



Q4 2023 | FEBRUARY 26, 2024

SHAREHOLDER LETTER

DEAR UNITY SHAREHOLDERS

We believe that Unity plays a critical role in the gaming industry. Unity enables creators to build and grow successful games and real-time experiences. Approximately 69% of the top 1,000 mobile games are made with Unity and we continue to see strong traction across industries; a business that we expect will be larger than gaming in the not so distant future. In addition, we have strong partnerships with some of the most innovative companies in the world, who rely on Unity as they bring new products to the market. We believe that Unity is uniquely positioned and that there is a meaningful potential for profitable revenue growth in the long term.

At Unity, we are focused on two strategic objectives. First, deliver the leading, integrated offering for the game ecosystem, centered on our Engine, Cloud and Monetization. Second, expand our real-time 3D capabilities to serve non-gaming customers.

In order to achieve our strategic objectives, in the fourth quarter of 2023 we started a two-phase company reset that we expect will enable Unity to sustainably win with customers and shareholders. Phase one is about resetting our portfolio to focus on our core businesses: the Engine, Cloud and Monetization, while narrowing our investments in new businesses to those most attractive, mainly Industries. In addition, phase one includes right sizing our cost structure which is intended to enable us to grow from a healthy financial position. We expect to mostly complete phase one at the end of the first quarter. The second phase of the reset is about reigniting revenue growth. We expect revenue growth to accelerate in the second half of 2024 and to maintain attractive levels of revenue growth thereafter. We will go into further detail below, but first let us highlight some of the key achievements during the quarter.

The Unity Engine continues to improve platform scalability and performance, focusing on multiplayer games and LiveOps. Our next major release, Unity 6, is scheduled for later this year and we aim to beat users' expectations, offering early access to WebGPU and deeper XR device support. We are scaling our generative AI offerings: Unity Muse and Unity Sentis, to increase user productivity and to create more engaging experiences. Since our last call, Muse is now available to all customers and interest is strong. We plan to further invest in building AI based workflows within the Engine. Unity's powerful authoring tools for creating immersive real-time 3D apps and experiences are being used to develop games and industry apps for Apple Vision Pro, and we have partnered with Meta to bring Unity titles to HTML5 Instant Games across Facebook and Messenger later this year. Our Industries offering is the fastest growing in our company's history. We are encouraged by our partnerships with a leading US retailer that is integrating their commerce APIs into games and apps to sell physical goods in real-time-3D experiences, and with Mercedes-Benz to bring to life their new MBUX real-time navigation system. We are strengthening capabilities in Monetization with a focus on Neural Networks to optimize return on ad spend, and improving our core performance prediction algorithms which we expect will lead to better quality and scale of our two leading ad networks. We are doing all of this while working to expand Adjusted EBITDA margins through the right portfolio and cost choices aimed at positioning Unity for long term success.

FOURTH QUARTER RESULTS

Revenue for the fourth quarter was \$609 million, an increase of 35% year-over-year. During the quarter, Unity and Wētā FX mutually agreed to terminate Unity's service agreement and entered into a perpetual license agreement for Wētā FX's internal use of Unity's Wētā tools. This transaction resulted in \$99 million of incremental revenue, including the release of Wētā FX's deferred revenue. Excluding this transaction, revenue would have been \$510 million, down -2% year-over-year on a pro-forma basis¹.

Create Solutions fourth quarter revenue of \$290 million was up 47% year-over-year, which includes the incremental revenue from Wētā FX. Excluding this transaction, revenue would have been \$190 million, down -4% year-over-year. The year-over-year revenue decline came from businesses impacted by our portfolio reset, particularly Professional Services, Unity Gaming Services, and Wētā Tools. Our core subscriptions excluding China grew 18% year-over-year. In the fourth quarter, Industries represented 23% of our core subscriptions as compared to 20% in the third quarter of 2023 and 19% in the fourth quarter of the prior year.

Grow Solutions fourth quarter revenue of \$319 million was up 26% year-over-year and flat on a pro-forma basis. Our performance was impacted by competitiveness in the market and the introduction of the runtime fee policy which we believe is now fully behind us.

GAAP net loss for the quarter was \$254 million compared to a GAAP net loss of \$288 million in the previous year. The Wētā FX transaction increased our GAAP net loss by \$27 million as the incremental revenue was less than the amortization expense of a related intangible asset. Adjusted EBITDA for the quarter was \$186 million. The Wētā FX transaction increased Adjusted EBITDA by \$102 million, mainly due to the perpetual license agreement. Excluding this transaction, Adjusted EBITDA for the quarter would have been \$84 million and represented a 16% margin compared to \$21 million and 5% margin, respectively, in the same quarter last year. Cash provided by operations for the quarter was \$72 million, and free cash flow for the quarter was \$61 million.

¹ Pro forma reflects the consolidated results giving effect to the ironSource merger as if it had occurred on January 1, 2021 as disclosed in our Form 10-K for fiscal year 2022, combining the historical financial results of ironSource with ours, with adjustments to give effect to pro forma events that are directly attributable to the acquisition, including for intercompany revenue and amortization for intangible assets acquired. The amounts used to calculate the pro forma percentages are consistent with disclosure required under GAAP. Pro forma comparisons are provided for illustrative purposes only and not necessarily indicative of future periods and do not give effect to the potential impact of current financial conditions, future revenues, regulatory matters, or any anticipated synergies, operating efficiencies, or cost savings that may be associated with the ironSource merger.

RESET FIRST PHASE

Portfolio and Cost Structure

Portfolio

We are resetting our portfolio to focus on our core businesses, which we refer to as our “Strategic Portfolio”: the Engine, Cloud and Monetization, while narrowing our investments in new businesses to those most attractive, mainly Industries. We are exiting businesses where we do not believe that we can provide unique value to customers or generate a sound return to investors. Specifically, our Professional Services business will be limited to a few selected strategic engagements, we will be exiting the hardware components of our multiplayer business as we shift our services to orchestration and managed solutions and we will stop the independent development of professional artistry tools, which we will integrate into the Unity Editor and AI tools, and we will exit the Luna business. In aggregate, these businesses delivered \$283 million in revenue in 2023 and operated at a significant Adjusted EBITDA loss. Going forward, we will guide revenue only for our Strategic Portfolio, as we expect that the non-Strategic portfolio will not be material for the year. We anticipate that revenue for our non-Strategic portfolio will decline quickly as a result of our actions.

Last week we announced that Capgemini is acquiring Unity’s Digital Twin Professional Service arm to accelerate enterprises digital transformation through real-time 3D technology. This agreement extends the reach and scale of Unity’s software through Capgemini, allowing more organizations to further push the boundaries of this technology. This is a great example of how our portfolio choices enable us to focus on our core and partner with leaders to deliver on our customer needs. We are hearing very encouraging feedback from our large customers around the renewed focus on scalable software solutions.

Cost Structure

We are right sizing our cost structure to grow from a healthy financial position. This includes the previously announced reduction of approximately 25% of our workforce, in addition to cloud hosting cost savings, office footprint consolidation, and software license optimization. We expect most of this work to be completed by the end of the first quarter. In aggregate we expect to reduce approximately \$250 million in annualized non-GAAP operating expenses from our cost structure, in addition to the corresponding stock-based compensation and cost of goods sold associated with the portfolio choices. We will continue to manage costs carefully throughout the year and continue to explore optimization opportunities.

RESET SECOND PHASE

Reignite Growth

With the portfolio and cost structure reset mostly behind us, all of our focus turns to reigniting revenue growth. We believe that we enjoy a unique position in the gaming industry, both with existing platforms and as key partners as new platforms are developed. We are committed to winning with developers, creators and customers. We continue to see strong user engagement across the community and aim to exceed customer expectations with Unity 6 and by scaling our generative AI offerings. In addition, we are optimistic about our ability to continue to expand our real-time-3D capabilities to Industries. We believe that we have a unique competitive advantage around visualization, a market that is expected to be larger than the gaming tools and services market in the not too distant future. We will update you on progress and plan to share our sustainable growth model with you towards the end of this year.

ADJUSTED BASE FOR FY 2023

This section provides you an adjusted base for FY 2023 so that you can assess our financial performance going forward. The adjustments to our reported financials relate to the Wētā FX agreement and the portfolio choices plus the return of certain customer incentives that we disclosed last quarter. These credits relate to financial incentives that ironSource issued to customers before the merger in exchange for migrating to LevelPlay. A portion of those incentives were returned to Unity during the year and were recorded as revenue. We do not expect material additional credits from pre-acquisition incentives to return to Unity at this point.

(\$ in millions)	FY2023	
	Revenue	Adjusted EBITDA
Reported	\$2,187	\$448
Wētā FX	\$99	\$102
Portfolio changes ²	\$283	-
Customer Credits	\$72	\$72
Adjusted Base	\$1,733	\$274

In addition to this full-year view, the table below provides you additional perspective to the revenue split for our Strategic Portfolio quarter-by-quarter and by business.

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Create	\$114	\$125	\$125	\$128
Grow	\$304	\$327	\$314	\$296
Total	\$418	\$452	\$440	\$423

² Adjusted EBITDA excludes the impact of portfolio changes. Although these businesses operated at a small loss, the accretive impact of their removal cannot be assured at this time.

Going forward, we will guide revenue only for our Strategic Portfolio, as we expect that the non-Strategic portfolio will not be material for the year. We will report any non-strategic revenue separately so that you can track our underlying performance. In 2024, we expect another year of high engagement from gamers and new game launches.

For the first quarter, we are guiding to \$415 to \$420 million in revenue for our Strategic Portfolio and \$45 to \$50 million in Adjusted EBITDA for the total company. Our Strategic Portfolio revenue guide for the quarter is flat to prior year as the organization completes the portfolio and cost reset that we described above. Our Adjusted EBITDA guide represents an increase of 67% year-on-year which includes a partial impact of our cost actions offset by costs from our non-strategic businesses.

For the full year, we are guiding our Strategic Portfolio to \$1,760 to 1,800 million in revenue, up 2% to 4% year-on-year and \$400 to \$425 million in Adjusted EBITDA for the total company. We expect to accelerate revenue growth in the second half of the year and to exit the year with double-digit growth. Our Adjusted EBITDA guide includes the benefits of the cost reset, which will have a full-quarter impact as of the second quarter. We expect to exit 2024 with Adjusted EBITDA margins over 25%.

→ Revenue Guidance

(\$ in millions)	Q1'23 As Reported	Q1'23 Strategic Portfolio	Q1'24 Strategic Portfolio Guidance
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Revenue	\$500	\$418	\$415-420
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(\$ in millions)	FY'23 As Reported	FY'23 Strategic Portfolio	FY'24 Strategic Portfolio Guidance
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Revenue	\$2,187	\$1,733	\$1,760-1,800
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→ Adjusted EBITDA Guidance

(\$ in millions)	Q1'23 As Reported	Q1'23 Strategic Portfolio	Q1'24 Strategic Portfolio Guidance
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Adjusted EBITDA³	\$32	\$29	\$45-50
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(\$ in millions)	FY'23 As Reported	FY'23 Strategic Portfolio	FY'24 Strategic Portfolio Guidance
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Adjusted EBITDA⁴	\$448	\$274	\$400-425
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³ Adjusted EBITDA excludes the impact of portfolio changes. Although these businesses operated at a small loss, the accretive impact of their removal cannot be assured at this time.

⁴ Adjusted EBITDA excludes the impact of portfolio changes. Although these businesses operated at a small loss, the accretive impact of their removal cannot be assured at this time.

We expect 474 million fully diluted shares at the end of the first quarter and 476 million at the end of the fiscal year.

CONCLUDING THOUGHTS

We are focused on delivering value for our customers. We believe that we are making the right interventions to win with customers for many years to come through a more focused portfolio, a leaner cost structure, and innovation that customers value. We are well positioned to win with customers in games and across Industries. We are optimistic about our future, and confident that we will execute the two-phase reset with excellence. We are committed to increasing shareholder value through revenue growth, margin expansion, and free cash flow generation and we believe that the steps we have taken in the past few months position us for success in 2024 and beyond.

Thank you for your trust and support.

Sincerely,

Jim Whitehurst Interim CEO
Luis Visoso CFO

Appendix

Cautionary Statement Regarding Forward-Looking Statements

This shareholder letter and the earnings call referencing this shareholder letter contain “forward-looking statements,” as that term is defined under federal securities laws, including, but not limited to, statements regarding Unity’s outlook and future financial performance, including: that Unity’s company reset will enable it to sustainably win with customers and shareholders; that Unity will successfully focus on its core business and right-size its investments to grow from a healthy position; and that it will strengthen its capabilities, evolve its business models and accelerate revenue growth. The words “aim,” “believe,” “may,” “will,” “estimate,” “continue,” “intend,” “expect,” “plan,” “project,” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to risks, uncertainties, and assumptions. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Risks include, but are not limited to, those related to: (i) the impact of macroeconomic conditions, such as inflation, rising interest rates, and limited credit availability which could further cause economic uncertainty and volatility; (ii) continued softness of the advertising market and ongoing restrictions related to the gaming industry in China; (iii) ongoing geopolitical instability, particularly in Israel, where a significant portion of the Grow Solutions operations is located; (iv) customer responses to Unity’s pricing model for Create Solutions, and Unity’s ability to recover or reengage its customers, or attract new customers; (v) Unity’s ability to achieve and sustain profitability; (vi) Unity’s ability to retain existing customers and expand the use of its platform; (vii) Unity’s ability to further expand into new industries and attract new customers; (viii) the impact of any changes of terms of service, policies or technical requirements from operating system platform providers or application stores which may result in changes to Unity or its customers’ business practices; (ix) Unity’s ability to maintain favorable relationships with hardware, operating system, device, game console and other technology providers; (x) Unity’s ability to compete effectively; (xi) breaches in its security measures, unauthorized access to its platform, data, or its customers’ or other users’ personal data; (xii) Unity’s ability to manage growth effectively, including interventions to become a leaner, more agile, faster growing company; (xiii) the rapidly changing and increasingly stringent laws, regulations, contractual obligations and industry standards that relate to privacy, data security and the protection of children; (xiv) Unity’s ability to successfully integrate ironSource’s technology and business and realize the

intended benefits from the ironSource merger, and related costs and expenses; (xv) the effectiveness of cost management efforts to position the company for future growth; (xvi) Unity’s ability to leverage its offerings as a result of the rise of generative AI technologies; (xvii) the timing and successful completion of Unity’s company reset and (xviii) the effectiveness of the company reset to reignite growth. Further information on these and additional risks that could affect our results is included in our filings with the Securities and Exchange Commission (SEC), including our Quarterly Report on Form 10-Q, filed with the SEC on November 9, 2023, and our future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. Copies of reports filed with the SEC are available on the Unity Investor Relations website. Statements herein speak only as of the date of this release, and Unity assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this release except as required by law.

About Non-GAAP Financial Measures

To supplement our consolidated financial statements prepared and presented in accordance with generally accepted accounting principles in the United States (GAAP) we use certain non-GAAP financial measures, as described below, to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe the following non-GAAP measures are useful in evaluating our operating performance. We are presenting these non-GAAP financial measures because we believe, when taken collectively, they may be helpful to investors because they provide consistency and comparability with past financial performance.

However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. As a result, our non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for our consolidated financial statements presented in accordance with GAAP.

Appendix

We define adjusted EBITDA as net income or loss excluding benefits or expenses associated with stock-based compensation, amortization of acquired intangible assets, depreciation, acquisitions, restructurings and reorganizations, insurance reimbursement for legal expenses, interest, income tax, and other non-operating activities, which primarily consist of foreign exchange rate gains or losses. We define adjusted gross profit as GAAP gross profit excluding expenses associated with stock-based compensation, amortization of acquired intangible assets, depreciation, and restructurings and reorganizations. We define non-GAAP research and development expense as research and development expense, excluding expenses associated with stock-based compensation, amortization of acquired intangible assets, depreciation, acquisitions, and restructurings and reorganizations.

We define non-GAAP sales and marketing expense as sales and marketing expense, excluding expenses associated with stock-based compensation, amortization of acquired intangible assets, depreciation, and restructuring and reorganizations. We define non-GAAP general and administrative expense as general and administrative expense excluding expenses associated with stock-based compensation, depreciation, acquisitions, restructuring and reorganizations, and insurance reimbursement for legal expenses.

Adjusted EBITDA Reconciliation

\$ in thousands

	2022 Q4	2023			
		Q1	Q2	Q3	Q4
Revenue	\$450,974	\$500,361	\$533,478	\$544,210	\$609,268
GAAP net loss	(287,754)	(253,703)	(193,324)	(125,310)	(253,985)
Add:					
Stock-based compensation expense	173,917	163,028	157,538	147,177	180,953
Amortization of intangible assets expense	73,299	97,920	98,702	99,220	219,647
Depreciation of property and equipment	10,679	11,640	12,204	11,977	12,606
Restructuring and reorganization costs	5,957	14,130	24,847	—	31,396
Acquisition-related costs	27,371	729	159	—	—
Legal settlement costs	3,250	—	(3,250)	—	—
Interest expense	4,035	6,129	6,142	6,154	6,155
Interest income and other expense, net	(7,101)	(13,615)	(9,061)	(16,013)	(20,840)
Income tax expense	17,060	6,205	4,791	7,771	9,710
Adjusted EBITDA	\$ 20,713	\$ 32,463	\$ 98,748	\$130,976	\$185,642
<i>GAAP net loss margin</i>	<i>(64%)</i>	<i>(51%)</i>	<i>(36%)</i>	<i>(23%)</i>	<i>(42%)</i>
<i>Adjusted EBITDA margin</i>	<i>5%</i>	<i>6%</i>	<i>19%</i>	<i>24%</i>	<i>30%</i>

UNITY SOFTWARE INC.
Non-GAAP Reconciliation
(In thousands)

	Three Months Ended December 31,	
	2023	2022
GAAP gross profit	\$ 347,686	\$ 311,046
Add:		
Stock-based compensation expense	21,972	18,541
Amortization of intangible assets expense	139,754	24,044
Depreciation expense	2,839	1,959
Restructuring and reorganization costs	10,447	312
Adjusted gross profit	\$ 522,698	\$ 355,902
GAAP gross margin	57%	69%
Adjusted gross margin	86%	79%
Operating expenses reconciliation		
Research and development		
GAAP research and development expense	\$ 265,150	\$ 274,111
Stock-based compensation expense	(76,001)	(86,459)
Amortization of intangible assets expense	(28,734)	(18,675)
Depreciation expense	(5,608)	(4,859)
Acquisition-related costs	—	(61)
Restructuring and reorganization costs	(1,284)	(742)
Non-GAAP research and development expense	\$ 153,523	\$ 163,315
GAAP research and development expense as a percentage of revenue	44%	61%
Non-GAAP research and development expense as a percentage of revenue	25%	36%
Sales and marketing		
GAAP sales and marketing expense	\$ 215,367	\$ 183,470
Stock-based compensation expense	(38,189)	(37,833)
Amortization of intangible assets expense	(51,159)	(30,580)
Depreciation expense	(2,450)	(2,054)
Restructuring and reorganization costs	(98)	(316)
Non-GAAP sales and marketing expense	\$ 123,471	\$ 112,687
GAAP sales and marketing expense as a percentage of revenue	35%	41%
Non-GAAP sales and marketing expense as a percentage of revenue	20%	25%

UNITY SOFTWARE INC.
Non-GAAP Reconciliation
(In thousands)

	Three Months Ended December 31,	
	2023	2022
General and administrative		
GAAP general and administrative expense	\$ 126,129	\$ 127,225
Stock-based compensation expense	(44,791)	(31,084)
Depreciation expense	(1,709)	(1,807)
Acquisition-related costs	—	(27,310)
Restructuring and reorganization costs	(19,567)	(4,587)
Insurance reimbursement for legal settlement	—	(3,250)
Non-GAAP general and administrative expense	\$ 60,062	\$ 59,187
GAAP general and administrative expense as a percentage of revenue	21%	28%
Non-GAAP general and administrative expense as a percentage of revenue	10%	13%
Free Cash Flow		
Net cash provided by (used in) operating activities	\$ 72,103	\$ (49,061)
Less:		
Purchases of property and equipment	(11,361)	(14,794)
Free cash flow	60,742	(63,855)
Net cash provided by (used in) investing activities	(11,361)	581,664
Net cash provided by (used in) financing activities	10,991	(283,118)

UNITY SOFTWARE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	As of	
	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,590,325	\$ 1,485,084
Short-term investments	—	101,711
Accounts receivable, net	611,723	633,775
Prepaid expenses and other	122,843	144,070
Total current assets	2,324,891	2,364,640
Property and equipment, net	140,887	121,863
Goodwill	3,166,304	3,200,955
Intangible assets, net	1,406,745	1,922,234
Other assets	204,614	224,293
Total assets	\$ 7,243,441	\$ 7,833,985
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 14,517	\$ 20,221
Accrued expenses and other	307,704	326,339
Publisher payables	385,113	445,622
Deferred revenue	186,769	218,102
Total current liabilities	894,103	1,010,284
Convertible notes	2,711,750	2,707,171
Long-term deferred revenue	6,015	103,442
Other long-term liabilities	217,195	258,959
Total liabilities	3,829,063	4,079,856
Commitments and contingencies		
Redeemable noncontrolling interests	225,797	219,563
Stockholders' equity:		
Common stock, \$0.000005 par value:		
Authorized shares - 1,000,000 and 1,000,000		
Issued and outstanding shares - 384,872 and 374,243	2	2
Additional paid-in capital	6,259,479	5,779,776
Accumulated other comprehensive loss	(5,009)	(1,691)
Accumulated deficit	(3,071,830)	(2,249,819)
Total Unity Software Inc. stockholders' equity	3,182,642	3,528,268
Noncontrolling interest	5,939	6,298
Total stockholders' equity	3,188,581	3,534,566
Total liabilities and stockholders' equity	\$ 7,243,441	\$ 7,833,985

UNITY SOFTWARE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 609,268	\$ 450,974	\$ 2,187,317	\$ 1,391,024
Cost of revenue	261,582	139,928	733,722	442,500
Gross profit	347,686	311,046	1,453,595	948,524
Operating expenses				
Research and development	265,150	274,111	1,053,588	959,491
Sales and marketing	215,367	183,470	834,625	497,956
General and administrative	126,129	127,225	398,176	373,290
Total operating expenses	606,646	584,806	2,286,389	1,830,737
Loss from operations	(258,960)	(273,760)	(832,794)	(882,213)
Interest expense	(6,155)	(4,035)	(24,580)	(7,404)
Interest income and other expense, net	20,840	7,101	59,529	7,192
Loss before income taxes	(244,275)	(270,694)	(797,845)	(882,425)
Provision for Income taxes	9,710	17,060	28,477	37,063
Net loss	(253,985)	(287,754)	(826,322)	(919,488)
Net loss attributable to noncontrolling interest and redeemable noncontrolling interests	(1,236)	(1,296)	(4,311)	(1,296)
Adjustments attributable to redeemable noncontrolling interests	—	2,870	—	2,870
Net loss attributable to Unity Software Inc.	(252,749)	(289,328)	(822,011)	(921,062)
Net loss	(253,985)	(287,754)	(826,322)	(919,488)
Other comprehensive income (loss), net of taxes:				
Change in foreign currency translation adjustment	5,847	4,464	(4,556)	259
Change in unrealized losses on short-term investments	—	6,482	—	969
Change in unrealized gains on derivative instruments	—	939	289	939
Comprehensive loss	\$ (248,138)	\$ (275,869)	\$ (830,589)	\$ (917,321)
Comprehensive income attributable to noncontrolling interest and redeemable noncontrolling interests:				
Net loss attributable to noncontrolling interest and redeemable noncontrolling interests	(1,236)	(1,296)	(4,311)	(1,296)
Foreign currency translation attributable to noncontrolling interest and redeemable noncontrolling interests	1,210	560	(949)	560
Comprehensive loss attributable to noncontrolling interest and redeemable noncontrolling interests	(26)	(736)	(5,260)	(736)
Comprehensive loss attributable to Unity Software Inc.	\$(248,112)	\$(275,133)	\$(825,329)	\$(916,585)
Basic and diluted net loss per share attributable to Unity Software Inc.	\$ (0.66)	\$ (0.82)	\$ (2.16)	\$ (2.96)
Weighted-average shares used in computation of basic and diluted net loss per share	381,788	351,264	380,457	310,504

UNITY SOFTWARE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Operating activities				
Net loss	\$ (253,985)	\$ (287,754)	\$ (826,322)	\$ (919,488)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	232,254	83,978	563,916	211,576
Stock-based compensation expense	180,953	173,917	648,696	550,065
Other	13,056	12,032	24,613	21,418
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	(6,555)	(30,806)	21,791	(9,548)
Prepaid expenses and other	(2,040)	(13,220)	20,314	(21,719)
Other assets	11,514	14,198	45,047	40,096
Accounts payable	(6,881)	(18,548)	(6,313)	(17,574)
Accrued expenses and other	2,952	5,602	(21,069)	(1,041)
Publisher payables	(23,147)	14,749	(60,509)	(50,242)
Other long-term liabilities	12,017	(2,284)	(47,245)	(29,790)
Deferred revenue	(88,035)	(925)	(128,219)	166,816
Net cash provided by (used in) operating activities	72,103	(49,061)	234,700	(59,431)
Investing activities				
Purchases of short-term investments	—	—	(212)	(150,911)
Proceeds from sales of short-term investments	—	436,293	—	436,293
Proceeds from principal repayments and maturities of short-term investments	—	12,794	102,673	387,453
Purchases of non-marketable investments	—	—	(2,500)	(15,000)
Sales of non-marketable investments	—	—	—	1,000
Purchases of property and equipment	(11,361)	(14,794)	(55,921)	(57,138)
Business acquisitions, net of cash acquired	—	147,371	—	121,531
Net cash provided by (used in) investing activities	(11,361)	581,664	44,040	723,228
Financing activities				
Proceeds from issuance of convertible notes	—	1,000,000	—	1,000,000
Payment of debt issuance costs	—	(379)	—	(379)
Proceeds from issuance of common stock	—	(1,500,000)	—	—
Capital contribution from noncontrolling interest holders	—	210,252	—	210,252
Repurchase and retirement of common stock	—	—	(250,000)	(1,500,000)
Proceeds from issuance of common stock from employee equity plans	10,991	7,009	75,985	63,493
Net cash provided by (used in) financing activities	10,991	(283,118)	(174,015)	(226,634)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	11,510	6,111	(6,146)	1,926
Increase in cash, cash equivalents, and restricted cash	83,243	255,596	98,579	439,089
Cash and restricted cash, beginning of period	1,521,024	1,250,092	1,505,688	1,066,599
Cash, cash equivalents, and restricted cash, end of period	\$ 1,604,267	\$ 1,505,688	\$ 1,604,267	\$ 1,505,688

