



**UBISOFT STRENGTHENS STRATEGIC FOCUS  
ON BIGGEST BRANDS AND LIVE SERVICES  
WITH A NEW SET OF MEASURES, CEMENTING  
LONG-TERM GROWTH AND VALUE CREATION PROSPECTS**

**2022-23 financial targets updated,  
introduction of targets for 2023-24**

**Paris, January 11, 2023** – Ubisoft strengthens strategic focus on biggest brands with a new set of measures, cementing long-term growth and value creation prospects. The Company updates today its 2022-23 financial targets and introduces 2023-24 targets.

Over the past 10 years, Ubisoft teams have organically created one of the deepest and most diversified portfolios of owned IPs in the industry. This has resulted in a significant transformation of the Group, the development of multiple major brands and much stronger recurring revenues thanks to highly successful Live Service games.

Despite these achievements, the Company is facing major challenges as the industry continues to shift towards mega-brands and long-lasting titles than can reach players across the globe, across platforms and business models. Our strategy over the past 4 years has been about building long-lasting live games and adapting our strongest franchises, mainly Assassin's Creed®, Far Cry®, Tom Clancy's Ghost Recon®, Tom Clancy's Rainbow Six® and Tom Clancy's The Division®, to these converging trends to make them truly global brands. However, the games from this investment phase have yet to be released, while our recent launches have not performed as well as expected.

Compounding this effect, in the context of worsening macroeconomic conditions, the trends over the Holiday season, in particular the last weeks of December and beginning of January, have been markedly and surprisingly slower than expected.

This overall context has triggered a full review of our revenue prospects leading to increased cautiousness over the coming years. Considering this, combined with the significant additional investments that resulted from lockdown and new working patterns that have had a profound impact on productions across the industry over the past 3 years, Ubisoft is announcing today a set of measures dedicated to strengthening its long-term growth and value-creation prospects:

- Ensure all our energy is focused on building our brands and live services into some of the most powerful within the industry. As a consequence, we have decided to cancel three unannounced projects, on top of the four already announced in July 2022.
- Depreciate around €500m of capitalized R&D, concerning upcoming premium and Free-to-Play games and the newly cancelled titles. This notably reflects the increased cautiousness related to the current challenging videogame market and macroeconomic environment as well as the necessary increased focus on fewer titles.
- As part of our increased strategic focus, adapt our organization to a more challenging market, with an expected net reduction of our non-variable costs base of more than €200m over the next 2 years. This will be achieved through targeted restructuring, divesting some non-core assets and usual natural attrition. Ubisoft will continue to look at hiring highly talented people for its biggest brands and live services.

Yves Guillemot, Co-Founder and Chief Executive Officer, said *"We are clearly disappointed by our recent performance. We are facing contrasted market dynamics as the industry continues to shift towards mega-brands and everlasting live games, in the context of worsening economic conditions affecting consumer spending. Despite excellent ratings and players' reception as well as an ambitious marketing plan, we were surprised by Mario + Rabbids®: Sparks of Hope underperformance in the final weeks of 2022 and early January. Just Dance® 2023 underperformed as well. Therefore, with the approval of the Board of Directors, we are taking additional important strategic and operational decisions today. It is key to continue adapting our organization, to further strengthen our execution and to ensure we both deliver amazing games to players as well as great value creation.*

*The industry's long-term prospects remain promising, and I am convinced Ubisoft is well positioned to benefit from this momentum thanks to the strength of our teams, brands, production capacity, technology and balance-sheet. Our back-catalogue remains very healthy with notably robust activity on Rainbow Six Siege, great momentum for our Assassin's Creed games, and generally solid performance from our live games. We expect our strategy to build long-lasting live games and transform our biggest brands into truly global phenomenon with multiple offerings across platforms and business models, to ultimately generate significant value creation, with strong topline and operating income growth over the coming years."*

### **Updated Financial Targets**

Today, Ubisoft is revising its Q3 2022-23 net bookings target, now expected at approximately €725m versus the prior target of approximately €830m. This reflects the more challenging environment mentioned previously, which notably resulted in the lower-than-expected performance of Mario + Rabbids: Sparks of Hope and Just Dance 2023.

Players will be able to discover the beauty of Skull and Bones in the upcoming beta phase. The additional time has already paid off and brought impressive improvements to its quality, which has been confirmed by recent playtests. We believe players will be positively surprised by its evolution. We have decided to postpone its release in order to have more time to showcase a much more polished and balanced experience and to build awareness. Skull and Bones will now be released early 2023-24.

All this considered, Ubisoft is revising its full year targets with net bookings expected to be down more than 10% year-on-year versus a prior expectation of up more than 10%. Non-IFRS operating income, reflecting lower net bookings, the postponement of Skull and Bones and the depreciation of capitalized R&D for around €500m, is now expected at -€500m versus €400m previously.

Ubisoft is introducing today its 2023-24 non-IFRS operating income target at around €400m reflecting necessary prudence in the current challenging environment, while still expecting an overall strong topline growth thanks to a materially stronger line-up.

Ubisoft balance sheet is strong with around €1.5 billion in cash and cash equivalents after reimbursing the €500m bond expiring at the end of this month.

Frédéric Duguet, Chief Financial Officer, said *"Our decisive reaction and our additional cost optimization measures should help us navigate the current challenging economic environment and ensure a leaner organization for the years to come. Leveraging the biggest pipeline of games in the Ubisoft's history, 2023-24 will see the releases of Assassin's Creed® Mirage, Avatar: Frontiers of Pandora™, Skull and Bones™ and other yet-to-be-announced premium games, including a large one, as well as promising Free-to-Play titles for some of our biggest brands."*

## Conference call

Ubisoft will hold a conference call today, Wednesday January 11, 2023, at 6:30 p.m. Paris time/12:30 p.m. New York time.

The conference call can be accessed live and via replay by clicking on the following link:

<https://edge.media-server.com/mmc/p/akataybp>

## Forthcoming publication

Ubisoft's Q3 2022-23 sales will be reported on February 16, 2023, after market close.

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## **About Ubisoft**

Ubisoft is a creator of worlds, committed to enriching players' lives with original and memorable entertainment experiences. Ubisoft's global teams create and develop a deep and diverse portfolio of games, featuring brands such as Assassin's Creed®, Brawlhalla®, For Honor®, Far Cry®, Tom Clancy's Ghost Recon®, Just Dance®, Rabbids®, Tom Clancy's Rainbow Six®, The Crew®, Tom Clancy's The Division®, and Watch Dogs®. Through Ubisoft Connect, players can enjoy an ecosystem of services to enhance their gaming experience, get rewards and connect with friends across platforms. With Ubisoft+, the subscription service, they can access a growing catalog of more than 100 Ubisoft games and DLC. For the 2021-22 fiscal year, Ubisoft generated net bookings of €2,129 million. To learn more, please visit: [www.ubisoftgroup.com](http://www.ubisoftgroup.com).

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