	**158**	**-**	**2,513**	**138,132**

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

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.

No property, plant or equipment is used to secure any borrowings.

As at March 31, 2018, 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 03/31/17 Gross	Change	Reclas-sifications	Change in scope	Foreign exchange gains and losses	At 03/31/18 Gross
Amounts due to suppliers of non-current assets	908	(370)	-	-	(2)	536
TOTAL AT 03/31/18	**908**	**(370)**	**-**	**-**	**(2)**	**536**
TOTAL AT 03/31/17	**1,107**	**(196)**	**-**	**-**	**(3)**	**908**

6.1.2.14 Income tax

NOTE 27 ANALYSIS OF TAX EXPENSES/SAVINGS

	03/31/18	03/31/17
Current tax	(33,460)	(36,140)
Deferred tax	(35,781)	(15,317)
TOTAL	**(69,241)**	**(51,457)**

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, 2018, the tax group's loss carryforwards totaled €593,639 thousand, including €724,905 thousand in accelerated depreciation relating to the application of Article 236 of the CGI (French General Tax Code) for software development expenses;
- in the United States, the tax group includes three companies: Ubisoft LA Inc., Redstorm Entertainment Inc. and Ubisoft Inc. As at March 31, 2018, the tax group generated a current income tax expense of €1,602 thousand;
- in the United Kingdom, the tax group includes four companies: Ubisoft Ltd, Ubisoft Reflections Ltd, Future Games of London Ltd and Ubisoft CRC Ltd. As at March 31, 2018, the tax group had generated a current income tax expense of €6,739 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 2018 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.

The impact of the tax reform in the United States is €1,621 thousand on deferred tax.

NOTE 28 RECONCILIATION BETWEEN THE THEORETICAL INCOME TAX LIABILITY AND THE RECOGNIZED INCOME TAX LIABILITY

	03/31/18
Profit (loss) for the period	139,452
Total income tax	69,241
Consolidated income, excluding tax, profit from associates and income from discontinued activities	208,693
Theoretical tax (34.43%)	**71,860**
Payments of tax deferred from previous years:	
Impact of changes in the rate on the tax basis	*(3,132)*
Other	*(1,614)*
Impact of permanent differences between net income and consolidated earnings:	
Cancellation of provisions for impairment	*8,585*
Cancellation of studio margin	*(5,545)*
Additional payment IFRS 2	*8,554*
Other permanent differences	*(385)*
Impact of permanent differences between net income and taxable income:	3,414
Taxation of foreign companies at different tax rates	(9,344)
Other adjustments	
Exceptionnal contribution of 15% of the French tax group's income tax	*462*
Adjustments on the previous financial year	*(114)*
Impact of tax consolidation	*1,310*
Tax credits	*(8,289)*
Other	*3,479*
TOTAL INCOME TAX	**69,241**
EFFECTIVE TAX RATE	**33.2%**

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NOTE 29 DEFERRED TAX

Breakdown by nature of tax on the statement of financial position and income statement

	03/31/17	Change in income	Change in other comprehen-sive income	Change in equity	Foreign exchange gains and losses	Other reclas-sifications	03/31/18
Intangible assets							
Elimination of margin on intangible assets [1]	*17,531*	*2,551*	*-*	*-*	*-*	*-*	*20,082*
Capitalized losses and tax credits							
Losses	*1,563*	*271*	*-*	*-*	*(104)*	*-*	*1,730*
Investment tax credit	*22,714*	*307*	*-*	*-*	*(2,863)*	*4,035*	*24,193*
Hedging derivatives	335	(335)	-	-	-	-	-
Other							
Temporary tax differences [2]	*44,342*	*(4,677)*	*-*	*-*	*(2,744)*	*(1,029)*	*35,892*
Other consolidation adjustments	*2,346*	*153*	*(215)*	*-*	*-*	*-*	*2,284*
TOTAL DEFERRED TAX ASSETS	**88,831**	**(1,730)**	**(215)**	**-**	**(5,711)**	**3,006**	**84,181**
Intangible assets							
Brands	*(4,127)*	*1,740*	*-*	*-*	*340*	*-*	*(2,047)*
Other intangible assets						*(109)*	*(109)*
Tax credits	(29,522)	(3,160)	-	-	3,215	-	(29,467)
Hedging derivatives	(389)	(4)		-	-	-	(393)
Other financial instruments	(11,561)	(6,722)	(308)	7,600	-	-	(10,991)
Accelerated depreciation and amortization	(24,072)	(26,051)	-	-	-	(574)	(50,697)
Other	(3,102)	146		-	61	552	(2,343)
TOTAL DEFERRED TAX LIABILITIES	**(72,773)**	**(34,051)**	**(308)**	**7,600**	**3,616**	**(131)**	**(96,047)**
TOTAL NET DEFERRED TAXES	**16,058**	**(35,781)**	**93**	**7,600**	**(2,095)**	**2,875**	**(11,866)**

(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 million*
- *R&D expenses by production studios: €10 million*
- *deferral of rent-free periods: €3 million*
- *provisions for personnel expenses (bonus, paid leave): €3 million*
- *difference in book and tax amortization of non-current assets: €6.6 million*
- *impairment of inventory: €0.6 million*

Breakdown by expiry of net deferred taxes

(in € thousands)	Deferred tax assets		Deferred tax liabilities	
	Short term	Long term	Short term	Long term
Net accelerated amortization Tax Group France [1]	-	-	(75,970)	25,273
Losses of other subsidiaries	1,730	-	-	-
Elimination of margin on intangible assets	7,983	12,099	-	-
Investment tax credit	2,195	21,998	(20,665)	(8,802)
Provision for post-employment liabilities	54	2,333	-	-
Temporary differences and other consolidation adjustments	31,581	4,208	(2,684)	(10,432)
Brands	-	-	-	(2,156)
Other	-	-	(461)	(150)
TOTAL	**43,543**	**40,638**	**(99,780)**	**3,733**

(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, 2018.

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, 2018 is not limited in time.

Taxes on capitalized/non-capitalized losses

(in € thousands)	03/31/18			03/31/17		
	Capitalized losses	Non-capitalized losses	Total	Capitalized losses	Non-capitalized losses	Total
French Tax Group [1]	-	-	-	-	-	-
Other French subsidiaries	-	1,272	1,272	1,405	1,265	2,670
Hybride Technologies Inc.	-	-	-	-	-	-
Other	1,730	60	1,790	158	60	218
TOTAL	**1,730**	**1,332**	**3,062**	**1,563**	**1,325**	**2,888**

(1) Deferred tax on accelerated depreciation has been reclassified under loss carryforwards

Investment tax credits

	03/31/18	03/31/17
Capitalized investment tax credit	24,193	22,714
TOTAL	**24,193**	**22,714**

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 amortize expenses for the development of software or deduct them from the income for the financial year in which they occur. At March 31, 2018, a provision for commercial software of €86.4 million and €0.5 million for external software was recognized. 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 statement of financial position date.

A deferred tax asset is only recognized where it is likely that the Group will have future taxable income against which the asset may be utilized. Otherwise, deferred tax assets are reduced.

The impact of possible changes in tax rates on previously recorded deferred tax is recognized in profit or loss except where it relates to an item recognized in other comprehensive income.

Deferred tax is shown in the statement of financial position separately from current tax assets and liabilities and is classified as a non-current item.

Deferred tax relating to tax loss carry forwards is capitalized when it is likely that it will be utilized within a reasonable timeframe, assessed on the basis of tax forecasts.

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 Network Technology Co., Ltd	Project management for the Just Dance brand in China	The Workshop Netease Shanghai Ubi Computer Software Co.Ltd	60% 20% 20%

	03/31/17	Share of income	Change in scope	Foreign exchange gains and losses	03/31/18
Shanghai UNO Network Technology Co., Ltd	(68)	(224)	-	3	(289)
TOTAL	**(68)**	**(224)**	**-**	**3**	**(289)**

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	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Advances and prepayments received	1,823	5,542	-	-	(96)	7,269
VAT	49,350	26,623	-	366	(764)	72,575
Grants receivable	64,411	42,851	(4,024)	409	(8,420)	95,227 [(2)]
Other tax and employee-related receivables	2,095	(304)	-	-	(162)	1,629
Other	2,497	(2,214)	(237)	-	(4)	42
Prepaid expenses [(1)]	26,291	6,542	-	46	(842)	32,036
TOTAL	**146,467**	**76,040**	**(4,261)**	**821**	**(10,289)**	**208,778**

(1) See Note 12
(2) of which €89 million in grants to be received in Canada

Ubisoft Entertainment Inc. did not dispose of receivables in respect of the CTMM grant in the second half of the financial year ended March 31, 2018 *(see Note 31)*.

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 2011, the production subsidiary Ubisoft Entertainment Inc. concluded a factoring agreement for claims relating to the unvested rights of Investissement Québec under the so-called "CTMM" grant (income tax credit for the production of multi-media titles).

The risks associated with these receivables are transferred to the counterparty of the factoring agreement; the receivables are derecognized from the statement of financial position of the Group.

Following an amendment made in March 2014, Ubisoft Entertainment Inc. receives 85% of the sale price of the receivables transferred at the transfer date. The remaining 15% is collected at the time of actual payment of the grant by Investissement Québec, the counterparty of the factoring agreement. As the risks and benefits associated with 15% of transferred receivables were retained by the Group, a portion of 15% of outstanding claims relating to unvested rights of the organization Investissement Québec under the so-called "CTMM" grant remains on the Group's balance sheet.

This agreement has not been used on the financial year.

Financial assets derecognized in their entirety

In December 2013, the British and German sales and marketing subsidiaries concluded a factoring agreement on trade receivables from subsidiaries domiciled in their respective countries.

The risks associated with these receivables are transferred to the counterparty of the factoring agreement; the receivables are fully derecognized from the statement of financial position of the Group.

However, these two subsidiaries operate a collection service on behalf of the counterparty, a service that is constitutive of the continuing involvement of the Group in trade receivables transferred under these factoring contracts.

There are no commitments related to these factoring agreements at the financial year-end.

NOTE 32 OTHER LIABILITIES

Other liabilities

	Opening balance	Change	Change in scope	Foreign exchange gains and losses	Closing balance
Advances and prepayments received	113	(50)	-	(11)	52
Employee-related liabilities	113,417	57,030	608	(8,593)	162,462
Other tax liabilities	43,144	13,898	226	(762)	56,506
Other liabilities	22,451	40,930	-	(1,358)	62,023
Deferred income (1)	40,691	3,453	(38)	(3,215)	40,891
TOTAL	**219,817**	**115,260**	**796**	**(13,939)**	**321,934**

(1) See Note 6

Other liabilities mainly include:

- €1.2 million in earnouts provisioned for the acquisition of Related Designs Software GmbH with an expiry date over one year;
- €39.5 million in earnouts provisioned for the acquisition of Ketchapp SAS with an expiry date over one year;
- €7.8 million of liabilities corresponding to the retention of part of the acquisition price of 1492 Studio SAS;
- €2.6 million of liabilities corresponding to the retention of part of the acquisition price of Blue Mammoth Game Inc;
- 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 €9.4 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	Reversals (Provision used)	Reversals (Provision unused)	Foreign exchange gains and losses	Closing balance
Provision for other financial risks	2,704	489	(812)	-	(259)	2,122
Other provisions for risks	1,542	180	(770)	-	-	(952)
TOTAL AT 03/31/18	**4,246**	**669**	**(1,582)**	**-**	**(259)**	**3,074**
TOTAL AT 03/31/17	**8,888**	**476**	**(199)**	**(5,119)**	**(200)**	**4,246**

Other provisions for risks relate to commercial disputes in progress.

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.

Contingent liabilities

Tax audits underway for which proposed adjustments have been received:

- Ubisoft Entertainment India Pvt. Ltd (India) for the period from April 1, 2010 to March 31, 2012. The Company contests all the proposed adjustments relating to the transfer pricing policy and consequently no provision has been recognized in the financial statements;
- Ubisoft Entertainment Inc.: the audit began in June 2017 and relates to the transfer price policy for the FY2014 to FY2016 financial years. Discussions are underway between the Canadian and French administrations in order to avaoid 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 GmbH and Blue Byte GmbH: the audit began in March 2017 and relates to the corporation tax and the transfer price policy for the financial years FY2012 to FY2015;
- Ubisoft Entertainment Sweden AB: a tax audit began in April 2018 in respect of FY2017 and 2018.

NOTE 33 RELATED PARTY TRANSACTIONS

The services provided by the parent company to related parties are conducted according to normal market conditions:

- 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 Financial assets, financial liabilities and net financial income

NOTE 34 GAINS AND LOSSES RELATING TO FINANCIAL ASSETS AND LIABILITIES

	03/31/18	03/31/17
Income from cash	1,823	1,265
Interest on borrowings	(17,732)	(12,081)
Net borrowing cost	**(15,909)**	**(10,816)**
Foreign exchange gains	52,673	63,325
Foreign exchange losses	(58,420)	(65,613)
Result from foreign-exchange operations	**(5,747)**	**(2,288)**
Other financial income	1,101	2,348
Fair value of the share swap agreement (1)	7,211	-
Financial income	**8,312**	**2,348**
Other financial expenses	(56)	(5,449)
Financial expenses	**(56)**	**(5,449)**
TOTAL	**(13,400)**	**(16,205)**

(1) Change in the fair value of the share swap agreement in respect of Ubisoft shares

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 non-consolidated securities, capital gains or losses on disposals and impairment of financial assets (other than trade receivables), income and expenses linked to the discounting of assets and liabilities, and foreign exchange gains and losses on unhedged items.

The impact on profit and loss of measuring financial instruments used:

- in the management of foreign exchange risks is recognized in operating income;
- 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, 2018, the financial debt represents €1,295 million and due to cash and values of available short term investments, net financial debt amounts to €(548.1) million.

	03/31/18			03/31/17		
	Current	Non-Current	Total	Current	Non-Current	Total
Bank borrowings	8,164	54,358	62,522	3,746	211,014	214,760
Bond issuance	62,370	867,186	929,557	1,324	420,695	422,019
Euro PP-type bonds	*61,293*	-	*61,293*	*1,324*	*59,868*	*61,192*
OCEANE	-	*369,210*	*369,210*	-	*360,827*	*360,827*
Bonds	*1,077*	*497,976*	*499,053*	-	-	-
Borrowings resulting from the restatement of finance-leases	1,268	12,085	13,353	976	8,996	9,972
Commercial papers	126,000	-	126,000	66,000	-	66,000
Bank overdrafts and short-term loans	163,118	-	163,118	219,900	-	219,900
Accrued interest	466	-	466	485	-	485
Foreign exchange derivatives (1)	151	-	151	972	-	972
Total borrowings (A)	**361,538**	**933,629**	**1,295,167**	**293,403**	**640,705**	**934,109**
Cash and bank balances	736,052	-	736,052	840,940	-	840,940
Investments of less than 3 months (2)	10,887	-	10,887	11,759	-	11,759
Total positive cash and cash equivalents (B)	**746,939**	**-**	**746,939**	**852,699**	**-**	**852,699**
TOTAL NET DEBT (A-B)			**548,228**			**81,410**
TOTAL NET DEBT (EXCLUDING DERIVATIVES)			**548,077**			**80,438**
Fixed-rate debt			1,114,621			549,478
Variable-rate debt			180,545			384,631

(1) Measured at fair value (level 2, IFRS 7 hierarchy)

(2) UCITS measured at fair value (level 1, IFRS 7 hierarchy)

6

- **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 with a par value of €54.74

Each bond carries entitlement to the conversion into one new or existing share

Issue price: €54.74

Date of dividend entitlement and settlement: September 27, 2021

Bond duration: 5 years

Interest: zero coupon

- **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%

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	214,760	1,444	(153,677)	-	(5)	62,522
Bond issuance	422,019	507,537	-	-	-	929,557
Borrowings resulting from the restatement of finance-leases	9,972	5,054	(1,672)	-	(1)	13,353
Commercial papers	66,000	394,000	(334,000)	-	-	126,000
Bank overdrafts and short-term loans	219,901	-	(56,749)	34	(67)	163,118
Accrued interest	485	-	(18)	-	-	466
Foreign exchange derivatives	972	-	(822)	-	-	151
TOTAL AT 03/31/18	**934,109**	**908,035**	**(546,938)**	**34**	**(73)**	**1,295,167**
TOTAL AT 03/31/17	**505,601**	**645,610**	**(217,143)**	**-**	**42**	**934,109**

ACCOUNTING PRINCIPLES

Financial liabilities include:

- bank borrowings, equity and bonds;
- commercial paper;
- obligations relating to finance lease agreements;
- bank overdrafts and short-term loans;
- derivatives with a negative market value;
- trade payables.

Financial liabilities are presented as "non current" except those with a maturity of less than 12 months from the closing date, which are classified as "current liabilities".

Bank overdrafts are included in cash and cash equivalents as they are an integral part of the Company's cash management. They are presented in liabilities, but are also offset against cash in the cash flow statement.

Recognition and measurement of financial liabilities

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", if a financial instrument includes different components which relate for certain characteristics to liabilities and for other characteristics to equity, these different component parts must be accounted for and presented separately according to their type.

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The component presented in financial debt is assessed, at the date of issue, on the basis of the future contractual cash flows discounted at the market rate (taking into account the issuer's credit risk) for a debt with similar characteristics but not including an option for conversion or repayment in shares.

The value of the conversion option is calculated by the difference between the bond's issue price and the fair value of the liability component. This amount is recognized in "Consolidated reserves" in equity (see *section 5.1.1 Change in equity*).

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:

- to manage its exposure to foreign exchange risks. To this end, Ubisoft Entertainment SA hedges these risks with forward sale contracts and currency options;
- as part of the treasury share buyback from Vivendi, Ubisoft Entertainment SA took out a swap contract.

Derivatives are recognized at fair value and those with a negative market value are presented in financial liabilities.

NOTE 36 FINANCIAL ASSETS

Non-current financial assets	At 03/31/18 Gross	Cumulative impairment	At 03/31/18 Net	At 03/31/17 Net
Equity investments in non-consolidated companies	-	-	-	1
Deposits and sureties	105,940	-	105,940	5,362
Other long-term financial assets	832		832	-
Other non-current receivables	123	-	123	115
TOTAL	**106,895**	**-**	**106,895**	**5,478**

Non-current financial assets	Opening balance	Increase	Decrease	Reclas-sifications	Change in scope	Foreign exchange gains and losses	Closing balance
Equity investments in non-consolidated companies	1	-	-	-	(1)	-	-
Deposits and sureties (1)	5,362	101,983	(1,153)	-	10	(263)	105,940
Other long-term financial assets	-	860	-	-	20	(48)	832
Other non-current receivables (2)	115	28,650	(28,637)	-	-	(5)	123
TOTAL AT 03/31/18	**5,478**	**131,493**	**(29,790)**	**-**	**(9)**	**(316)**	**106,895**
TOTAL AT 03/31/17	**4,339**	**44,373**	**(43,322)**	**-**	**6**	**82**	**5,478**

(1) The increase reflects the payment of €100 million as guarantee of swap agreement on Ubisoft shares

(2) The change reflects purchases and sales of own shares held under the liquidity agreement

Current financial assets	03/31/18 Gross	Impairment	Net	03/31/17 Net
Foreign exchange derivatives [1]	1,109	-	1,109	1,131
Ubisoft share derivatives [1]	7,211		7,211	-
TOTAL	**8,320**	**-**	**8,320**	**1,131**

(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)

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".

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.

The breakdown of financial assets by category is as follows:

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;
- as part of the treasury share buyback from Vivendi, Ubisoft Entertainment SA took out a share swap contract.

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 DERIVATIVES

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 effective portion.

AT 03/31/17	**132**
Gains/losses on cash flow hedging (hedging reserve)	
Foreign exchange hedges	897
Effective portion	*534*
Ineffective portion	*363*
Deferred tax	*(309)*
Reclassification under profit or loss	
Foreign exchange hedges	*(201)*
Effective portion	*(201)*
Ineffective portion	-
Deferred tax	*69*
AT 03/31/18	**588**

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, Canadian dollars and Pound sterling. Management believes this method better reflects its hedging policy in the financial statements.

Hedge accounting applies if:

- the hedging relationship is clearly defined and documented on the date it is established;
- the effectiveness of the hedging relationship is proven from the outset and for as long as it lasts.

Application of cash flow hedge accounting 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 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, 2018, Company had a €5 million variable-rate loan; the variable share of the Schuldschein-type loan was repaid during the financial year.

As at March 31, 2018, 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 during especially busy periods, as at March 31, 2018, the Group had a €300 million syndicated loan, €11 million in loans, €45 million in bilateral lines, €79 million in credit lines with banks and €126 million in commercial paper (as part of a program for a maximum amount of €300 million).

The Group has also issued Euro PP bonds for €60 million, Oceanes for €400 million, a bond for €500 million, and 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.

Analysis of financial liabilities by maturity

	03/31/18			Schedule		
	Carrying amount	Total contractual cash flows (1)	< 1 year	1 to 2 years	3 to 5 years	> 5 years
Current and non-current financial liabilities						
Bank borrowings	62,522	64,419	8,165	52,723	1,635	-
Commercial papers	126,000	126,000	126,000	-	-	-
Bond issuance	929,557	994,238	62,370	-	867,187	-
Borrowings resulting from the restatement of finance-leases	13,353	24,807	1,268	1,280	2,618	8,186
Trade payables	176,613	176,613	175,036	949	533	95
Other operating liabilities (2)	321,934	321,934	278,404	35,972	4,853	2,705
Current tax liabilities	12,667	12,667	12,667	-	-	-
Cash liabilities	163,584	163,584	163,584	-	-	-
Derivative liabilities						
Non-hedge derivatives	151	54,905	151	-	-	-
TOTAL	**1,806,381**	**1,939,167**	**827,645**	**90,924**	**876,826**	**10,986**

(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):

	2017/2018	2016/2017
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 €54,909 thousand at March 31, 2018.

All covenants are calculated on the basis of the consolidated annual financial statements under IFRS.

As at March 31, 2018, the Company is in compliance with all these ratios and expects to remain so during the 2018/2019 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 and Pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.

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

Derivatives for which documentation on the hedging relationship does not meet the requirements of IFRS 9 are not referred to as accounting hedges.

As at March 31, 2018, foreign exchange transactions denominated in Canadian dollars, US dollars and Pound 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:

	03/31/18							03/31/17						
	USD	CAD	GBP	SGD	JPY	RUB	SEK	USD	CAD	GBP	SGD	JPY	RUB	SEK
Forwards [1]	200	697	(25)	-	-	-	-	(448)	-	(155)	-	-	-	-
FOREIGN EXCHANGE DERIVATIVES QUALIFYING AS HEDGES	**200**	**697**	**(25)**	**-**	**-**	**-**	**-**	**(448)**	**-**	**(155)**	**-**	**-**	**-**	**-**
of which in fair value (impact on income)	**-**	**-**	**(25)**	**-**	**-**	**-**	**-**	**(450)**	**-**	**(155)**	**-**	**-**	**-**	**-**
of which in cash flow hedge (impact on OCI)	**200**	**697**	**-**	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**
Forwards [1]	(50)	51	6	10	(9)	(14)	92	414	197	54	77	66	(54)	8
FOREIGN EXCHANGE DERIVATIVES NOT QUALIFYING AS HEDGES	**(50)**	**51**	**6**	**10**	**(9)**	**(14)**	**92**	**414**	**197**	**54**	**77**	**66**	**(54)**	**8**

(1) Mark-to-market, level 2 in the hierarchy of fair value under IFRS 7

Nominal hedging amount	Maturity	Hedged price	Hedged item
USD			
50,000,000	May 2018	1.2303	sale
2,500,000	June 2018	1.1882	financial advance
15,000,000	April 2018	1.2351	sale
GBP			
2,000,000	April 2018	0.887	sale
5,000,000	April 2018	0.8762	sale
CAD			
25,000,000	May 2018	1.6066	purchase
25,000,000	June 2018	1.6088	purchase
30,000,000	July 2018	1.6003	purchase
20,000,000	August 2018	1.6241	purchase
20,000,000	April 2018	1.5954	financial advance
30,000,000	August 2018	1.6003	purchase
20,000,000	September 2018	1.6055	purchase
25,000,000	October 2018	1.6076	purchase
25,000,000	November 2018	1.6114	purchase
SEK			
130,000,000	June 2018	10.2037	financial advance
JPY			
500,000,000	June 2018	130.68	financial advance
AUD			
3,000,000	June 2018	1.6222	sale
RUB			
134,000,000	June 2018	72.63	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]	933,660	43,384	(483,440)	26,585
Futures contracts	(65,000)	(7,000)	200,000	3,000
Net position after hedging	828,660	36,384	(283,440)	29,585

(1) Transaction position brought about by any operation triggering a payment or future earnings

NOTE 42 CREDIT AND COUNTERPARTY RISK

		03/31/18			03/31/17
	Notes	Carrying amount	Provisions	Net carrying amount	Net carrying amount
Trade receivables	5	436,889	(1,317)	435,573	405,557
Other current trade receivables	30	208,778	-	208,778	146,467
Foreign exchange derivatives	36	1,109	-	1,109	1,131
Ubisoft share derivatives	36	7,211	-	7,211	-
Current tax assets		38,481	-	38,481	32,967
Cash and cash equivalents	35	746,939	-	746,939	852,699

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 89% of sales excluding digital sales are covered by credit insurance.

Ubisoft's largest customer accounts for 18% of Group sales excluding tax, the top 5 account for 54% and the top 10 for 64%.

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, 2018, 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 September 22, 2017 renewed the authorization previously granted to the Board of Directors by the Combined General Meeting of September 23, 2016, allowing the Company in accordance with Article L. 225(209) of the French Commercial Code to:

General Meeting Resolution	Conclusion	Duration of authorization
20th resolution	Buy back or have bought back by the Company its own shares	18 months
21st resolution	Reduce the capital by cancellation of shares	18 months

As at March 31, 2018, the Company held 1,587,176 own shares with a value of €86,103 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 prepaid forward contract for 4,545,454 of its own shares, to be 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 contract for 3,045,455 shares to be settled at the maturity date or in advance on Ubisoft's initiative either in cash or by delivery of shares against payment of the price of €66. Under IFRS 9, this contract is qualified as a derivative and classified in current financial assets (see Note 36).

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	IFRS 7 hierarchy	03/31/18 Amortized cost	03/31/18 Fair value	Amortized cost	Fair value
Assets at fair value through profit or loss						
Foreign exchange derivatives	36	2		1,109		1,131
Ubisoft share derivatives	36	2		7,211		
Net investment securities	35	1		10,887		11,759
Cash	35		736,052		840,940	
Assets at fair value through OCI						
Equity investments in non-consolidated companies	36	2		-		1
Assets at amortized cost						
Trade receivables	5		435,573		405,557	
Other trade receivables	30/12		208,778		146,467	
Current tax assets			38,481		32,967	
Deposits and sureties	36		105,940		5,362	
Other long-term financial assets			832		-	
Other non-current receivables	36		123		115	
Liabilities at fair value through profit or loss						
Foreign exchange derivatives	35	2		(151)		(972)
Liabilities at amortized cost						
Borrowings	35		(1,295,167)		(933,137)	
Trade payables	11		(176,613)		(178,283)	
Other operating liabilities	6/32		(321,934)		(219,817)	
Current tax liabilities			(12,667)		(29,872)	

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, 2018, the capital of Ubisoft Entertainment SA was €8,652,489.98 divided into 111,645,032 fully âid up share with a nominal value of €0.0775, of which 111,631,149 category A ordinary shares and 11,474 category B-1 preference shares and 2,409 category B-2 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 04/01/17	**112,932,041**
Exercise of subscription options	616,119
Free share grants	943,022
Cancellation of own shares	(3,813,630)
Capital increase reserved for employees	967,480
AT 03/31/18	**111,645,032**

The maximum number of shares to be created is 13,431,223:

- 2,171,411 through the exercising of stock options;
- 3,952,542 through the allocation of free shares;
- 7,307,270 through the conversion of the OCEANEs into shares.

The details of stock options and allocations of free shares are given in Note 15.

NOTE 47 DIVIDENDS

No dividend was paid in respect of 2016/2017 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, 2018, the Company held 1,587,176 own shares, recognized as a deduction to equity:

	03/31/18		03/31/17	
Own shares by objective	Number of shares	Valuation *(in € thousands)*	Number of shares	Valuation *(in € thousands)*
Liquidity agreements	21,750	1,259	22,098	831
Employee stock ownership coverage	10,139	498	3,366	113
Cancellation	1,117,572	72,308	-	-
Acquisition operations	437,715	12,038	4,031,045	133,745
TOTAL	**1,587,176**	**86,103**	**4,056,809**	**134,689**

The changes mainly relate to the operations below:

- as part of the MMO operation, 1,610,196 shares were acquired for a value of €79,126 thousand. Ubisoft Entertainment SA delivered 1,345,423 securities at an acquisition price of €41.77;
- as part of the mandate granted to an investment services provider for the purchase of its own shares, the Company purchased 1,337,572 shares with a value of €86,061 thousand, with a view to canceling them;
- 3,593,630 shares with a value of €121,708 thousand, previously allocated to acquisitions, were reallocated to be canceled on November 17, 2017;
- 258,000 shares worth €12,678 thousand were used for the delivery of free shares in February and March 2018;
- 220,000 shares worth €13,753 thousand were canceled on March 30, 2018.

On March 20, 2018 Ubisoft Entertainment SA and CACIB signed:

- a prepaid forward contract for 4,545,454 of its own shares, to be 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 contract for 3,045,455 of its own shares, to be settled at the maturity date or in advance on Ubisoft's initiative either in cash or by delivery of shares against payment of the price of €66. Under IFRS 9, this contract is qualified as a derivative and classified in current financial assets (see Note 36).

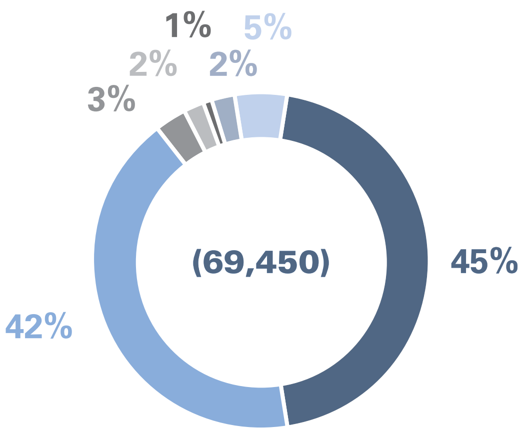
NOTE 49 TRANSLATION RESERVE

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.

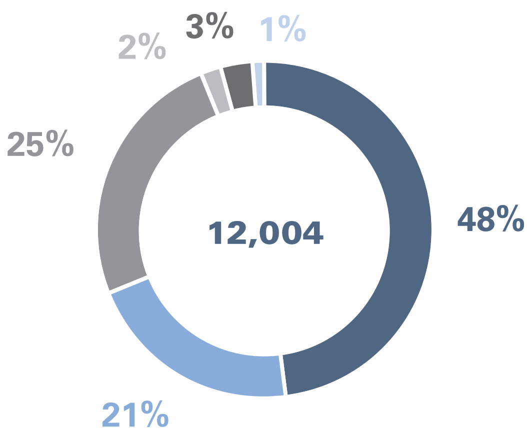
The foreign exchange gains and losses in "Equity attributable to owners of the parent company" changed by €69.4 million between March 31, 2017 and March 31, 2018. This change is due primarily to the following currencies:

Currency	closing rate 03/31/18	closing rate 03/31/17	Impact
USD	1.2321	1.0691	(31,610)
CAD	1.5895	1.4265	(29,147)
GBP	0.8749	0.85553	(1,847)
SGD	1.6158	1.4940	(1,095)
JPY	131.15	119.55	(890)
AUD	1.6036	1.3982	(1,468)
Other			(3,393)
TOTAL			**(69,450)**

CHANGE IN TRANSLATION RESERVE AT 03/31/18



CHANGE IN TRANSLATION RESERVE AT 03/31/17



USD
CAD
GBP
JPY
AUD
SGD
Others

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, 2018		144,949
Weighted average number of shares in circulation		110,399,832
Dilutive shares		12,044,129
Stock options	*1,186,924*	
Free share grants	*3,549,935*	
OCEANE	*7,307,270*	
Weighted average number of shares after exercise of the rights on dilutive instruments		122,443,961
DILUTED EARNINGS PER SHARE AS AT MARCH 31, 2018		**1.18**

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 THE FINANCING OF THE COMPANY

Off-balance sheet commitments related to the financing of the Company

Summary

Type	03/31/18	03/31/17
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	67,665	69,110
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not utilized	310,000	310,000

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/18
Commitments given			
Financial guarantees			67,665
Ubisoft Entertainment Inc.	Loan guarantee	05/01/19	35,000
Commitments received			
Lines of credit received and not utilized			310,000
Syndicated loan		07/18/22	300,000
Committed lines of credit		03/29/19	10,000

Off-balance sheet commitments related to hedging instruments

Summary

Type	03/31/18	03/31/17
Foreign exchange hedges (1)	220,078	328,193
Ubisoft share derivatives (2)	201,000	-

(1) Fair value in euros valued at the guaranteed price

(2) 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. This buyback will take place under two contracts: a prepaid forward sale contract for 4,545,454 shares, to be settled by the delivery of securities at maturity in 2021 or in advance, and a swap contract for 3,045,455 shares, to be settled at the maturity date or in advance on Ubisoft's initiative either in cash, Ubisoft benefiting from or bearing the valuation differences of the securities concerned, or by delivery of said securities against payment of the sale price. The swap contract is covered by a €100 million security deposit. All these acquisitions will be made at a price of €66 per share

Thus, over FY 2017-2018, Ubisoft disbursed:

- *€303 million in relation to the prepaid forward contract, of which €300 million for the 4,545,454 shares at €66 and €3 million for the expenses stemming from the acquisition of said shares (see Note 48)*
- *€100 million for the security deposit relating to the swap contract (see Note 36)*

NOTE 52 OFF-BALANCE SHEET COMMITMENTS TOWARDS COMPANY EMPLOYEES

To ensure the stability of Ubisoft's activities, 0.6% of the Group's employees at March 31, 2018 benefited from amendments to their employment contracts between June and September 2016: in the event of a 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 €43 million gross.

NOTE 53 LEASES

Finance leases

Initial value	Amortization	Net value	Lease payments made	Remaining lease payments < 1year	Remaining lease payments Between 1 & 5 years	Remaining lease payments > 5 years	Residual value
17,349	2,199	15,150	1,248	1,398	5,574	6,296	-

The finance leases relate to two real estate assets (land and buildings) and to transport equipment.

Operating leases

These primarily include €34,105 thousand in property leases, none of which exceed ten years.

NOTE 54 OTHER COMMITMENTS

The Group has no other material off-statement of financial position commitments.

6.1.2.21 Events after the reporting period

N/A.

6.1.2.22 Professional fees of the Statutory Auditors and members of their networks

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

	KPMG			
	Amount (excluding tax)		%	
(in € thousands)	2017/2018	2016/2017	2017/2018	2016/2017
Statutory audit, certification, and review of the separate and consolidated financial statements				
Issuer	226	189	30%	26%
Fully consolidated subsidiaries	512	534	68%	72%
Services other than audits[1]				
Issuer	16	25	2%	2%
Fully consolidated subsidiaries	-	-	-	-
TOTAL	**754**	**748**	**100%**	**100%**

(1) Non-financial statement certification services entrusted to the Statutory Auditors this year mainly consisted of additional audit procedures relating to the issue of certifications

	MAZARS			
	Amount (excluding tax)		%	
(in € thousands)	2017/2018	2016/2017	2017/2018	2016/2017
Statutory audit, certification, and review of the separate and consolidated financial statements				
Issuer	189	156	60%	58%
Fully consolidated subsidiaries	119	113	38%	42%
Services other than audits[1]				
Issuer	8	-	2%	-
Fully consolidated subsidiaries	-	-	-	-
TOTAL	**316**	**269**	**100%**	**100%**

(1) Non-financial statement certification services entrusted to the Statutory Auditors this year mainly consisted of additional audit procedures relating to the issue of certifications

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.

To the General Meeting of the company Ubisoft Entertainment,

OPINION

As mandated by your General Meetings, we conducted the audit of the consolidated financial statements of Ubisoft Entertainment in respect of the financial year ended March 31, 2018, 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, 2017 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 9 on April 1, 2017 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, 2018, the net carrying amount for the commercial software developed internally amounted to €659 million for a total statement of financial position of €2,805 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 survey 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 present significant net carrying amounts at March 31, 2018 of respectively €259 million and €59 million. 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.

Contingent liabilities associated with the transfer price policy between Ubisoft Entertainment Inc. and Ubisoft Entertainment
Note 32 of the notes to the consolidated financial statements

Risk identified	Response provided
The transfer price policy between the Company and its production subsidiary located in Canada, Ubisoft Entertainment Inc., is regularly the subject of discussions between French and Canadian tax authorities. The note "Contingent liabilities" in Note 32 "Other liabilities" in the notes to the consolidated financial statements indicates that: ♦ the Canadian tax authorities opened a tax audit in June 2017 on the 2014 – 2016 financial years and issued an adjustment proposal for the period concerned; ♦ discussions are ongoing between the Canadian and French tax authorities to avoid the double taxation issue within the Ubisoft Group for the audited period. The estimate of the risks, and if applicable, the associated provisions require the exercise of judgment by the Group based on the probability of resolution of the ongoing discussions between the Canadian and French tax authorities. The Ubisoft Group considers that it is probable that the discussions between the two tax authorities will be resolved without double taxation for the Group, and in this respect, provides information in the notes to the consolidated financial statements on contingent liabilities. Given the inherent uncertainties in respect of the resolution of these discussions, we consider that the assessment of the accounting treatment of this contingent liability by the Group is a key point of the audit.	To assess the reasonable nature of the risk estimate on the contingent liability for the transfer price policy between Ubisoft Entertainment Inc. and Ubisoft Entertainment by the Group, our work mainly consisted in: ♦ meeting with the Group's Administration Department in order to identify the changes in the procedure on both the Canadian and French sides, and understanding its corresponding risk assessment; ♦ obtaining documentation supporting these changes in procedure; ♦ involving, where required, the Canadian auditors of Ubisoft Entertainment Inc. to understand the points of the Canadian tax procedure; ♦ meeting with the Company's tax consultants and analyzing the opinions and information on the ongoing procedures and their probable financial consequences communicated by them in response to our written confirmation requests.

VERIFICATION OF THE GROUP'S MANAGEMENT REPORT

In accordance with the professional standards applicable in France, we have also carried out the specific verification required by law of the information on the Group provided in the Group's Management report.

We have no matters to report regarding the accuracy of this information and its consistency with the consolidated financial statements.

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 Meeting of June 27, 2003 for KPMG Audit and of September 29, 2016 for MAZARS.

As at March 31, 2018, KPMG Audit was in its 15th year of uninterrupted work, including 15 years since the Company's securities were admitted to trading in a regulated market, and MAZARS in its 2nd year of uninterrupted work.

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 30, 2018

Statutory Auditors

KPMG Audit **Vincent Broyé**	**MAZARS** **Arnaud Le Néen**

6.3 Separate financial statements of Ubisoft Entertainment SA for the year ended March 31, 2018

6.3.1 STATEMENT OF FINANCIAL POSITION

Assets

(in € thousands)	Notes	Gross	Depreciation and amortization/ impairment	03/31/18 Net	03/31/17 Net
Intangible assets	19	1,641,370	870,830	770,540	686,024
Property, plant and equipment	21	13,158	6,304	6,854	7,650
Non-current financial assets	23	642,955	84,700	558,255	491,970
Non-current assets		**2,297,483**	**961,834**	**1,335,649**	**1,185,644**
Advances and prepayments made	11	18,024	-	18,024	26,730
Trade receivables	5	333,459	-	333,459	427,758
Other receivables	6	88,551	-	88,551	63,471
Investment securities	24	10,986	3	10,983	11,792
Cash instruments	24	307,550		307,550	140,860
Cash	24	430,129	-	430,129	309,347
Current assets		**1,188,699**	**3**	**1,188,696**	**979,959**
Prepaid expenses and deferred charges	9	17,540	-	17,540	17,978
TOTAL ASSETS		**3,503,722**	**961,837**	**2,541,884**	**2,183,581**

Liabilities

(in € thousands)	Notes	03/31/18	03/31/17
Capital	27	8,652	8,752
Premiums		2,863	89,272
Reserves		848	848
Retained earnings		(59,807)	45,274
Earnings for the period		215,808	(104,869)
Regulated provisions		725,589	640,288
Equity	**26**	**893,953**	**679,565**
Provisions	17	2,265	27,048
Borrowings (1) (2)	25	1,048,128	761,515
Other financial liabilities	25	355,948	507,594
Trade payables		211,831	186,014
Fiscal and social liabilities		17,366	8,691
Liabilities on non-current assets		34	794
Other liabilities	15	12,189	11,480
Liabilities		**1,645,497**	**1,476,088**
Prepaid expenses and deferred charges	16	170	880
TOTAL LIABILITIES		**2,541,884**	**2,183,581**
(1) Including current portion of borrowings		*95,622*	*92,771*
(2) Including current bank credit facilities and bank credit balances		*26,912*	*90,087*

6.3.2 INCOME STATEMENT

(in € thousands)	Notes	03/31/18 (12 months)	03/31/17 (12 months)
Production for the period	3	1,550,694	1,319,663
Other operating income and reinvoiced costs	4	453,123	391,013
Total operating income		**2,003,817**	**1,710,676**
Other purchases and external expenses	10	999,208	826,177
Taxes and duties		1,897	1,907
Personnel costs		2,288	1,734
Other expenses		10,470	478
Depreciation, amortizations and provisions	18	880,670	786,202
Total operating expenses		**1,894,533**	**1,616,498**
OPERATING INCOME		**109,284**	**94,178**
Financial income from investments		203,224	20,542
Other interest received		5,572	5,354
Reversals of provisions and reinvoiced costs		42,769	69,771
Foreign exchange gains		34,369	54,712
Net proceeds on sale of investment securities		-	3
Total financial income		**285,934**	**150,382**
Provisions		32,845	88,918
Other interest paid		9,592	8,479
Foreign exchange losses		31,351	54,885
Net expenses on sales of investment securities		3	-
Total financial expenses		**73,791**	**152,282**
NET FINANCIAL INCOME	**22**	**212,143**	**(1,900)**
NET INCOME FROM CONTINUING OPERATIONS		**321,427**	**92,278**
NON-RECURRING ITEMS	**6.3.4.7**	**(107,795)**	**(249,367)**
NET INCOME BEFORE TAX		**213,632**	**(157,089)**
Income tax	6.3.4.8	2,176	52,220
PROFIT (LOSS) FOR THE PERIOD		**215,808**	**(104,869)**

6.3.3 FINANCING STATEMENT

(in € thousands)	Notes	03/31/18	03/31/17
Cash flows from operating activities			
Earnings		215,808	(104,869)
Net depreciation and amortization of property, plant and equipment and intangible assets	4-18	490,087	420,725
Changes in provisions		75,640	142,597
(Gains) losses on disposal of non-current assets		-	532
Net cash from operation		**781,534**	**458,985**
Trade receivables	5	94,300	(34,857)
Advances and prepayments made [(1)]		139	(1,723)
Other assets		(23,523)	67,313
Trade payables [(2)]		33,177	(23,213)
Other liabilities		8,706	10,948
Total changes in working capital		**112,798**	**18,468**
Net cash generated by operating activities		**894,332**	**477,453**
Cash flows from investment activities			
Acquisitions of intangible assets [(3)]	19	(572,717)	(573,454)
Acquisitions of property, plant and equipment	21	(645)	(1,497)
Acquisitions of equity investments	23	(30,800)	(92,693)
Acquisitions of other non-current financial assets	23	(237,814)	(198,433)
Proceeds from the disposal of non-current assets		-	3,834
Repayment of loans and other financial assets	23	54,298	144,416
Net cash used by investment activities		**(787,678)**	**(717,827)**
Cash flows from financing activities			
Capital increase	26	123	90
Capital reduction		-	(97)
Impact on the opening balance of new ANC regulation No. 2015-05		(212)	-
Increase in issue premium	26	48,828	9,376
Reduction in issue premium	26	-	(19,943)
New medium-term borrowings		895,002	667,981
Repayment of medium-term borrowings		(487,515)	(214,408)
Accrued dividends		-	(3,000)
Deferred expenses		(3,664)	(3,805)
Change in current accounts		(209,376)	18,156
Change in cash instruments		(166,690)	(106,721)
Net cash generated by financing activities		**76,496**	**347,629**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**183,150**	**107,256**
Net cash position at beginning of the fiscal year	24	231,053	123,797
Net cash position at end of the fiscal year	24	414,203	231,053

(1) Including €8,566 thousand linked to commitments guaranteed but not paid in advances and prepayments made
(2) Including €(8,121) thousand linked to commitments guaranteed but not paid in trade payables
(3) Including €(445) thousand linked to commitments guaranteed but not paid in intangible assets

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6.3.4 NOTES TO THE SEPARATE FINANCIAL STATEMENTS

CONTENTS

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

NOTE 1 HIGHLIGHTS AND GENERAL PRINCIPLES

Financial year highlights

Financing

- **July 2017: Signature of a new syndicated loan**

A new syndicated loan was signed on July 18, 2017, for an amount of €300 million over 5 years, with the option of a one-year extension, renewable once. This line enables the refinancing of the €250 million syndicated loan in place since 2014, with better financing conditions and extended maturity.

- **January 2018: Bond issue**

The Company Board of Directors authorized the issue of bonds for a total amount of €500 million. These bonds, with a unit value of €100,000, were admitted for trading on the regulated market of Euronext Paris on January 30, 2018. This 5-year bond issue has an annual coupon of 1.289%.

- **March 2018: Early loan repayment**

On March 20, 2018, Ubisoft Entertainment SA carried out the early repayment of €150 million of the Schuldschein-type loan contracted in March 2015.

Other highlights

- **June 2017: "MMO" employee stock ownership plan**

The Company's Board of Directors meeting of February 8, 2017 decided to carry out, on the one hand, a share disposal reserved for members of the Group savings scheme in accordance with the provisions of Article L. 3332-24 of the French Labor Code, and, on the other, a capital increase reserved for employees outside of the Group savings schemes. 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 July 27, 2017, Ubisoft Entertainment delivered 1,345,423 shares (FCPE formula) and created 967,480 shares (SAR formula) at a price of €41.77.

- **November 2017: Capital reduction through the cancellation of treasury shares**

During its meeting on November 17, 2017, the Board of Directors of Ubisoft Entertainment SA decided to reallocate 3,593,630 shares from the "external growth" objective to the "cancellation" objective, and to cancel these 3,593,630 shares, pursuant to the authorization of the Combined General Meeting of September 22, 2017 in its 21st resolution.

- **January to March 2018: Prepayments received on dividends**

Certain French and foreign subsidiaries carried out the prepayment of dividends to Ubisoft Entertainment SA for a total of €203 million.

- **March 2018: Share buyback from Vivendi**

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's share buybacks to be spread over the financial years ending March 31, 2019 to March 31, 2021. This buyback will take place under two contracts: a prepaid forward sale contract for 4,545,454 shares, to be settled by the delivery of securities at maturity in 2021 or in advance, and a swap contract for 3,045,455 shares, to be settled at the maturity date or in advance on Ubisoft's initiative either in cash, Ubisoft benefiting from or bearing the valuation differences of the securities concerned, or by delivery of said securities against payment of the sale price. The swap contract is covered by a €100 million security deposit. All these acquisitions will be made at a price of €66 per share.

Thus, over the 2017/2018 financial year, Ubisoft disbursed:

- €(303) million in relation to the prepaid forward contract, of which €300 million for the 4,545,454 shares at €66 and €3 million for the expenses stemming from the acquisition of said shares *(see Note 24)*;
- €(100) million for the security deposit relating to the swap contract *(see Note 23)*.

General information

The financial year is a 12-month period from April 1, 2017 to March 31, 2018.

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 and regulation 2016-07 of November 4, 2016.

The general accounting conventions were applied in accordance with the principle of financial prudence and the following basic rules: going-concern assumption, continuity of accounting principles from one financial year to the next, independence of financial years, fair presentation, consistency and accuracy, and in accordance with the general rules governing the preparation and presentation of separate financial statements.

The basic method used to measure items in the financial statements was historical cost.

The accounting methods applied are consistent with industry practice.

NOTE 2 COMPARABILITY OF FINANCIAL STATEMENTS

Change in estimation

None.

Change in method

First application of ANC regulation No. 2015-05 on forward financial instruments and hedging transactions beginning on April 1, 2017

The principle of hedge accounting is now mandatory when a hedging relationship is identified.

With respect to carry-back/carry-forward foreign exchanges, for the hedging of future transactions, the Group has chosen to recognize them in income symmetrically to the income of the element hedged when the hedging relationship reduces almost all of the risk.

Items affecting comparability

From April 1, 2017, the date of the first application of ANC regulation No. 2015-05, the new accounting methods and the associated impacts are as follows:

Recognized item	Accounting method before ANC regulation No. 2015-05	Accounting method after ANC regulation No. 2015-05	Impact on the financial statements
Result from foreign-exchange operations	The result from foreign-exchange operations is recognized in net financial income.	The result from foreign-exchange operations is recognized in the same section of the income statement (operating or financial), symmetrically to the accounting method for the underlying income and expenses.	Reclassification from financial to operating for the result from foreign-exchange operations of operating receivables and liabilities in foreign currencies. **The impact on the presentation of the financial statements at 03/31/18 is as follows:** **€(416) thousand on net financial income** **+ €416 thousand on operating income**
Hedging result	The result from hedging is recognized in net financial income.	In line with the principle of symmetry in hedge accounting, income from hedging follows the same classification as that of the hedged item and is presented in the same section of the income statement (operating or financial)	Reclassification from financial to operating for the result from hedging of operating receivables and liabilities in foreign currencies. **The impact on the presentation of the financial statements at 03/31/18 is as follows:** **€(82) thousand on net financial income** **+ €82 thousand on operating income**
Non-hedged liabilities and debts in foreign currencies	Initial recognition at the invoicing rate and revaluation at the closing rate per foreign exchange gains and losses counterpart (#476/477). Foreign exchange gains and losses in assets are provisioned in net financial income.	Initial recognition at the invoicing rate and revaluation at the closing rate per foreign exchange gains and losses counterpart (#476/477). Foreign exchange gains and losses in assets are provisioned in the same section of the income statement as the hedged item (i.e. in operating for trade receivables and liabilities).	Reclassification of the provision for operating foreign exchange losses for trade receivables and liabilities. **The impact on the presentation of the financial statements at 03/31/18 is as follows:** **+ €262 thousand on net financial income** **€(262) thousand on operating income**
Hedged receivables and liabilities in foreign currencies	Recognition at the hedged rate without revaluation at the closing date.	Initial recognition at the invoicing rate and revaluation at the closing rate per hedging instruments counterpart (#52). The resulting component of the hedged item is revalued at the hedged price per hedging instruments counterpart (#52).	Revaluation of hedged receivables and liabilities at the closing rate per hedging instruments counterpart (#52). **There is no impact on the financial statements at 03/31/18.** Impact on the statement of financial position of the revaluation of the resulting component at the hedged price. **The impact on the statement of financial position at 03/31/18 is €(31) thousand.**
Isolated open positions	Indication of the fair value in off-statement of financial position commitments. Provisioning of negative fair values in order to show impairment losses on hedging instruments in the financial statements	Recognition of the fair value on the statement of financial position: other receivables (#46 D) per other liabilities counterpart (#46 C). Provisioning of negative fair values in order to show impairment losses on hedging instruments in the financial statements.	Recognition of fair value of hedging instruments designated as isolated open positions in the statement of financial position. **The impact on the statement of financial position at 03/31/18 is €86 thousand.**

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.

	03/31/18	03/31/17
Sales	974,536	777,546
Capitalized production costs for commercial software developments	571,008	530,926
Capitalized production costs for external software developments	5,150	11,191
PRODUCTION FOR THE PERIOD	**1,550,694**	**1,319,663**

The breakdown of sales by geographic region was as follows:

	03/31/18		03/31/17	
	(in € thousands)	*(as a %)*	*(in € thousands)*	*(as a %)*
Europe	446,795	46%	352,391	45%
North America	491,770	50%	382,309	49%
Asia	32,559	3%	37,213	5%
Rest of the world	3,412	1%	5,633	1%
SALES	**974,536**	**100%**	**777,546**	**100%**

NOTE 4 OTHER OPERATING INCOME AND REINVOICED COSTS

	03/31/18	03/31/17
Reversals of provisions for impairment of commercial software developments (1)	384,088	363,996
Reversals of provisions for impairment of external software developments	6,199	828
Reversal of provisions for brand impairment	-	221
Reversal on provisions for operating foreign exchange risk (2)	189	-
Reinvoiced costs	52,103	25,968
Foreign exchange gains on forward instruments and commercial transactions (2)	10,460	-
Miscellaneous operating income	84	-
TOTAL	**453,123**	**391,013**

(1) See Note 18 for details
(2) Associated with the first application of ANC regulation No. 2015-05

Reinvoiced costs essentially correspond to the rebilling of development kits, payments received under agreements with third parties, general expenses, etc.

NOTE 5 TRADE RECEIVABLES

			03/31/18	03/31/17
(in € thousands)	Gross	Impairment	Net	Net
Trade receivables	72,523	-	72,523	235,600
Related accounts	260,936	-	260,936	192,158
TOTAL	**333,459**	**-**	**333,459**	**427,758**

"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				
(in € thousands)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment brackets					
Number of invoices concerned					43
Total amount of invoices concerned (pre-tax)	534	89	655	5,651	6,930
Percentage of sales and reinvoiced costs for the financial year (pre-tax)	0.05%	0.01%	0.06%	0.55%	0.68%
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables					
Number of invoices excluded					0
Total amount of invoices excluded (pre-tax)					
(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

			03/31/18	03/31/17
(in € thousands)	Gross	Impairment	Net	Net
Suppliers – credit notes to receive	4,504	-	4,504	6,218
Government (VAT credit, tax)	42,616	-	42,913	31,132
Partner current account advances	39,903	-	39,903	23,282
Other miscellaneous debtors (1)	1,528	-	1,528	2,839
TOTAL	**88,551**	**-**	**88,848**	**63,471**

(1) Of which €86 thousand in fair value of hedging instruments qualified as isolated open positions (see Note 2)

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	**101,012**		
Deposits and sureties	101,012		101,012
Receivables on current assets	**450,715**		
Advances and prepayments made	18,024	18,024	
Trade receivables	333,459	333,459	
Government (VAT credit, sundry)	42,616	42,616	
Group and associates	39,903	39,903	
Suppliers – credit notes to receive	4,504	4,504	
Other miscellaneous debtors	1,528	1,528	
Prepaid expenses	10,681	9,667	1,014
TOTAL	**551,727**	**449,701**	**102,026**

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

	03/31/18	03/31/17
Associated company – credit notes to receive	4,504	6,218
Income not yet invoiced (1)	260,936	192,158
Interest receivable from banks	504	307
Other	116	77
TOTAL	**266,060**	**198,760**

(1) Mainly relate to transactions with related parties

NOTE 9 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Prepaid expenses	12,398	10,681	12,398	10,681
Credit line issuance costs	960	1,476	1,139	1,297
Loan issuance costs	4,269	2,189	1,408	5,050
Foreign exchange gains and losses (assets)	351	512	351	512
TOTAL 03/31/18	**17,978**	**14,858**	**15,296**	**17,540**
TOTAL 03/31/17	**16,567**	**16,554**	**15,143**	**17,978**

6.3.4.3 Purchases and other expenses

NOTE 10 OTHER PURCHASES AND EXTERNAL EXPENSES

	03/31/18	03/31/17
Production services subcontracted to subsidiaries	797,398	657,148
Production services subcontracted to external developers	7,867	11,735
Other purchases and external expenses	193,944	157,294
TOTAL	**999,209**	**826,177**

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 €18,024 thousand in "Advances and prepayments made" is primarily comprised of guaranteed advances on license agreements which break down as follows:

(in € thousands)	03/31/18	03/31/17
Net at opening	**26,560**	**15,370**
New guarantees	9,034	18,476
Depreciation and amortization	17,674	7,276
NET AT YEAR-END	**17,920**	**26,560**

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 SUPPLIER PAYMENT TERMS

(in € thousands)	Article D. 441 I.- 1°: Invoices received 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 day and over)
(A) Late payment brackets					
Number of invoices concerned					34
Total amount of invoices concerned (pre-tax)	484	2	3	6	496
Percentage of the total amount of purchases during the financial year (pre-tax)	0.05%	0.00%	0.00%	0.00%	0.05%
(B) Invoices excluded from (A) relating to disputed or unrecognized payables					
Number of invoices excluded	5	1	0	4	10
Total amount of invoices excluded (pre-tax)	115	2	0	13	130
(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	962,401	62,401	900,000
Bank borrowings and debts	85,696	33,190	52,506
Hedging instruments	31	31	-
Other borrowings and financial liabilities	355,948	355,648	300
Trade payables	211,831	210,962	869
Fiscal and social liabilities	17,366	17,366	-
Other liabilities	12,189	12,189	-
Liabilities on non-current assets	34	34	-
TOTAL	**1,645,496**	**691,822**	**953,675**

NOTE 14 ACCRUED EXPENSES

	03/31/18	03/31/17
Bank charges payable	174	208
Accrued interest on bonds	2,401	1,324
Accrued interest on bank borrowings	29	104
Interest accrued on current accounts	201	147
Trade payables, invoices not yet received (1)	114,192	101,777
Credit notes to be issued (1)	7,308	4,839
Fiscal and social liabilities	5,947	1,389
TOTAL	**130,252**	**109,788**

(1) Mainly relate to transactions with subsidiaries

NOTE 15 OTHER LIABILITIES

	03/31/18	03/31/17
Trade receivables – credit notes to issue [1]	7,308	4,839
Other liabilities [2] [3]	4,881	6,641
TOTAL	**12,189**	**11,480**

(1) Credit notes to issue relate to associated companies

(2) Other liabilities mainly concern positive customer balances in respect of related parties

(3) Of which €86 thousand in fair value of hedging instruments qualified as isolated open positions (see Note 2)

NOTE 16 PREPAID EXPENSES AND DEFERRED CHARGES

	Opening balance	Increase	Decrease	Closing balance
Conversion rate adjustment (liabilities)	880	170	880	170
TOTAL 03/31/18	**880**	**170**	**880**	**170**
TOTAL 03/31/17	**527**	**880**	**527**	**880**

NOTE 17 PROVISIONS IN THE STATEMENT OF FINANCIAL POSITION

			Reversals		
	03/31/17	Provisions	Provision used	Provision unused	03/31/18
Provisions for risks					
For foreign exchange risks	189	524	189	-	524
For subsidiary risks	26,859	-	-	25,118	1,741
Impairments					
On equity investments	72,124	30,223	-	17,646	84,701
On own shares	5	-	5	-	-
On UCITS	-	4	-	-	4
TOTAL 03/31/18	**99,177**	**30,751**	**194**	**42,764**	**86,970**
TOTAL 03/31/17	**81,151**	**87,797**	**2,923**	**66,848**	**99,177**

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 exchange losses recognized, if applicable, up to the negative fair value of the non-hedge foreign exchange derivatives;
- to provisions to cover subsidiaries’ negative equity.

6.3.4.4 Intangible assets

NOTE 18 DEPRECIATION & AMORTIZATION, IMPAIRMENT AND PROVISIONS

Amortization and impairment of intangible assets	03/31/18	03/31/17
Released commercial software developments [(1)]	790,310	714,930
Released external software developments	11,503	13,235
Commercial software in progress [(1)]	73,948	54,286
External software developments in progress	1,084	-
Other	2,105	2,535
TOTAL	**878,950**	**784,986**

(1) Net reversals (see Note 19) on commercial software and external software developments amount to €480,170 thousand and €6,389 thousand respectively

NOTE 19 INVENTORY VALUE AND CHANGES DURING THE FINANCIAL YEAR

			03/31/18	03/31/17
	Gross	Depreciation and amortization	Net	Net
Released commercial software developments	994,969	762,839	232,130	160,352
Released external software developments	11,792	10,998	794	1,147
Commercial software in progress	572,859	85,989	486,870	472,239
External software developments in progress	9,944	1,085	8,859	9,299
Brands and operating licenses	9,116	-	9,116	9,116
Goodwill	27,900	-	27,900	27,900
Other	14,790	9,919	4,871	5,971
TOTAL	**1,641,370**	**870,830**	**770,540**	**686,024**

Gross value of intangible assets	Opening balance	Increase	Decrease	Reclas-sifications	Closing balance
Released commercial software developments	861,901	6,322	387,744	514,490	994,969
Released external software developments	35,905	271	29,064	4,680	11,792
Commercial software in progress	527,091	560,258	-	(514,490)	572,859
External software developments in progress	9,299	5,325	-	(4,680)	9,944
Brands and operating licenses	9,116	-	-	-	9,116
Goodwill	27,900	-	-	-	27,900
Other	13,786	986	-	18	14,790
TOTAL 03/31/18	**1,484,998**	**573,162**	**416,808**	**18**	**1,641,370**
TOTAL 03/31/17	**1,345,252**	**569,245**	**429,499**	**-**	**1,484,998**

The €566,580 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	Reclas-sifications	Closing balance
Released commercial software developments	701,550	406,221	387,744	42,812	762,839
Released external software developments	34,757	5,304	29,064	-	10,998
Commercial software in progress	54,852	73,949	-	(42,812)	85,989
External software developments in progress	-	1,085	-	-	1,085
Brands and operating licenses	-	-	-	-	-
Other	7,815	2,105	-	-	9,920
TOTAL 03/31/18	**798,974**	**488,664**	**416,808**	**-**	**870,830**
TOTAL 03/31/17	**804,062**	**420,045**	**425,133**	**-**	**798,974**

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.

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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 the value-in-use of each commercial software that has been released or is in production with a release date of less than one year or for which an impairment indicator has been identified, by discounting the expected future cash flows over the entire duration of its operation. Impairment is recognized if the value-in-use is lower than the net carrying amount of the commercial 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 forecasts 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	1 year, straight-line for acquisitions carried out up to 03/31/17, 3 years from 4/01/17	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 equity, which stood at 8.67% at March 31, 2018, against 9% at March 31, 2017.

6.3.4.5 Property, plant and equipment

NOTE 20 DEPRECIATION & AMORTIZATION, IMPAIRMENT AND PROVISIONS

Depreciation and impairment of property, plant and equipment	03/31/18	03/31/17
Buildings	38	39
Fixtures and fittings	1,183	1,037
Computer hardware and furniture	197	131
Transport equipment	6	9
TOTAL	**1,424**	**1,216**

NOTE 21 INVENTORY VALUE AND CHANGES DURING THE FINANCIAL YEAR

	Gross	Depreciation and amortization	03/31/18 Net	03/31/17 Net
Buildings	765	202	563	600
Fixtures and fittings	11,389	5,652	5,737	6,449
Transport equipment	48	34	14	20
Computer hardware and furniture	859	416	444	542
Non-current assets in progress	97	-	97	39
TOTAL	**13,158**	**6,304**	**6,854**	**7,650**

Gross value of property, plant and equipment	Opening balance	Increase	Decrease	Reclas-sifications	Closing balance
Buildings	765	-	-	-	765
Fixtures and fittings	11,922	(183)	1,004	654	11,389
Transport equipment	48	-	-	-	48
Computer hardware and furniture	972	99	212	-	859
Non-current assets in progress	40	729	-	(672)	97
TOTAL 03/31/18	**13,747**	**645**	**1,216**	**(18)**	**13,158**
TOTAL 03/31/17	**12,619**	**1,497**	**370**	**-**	**13,746**

Depreciation and amortization of property, plant and equipment	Opening balance	Increase	Decrease	Reclas-sifications	Closing balance
Buildings	165	38	-	-	202
Fixtures and fittings	5,473	1,183	1,004	-	5,652
Transport equipment	28	6	-	-	34
Computer hardware and furniture	430	197	212	-	416
TOTAL 03/31/18	**6,096**	**1,424**	**1,216**	**-**	**6,304**
TOTAL 03/31/17	**5,247**	**1,218**	**370**	**-**	**6,096**

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

	03/31/18	03/31/17
Financial income		
Financial income from investments	203,224	20,542
Other interest received	5,572	5,354
Reversals of provisions and reinvoiced costs	42,769	69,771
Foreign exchange gains	34,369	54,712
Net proceeds on sale of investment securities	-	3
	285,934	**150,382**
Financial expenses		
Amortization and provisions	32,845	88,918
Other interest paid	9,592	8,479
Foreign exchange losses	31,351	54,885
Net expenses on sales of investment securities	3	-
	73,791	**152,282**
NET FINANCIAL INCOME	**212,143**	**(1,900)**

Foreign exchange risk

The Company's exposure to foreign exchange risk stems from operating cash flows and its investments in foreign subsidiaries.

The Company only hedges its exposures on cash flows from operating activities in the main foreign currencies (US dollar, Canadian dollar and Pound sterling). Its strategy is to hedge only one year at a time, so the hedging horizon never exceeds 18 months.

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

At March 31, 2018, the amounts hedged giving rise to forward purchases and sales of foreign currencies amounted to €220,078 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, 2018.

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, GBP 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

(in € thousands)	Gross	Impairment	03/31/18 Net	03/31/17 Net
Equity investments and equivalent	456,338	84,701	371,637	353,414
Receivables related to equity investments	-	-	-	3,000
Other non-current investments	85,605	-	85,605	134,577
Deposits and sureties	101,012	-	101,012	979
TOTAL	**642,955**	**84,701**	**558,254**	**491,970**

Non-current assets (Gross value)	Opening balance	Increase	Decrease	Closing balance
Equity investments	425,538	30,800	-	456,338
Receivables related to equity investments	3,000	-	3,000	-
Other non-current investments	134,582	137,773	186,749	85,605
Deposits and sureties	979	100,041	9	101,012
TOTAL 03/31/18	**564,099**	**268,614**	**189,758**	**642,955**
TOTAL 03/31/17	**414,489**	**294,026**	**144,416**	**564,099**

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)*.

The change in deposits and sureties corresponds to the €100 million security deposit paid as part of the swap contract on the buyback of Ubisoft shares.

Provisions	Opening balance	Increase	Decrease	Closing balance
Equity investments	72,124	30,223	17,646	84,701
Own shares	5	-	5	-
TOTAL 03/31/18	**72,129**	**30,223**	**17,651**	**84,701**
TOTAL 03/31/17	**6,975**	**65,754**	**600**	**72,129**

The change 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 closing date of each financial year based on the net assets (or the restated net assets) of the subsidiary in question at that date, the market capitalization at the statement of financial position date if the Company is listed and/or its medium-term earnings prospects. Where applicable, the provisional data utilized are updated using a rate based on a valuation of the average cost of equity which stood at 8.67% at March 31, 2018.

- **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	10,488	10,671	3	10,485
Own shares	498	695	-	498
TOTAL	**10,986**	**11,366**	**3**	**10,983**

Type	Gross value	Provision	Net amount
Cash instruments (1)	307,550	-	307,550
Cash	430,129	-	430,129
TOTAL	**737,679**	**-**	**737,679**

(1) Of which €302,550 thousand corresponding to the payment made as part of the prepaid forward contract for the buyback of Ubisoft shares

The cash breakdown is as follows:

	03/31/18	03/31/17
Investment securities	10,986	11,792
Cash	430,129	309,347
Bank overdrafts and short-term loans	(26,912)	(90,086)
TOTAL	**414,203**	**231,053**

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

	03/31/18	03/31/17	
Bonds (1)	960,000	460,000	
Medium/long-term borrowings (2)	58,755	210,000	
Accrued interest (3)	2,604	1,637	
Bank overdrafts and short-term loans	26,738	89,878	
Hedging instruments – invoiced transaction	31	-	
BORROWINGS	**1,048,128**	**761,515**	
Fixed-rate debt	1,016,216	516,353	
Variable-rate debt	31,912	245,162	
	< 1 YEAR	**FROM 1 TO 5 YEARS**	**> 5 YEARS**
Amounts payable at March 31, 2017	95,622	952,506	-

(1) Bonds for €20 million, €40 million and €500 million and OCÉANE for €400 million
(2) Loans of €8.7 million and €50 million Schuldschein loan
(3) Accrued interest at the closing date of €2,401 thousand for the bonds, €29 thousand for the medium/long-term borrowings and €174 thousand in respect of bank overdrafts

Change in borrowings

Current and non-current financial liabilities	Opening balance	Increase	Decrease	Closing balance
Bonds	460,000	500,000	-	960,000
Bank borrowings	210,000	-	151,245	58,755
Accrued interest	1,637	2,604	1,637	2,604
Bank overdrafts and short-term loans	89,878	2,438	65,578	26,738
Hedging instruments – invoiced transaction	-	31	-	31
TOTAL AT 03/31/18	**761,515**	**505,073**	**218,460**	**1,048,128**

- Main characteristics of the bond issuance: OCÉANE

  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 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:

	03/31/18	03/31/17
Euro	1,045,570	761,425
US dollar	2,343	88
Other currencies	215	2
BORROWINGS	**1,048,128**	**761,515**

- The €355,948 thousand of other financial liabilities in the statement of financial position consists of:

	03/31/18	03/31/17
Current account advances by related parties	227,788	437,165
Bpifrance participatory loans	2,160	4,429
Commercial papers	126,000	66,000
TOTAL AT 03/31/18	**355,948**	**507,594**

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.

	03/31/18	03/31/17
Non-recurring income		
Non-recurring income from capital transactions	628	13,446
Non-recurring reversals	295,039	201,548
Non-recurring expenses		
Non-recurring expenses on management transactions	265	131,709
Non-recurring expenses on capital transactions	22,701	8,086
Non-recurring provisions	380,496	324,566
NON-RECURRING ITEMS	**(107,795)**	**(249,367)**

At the end of March 2018, non-recurring items mainly comprised:

- €(380,340) thousand in allocations for accelerated depreciation on development expenditure for software;
- €295,039 thousand in reversals for accelerated depreciation on development expenditure for software;
- gains/losses on disposals of own shares for €(22,073) 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, 2018, 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:

	03/31/18	03/31/17
Net income before tax from continuing operations	321,427	92,278
Non-recurring items	(107,795)	(249,367)
Net income before tax	213,632	(157,089)
Income tax (income)	2,176	52,220
Net accounting income	215,808	(104,869)
Taxable income	16,508	(51,102)

		Income tax		Net income
	Net income before tax	Theoretical (tax credit)	Due	
Current	321,427	(48,990)	(7,052)	314,375
Non-recurring	(107,795)	42,531	-	(107,795)
Tax consolidation			*9,228*	*9,228*
TOTAL	**213,632**	**(6,459)**	**2,176**	**215,808**

Income tax comprises:

- an income tax expense during the financial year of €7,879 thousand;
- cancellation of the income tax expense recognized by the subsidiaries of the tax consolidation group in the amount of €9,228 thousand;
- tax credits to the holding company of €827 thousand.

The tax group losses carried forward at March 31, 2018, amounted to €593,639 thousand, including €724,905 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 CHANGE IN EQUITY

			Increase in capital		Reduction of capital			Regulated provisions		
(in € thousands)	03/31/17	Allocation of 2016/2017 earnings	by cash contribution	by deduction from premiums	by cancellation of own shares	Change in method ANC regulation No. 2015-05	Earnings for the period	Provisions	Reversal	03/31/18
Capital	8,752		123	73	(296)					8,652
Premiums	89,272		48,828	(73)	(135,165)					2,863
Legal reserve	848									848
Retained earnings	45,274	(104,869)				(212)				(59,807)
Earnings for the period	(104,869)	104,869					215,808			215,808
Regulated provisions	640,288							380,340	(295,039)	725,589
TOTAL	**679,565**	**-**	**48,951**	**-**	**(135,461)**	**(212)**	**215,808**	**380,340**	**(295,039)**	**893,953**

NOTE 27 CAPITAL

At the end of March 2018, Ubisoft Entertainment SA's capital of €8,652,489.98 was composed of 111,645,032 shares.

Number of Ubisoft Entertainment SA shares

AT 04/01/17	**112,932,041**
Exercise of subscription options	616,119
Capital increase reserved for employees	967,480
Free share grants	943,022
Cancellation of treasury shares	(3,813,630)
AT 03/31/18	**111,645,032**

The maximum number of shares to be created is 13,431,223:

- 2,171,411 through the exercise of stock options;
- 3,952,542 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

	25th plan		26th plan		27th plan	28th plan	29th plan	30th plan	31st plan
Total number of shares granted	936,970		798,125		100,000	665,740	62,200	328,100	37,500
Start of exercise period	10/19/13		10/29/14		May 2018	09/24/15	12/16/15	09/23/16	May 2019
Expiry date of options	10/18/17		10/28/18		3/16/19	09/23/19	12/15/19	09/22/20	12/15/20
Strike price of options	€6.37 (France)	€6.65 (World)	€9.54 (France)	€8.83 (World)	€11.92	€12.92	€14.22	€17.94	€26.85
Options at April 1, 2017	174,056		357,808		85,000	423,415	59,200	278,339	37,500
Options granted during the period	-		-		-	-	-	-	-
Options exercised during the period	173,118		158,028		-	128,290	-	58,064	-
Options cancelled during the period	938		-		-	3,250	-	9,100	-
Options outstanding at March 31, 2018	-		199,780		85,000	291,875	59,200	211,175	37,500

	32nd plan	33rd plan	34th plan		35th plan		36th plan	37th plan	Total
Total number of shares granted	758,810	29,344	220,700		418,500		11,000	2,500	
Start of exercise period	06/23/17 (1)	12/14/17 (1)	03/30/18		06/27/18		09/22/18	12/12/18	
Expiry date of options	06/22/21	12/13/21	03/29/22		06/26/22		09/21/22	12/11/22	
Strike price of options	€33.02	€31.95	€37.00 (France)	€39.03 (World)	€50.02 (France)	€51.80 (World)	€57.26	€64.63	
Options at April 1, 2017	722,060	29,344	220,700		-		-	-	2,387,422
Options granted during the period	-	-	-		418,500		11,000	2,500	432,000
Options exercised during the period	98,619	-	-		-		-	-	616,119
Options cancelled during the period	9,604	-	3,000		6,000		-	-	31,892
Options outstanding at March 31, 2018	613,837	29,344	217,700		412,500		11,000	2,500	2,171,411

(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.

	03/31/14					
Grant date	05/14/13	06/17/13	10/09/13	10/29/13	02/11/14	03/17/14
Maturity – vesting period *(in years)*	4 years	4 years	4 years	4 years	4 years	4 years
Number of instruments as at 04/01/17	133,700	202,473	40,000	568,908	10,000	258,000
Number of instruments granted during the period	-	-	-	-	-	-
Number of instruments cancelled during the period	-	-	-	15,942	-	10,000
Number of instruments exercised during the period	133,700	202,473	40,000	552,966	10,000	248,000
Number of instruments as at 03/31/18	-	-	-	-	-	-

	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 04/01/17	488,328	10,710	365,820	217,600	72,270
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	19,580	-	2,130	-	-
Number of instruments exercised during the period	-	-	11,474	-	2,409
Number of instruments as at 03/31/18	468,748	10,710	352,216	217,600	69,864

	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 04/01/17	904,614	141,180	171,233	45,000	172,500
Number of instruments granted during the period	-	-	-	-	-
Number of instruments cancelled during the period	32,070	-	-	-	6,750
Number of instruments exercised during the period	-	-	-	-	-
Number of instruments as at 03/31/18	872,544	141,180	171,233	45,000	165,750

	03/31/17					
Grant date	04/19/16	06/23/16	06/23/16	12/14/16	12/14/16	Total
Maturity – vesting period *(in years)*	4 years	4 years	3 years	4 years	3 years	
Number of instruments as at 4/01/17	323,100	932,660	205,140	10,300	11,820	5,285,356
Number of instruments granted during the period	-	-	-	-	-	-
Number of instruments cancelled during the period	5,000	40,320	-	-	-	131,792
Number of instruments exercised during the period	-	-	-	-	-	1,201,022
Number of instruments as at 03/31/18	318,100	892,340	205,140	10,300	11,820	3,952,542

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.

	03/31/18	03/31/17
Grant date	07/27/17	08/30/16
Maturity – vesting period *(in years)*	5 years	5 years
Reference price	€49.14	€36.30
Subscription price	€41.77	€30.86
Discount	15%	15%
Number of shares	2,312,903	2,395,133
Subscription amounts:		
♦ Employees	€5,538 thousand	€4,189 thousand
♦ Additional contribution	€4,122 thousand	€3,203 thousand

Own shares

As at March 31, 2018, the Company held 1,587,176 own shares.

	03/31/18		03/31/17	
Own shares by objective	Number of shares	Valuation *(in € thousands)*	Number of shares	Valuation *(in € thousands)*
Liquidity agreements	21,750	1,259	22,098	831
Employee stock ownership coverage	10,139	498	3,366	113
Cancellation	1,117,572	72,308	-	-
Acquisitions	437,715	12,038	4,031,045	133,745
TOTAL	**1,587,176**	**86,103**	**4,056,809**	**134,689**

The changes mainly relate to the operations below:

- as part of the MMO operation, 1,610,196 shares were acquired for a value of €79,126 thousand. Ubisoft Entertainment SA delivered 1,345,423 securities at the acquisition price of €41.77;
- as part of the mandate granted to an investment services provider for the purchase of its own shares, the Company purchased 1,337,572 shares with a value of €86,061 thousand, with a view to canceling them;
- 3,593,630 shares with a value of €121,708 thousand, previously allocated to acquisitions, were reallocated to be canceled on November 17, 2017;
- 258,000 shares worth €12,678 thousand were used for the delivery of free shares in February and March 2018;
- 220,000 shares worth €13,753 thousand were canceled on March 30, 2018.

On March 20, 2018 Ubisoft Entertainment SA and CACIB signed:

- a prepaid forward contract for 4,545,454 of its own shares, to be settled by the delivery of securities maturing in 2021 or in advance at a price of €66;
- a swap contract for 3,045,455 of its own shares settled at the maturity date or in advance on Ubisoft's initiative either in cash or by delivery of shares against payment of the price of €66. According to ANC regulation No. 2015-05 on forward financial instruments and hedging transactions, this contract qualifies as a forward financial instrument.

6.3.4.10 Unrecognized contractual commitments

NOTE 28 FINANCIAL COMMITMENTS AND OTHER INFORMATION

Off-balance sheet commitments related to Company financing

Summary

Type	03/31/18	03/31/17
Commitments given by Ubisoft Entertainment SA		
Financial guarantees	67,665	69,110
Commitments received by Ubisoft Entertainment SA		
Lines of credit received and not used	310,000	275,000

Breakdown of commitments of over €10 million

Type	Description	Expiry date	03/31/18
Commitments given by Ubisoft Entertainment SA			
Financial guarantees			67,665
Ubisoft Entertainment Inc.	Loan guarantee	5/01/19	35,000
Commitments received by Ubisoft Entertainment SA			
Lines of credit received and not used			310,000
	Syndicated loan	07/18/22	300,000
	Committed lines of credit	03/29/19	10,000

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):

	2017/2018	2016/2017
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, 2018, the Company is in compliance with all these ratios and expects to remain so during the 2018/2019 financial year.

Other borrowings are not governed by covenants.

Off-statement of financial position commitments related to hedging instruments

Summary

Type	03/31/18	03/31/17
Foreign exchange hedges (1)	220,078	328,193
Contracts on Ubisoft shares (2)	501,000	-

(1) Fair value in euros valued at the guaranteed price

(2) 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's share buybacks to be spread over the financial years ending March 31, 2019 to March 31, 2021. This buyback will take place under two contracts: a prepaid forward sale contract for 4,545,454 shares, to be settled by the delivery of securities at maturity in 2021 or in advance, and a swap contract for 3,045,455 shares, to be settled at the maturity date or in advance on Ubisoft's initiative either in cash, Ubisoft benefiting from or bearing the valuation differences of the securities concerned, or by delivery of said securities against payment of the sale price. The swap contract is covered by a €100 million security deposit. All these acquisitions will be made at a price of €66 per share.

Thus, over the 2017/2018 financial year, Ubisoft disbursed:

- *€303 million in relation to the prepaid forward contract, of which €300 million for the 4,545,454 shares at €66, i.e. a nominal amount of €300 million and €3 million for the expenses stemming from the acquisition of said shares (see Note 24);*
- *€100 million for the security deposit relating to the swap contract (see Note 23), of a nominal amount of €201 million. The fair value at the closing date of the swap contract stood at €7.2 million (see Note 23)*

Breakdown of unsettled instruments at the closing date

Type of instrument	Currency	Nominal	Subscription date	Maturity date
purchase	CAD	25,000,000	03/06/18	May 2018
purchase	CAD	25,000,000	03/06/18	June 2018
purchase	CAD	30,000,000	03/19/18	July 2018
purchase	CAD	20,000,000	03/19/18	August 2018
purchase	CAD	20,000,000	03/28/18	April 2018
purchase	CAD	30,000,000	03/29/18	August 2018
purchase	CAD	20,000,000	03/29/18	September 2018
purchase	CAD	25,000,000	03/29/18	October 2018
purchase	CAD	25,000,000	03/29/18	November 2018
sale	USD	50,000,000	02/28/18	May 2018
sale	USD	2,500,000	03/27/18	June 2018
sale	USD	15,000,000	03/28/18	April 2018
sale	GBP	2,000,000	03/15/18	April 2018
sale	GBP	5,000,000	03/21/18	April 2018
sale	SEK	130,000,000	03/26/18	June 2018
purchase	JPY	500,000,000	03/26/18	June 2018
purchase	AUD	3,000,000	03/27/18	June 2018
sale	RUB	134,000,000	03/28/18	June 2018

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	598	1,579	21,514
TOTAL	**26,339**	**598**	**1,579**	**24,760**

	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	1,184	3,225	1,294	9,390	13,941	24,625	-
TOTAL	**1,184**	**3,225**	**1,294**	**9,390**	**17,187**	**27,871**	**-**

Other commitments

Since all members of staff are corporate officers, no retirement benefits are owed.

Ubisoft Entertainment SA has committed to provide financial support to its subsidiaries in order to meet their cash flow requirements.

Staff

At March 31, 2018, 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, 2018, comprises the following components:

- fixed compensation, which amounts to €540,750 since April 1, 2017;
- annual variable compensation based on three 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 through the allocation of shadow stock options payable in cash.

The compensation of the Executive Vice Presidents for the financial year ended March 31, 2018 comprises the following components:

- fixed compensation;
- long-term variable compensation through the allocation of shadow stock options payable in cash.

The long-term variable compensation was validated on March 30, 2018 by the Board of Directors, and relates to the allocation of a number of shadow stock options of an equivalent value at the allocation date of €540,750 for the Chairman and Chief Executive Officer and €62,496 for each of the Executive Vice Presidents.

The acquisition of the shadow stock options will take effect on March 30, 2021 and is based:

(i) for 50%, on average Group EBIT (not a strictly accounting-based indicator) calculated using the Group EBIT figures for the 2017/2018, 2018/2019 and 2019/2020 financial years; and

(ii) for 50%, on the total shareholder return on Ubisoft stock (the "Ubisoft TSR") compared against the TSR of the NASDAQ index (the "NASDAQ TSR"), both TSRs being calculated from March 30, 2018 to March 29, 2021.

Moreover, shadow stock options acquired after the assessment of the internal and external conditions will only be paid in cash if the Ubisoft share price has increased compared to the base price set on the day of the allocation (€69.155). The cash payment corresponds to the difference between the final fair market value of the share and the baseline share price, per shadow stock option. The payment of long-term compensation is also subject to remaining in office as a Corporate Executive Officer.

The total gross compensation paid/owed by the Company to Corporate Executive Officers during the financial year was €1,602 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 2017/2018 financial year, members of the Board of Directors received €503 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, 2018)

	Country	Currency	Capital *(in thousands of currency units)*	Reserves and retained earnings before allocation of earnings *(in thousands of currency units)*
SUBSIDIARIES (AT LEAST 50% OF CAPITAL HELD)				
Ubisoft Inc.	United States	US dollar	90,405	36,382
Ubisoft EMEA SAS	France	Euro	11,960	1,337
Ubisoft International SAS	France	Euro	50,008	764
Ubisoft France SAS	France	Euro	20,623	3,719
Ubisoft GmbH	Germany	Euro	11,950	7,965
Owlient SAS	France	Euro	80	(230)
Ubisoft Mobile Games SARL	France	Euro	29,088	1,367
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 significant.

Percentage of capital held *(as a%)*	Carrying amount of the investment held *(in € thousands)* Gross	Net	Loans and advances granted by the Company and not yet repaid *(in € thousands)*	Sales excluding tax *(in thousands of currency units)*	Profit for the last financial year *(in thousands of currency units)*	Dividends received *(in € thousands)*
100%	96,991	96,991	-	914,105	22,318	77,084
100%	55,158	55,158	-	582,192	3,181	40,940
100%	50,008	50,008	-	160,743	7,730	11,480
100%	22,872	22,872	-	57,949	3,813	2,960
100%	27,101	24,732	-	79,382	1,228	3,269
100%	20,094	20,094	-	7,616	1,874	17,300
100%	92,399	46,572	-	90,092	16,117	-
	54,476	21,100	-	-	-	35,520
	37,239	34,110	17,844	-	-	14,671
	456,338	**371,637**				
	-	-				

6.4 Statutory Auditors' report on the separate financial statements

This is a free translation into English of one of the statutory auditors' general report issued in French language and it is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the 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, 2018, 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, 2017 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 Note 2 "Comparability of financial statements" in the notes to the separate financial statements regarding the first application of ANC Regulation No. 2015-05 regarding the recognition of forward financial instruments and hedging transactions beginning April 1, 2017.

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, 2018, the net carrying amount for the commercial software developed internally amounted to €719 million for a total statement of financial position of €2,542 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 survey 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, 2018, the equity investments are recorded in the statement of financial position for a net carrying amount of €372 million, or 15% 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 net position (possibly restated) of the subsidiary at that date, the stock market value at the closing date if the Company is listed, and/or taking into account medium-term profitability forecasts. 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.

VERIFICATION OF THE MANAGEMENT REPORT AND THE OTHER DOCUMENTS SENT TO SHAREHOLDERS

We have also carried out the specific verifications required by law, 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.

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 Meeting of June 27, 2003 for KPMG Audit and of September 29, 2016 for Mazars.

As at March 31, 2018, KPMG Audit was in its 15th year of uninterrupted work, including 15 years since the Company's securities were admitted to trading in a regulated market, and Mazars in its 2nd year of uninterrupted work.

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 30, 2018

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

Pursuant to Article L. 225-40 of the French Commercial Code, we were informed of the following agreements and commitments which were subject to prior authorization from your Board of Directors.

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.

- 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.

"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 5 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.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the General Meeting that remained in effect during the financial year.

Rennes and Nantes, May 30, 2018

Statutory Auditors

KPMG Audit	**MAZARS**
Vincent Broyé	**Arnaud Le Néen**

6.6 Ubisoft (parent company) results for the past five financial years

Financial year	20103/2014	2014/2015	2015/2016	2016/2017	2017/2018
Capital *(in €)*	8,200,040	8,478,237	8,710,056	8,752,233	8,652,490
Number of ordinary shares	105,806,973	109,396,612	112,387,818	112,932,041	111,631,149
Number of preference shares	-	-	-	-	13,883
Number of preference shares	-	-	-	-	-
Maximum number of shares to be created:	12,742,995	8,307,244	7,283,147	14,980,048	13,431,223
through the exercise of stock options	*9,859,628*	*4,875,020*	*2,634,721*	*2,387,422*	*2,171,411*
through the allocation of free shares	*2,883,367*	*3,432,224*	*4,648,426*	*5,285,356*	*3,952,542*
through the conversion of OCÉANE bonds	-	-	-	*7,307,270*	*7,307,270*
Sales *(in € thousands)*	786,733	1,100,316	1,199,870	1,319,663	1,550,694
Net profit (loss) before tax, investments and provisions *(in € thousands)*	243,524	568,900	453,577	406,234	779,359
Income tax *(in € thousands)*	3,342	(25,741)	5,162	52,220	2,176
Employee profit-sharing	-	-	-	-	-
Net income after tax, investments and provisions *(in € thousands)*	(184,120)	150,700	(105,306)	(104,869)	215,808
Distributed earnings	-	-	-	-	-
Per share, profit (loss) after tax, before provisions *(in €)*	2.30	4.97	4.55	4.06	7.00
Per share, profit (loss) after tax and provisions *(in €)*	(1.74)	1.38	(0.94)	(0.92)	1.93
Dividend per share	-	-	-	-	-
Average headcount	5	5	5	5	5
Payroll [(1)] *(in € thousands)*	649	949	789	1,185	1,324
Social security contributions and employee benefits *(in € thousands)*	272	438	283	549	965

(1) Compensation of one corporate officer recognized as subcontracting was not included

7 Information on the Company and its Capital

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 Articles of Association)

Fully paid-up ordinary shares may be registered or bearer shares, depending on the preference of the shareholder, subject to applicable legal and regulatory provisions.

Preference shares of the Company must be registered and may not be contractually divided.

The shares of the Company require book-entry under the terms and conditions required by applicable legal and regulatory provisions. Ordinary shares are conveyed by transfer between accounts. Preference shares are not transferable.

The Company may at any time, in accordance with the legal and regulatory provisions, request information from the French securities clearing organization (SICOVAM) to allow the Company to identify shareholders granted either immediate or future voting rights in Shareholders' General Meetings, as well as the number of shares held by any one shareholder and, where applicable, any restrictions to which the shares may be subject.

Crossing of legal 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 the liquidation dividend and right to dividends: Each preference share gives right, up until the Conversion Date, to a liquidation dividend equal to the to the proportion of the share 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 Meetings (Article 13 of the Articles of Association)

General Meetings will consist of all shareholders of Ubisoft Entertainment SA, with the exception of the Company itself. They represent the totality of shareholders.

They will be convened and deliberate under the conditions prescribed by the French Commercial Code. General Meetings are held at the registered office or at any other venue indicated in the convening notice. They are chaired by the Chairman of the Board of Directors or, in his absence, by a director appointed for this purpose by the General Meeting.

The right to participate in Shareholders’ General Meetings is subject to fulfillment of the formalities provided for under applicable regulations in force. Shareholders may vote by postal form or by proxy form subject to the requirements of legal and regulatory provisions.

In accordance with the decision of the Board of Directors published in the notice of meeting and/or convening notice, shareholders may participate in Shareholders' General Meetings (by means of video-conferencing or vote using all means of telecommunication or remote transmission, including internet), under the conditions prescribed by the applicable regulations in force.

In the event of such a decision by the Board of Directors, shareholders may send their proxy forms or postal voting forms, either on paper or by means of telecommunications or remote transmission, in compliance with the deadlines applicable under laws and regulations. When remote transmission is used (including electronic means), the electronic signature may take the form of a process that meets the requirements set out in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code.

Distribution of earnings (Article 16 of the Articles of Association)

Earnings consist of income for the financial year after deduction of operating expenses, allowances for depreciation and amortization and provisions. The following are deducted from earnings for the financial year after deducting any prior-period losses:

- amounts to be allocated to reserves in accordance with the law and the Articles of Association and, in particular, at least 5% to make up the legal reserve. This allocation is no longer required once the legal reserve reaches one tenth of the share capital but resumes if, for any reason, the legal reserve falls below this 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 respectively 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.

In application of Article L. 233-11 of the French Commercial Code, the *Autorité des Marchés Financiers* (AMF) has made public the main clauses of the investment agreement signed on March 20, 2018 between Tencent Mobility Limited (Tencent) and the Company (Decision and information No. 218C0646) as stipulated 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, 2018, the mutual funds held 3.475% of the share capital and 3.452% of the theoretical voting rights, or 3.504% 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 September 22, 2017, 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 June 27, 2018 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 and/or subscription option plans (the "Option") and the free share plans (the "Shares"), with the exception of those relating to Corporate Executive Officers, in the event of a change of control of Ubisoft Entertainment SA within the meaning of Article L. 233-3 of the French Commercial Code, these plans shall immediately cease to be contingent upon of, on the one hand, the beneficiaries being, on the date of exercise of the Option(s) or change in ownership of the Shares, employees, and, on the other hand, 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, 2018

As at March 31, 2018, the number of shares outstanding totaled 111,645,032 fully paid-up shares with a par value of €0.0775 each, of which 111,631,149 category A ordinary shares and 11,474 category B-1 preference shares and 2,409 category B-2 preference shares, equivalent to a share capital of €8,652,489.98. Preference shares have no voting rights.

The following table shows the number of shares created and/or canceled between April 1, 2017, and March 31, 2018:

AT 04/01/17	**112,932,041 SHARES**
Exercise of subscription options	616,119 shares
Free ordinary share grants	929,139 shares
Free preference share grants	13,883 shares
Capital increase reserved for employees	967,480 shares
Cancellation of own shares *(see 7.2.4.2)*	(3,813,630) shares
AT 03/31/18	**111,645,032 SHARES**

7.2.2 POTENTIAL CAPITAL AS AT MARCH 31, 2018

Free share grants *(see 4.2.3.5)*	Number of potential shares	Potential dilution
Attendance and/or performance conditions	3,952,542	3.42%

Share subscription options *(see 4.2.3.6)*		Number of potential shares	Potential dilution
Open and not open	Plans 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 and 37	2,171,411	1.91%

OCEANE bonds *(see 7.4.4.1)* (1)	Number of potential shares	Potential dilution
Number of OCEANE bonds	7,307,270	6.41%

(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, 2018

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 (12) 2017/2018	Issuance or cancelation from 04/01/17 at 03/31/18
Share buyback	09/29/16 17th resolution (1)	18 months 03/28/18	10% of the share capital Maximum purchase price: €60	*See 7.2.4*	
	09/22/17 20th resolution	18 months 03/21/19	10% of the share capital Maximum purchase price: €75		
Reduction in capital by cancelation of treasury shares	09/22/17 21st resolution	18 months 03/21/19	10% of the share capital per 24 month period	*See 7.2.4* 11/17/17 03/30/18	(3,813,630)
Capital increase by capitalization of reserves, earnings, premiums or other	09/23/15 12th resolution (1)	26 months 11/22/17	€10 million	05/09/17 (9) 06/15/17 (9)	336,173 (2)
	09/22/17 22nd resolution	26 months 11/21/19	€10 million	09/25/17 (10) 10/05/17 (9) 10/25/17 (9) 12/12/17 (10)	606,849
Capital increase with preferential subscription rights preserved	09/22/17 23rd resolution (2)	26 months 11/21/19	In capital: €1,450 thousand Debt securities: €400 million (8)	N/A	N/A
Capital increase with waiving of preferential subscription rights by way of a public offering	09/22/17 24th resolution (2)	26 months 11/21/19	In capital: €850 thousand (5) Debt securities: €400 million (8)	N/A	N/A
Capital increase with waiver of preferential subscription rights by way of a private placement	09/22/17 25th resolution (2)	26 months 11/21/19	In capital: €850 thousand (5) Debt securities: €400 million (8)	N/A	N/A

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum use	Date of use (12) 2017/2018	Issuance or cancelation from 04/01/17 at 03/31/18
Determination of the subscription price as part of a capital increase with cancelation of preferential subscription rights	09/22/17 26th resolution (2) (3)	26 months 11/21/19	In capital: €850 thousand (5) Debt securities: €400 million (8)	N/A	N/A
Capital increase as consideration for contributions in kind	09/22/17 27th resolution (2)	26 months 11/21/19	10% of the share capital at 09/22/17 (5) (8) €850,000	N/A	N/A
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	09/29/16 20th resolution (1) (4)	18 months 03/28/18	1% of the share capital on the date of the Board decision 1,140,523 shares (6)(11) €88,391 in nominal	02/08/17 (11) 05/16/17 (11) 06/16/17 (11) 07/27/17 (11)	967,480 shares issued (11)
Capital increase reserved for categories of beneficiaries as part of an employee share offering	09/29/16 21st resolution (1) (4)	18 months 03/28/18			
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG)	09/22/17 28th resolution (2)	26 months 11/21/19	1.50% of the share capital on the date of the Board decision (7)	01/25/18 (12)	1,565,152 shares maximum to be issued (12)
Capital increase reserved for employees of subsidiaries (outside France), other than members of the Group savings plan (PEG)	09/22/17 29th resolution (2)	18 months 03/21/19			
Capital increase reserved for categories of beneficiaries as part of an employee share offering	09/22/17 30th resolution (2)	18 months 03/21/19			
Allotment of share purchase or subscription options	09/23/15 22nd resolution (4) ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.30% of the share capital on the date of the Board decision	06/27/17 09/22/17 12/12/17	432,000 options granted
	09/23/15 23rd resolution (4) ♦ Corporate Executive Officers	38 months 11/22/18	0.05% of the share capital on the date of the Board decision	N/A	N/A
Free share grants	09/23/15 20th resolution (4) ♦ Employees ♦ Executive Committee	38 months 11/22/18	1.70% of the share capital on the date of the Board decision (0.25% maximum in preference shares)	N/A	N/A
	09/23/15 21st resolution (4) ♦ 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 September 22, 2017, which adopted a similar resolution

(2) Charged against the overall limit of €4 million set by the General Meeting of September 22, 2017 (33rd resolution)

(3) Weighted average of the prices for the last three trading days preceding the issue with a maximum discount of 5% or the last known closing price before the date the price is set

(4) Charged against the overall limit of €4 million set by the General Meeting of September 23, 2015 (24th resolution)

(5) Shared ceiling of 24th, 25th, 26th and 27th resolutions of the General Meeting of September 22, 2017

(6) Shared ceiling of 19th, 20th and 21st resolutions of the General Meeting of September 29, 2016

(7) Shared ceiling of 28th, 29th and 30th resolutions of the General Meeting of September 22, 2017

(8) Shared ceiling for all debt securities for which the issuance is delegated to the Board of Directors by the General Meeting of September 22, 2017

(9) Free ordinary share allocation plans: May 14, 2013, June 17, 2013, October 9, 2013 and October 29, 2013

(10) Free preference share allocation plans: September 24, 2014 and December 16, 2014

(11) 967,480 shares issued on July 27, 2017 of the 1,140,523 maximum number of shares that may be issued pursuant to the decision of February 8, 2017 to launch the transaction completed on May 16, 2017 and of the implementation on June 16, 2017 having set the subscription price at €41.77 and the subscription period

(12) Ceiling set at 1.40% of the existing number of shares at December 31, 2017, following the Board of Directors for the launch on January 25, 2018 (i.e. a maximum of 1,565,152 ordinary shares to be issued subject to the implementation by the Board of Directors setting the subscription price and subscription period: Capital increase scheduled for June 28, 2018)

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7.2.3.2 Authorizations submitted to the vote of the Shareholders' General Meeting of June 27, 2018

Type	Date of the Meeting Resolution	Duration Expiry date	Maximum authorized (Par value)
Share buyback (1)	06/27/18 12th resolution	18 months 12/26/19	10% of the share capital Maximum purchase price: €120
Reduction in capital by cancelation of treasury shares	06/27/18 13th resolution	18 months 12/26/19	10% of the share capital per 24 month period
Capital increase for the benefit of employees subscribing to the Group savings plan (PEG) (6)	06/27/18 14th resolution	26 months 08/26/20	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) (6)	06/27/18 15th resolution	18 months 12/26/19	
Capital increase reserved for categories of beneficiaries as part of an employee share offering (6)	06/27/18 16th resolution	18 months 12/26/19	
Free performance share grants (6) ♦ Employees (2) ♦ Executive Committee (3)	06/27/18 17th resolution	38 months 08/26/21	1.50% of the number of shares comprising the Company's share capital at the date of the Board of Directors' allocation decision
Allotment of share purchase or subscription options (6) ♦ Employees ♦ Executive Committee (4)	06/27/18 18th resolution	38 months 08/26/21	1% of the number of shares comprising the Company's share capital at the date of the Board of Directors' allocation decision Shared ceiling with the 19th resolution
Allotment of share purchase or subscription options (6) ♦ Corporate Executive Officers of the Company (5)	06/27/18 19th resolution	38 months 08/26/21	0.20% of the number of shares comprising the Company's share capital at the date of the Board of Directors' allocation decision Ceiling charged against the overall limit of the 18th resolution

(1) Except during a public offering period

(2) Subject to individual attendance and performance conditions assessed over at least 4 years/vesting period: 4 years

(3) Subject to internal attendance and individual performance (1/3) assessed over at least 4 years, internal performance condition assessed over at least 3 financial years (1/3 on the basis of the average Group non-IFRS EBIT) and external performance condition assessed over at least 3 years (1/3 according to the performance of the Ubisoft Share compared to a panel of companies)/vesting period: 4 years

(4) Subject to internal attendance and internal performance condition assessed over at least 3 financial years (50% on the basis of the average Group non-IFRS EBIT) and external performance condition assessed over at least 3 years (50% according to the performance of the Ubisoft Share compared to a panel of companies)/exercise period at the earliest after 4 years

(5) Subject to continued capacity as Corporate Executive Officer and internal performance condition assessed over at least 3 financial years (50% on the basis of an average Group non-IFRS EBIT) and external performance condition assessed over at least 3 years (50% according to the performance of the Ubisoft Share compared to a panel of companies)/exercise period at the earliest after 4 years

(6) Charged against the overall limit of €4 million set by the General Meeting of September 22, 2017 (33rd resolution)

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 General Regulations of the *Autorité des Marchés Financiers* (AMF).

7.2.4.1 Legal framework

The Combined General Meeting of September 22, 2017 (the "2017 General Meeting") renewed the authorizations previously granted to the Board of Directors by the Combined General Meeting of September 29, 2016 (the "2016 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. 2273/2003 of December 22, 2003 (2016 General Meeting) or by European Regulation no. 596/2014 (2017 General Meeting) as well as the framework for market practices authorized by the *Autorité des Marchés Financiers* (AMF) (the "Share buyback program(s)").

The 2016 and 2017 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, 2018

Percentage of own shares held directly and indirectly	1.42%
Number of shares in portfolio (1)	1,587,176
Portfolio book value	€86,103,219.54
Portfolio market value (2)	€108,753,299.52

(1) Breakdown by purpose below

(2) Closing price at 03/29/18 (market closed on 03/30 and 03/31/18): €68.52

NUMBER OF SHARES HELD BROKEN DOWN BY PURPOSE AT MARCH 31, 2018

	Number of shares	
Purpose	03/31/17	03/31/18
To support the share price via an AMAFI liquidity contract (1)	22,098	21,750
Acquisitions	4,031,345	437,715
Employee stock ownership coverage	3,366	10,139
Coverage of securities eligible for share allotment	-	-
Cancellation	-	1,117,572
TOTAL TREASURY SHARES HELD	**4,056,809**	**1,587,176**
PERCENTAGE OF TREASURY SHARES HELD	**3.59%** (2)	**1.42%** (3)

(1) Suspension of the liquidity agreements as from 10/05/17
(2) Based on 112,932,041 shares as at 03/31/17
(3) Based on 111,645,032 shares as at 03/31/18

DETAILS OF TRANSACTIONS DURING THE FINANCIAL YEAR ENDED MARCH 31, 2018

(Article L. 225-211 of the French Commercial Code)

Treasury shares held at 03/31/17	4,056,809	% of the share capital (1)	3.59%	Value of the shares at 03/31/17	at purchase price	€134,683,887.58
					par value	€314,402.70

(1) Based on 112,932,041 shares as at March 31, 2017

Shares acquired in FY18	3,409,498 (2)	Average purchase price	€55.22
Shares sold in FY18	462,078 (2)	Average selling price	€50.05

Execution fees	-

Shares transferred in FY18 (employee share plans)	1,603,423 (3)	% of the share capital (6)	1.44%
Shares reallocated in FY18	3,593,630 (4)	% of the share capital (6)	3.22%
Shares canceled in FY18 (capital reduction)	3,813,630 (5)	% of the share capital (6)	3.42%

Treasury shares held at 03/31/18	1,587,176	% of the share capital (5)	1.42%	Value of the shares at 03/31/18	at purchase price	€86,103,219.54
					par value	€123,006.14

(2) Of which 461,730 shares acquired and 462,078 shares sold as part of the liquidity agreement
(3) Transfer as part of the employee stock ownership Plan MMO 2017 (PEG(I) via FCPE) and free ordinary share allocation plans of 02/11/14 and 03/17/14
(4) Reallocation from the "external growth" objective to the "cancelation" objective
(5) Cancelation of 3,593,630 shares (acquisition price on the market: €121,707,623.39, i.e. €278,506.32 par value)
Cancelation of 220,000 shares (acquisition price on the market: €13,752,704.74 i.e. €17,050.00 par value)
(6) Based on 111,645,032 shares as at 03/31/18

TRANSACTIONS ON DERIVATIVE PRODUCTS COMPLETED DURING THE FINANCIAL YEAR ENDED MARCH 31, 2018

Date of transaction	Name of intermediary	Purchase/ Sale	Number of shares	Options/ Futures	Expiry date	Exercise price	Premiums	Regulated market/ OTC
03/20/18	CACIB (1)	Purchase	4,545,454	Prepaid forward agreement	March 22, 2021 (except in the event of a settlement by anticipation)	€66	N/A	Over the counter
03/20/18	CACIB (1)	Purchase	3,045,455	Swap agreement (2)	March 22, 2021 (except in the event of a settlement by anticipation)	€66	N/A	Over the counter

(1) Crédit Agricole Corporate and Investment Bank

(2) Settled at maturity or by anticipation at the option of Ubisoft Entertainment SA, either in cash or by delivery of the shares against payment of price

7.2.4.3 Liquidity agreement

Since January 2, 2006, the Company has instructed Exane BNP Paribas to implement a liquidity agreement in line with the AMAFI code of ethics recognized by the *Autorité des Marchés Financiers* (AMF), hereinafter the "Agreement," with a one-year automatically renewable term.

By virtue of an amendment to the Agreement dated April 5, 2011, the total figure allocated to the Agreement was increased to €1,700,000. By virtue of an amendment to the Agreement dated October 10, 2014, the total figure allocated was reduced to €1,500,000. The Company allocated this amount for the implementation of this Agreement over the last financial year.

The Company decided to temporarily suspend the Agreement effective on October 5, 2017.

7.2.4.4 Description of the share buyback program submitted for the approval of the Combined General Meeting of June 27, 2018

Pursuant to Articles 241-2 and 241-3 of the General Regulations of the *Autorité des Marchés Financiers* (AMF), the share buyback program to be submitted for the approval of the Combined General Meeting on June 27, 2018 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, 2018 (111,711,831), taking into account the number of shares held as at May 17, 2018 (1,587,176 shares representing 1.42% of the share capital): 9,584,007 shares or 8.58%.

BREAKDOWN OF EQUITY SECURITIES HELD AS AT MAY 17, 2018

Percentage of own shares held directly and indirectly	1.42%
Number of shares in portfolio	1,587,176
Liquidity agreement	21,750
Employee stock ownership coverage	10,139
Cancellation	1,117,572
Acquisitions	437,715
Portfolio book value	€86,103,219.54
Portfolio market value (1)	€134,211,602.56

(1) Closing price on May 17, 2018: €84.56

POSITIONS OPEN ON DERIVATIVE PRODUCTS AT MAY 17, 2018

Date of transaction	Name of intermediary	Purchase/ Sale	Number of shares	Options/ Futures	Expiry date	Exercise price	Premiums	Regulated market/ OTC
03/20/18	CACIB (1)	Purchase	4,545,454	Prepaid forward agreement	March 22, 2021 (except in the event of a settlement by anticipation)	€66	N/A	Over the counter
03/20/18	CACIB (1)	Purchase	3,045,455	Swap agreement (2)	March 22, 2021 (except in the event of a settlement by anticipation)	€66	N/A	Over the counter

(1) Crédit Agricole Corporate and Investment Bank

(2) Settled at maturity or by anticipation at the option of Ubisoft Entertainment SA, either in cash or by delivery of shares against payment of price

Maximum purchase price: €120, or a maximum of €1,340,541,960 based on the share capital as at April 30, 2018 or, taking into account the number of shares held at May 17, 2018, €1,150,080,840.

Objectives:

- to ensure the liquidity and activity of Ubisoft Entertainment SA stock using an investment services provider acting independently under a liquidity agreement in accordance with the code of ethics recognized by the *Autorité des Marchés Financiers* (AMF);
- to meet obligations resulting from stock option plans, free share allocation plans or to proceed with any other allocations or disposals of shares to Group employees and/or Corporate Executive Officers, or for the benefit of some of them, particularly in the context of a company and/or group savings plan or profit-sharing scheme;
- to retain shares for delivery at a later date in exchange or as payment for any future acquisitions, subject to a limit of 5% of the existing capital;
- to deliver shares upon the exercise of rights attached to debt securities giving access, by any means, immediately and/or at a later date, to the Company's share capital through redemption, conversion, exchange, presentation of a warrant or any other means;
- to cancel in whole or in part any repurchased shares as provided by law, subject to the authorization from the Extraordinary General Meeting;
- to implement any market practice that is or may come to be recognized by law or the *Autorité des Marchés Financiers.*

Duration of authorization: 18 months from the General Meeting of June 27, 2018

7.3 Share ownership

7.3.1 CHANGES IN CAPITAL IN THE LAST THREE FINANCIAL YEARS AND UP TO MAY 17, 2018

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]
04/02/15	Exercise of SOP from 11/01/14 to 02/28/15 and capital increase (employees of certain foreign subsidiaries)	1,683,179	€130,446.37	€11,570,478.01	109,488,803	€8,485,382.23
04/10/15	Exercise of SOP from 03/01/15 to 03/31/15	87,109	€6,750.95	€570,479.43	109,575,912	€8,492,133.18
06/19/15	Increase by capitalization of reserves and exercise of SOP from 04/01/15 to 05/31/15	698,113	€54,103.76	€3,788,622.01	110,274,025	€8,546,236.94
07/21/15	Exercise of SOP from 06/01/15 to 06/30/15 and subscription of FCPE Ubi Actions	944,440	€73,194.10	€7,004,856.16	111,218,465	€8,619,431.04
04/08/16	Exercise of SOP from 07/01/15 to 03/31/16	1,169,353	€90,624.86	€8,372,899.01	112,387,818	€8,710,055.90
10/12/16	Increase by capitalization of reserves and exercise of SOP from 04/01/16 to 09/30/16	1,137,781	€88,178.02	€6,102,320.56	113,525,599	€8,798,233.92
02/03/17	Increase by capitalization of reserves and exercise of SOP from 10/01/16 to 01/31/17	526,792	€40,826.38	€2,089,010.05	114,052,391	€8,839,060.30
	Exercise of SOP from 02/01/17 to 02/28/17	80,078	€6,206.05	€794,380.07		
03/30/17	Cancellation of treasury shares	(1,248,214)	€(96,736.59)	€(19,943,321.92)	112,884,255	€8,748,529.76
04/10/17	Exercise of SOP from 03/01/17 to 03/31/17	47,786	€3,703.42	€389,911.87	112,932,041	€8,752,233.18
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	€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	€733,131.26	113,379,045	€8,786,875.99
07/27/17	Capital increase (i) reserved for employees outside the Group savings scheme (the "Increase") and (ii) for a financial institution within the context of the Increase 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	€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	€2,131,310.70	114,681,966	€8,887,852.37
10/25/17	Increase by capitalization of reserves	552,966	€42,854.86	-	115,234,932	€8,930,707.23
	Exercise of SOP from 10/01/17 to 10/31/17	62,255	€4,824.76	€742,480.68		
11/17/17	Cancellation of treasury shares	(3,593,630)	€(278,506.32)	€(121,429,117.07)	111,703,557	€8,657,025.67
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	€905,935.71	111,773,446	€8,662,442.07
	Exercise of SOP from 12/01/17 to 2/28/18	55,922	€4,333.95	€643,354.84		
03/30/18	Cancellation of treasury shares	(220,000)	€(17,050.00)	€(13,735,654.74)	111,609,368	€8,649,726.02
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

(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 THE COMPANY MUTUAL FUND (FCPE)

As at March 31, 2018, employees held 3,879,192 shares, or 3.475% of the capital, through the 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 March 31, 2018, on July 27, 2017, a sale of shares took place as stipulated in the paragraph above, as part of the share buyback program approved by the General Meeting of September 29, 2016 *(See sections 7.2.3.1 and 7.2.4)*.

7.3.3 BREAKDOWN OF CAPITAL AND VOTING RIGHTS

7.3.3.1 Change over the last three financial years

	03/31/18		03/31/17		03/31/16	
	Number of shares	Number of voting rights (1)	Number of shares	Number of voting rights (1)	Number of shares	Number of voting rights (1)
	(in %)	*(in %)*	*(in %)*	*(in %)*	*(in %)*	*(in %)*
Guillemot Brothers SE	**17,406,414 (2)**	**23,880,217 (2)**	**11,655,772**	**17,722,932**	**6,555,764**	**13,043,717**
	15.591%	18.323%	10.321%	14.787%	5.833%	10.555%
Yves Guillemot	**988,567**	**1,906,350**	**988,567**	**1,906,350**	**917,783**	**1,835,566**
	0.885%	1.463%	0.875%	1.534%	0.817%	1.485%
Claude Guillemot	**732,475**	**1,454,838**	**732,475**	**1,454,838**	**722,363**	**1,444,726**
	0.656%	1.116%	0.649%	1.171%	0.643%	1.169%
Michel Guillemot	**378,715**	**747,318**	**378,715**	**747,318**	**380,103**	**760,206**
	0.339%	0.573%	0.335%	0.601%	0.338%	0.615%
Gérard Guillemot	**495,659**	**981,206**	**535,659**	**1,061,206**	**525,547**	**1,051,094**
	0.444%	0.753%	0.474%	0.854%	0.468%	0.851%
Christian Guillemot	**106,625**	**213,250**	**116,625**	**222,744**	**106,625**	**212,744**
	0.096%	0.164%	0.103%	0.179%	0.095%	0.172%
Other members of the Guillemot family	**83,864**	**167,707**	**83,864**	**167,707**	**83,843**	**167,686**
	0.075%	0.129%	0.074%	0.135%	0.074%	0.136%
Guillemot Corporation SA	**443,874**	**887,748**	**443,874**	**887,748**	**443,874**	**887,748**
	0.398%	0.681%	0.393%	0.744%	0.395%	0.718%
CONCERT (3)	**20,636,193 (4)**	**30,238,634 (4)**	**14,935,551**	**24,170,843**	**9,735,092**	**19,403,487**
	18.484%	*23.202%*	*13.225%*	*20.167%*	*8.663%*	*15.701%*
Ubisoft Entertainment SA	**1,587,176**	**-**	**4,056,809**	**-**	**3,647,838**	**-**
	1.422%	-	3.592%	-	3.246%	-
Employees (5)	**3,879,192**	**4,498,964**	**2,846,358**	**3,615,086**	**824,916**	**1,649,636**
	3.475%	3.452%	2.520%	3.016%	0.734%	1.335%
Public	**85,542,471**	**94,000,990**	**91,093,323**	**92,069,047**	**98,179,162**	**102,523,467**
	76.62%	72.128%	80.662%	76.817%	87.357%	82.964%
TOTAL	**111,645,032**	**130,325,764**	**112,932,041**	**119,854,976**	**112,387,818**	**123,576,590**
	100%	*100%*	*100%*	*100%*	*100%*	*100%*

(1) Number of "theoretical" voting rights used as a basis for calculating the crossing of legal thresholds

(2) 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 (amendment dated April 16, 2018) 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 SE, through an early settlement

(3) The concert, composed of the companies Guillemot Brothers SE and Guillemot Corporation SA and the Guillemot family, held 9,602,441 double voting rights at 03/31/18

(4) In accordance with the Articles of Association, a double voting right is conferred on shares that have been registered for at least two years

(5) Shares held by employees through Company mutual funds (FCPE)/Not inclusive of 0.214% 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 as at April 30, 2018

	Capital		Theoretical voting rights		Voting rights that may be exercised at the General Meeting	
	Number of shares	%	Number	%	Number	%
Guillemot Brothers SE	17,406,414	15.582%	23,880,217	18.287%	20,511,082	15.942%
Yves Guillemot	988,567	0.885%	1,977,134	1.122%	1,977,134	1.5371%
Claude Guillemot	732,475	0.656%	1,464,950	1.514%	1,464,950	1.139%
Michel Guillemot	378,715	0.339%	757,430	0.580%	757,430	0.589%
Gérard Guillemot	495,659	0.444%	991,318	0.759%	991,318	0.770%
Christian Guillemot	106,625	0.095%	213,250	0.163%	213,250	0.166%
Other members of the Guillemot family	83,864	0.075%	167,707	0.128%	167,707	0.130%
Guillemot Corporation SA	443,874	0.397%	887,748	0.680%	887,748	0.690%
CONCERT	**20,636,193**	**18.473%**	**30,339,754**	**23.233%**	**26,970,619**	**20.963%**
Ubisoft Entertainment SA (1)	1,587,176	1.42%	1,587,176	1.215%	-	-
Employees (2)	3,858,378	3.454%	4,471,127	3.424%	4,471,127	3.475%
Public	85,630,084	76.653%	94,188,284	72.128%	97,218,587	75.562%
TOTAL	**111,711,831**	**100%**	**130,586,341**	**100%**	**128,660,333**	**100%**

(1) Derivatives not settled (See section 7.2.4.4)

(2) Shares held by employees through Company mutual funds (FCPE)/Not inclusive of 0.212% representing the shares held as part of a Group savings scheme under direct share ownership

7.3.3.3 Shareholders exceeding 5% of the capital as at May 17, 2018 (1)

Shareholder	% of capital (2)	% of theoretical voting rights (2)	% net voting rights (2)
Vivendi SA (3)	6.795%	11.626%	11.80%
BlackRock Inc.	5.038%	4.266%	4.330%
Tencent Mobility Limited (4)	5.005%	4.282%	4.346%

(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, 2018

(3) Forward purchase contract signed on March 20, 2018 between Vivendi SA and Crédit Agricole Corporate and Investment Bank ("CACIB") with a proxy granted by Vivendi SA to CACIB without any specific instructions

(4) Controlled by Tencent Holding Company

7.3.3.4 Crossing of legal thresholds

During the financial year ended March 31, 2018, and until May 17, 2018, it was disclosed that the following legal thresholds had been crossed:

Name of shareholder	Date	Threshold crossed (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%
Crédit Agricole SA	03/20/18	5%	5%	-	**Upward (indirect crossing)** Shares and voting rights held Acquisition of listed purchase options/forward purchase contracts (physical settlement): OTC Prepaid forward contract (physical or in cash settlement) (1)/sale of put warrants (cash settlement): OTC/promissory notes (physical settlement) Fully owned shares held: guarantee of securities borrowing transactions with third parties	7.35%	6.26%
	03/23/18	10%	10% 15%	X	**Upward (indirect crossing)** Shares and voting rights held Forward purchase contract with Vivendi SA Acquisition of listed purchase options/forward purchase contract (physical settlement): OTC OTC prepaid (2) forward contracts (physical or cash settlement) (1)/sale of put warrants (cash settlement): OTC/promissory notes (physical settlement) Fully owned shares held: guarantee of securities borrowing transactions with third parties Ownership of freely exercisable voting rights Vivendi SA's proxy without specific instructions	14.28%	17.96%
	04/12/18	15%	-	X 04/24/18 04/26/18	**Upward** Receipt of shares held as collateral	15.05%	18.71%

Name of shareholder	Date	Threshold crossed *(in %)*		Declaration of intent	Type	Interest after crossing of threshold *(in %)*	
		Capital	Voting rights			Capital	Voting rights
FMR LLC (2)	04/04/17	10%	-	X	**Upward** Decrease of total number of Company shares	10.10%	9.18%
	04/20/17	10%	-	-	**Downward** Disposal of shares on and off the market	9.99%	9.09%
	11/20/17	10%	-	X	**Upward** Decrease of total number of Company shares	10.03%	9.12%
	12/06/17	10%	-	-	**Downward** Disposal of shares on and off the market	9.99%	9.10%
	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	06/23/17	-	20%	X	**Upward** Acquisition of shares on the market	13.57%	20.02%
	08/18/17	-	20%	-	**Downward** Increase in total number of shares and voting rights of the Company	13.46%	19.86%
	08/29/17	-	20%	X	**Upward** Acquisition of shares on the market	13.63%	20.01%
	09/01/17	15%	-	X	**Upward** Acquisition of shares off market	15.38%	21.61%
Guillemot Brothers SE	09/01/17	-	15%	X	**Upward** Acquisition of shares off market	12.47%	16.47%
	03/20/18	15%	-	X	**Upward** Acquisition of shares off market (disposal by Vivendi SA of the entirety of its stake)	15.57%	18.19%
JP Morgan Chase & Co (3)	09/07/17	10%	10%	X 09/14/17	**Upward** Acquisition of shares off market	11.33%	10.33%
	09/13/17	-	10%	-	**Downward** Disposal of shares off market	10.97%	9.99%
	09/25/17	-	10%	X	**Upward** Acquisition of shares off market	11.51%	10.49%
JP Morgan Securities plc	09/07/17	10%	10%	X	**Upward** Acquisition of shares off market	11.01%	10.03%
	09/13/17	-	10%	-	**Downward** Disposal of shares off market	10.92%	9.95%
	09/25/17	-	10%	X	**Upward** Acquisition of shares off market	11.45%	10.44%
Tencent Mobility Limited (4)	03/20/18	5%	-	-	**Upward** Acquisition of shares off market	5.00%	4.26%
Ubisoft Entertainment SA	03/23/18	5%	-	-	**Upward** Prepaid forward contract/share swap *(see section 7.2.4)*	8.40%	-
Vivendi SA	11/23/17	-	25%	X	**Upward** Transition to double voting rights	27.29%	27.57%
	03/21/18	25% 20% 15% 10%	25% 20% 15%	-	**Downward** Disposal of shares: private placement through accelerated bookbuilding	6.79%	11.57%

(1) Choice of Guillemot Brothers SE

(2) FMR LLC is a holding company of an independent group of management companies, acting on behalf of funds, commonly referred to as Fidelity Investments

(3) Through the companies JP Morgan Securities plc and JP Morgan Securities LLC, which it controls

(4) Controled by Tencent Holding Company

7.4 Securities market

7.4.1 PROVIDER OF SECURITIES SERVICES

BNP PARIBAS

Grands Moulins de Pantin

Shareholder Relations – 9, rue du Débarcadère – 93761 PANTIN Cedex

7.4.2 UBISOFT SHARE DATA

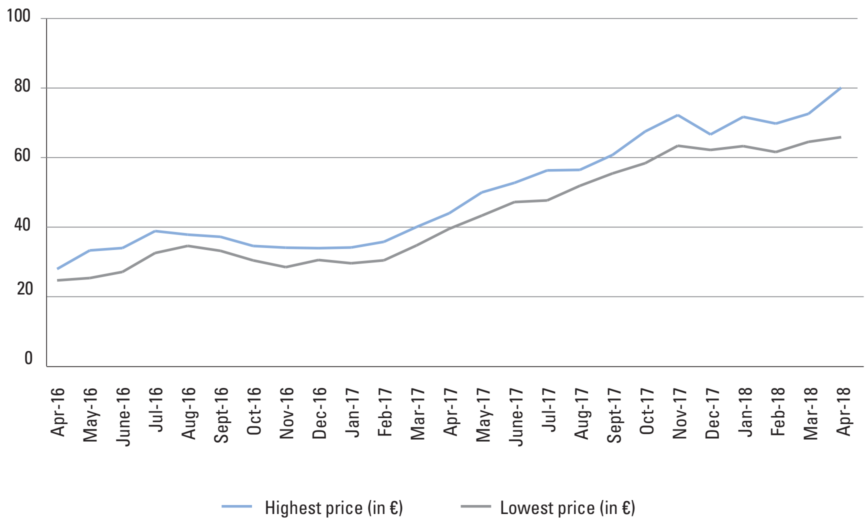
ISIN code	FR0000054470
Place listed	Euronext Paris – Compartment A
Par value	€0.0775
Number of shares outstanding as at 03/31/18	111,645,032
Closing price on 03/29/18 (1)	€68.52
Market capitalization as at 03/31/18	€7,649,917,592.64
Flotation price on 07/01/96	€38.11
Five-for-one stock split on 11/11/00	€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 03/31/18 – Source Euronext

7.4.3 CHANGE IN THE SHARE PRICE OVER THE LAST 24 MONTHS

Month	Highest price *(in €)*	Lowest price *(in €)*	Volume traded *(in shares)*
2016			
April 2016	27.970	24.695	5,192,062
May 2016	33.310	25.365	5,873,024
June 2016	33.995	27.130	5,833,578
July 2016	38.880	32.570	5,044,515
August 2016	37.845	34.615	4,730,714
September 2016	37.225	33.195	6,456,873
October 2016	34.590	30.440	4,507,204
November 2016	34.100	28.500	8,086,403
December 2016	33.955	30.555	4,374,087
2017			
January 2017	34.150	29.615	5,942,041
February 2017	35.780	30.450	4,916,654
March 2017	40.045	34.735	4,004,904
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

(Source Euronext)



7.4.4 OCÉANE BONDS AND BONDS

7.4.4.1 OCÉANE 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 (03/31/18)	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 Bonds

Ubisoft Entertainment SA has successfully placed three bonds:

	12/19/12	05/06/13	01/30/18
Duration	6 years	5 years	5 years
Total nominal amount	€20,000,000	€40,000,000	€500,000,000
Interest	3.99% per year	3.038% per year	1.289% per year
Number of bonds	200	400	5,000
Par value	€100,000	€100,000	€100,000
ISIN code	FR0011378686	FR0011489046	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.ubisoft.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.ubisoft.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.ubisoft.com

7.5.2 FINANCIAL REPORTING CALENDAR FOR THE 2018/2019 FINANCIAL YEAR

	Date
Q1 sales	Week commencing July 16, 2018
H1 results	Week of November 5, 2018
Q3 sales	Week of February 11, 2019
Year-end results	Week of May 13, 2019

These dates are provided for information purposes only and will be confirmed during the year.

8 Cross-reference tables

Registration Document cross-reference table

This Registration Document was prepared in accordance with the provisions of Annex I to Regulation (EC) No. 809/2004 of April 29, 2004 (the "Prospectus Regulation"), the recommendations of the European Securities and Markets Authority and AMF Position Recommendation No. 2009-16 of December 10, 2009 ("Guide to compiling registration documents").

Registration Document cross-reference table		Registration Document Chapters	Pages
14.	**ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES AND GENERAL MANAGEMENT**		
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19.	**RELATED PARTY TRANSACTIONS**	**6.1.2.16 Note 33**	**186**
20.	**FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND SALES OF THE ISSUER**		
20.1	Historical financial information	6	141
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20.3	Financial statements	6	141
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21.	**ADDITIONAL INFORMATION**		
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21.2	Memorandum and Articles of Association	7.1.2	248
22.	**IMPORTANT AGREEMENTS**	**N/A**	
23.	**INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST**	**N/A**	
24.	**DOCUMENTS AVAILABLE TO THE PUBLIC**	**7.5.1**	**267**
25.	**INFORMATION ON SHAREHOLDINGS**	**6.3.4.11**	**238**

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 17, 2018.

Information required under the French Commercial Code, the French Monetary and Financial Code, the French General Tax Code and the AMF's General Regulation	Registration Document Chapters	Registration Document Pages
BUSINESS		
Position and business during the past financial year	1 and 2.6	5 and 17
Analysis of the evolution of the business, sales and financial position of the Company and the Group over the past financial year	2.6.2 and 2.6.3	18
Guidelines on the use of financial instruments	3.1.3 and 6.1.2.17 Note 37	27 and 191
Sales of subsidiaries and controlled companies by activity	2.4.2 and 6.3.4.11	12 and 238
Non-financial key performance indicators	5.3, 5.4 and 5.5	113, 125 and 132
Future development of the Company and the Group	2.7	20
Significant events occurring since the closing date of the period	6.1.2.21	201
Description of the main risks and uncertainties facing the Group	3.1	22
R&D activities	2.5.1	15
Deadline for payment of trade payables and settlement of trade receivable balances	6.3.4.2 Note 5 and 6.3.4.3 Notes 12	216 and 219
CORPORATE SOCIAL RESPONSIBILITY (CSR)		
Review of the social and environmental impact of the business, including the ways in which the Company's activities and its products and services might be contributing to climate change. It also examines the Company's societal commitments towards sustainable development, the circular economy, the fight against food waste, the prevention of discrimination and the promotion of diversity	5.1.4, 5.3.3, 5.4.4, 5.4.5 and 5.5	110, 118, 126, 129 and 132
Collective agreements signed by the Company and impacts on economic performance and on the working conditions of employees	5.3.4.5	123
Information relating to hazardous activities	5.4.2 and 5.4.3	126
CORPORATE GOVERNANCE		
Offices and positions held in any company by each of the corporate officers during the financial year	4.1.2.5	42
Compensation and benefits in kind paid to every corporate officer	4.2	67
Terms of subscription, exercise of subscription options and purchase of shares granted to corporate officers	4.2.2.1	70
Conditions for granting free shares to corporate officers	4.2.2.1	70
Summary of transactions carried out by directors on Company securities	4.1.4.2	65
CAPITAL AND STOCK OWNERSHIP		
Shareholding structure and changes made during the financial year	7.3.3	260
List of Company subsidiaries and companies controlled by it	2.4.3	14
Disposal of shares in order to regularize cross shareholdings	N/A	
Share buyback information	7.2.4	254
Adjustment upon the issue of securities granting access to the capital	N/A	
Employee profit-sharing as at the closing date of the period	7.3.2	259
Factors likely to have an impact in the event of a public offering	7.1.3	250
MISCELLANEOUS		
Significant equity and control investments during the financial year in companies whose registered office is located in France	2.4	12
General management methods	4.1.2.1	36
Details of dividends distributed over the past three financial years	6.6	246
Net financial income of the Company over the past five financial years	6.6	
Non tax deductible expenses	N/A	
Anti-competitive practices	N/A	
Appointment/reappointment of Statutory Auditors	4.3	108

CSR cross-reference table

This Registration Document was prepared in accordance with Decree No. 2012-557 of April 24, 2012 (Article 225 of Law No. 2010-788 of July 12, 2010, also known as the "Grenelle II Law") and in consideration of Decree No. 2017-1265 of August 9, 2017.

	Registration Document	
CSR cross-reference table	Chapters	Pages
EMPLOYEE-RELATED INFORMATION		
Employment		
Total staff and breakdown of employees	5.3.1.1	113
♦ By gender	5.3.3.1	118
♦ By age	5.3.1.3	115
♦ By geographical region	5.3.3.3	121
Hires and redundancies/dismissals	5.3.1.2	114
Compensation and its evolution	5.3.2.2 and 6.1.2.10 Note 13	116 and 160
Organization of labor		
Organization of working hours	5.3.4.2	122
Absenteeism	5.3.4.3	122
Health and safety		
Health and safety conditions in the workplace	5.3.4.4	123
Occupational accidents, in particular their frequency and severity, occupational illnesses	5.3.4.4	123
Employee relations		
Organization of labor relations, particularly employee-related information, consultation and negotiations.	5.3.4.5	123
Collective agreements, particularly regarding health and safety conditions in the workplace	5.3.4.5	123
Training		
Training policies implemented, particularly regarding environmental protection	5.3.2.3, 5.3.2.4 and 5.4.1.3	116, 118 and 125
Total number of training hours	**5.3.2.3**	**116**
Equal opportunity		
Measures taken to encourage gender equality	5.3.3.2	120
Measures taken in favor of the employment and integration of disabled people	5.3.3.4	121
Anti-discrimination policy	5.3.3	118
ENVIRONMENTAL INFORMATION		
General environmental policy		
The Company's handling of environmental issues and, where applicable, environmental assessment and certification procedures	5.4.1.2	125
Resources devoted to the prevention of environmental risks and pollution	5.4.2	126
Sum of provisions and guarantees for environmental risk	5.4.3	126
Pollution		
Prevention, mitigation and remediation measures for discharges into the air, water and soil with a significant environmental impact	5.4.6	131
Consideration of all types of pollution specific to an activity, particularly noise and light pollution	5.4.6.2	131

CSR cross-reference table	Registration Document Chapters	Registration Document Pages
Circular economy		
Waste prevention and management		
Prevention, recycling, reuse, other forms of recovery and disposal of waste	5.4.5.1	129
Actions to prevent food waste	5.1.4	110
Sustainable use of resources		
Water consumption and supply according to local constraints	5.1.4	110
Raw materials consumption and measures taken to use them more efficiently	5.4.5.2	130
Energy consumption and measures taken to improve energy efficiency and the use of renewable energies	5.4.4.1 and 5.4.5.2	126 and 130
Land use	5.1.4	110
Climate change		
The main sources of greenhouse gas emissions resulting from the Company's activities, including from the use of the products and services it produces	5.4.4.1	126
Adapting to the consequences of climate change	5.4.4.2	129
Reduction objectives voluntarily set in the medium and long term to reduce greenhouse gas emissions and the resources deployed to accomplish this.	5.4.4.3	129
Protecting biodiversity		
Measures taken to preserve/develop biodiversity	5.1.4	110
SOCIETAL INFORMATION		
Societal commitments in favor of sustainable development		
Impact of the Company's business in relation to employment and local development	5.5.1	132
Impact of the Company's business on the local communities	5.5.2 and 5.5.3	133 and 134
Relations with stakeholders of the Company and methods used for communicating with them	5.5.4	135
Partnership or sponsorship initiatives	5.5.2	133
Subcontractors and suppliers		
Consideration of employee-related and environmental issues in the purchasing policy	5.5.5.1	135
Importance of subcontracting and consideration in supplier and subcontractor relations of their employee-related and environmental responsibilities	5.5.5.2 and 5.5.5.3	135 and 136
Fair operating practices		
Measures taken to protect consumer health and safety	5.5.6.2	136
COMBATTING CORRUPTION		
Actions taken to prevent corruption	5.5.6.1	136
ACTIONS TAKEN TO PROTECT HUMAN RIGHTS		
Promotion of the stipulations of the International Labor Organization		
♦ regarding respect for freedom of association and the right to collective bargaining	5.3.5.1	124
♦ for the elimination of workplace and professional discrimination	5.3.5.2	124
♦ for the abolition of forced or compulsory labor	5.3.5.3	124
♦ for the effective abolition of child labor	5.3.5.3	124
Other actions undertaken to protect human rights	**N/A**	

Annual report cross-reference table

This Registration Document incorporates all the items of an annual report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation. The following table refers to sections of the Registration Document corresponding to various parts of the annual report.

	Registration Document	
Sections	Chapters	Pages
Annual financial statements of the Company	6.3	209
Consolidated financial statements of the Group	6.1	142
Statutory Auditors' general report on the annual financial statements	6.4	240
Statutory Auditors' report on the consolidated financial statements	6.2	204
Management report containing at least the information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 of the French Commercial Code	*See Management report cross-reference table*	
Statement by the person responsible for the information contained in the Registration Document		4
Statutory Auditors' fees	6.1.2.22	202

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
French corporation *(Société Anonyme)* with a Board of Directors
and share capital of €8,652,489.98
Registered office: 107, avenue Henri Fréville
BP 10704 – 35207 RENNES CEDEX 2
335 186 094 RCS RENNES

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UBISOFT

REGISTERED OFFICE
Ubisoft Entertainment
107, avenue Henri Fréville
35207 Rennes Cedex 2

BUSINESS ADDRESS
Ubisoft Entertainment
28, rue Armand Carrel
93108 Montreuil-sous-Bois Cedex
Tel.: 33 (0)1 48 18 50 00
Fax: 33 (0)1 48 57 07 41

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LABRADOR +33 (0)1 53 06 30 80