

UBISOFT® UPDATES FINANCIAL TARGETS AND RELEASE SCHEDULE FOR 2019-20

Communication of Initial Targets for 2020-21

Paris, October 24, 2019 – Today, Ubisoft is updating its financial targets and games release schedule for fiscal 2019-20, and communicating its initial targets for fiscal 2020-21.

Update of financial targets and release schedule for 2019-20

The Company has revised downwards its targets for fiscal 2019-20 and now expects net bookings of approximately €1,450 million and non-IFRS operating income of between €20 million and €50 million (compared with the previous targets of net bookings of around €2,185 million and non-IFRS operating income of around €480 million).

These adjustments reflect:

- A sharp downward revision in the revenues expected from Ghost Recon Breakpoint® and, to a lesser extent, The Division® 2.
- The decision to increase development time for Gods & Monsters[™], Rainbow Six[®]
 Quarantine and Watch_Dogs[®] Legion, which will all now be released in fiscal 2020-21.

Initial targets for 2020-21

Due to the new release timeframes for Gods & Monsters, Rainbow Six Quarantine and Watch_Dogs Legion, Ubisoft expects a very strong lineup in fiscal 2020-21, with the release of five AAA games. Consequently, Ubisoft is now targeting net bookings of approximately €2,600 million and non-IFRS operating income of approximately €600 million for 2020-21.

Yves Guillemot, Co-Founder and Chief Executive Officer, said "Over the past few years, we have delivered many high-quality titles, built a portfolio of diversified franchises and successfully conducted the digital transformation of our business. We have significantly grown our operations for PC, and in Asia and esports, and have further developed our Uplay platform. And we can now draw on a very robust back-catalog, which ended up again above our expectations in the second quarter, including the particularly outstanding momentum of Rainbow Six Siege and Assassin's Creed Odyssey.

However, we have not capitalized on the potential of our latest two AAA releases. For Ghost Recon Breakpoint, while the game's quality appeared on track – based on E3, Gamescom, previews and our latest internal playtests –, critical reception and sales during the game's first weeks were very disappointing. As we have done with past titles, we will continue to support the game and listen to the community in order to deliver the necessary improvements.

At this stage, we have identified three main reasons behind this underperformance:

- First, it is harder to generate interest for a sequel to a Live multiplayer game, when prior iterations benefited from years of optimization. Consequently, we need to make sure there is more time between each iteration of Live games.
- Second, our strategy of introducing gameplay innovations in our games has had a very positive impact on our brands. However, to win over players, these innovations need to be perfectly implemented in order to offer an optimal experience. This has not yet been sufficiently the case with Ghost Recon Breakpoint. While the change of formula has been very well received by some players, with an average daily playtime per player of over three hours, it also has been strongly rejected by a significant portion of the community.
- Finally, Ghost Recon Breakpoint did not come in with enough differentiation factors, which prevented the game's intrinsic qualities from standing out.

We are tackling these issues head-on and already are implementing significant changes to our production processes. We are confident in our capacity to adapt and evolve, as we have done successfully many times in the past.

In this overall context, we have decided to postpone the releases of Gods & Monsters, Rainbow Six Quarantine and Watch_Dogs Legion until 2020-21. While each of these games already has a strong identity and high potential, we want our teams to have more development time to ensure that their respective innovations are perfectly implemented so as to deliver optimal experiences for players. This decision will have a very significant impact on our financial results for this fiscal year and goes against our recent successes in building a more stable development model. However, it is in line with our strategy to maximize the future value of our brands for the long-term benefit of our employees, players and shareholders. We expect it to have a positive impact on our financial performance as from 2020-21.

Going forward, we are ideally positioned to benefit from the industry's strong expansion and constant evolution. We are investing to develop our franchises and PRI, to fully tap the potential of the mobile market, to accelerate our growth in Asia and esports, and to reap the benefits of our brands ownership in the context of the rise of streaming and the multiplication of platforms. These opportunities are powerful drivers for our future topline and profitability growth."

Conference call information

Ubisoft will hold a conference call today, October 24, 2019, at 6:15 pm Paris time / 12:15 pm New-York time.

The conference call will be available online by accessing:

https://edge.media-server.com/mmc/p/cvpz9vy9

Forthcoming publication

As expected, Ubisoft's first-half 2019-20 earnings reviewed by the Statutory Auditors will be reported on October 30, 2019, after market close.

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<u>About Ubisoft</u>

Ubisoft is a leading creator, publisher and distributor of interactive entertainment and services, with a rich portfolio of world-renowned brands, including Assassin's Creed, Far Cry, For Honor, Just Dance, Watch_Dogs, Tom Clancy's video game series including Ghost Recon, Rainbow Six and The Division. The teams throughout Ubisoft's worldwide network of studios and business offices are committed to delivering original and memorable gaming experiences across all popular platforms, including consoles, mobile phones, tablets and PCs. For the 2018-19 fiscal year, Ubisoft generated net bookings of €2,029 million. To learn more, please visit www.ubisoftgroup.com.

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APPENDICES

Definition of non-IFRS financial indicators

<u>Net bookings</u> corresponds to the "Sales" indicator used prior to fiscal year 2018-19 (i.e. sales excluding the impacts of the application of IFRS 15).

<u>Non-IFRS operating income calculated based on net bookings</u> corresponds to operating income less the following items:

- Stock-based compensation expense arising on free share plans, group savings plans and/or stock options.
- Depreciation of acquired intangible assets with indefinite useful lives.
- Non-operating income and expenses resulting from restructuring operations within the Group.