



UBISOFT

FY23 EARNINGS

May 16, 2023

DISCLAIMER

Yves Guillemot, Chairman and Chief Executive Officer

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DISCLAIMER

This slide show may contain estimated financial data, information on future projects and transactions and future financial results/performance. Such forward-looking data are provided for information purposes only. They are subject to market risks and uncertainties and may vary significantly compared with the actual results that will be published. The estimated financial data have not been reviewed by the Statutory Auditors. (Additional information is specified in the most recent Ubisoft Universal Registration Document filed on June 14, 2022 with the French Financial Markets Authority (l'Autorité des marchés financiers)).

FY23: A CHALLENGING BUT PIVOTAL YEAR

“While this past year was challenging for the industry and for Ubisoft, it was pivotal for the Company as we reinforced our strategic focus on our biggest opportunities, initiated a meaningful cost reduction plan and provided additional development time for our strong pipeline of content. We have implemented significant evolutions throughout our organization over the past 3 years and will continue to adapt to the fast-moving environment.

The industry’s prospects are promising, and Ubisoft has a great opportunity to transform its brands into truly global phenomena and build an increasingly recurring business. As such, our 2023-24 line-up will reflect key strategic pillars: New releases across big brands and long-lasting Live games.”

VISIBILE ITERATIVE PROGRESS ON FREE-TO-PLAY

“Our unique organic development model relies on a robust iterative design process which proved successful to enter the Open World and Live Services markets. Our commitment has been that it will allow us to successfully enter the free-to-play segment. While mastering free-to-play is hard, and it is very important to remain prudent, recent developments are encouraging. We believe these are first visible signs that we are on the right path to bring our brands to significantly larger audiences. One of the recent positive developments is the XDefiant closed beta that received strong viewership, community feedback and retention. Similarly, we were happy to see that the gameplay reveal of The Division Heartland has been well received by players. We also expect Rainbow Six Mobile and The Division Resurgence upcoming tests to illustrate our progress.

While it is still early, and again, let’s remain prudent, we are clearly making visible iterative progress on which we can build the next steps toward, ultimately, delivering a breakthrough in this major market.”

AGENDA

The background of the slide features a cinematic image of a man, likely a character from a video game, wearing a white hooded robe and a turban. He is holding a sword with a golden hilt and a silver blade. The background shows a city with domes and minarets under a sunset sky, with a crescent moon visible on the left.

FY23 PERFORMANCE

FY24 TARGETS

FY23: TOPLINE HIGHLIGHTS

	12-MONTHS
NET BOOKINGS	€1,739m, -18% YoY
DIGITAL REVENUES	€1,485m, -11% YoY, 85% of total net bookings
PLAYER RECURRING INVESTMENT	€1,002m, +23% YoY, 58% of total net bookings
BACK-CATALOG	€1,004m, -30% YoY, 58% of net bookings

GAMES HIGHLIGHTS



Record active users for the franchise in a year

ACV : Net bookings up 82% LTD vs ACO, 61% vs ACOD



Strong engagement turnaround, with playtime in Q4 strongly up +30% vs. last year

Full year PRI up 13%



Session days up 28% YoY in Q4 leading to 36% net bookings growth over 12 months



FY23: NON-IFRS P&L

in € millions, except for per share data	FY 2022-23		FY 2021-22	
		%		%
IFRS 15 sales	1,814.3		2,125.2	
Deferred revenues related to IFRS 15 standard	(74.9)		3.3	
Net bookings	1,739.5		2,128.5	
Gross profit based on Net bookings	1,522.9	87.5	1,858.8	87.3
Non IFRS R&D expenses	(1,394.4)	(80.2)	(782.7)	(36.8)
Non IFRS Selling expenses	(339.1)	(19.5)	(408.6)	(19.2)
Non IFRS G&A expenses	(289.6)	(16.6)	(259.9)	(12.2)
Non IFRS SG&A expenses	(628.7)	(36.1)	(668.6)	(31.4)
Non IFRS Operating income	(500.2)	(28.8)	407.6	19.1
Net Financial Income	(15.2)		(17.7)	
Income Tax	114.8		(120.4)	
Non IFRS consolidated net income	(400.6)		269.5	
Net income attributable to owners of the parent company	(400.0)		269.0	
Net income attributable to non-controlling interests	(0.6)		0.4	
Non IFRS Diluted earnings per share attributable to parent company	(3.30)		2.11	
Nbr of shares fully diluted, <i>in thousands</i>	121,145		127,321	

■ SG&A breakdown:

- Variable marketing expenses: 208 M€ or 12.0% of net bookings (277 M€ & 13.0% in FY22)
- Structure costs: 420 M€ or 24.2% of net bookings (391 M€ & 18.4% in FY22)

FY23: R&D

In € millions	FY 2022-23	FY 2021-22
Depreciation of in-house software-related production	1,038.7	433.3
Depreciation of external software-related production and licenses	25.7	9.8
Royalties	24.0	28.1
Non Capitalized R&D & others*	306.0	311.5
Total R&D P&L	1,394.4	782.7
Capitalized in-house software-related production	971.9	835.5
Capitalized external software-related production and licenses (excluding future commitments)	26.8	20.4
Royalties	24.0	28.1
Non Capitalized R&D & others*	306.0	311.5
Total R&D Cash	1,328.8	1,195.6

*mostly Post-Launch content

FY23: CASH FLOWS & CLOSING CASH POSITION

In € millions	FY 2022-23	FY 2021-22
Non-IFRS Opening cash position	(282.7)	79.2
Cash flows from operation	(227.3)	(55.0)
Change in WCR	(126.9)	(136.6)
Cash flows from operating activities	(354.2)	(191.6)
Net investment in capital assets	(71.6)	(90.4)
Net free cash flow	(425.8)	(282.0)
Net acquisitions/disposals	(30.8)	(26.5)
Proceeds from issue of capital and other financial flows	(5.6)	39.3
Net acquisitions/disposals of own shares	100.4	(117.0)
Equity component (OCEANE)	35.7	(5.6)
Effect of exchange rate fluctuations	(53.4)	29.8
Decrease/(increase) in net debt	(379.3)	(361.9)
Non-IFRS Closing cash position	(662.0)	(282.7)

UPDATE ON COST REDUCTION PLAN

FY23 non-variable cost base*

Around €1.75bn

Approximately €35m lower than previously anticipated thanks to:

- €25m from tight control on recruitments
- €10m from favorable FX

Update

Total headcount down by more than 700** since end Sept. 2022

Structure costs: After strong YoY growth of +18% in H1, structure costs started decreasing in H2, down -2% (-7% at constant FX)

Cash R&D: After strong YoY growth of +17% in H1, growth sharply slowed down in H2, to +5%

Cost reduction target

At least €200m reduction over the next 2 years vs. FY23 revised non-variable cost base (€1.75bn)

*Non-variable cost base, excluding all profitability bonuses, includes P&L structure costs + fixed portion of COGS (customer service and supply chain) + cash R&D (excluding performance-based royalties)

**As of May 16, 2023

UBISOFT ORGANIC, ITERATIVE-DRIVEN MODEL

Ubisoft's model implies limited intangibles on its balance sheet

Balance Sheet Intangibles

	TTWO	ATVI	Embracer*	EA	UBI**
\$ in millions	Sep.22	Sep.22	Sep.22	Sep.22	Sep.22
Goodwill	6 872	9 928	4 436	5 375	95
Other intangibles & software development costs	6 360	1 615	3 360	811	2 017
Total	13 231	11 543	7 797	6 186	2 112

* SEK to USD rate of 1 SEK = 0.088930\$ as of September 30, 2022 (source Oanda)

** EUR to USD rate of 1 EUR = 0.9748\$ as of September 30, 2022 (source ECB)

AGENDA

FY23 PERFORMANCE

FY24 TARGETS



FY24 TARGETS

Q1 FY24e

NET BOOKINGS: around €240m

FY24e

NET BOOKINGS: strong growth

NON-IFRS OPERATING INCOME: Approximately €400m

**2023-24 line-up to reflect key strategic pillars:
New releases across big brands and long-lasting Live games**

**Assassin's Creed Mirage
Avatar: Frontiers of Pandora
Rainbow Six Mobile
Skull and Bones**

**The Crew Motorfest
The Division Resurgence
XDefiant
Another large game**

APPENDIX

A dramatic scene of a large sailing ship with red sails on a stormy sea at sunset, with a smaller boat on fire in the background.

FY23: IFRS / NON-IFRS RECONCILIATION

In € millions except for per share data	FY 2022-23			FY 2021-22		
	IFRS	Adjustments	Non-IFRS	IFRS	Adjustments	Non-IFRS
IFRS 15 Sales	1,814.3			2,125.2		
Deferred revenues related to IFRS 15		(74.9)	(74.9)		3.3	3.3
Net bookings			1,739.5			2,128.5
Total Operating expenses	(2,400.1)	160.4	(2,239.6)	(1,883.7)	162.8	(1,720.9)
Stock-based compensation	(62.0)	62.0	0.0	(54.1)	54.1	0.0
Non current operating income & expense	(98.4)	98.4	0.0	(108.7)	108.7	0.0
Operating Income	(585.8)	85.6	(500.2)	241.5	166.1	407.6
Net Financial income	(18.1)	2.9	(15.2)	(48.4)	30.7	(17.7)
Income tax	109.1	5.7	114.8	(113.6)	(6.8)	(120.4)
Consolidated Net Income	(494.7)	94.1	(400.6)	79.5	190.0	269.5
Net income attributable to owners of the parent company	(494.2)		(400.0)	79.1		269.0
Net income attributable to non-controlling interests	(0.6)		(0.6)	0.4		0.4
Weighted average number of shares in issue	121,145,035		121,145,035	127,320,735		127,320,735
Diluted earnings per share attributable to parent company (in €)	(4.08)	0.78	(3.30)	0.65	1.47	2.11