



APPLICATION OF IFRS 15¹

Impact on Financial Communications

Paris, May 9, 2018 – As from fiscal 2018-19, Ubisoft will apply IFRS 15 (the new revenue recognition standard) for the first time. The main impacts that this new standard will have on the recognition of the Group’s sales and on its financial communications are presented below.

Accounting impacts of IFRS 15

The main impact of IFRS 15 for Ubisoft concerns the recognition of sales of 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 for which the consideration received on the initial delivery of the original game must be recognized in revenue over the estimated period of time that the players use the service.

Under the currently-applicable revenue recognition standard (IAS 18²), 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.

Impacts on financial communications

The Group will apply IFRS 15's revenue recognition rules for the first time as from fiscal 2018-19.

In addition to its financial statements prepared in accordance with IFRSs as adopted by the European Union, Ubisoft will continue to report alternative performance indicators (non-IFRS), with the same level of detail as previously. In order to enable meaningful comparisons with prior-period sales figures, Ubisoft will introduce a new alternative performance indicator in its financial communications called “Net bookings”. This indicator is used by Ubisoft to oversee and measure its business and commercial performance.

Timeline

As recommended by the European regulators (ESMA) and the French Financial Markets Authority (AMF), Ubisoft will issue sales figures that are compliant with IFRS 15 as from the press release on its first-quarter 2018-19 sales.

When it publishes its full-year results for fiscal 2017-18 on May 17, 2018, Ubisoft will report on the following targets:

- 2018-19 sales in IFRS 15 format
- Net Bookings for 2018-19
- Non-IFRS operating income for 2018-19
- Free Cash Flow for 2018-19

¹ International Financial Reporting Standard 15 – equivalent to US GAAP ASC 606

² International Accounting Standards

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About Ubisoft

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, Just Dance, Rayman, Far Cry, Watch Dogs and Tom Clancy's video game series. 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 2016-17 fiscal year Ubisoft generated sales of €1,460 million. To learn more, please visit www.ubisoftgroup.com.