Richard Davis
Vice President Investor Relations

I would like to remind participants that during this conference call, we will be making forward-looking statements, including statements about goals, business outlook, industry trends, market opportunities, expectations for future financial performance and similar items, all of which are subject to risks, uncertainties and assumptions. You can find more information about these risks and uncertainties in the Risk Factors section of our filings at sec.gov. Actual results may differ, and we take no obligation to revise or update any forward-looking statements. We will also be discussing non-GAAP financial measures today and reconciliations between our GAAP and non-GAAP financial results and a discussion of the limitations of our non-GAAP financial measures can be found in our earnings press release, which was issued earlier today and is available on our website under the Investor Relations tab.

With that let me turn the call over to John.

John Riccitiello
CEO, President & Executive Chairman

Thank you, Richard, and good afternoon.

Before discussing Earnings, I want to express our sincere thoughts for the people of Ukraine and our hope for a peaceful resolution to the conflict as soon as possible.

Our report today is a tale of two cities. First, we experienced challenges in Monetization that negatively affected revenue in February and March and will persist through the third quarter with minimal impact in the fourth. Second, we continued to perform very well in Create, both with our gaming customers and with our non-game digital twins business where we saw meaningful growth, a trend we expect to continue.

For the total company, revenue of $320 million was up 36% from a year earlier and came in at the top end of our guidance range. Upside to the forecast in Create was offset by challenges in Operate's Monetization business. Non-GAAP operating margin of -7.2% improved 280 basis points from the first quarter of last year as we continue to invest in innovation to capture the very large opportunity in front of us while improving non-GAAP operating margins.

I would like to address our Operate business first. Operate started the year strong in January but then significantly slowed down in February and March. This resulted in first quarter revenue of $184 million, an increase of 26% year-on-year. While there are external factors to consider, the Operate challenge is mostly caused by internal factors in Unity Monetization, in an otherwise healthy market. We see these challenges as temporary and not structural and do not expect them to impact the future prospects of our business beyond 2022.

The most succinct framing for the challenges we are facing is that we built more for growth and less for resiliency. Following years of rapid growth and working through the challenges of Apple's privacy changes, we got hit hard by two issues. The first was a fault in our platform that resulted in reduced accuracy for our Audience PinPointer tool, a revenue-expensive issue given that our Pinpointer tool experienced significant growth post the IDFA changes. The second is that we lost the value of a portion of our data training due, in part, to us ingesting bad data from a large customer.

We estimate the impact to our business at approximately $110 million in 2022, with no carry-over impact to 2023. Luis will provide a more granular update to our guidance in a few minutes. Here I will provide a deeper explanation of the specific revenue impacts. First, we have the direct near-term impact resulting from the two issues I just mentioned, affecting the first and second quarters. Second, we expect recovery to go through steps in sequence, data rebuilding, model training and improvement and then revenue recovery as our customers scale up further on Unity Monetization. And third – as a consequence of reprioritizing work in our teams to thoroughly address the resiliency and data training issues – we delayed the launch of certain revenue-driving features such as mediation, header bidding, and new releases for Audience Pinpointer versus our original plan.

We understand the problems and we are well advanced in addressing them. We are deploying monitoring, alerting and recovery systems and processes to promptly mitigate future complex data issues. We are strengthening and innovating on our Audience Pinpointer product. And we are already scaling Unity Mediation. Once done, we should be ahead of where we were at our best.

We have the right strategy to address today's challenges. And we have the right team that has overcome many challenges in the past and come out ahead. We are on it.

None of this takes away from our fundamental competitive advantage with Unity Monetization. This advantage is based on the fact that a strong majority of games are built with the Unity engine and analytics. We have proprietary data and insights coming from our reach to over 3B monthly active users feeding our contextual models. We have deep context about game play - what players like to play, when and how they play games. And in gaming, this data has proven to be the most relevant for advertising.

We also have strong conviction in the long-term strength and growth of the in-game advertising business. First, the games industry is the largest and most engaged audience of any form of media today with more than four billion monthly active users that we expect will continue to grow in scale and engagement. Second, less than three percent of players pay for their games, so an ad-supported model that is based on performance outcomes will always be a major part of the business model for game developers. And, there remains substantial opportunity for increasing ad exposure in gaming. As a comparison – TV has approximately 18 minutes of ads per hour of prime time. In comparison, we estimate that gamers see an average of 4 minutes of ads per hour. Third – as we have proven for years, in-game advertising works.

Based on this understanding of the gaming ad sector and on Unity's durable competitive advantage, we believe that Unity Monetization is an attractive, growing and durable business for the long-term.

To close the Operate discussion, we are very excited about Unity Gaming Services, or UGS, going into general availability by July. UGS is our self-serve cloud platform that enables developers to operate and optimize their games and includes our multiplay business. Since its Beta launch in October, we have seen more than 74K organizations sign-ups with over 68K completed, which is a more than 90% conversion rate, and we already see that 30% of those users are leveraging multiple products within the platform. We are encouraged by these early adoption signals and feedback from our customers.

Moving on to Create. We are very pleased with the momentum of our Create business, not just this quarter but the momentum we are building with customers. Create delivered a very strong first quarter with $116 million in revenue, an increase of 65% from last year's first quarter. Our progress in Create is deep and broad as more creators in more industries adopt real-time 3D.

In March, we shipped the Unity 2021 Long Term Support version of our Editor. This version delivers powerful improvements to creator workflows; a great example is our integration of Visual Scripting that enables creators to make content without having to write a single line of code. We added new rendering capabilities across all devices through our Universal Render Pipeline and we enabled higher fidelity graphics across devices with our High Definition Render Pipeline. We shipped numerous improvements to developer workflows, focussing on performance and iteration time; reducing the time to create. We have added new features to our world-building tools and enhanced artist-friendly tools like our powerful VFX Graph, Shader Graph and Cinemachine tools. We expanded our already world-leading platform support, adding in Google ChromeOS as a platform and we added Apple Silicon support for the editor.

We are focused on constantly improving our tools for RT3D creators of all types. In fact, just today we shipped the latest release of the Unity 2022 Tech Stream, enabling game customers that are early in their production lifecycle with more tools for editor extensibility, productivity tools, platform optimizations, rendering capabilities, performance insights and our latest features.

Unity is the leading tool and service for game creators of any size to deliver on their ambitions. The flexibility and multi-platform capabilities we provide are often critical unlocks for our customers in allowing them to deliver against their vision. Let's start with our game customers. Here are a few interesting examples:

Zenith: The Last City by Ramen VR has been a run-away hit on virtual reality. This title is a multi-platform massively multiplayer online role playing game for virtual reality where players explore an Anime-inspired world on Meta Quest, Meta Rift, Playstation VR and standalone VR devices. Ramen VR relied on Unity for our VR capabilities as well as our advanced Data Oriented

Technology Stack - "DOTS". Based on their success, they are now growing their team to bring the game to even more platforms, including PC and web. This is something we see frequently with our Unity gaming customers where our facility with multi-platform capabilities enables creators to find success and rapidly expand to more users and devices.

Another exciting title on "DOTS", and shipping this quarter is Syberia: The World Before, the fourth edition of the Syberia series that launched to critical acclaim for PC, Playstation and Xbox and soon on the Nintendo Switch.This title boasts huge and varied environments and more than six hours of stunning cinematics made possible using our High Definition Render Pipeline.

Many large publishers use Unity to create and sustain a mobile version of their games. This quarter, two great examples of this: Angry Birds brought back Angry Birds Classic to mobile app stores using Unity to relaunch this treasured game and easily make it work across modern mobile devices. And Ubisoft used Unity to deliver the incredible visuals and fast gameplay in Rainbow Six Mobile.

One final example – back to virtual reality. StatusPRO unveiled the first true NFL football game for VR with NFL Pro Era, enabled by Unity.

These are just a few examples of the thousands of Unity games that launched on console, PC, web, XR and mobile this quarter.

Moving on to our work with artists. We are focused on delivering the most important tools for creating in 3D whether in media and entertainment, games, or digital twins. In January, we officially transitioned the incredible team from Wētā Digital to Unity and since then, we are making significant progress in three specific areas.

First, we continue to push beyond the edge of what is possible to deliver in visualization and simulation. We bought Wētā Digital not just for the set of tools that had been developed over the past twenty years, but specifically for their incredible experts and what they would do next. As you may have seen with the trailer for Avatar 2 released on May 6th, these tools continue to set the standard for the art of the possible.

Second, we are focused on building the framework for interoperability required to deliver these tools to more artists and for more use cases. In support of this, the team has been developing an end-to-end USD based workflow – the first of its kind – replacing Katana based workflows while we have also been evolving the USD spec to support performant procedural data primitives as well as physical camera and light standardization. In addition, we have been working to deliver a cloud-based render solution for the pipeline delivering millions of hours of render time to Wētā FX per week. This is foundational work in building critical capabilities for artists and new revenue streams for Unity.

Finally, we are focused on the work to bring these tools to real time. We will be talking about some of the first steps in this area at SIGGRAPH in August.

Beyond Wētā Digital, our art tools like Ziva and SpeedTree continue to make rapid progress. In Q1, we shipped SpeedTree 9 and Ziva VFX 2.0 delivering more capabilities in both games and media and entertainment. We see significant traction with these tools in games like Halo Infinite and movies like Dune – users of our Ziva Dynamics technology, and winners of six Academy Awards, including the Oscar for Best Visual Effects. Keep an eye out for those sandworms.

One more note on Ziva. In the first quarter, we received more than 8,000 signups and a multitude of cloud uploads for our beta of Ziva Faces. This service enables artists to use advanced machine learning models and massive data to train meshes for full expressiveness instead of requiring teams of artists to spend weeks doing manual rigging. This is an extraordinary and expeditious result that speaks to our goal to make 3D art in media, games, and everywhere ten times easier, ten times faster, and ten times cheaper than it is today. We have more work to do and are gratified to see the early traction.

Moving on to Digital Twins. Our business continues to expand. We entered 2022 with nearly three thousand customers in this space. Our existing digital twin customers are spending more with us as we "land and expand" to drive tangible outcomes with real-time 3D across the enterprise. This quarter, we closed 34 deals above $100K, up 126% year-over-year and up 13% quarter-over-quarter. Unity is being used in construction, commerce, manufacturing, advanced simulation and much more.

We are seeing broad based adoption of these tools from companies like Mercedes-Benz. Unity is partnering with Mercedes-Benz to power the infotainment domain of the new operating system called MB.OS. The MB.OS is a fully comprehensive architecture, covering electric/electronic hardware as well as software, which will hit the road in 2024. It also can be seen in the VISION EQXX prototype vehicle. As part of our partnership we are also upgrading the "Hey Mercedes" personal assistant's intelligence and interactivity into a 3D "Star Avatar" that will be more akin to a "digital butler". Additionally, the MB.OS system will allow for 3D navigation that can zoom from satellite view down to 10 meters. It also will account for what time of day it is, ensuring an accurate real-time 3D display.

Also in March, we announced how Zutari is changing the way that large-scale solar projects in South Africa are designed, created, and operated. Zutari is using Unity's real-time 3D development platform to automate large-scale solar photovoltaic projects to reduce the time required to develop design-level insights and decrease costs. Not only does Zutari complete sun tracking and shading for each solar panel, but they also optimize solar sites to optimize the number and position of panels installed in order to increase the energy output – all within Unity. Zutari is also using Unity to explore additional sustainable energy facilities.

During Q1 we also achieved customer wins for our Digital Twins solutions across several new categories. From one of the largest energy companies in the world that is deploying our digital twin products across the Enterprise to run their downstream operations more effectively, to an iconic luxury brand that is leveraging Unity to bring to market a differentiated digital experience that can only be done with real-time 3D.

Lockheed Martin is a model example of “land and expand” in action. Our first project with them started in 2017 when they bought a few seats for design visualization. Within 12 months, they had deployed 132 licenses to create more interactive experiences for product development. Five years later, Lockheed has nearly 500 licenses across nine business units for multiple use cases including simulation, training and guidance, and collaboration.

We are also making a difference in enabling how creators work. Parsec and SyncSketch are becoming critical tools in the hybrid work world. Creators need effortless access to high-fidelity workspaces and the ability to collaborate regardless of their location. The average time spent on Parsec per Teams’ customer is more than 27 hours per week. This is what hybrid work looks like. Creators shift back and forth between direct access to powerful machines and remote, to virtual access - all without skipping a beat. The fact that we see incredible numbers in growth and such high sustained usage is a signal of the future that creative work requires.

As you can see, a lot is going on and we are making good progress in enabling creators across industries to adopt real-time 3D.

I have never seen such a global surge in creative innovation in my career - and we are honored to be powering much of it. We’re seeing this innovation in gaming, AR / VR and in many non-game verticals across the thousands of projects that are created and launched on Unity every day.

I want to reiterate my expectation that we expect Unity will sustainably grow revenue at or above 30% per year over the long term, even as we gain scale. I say this in full recognition that we are presently experiencing a self-inflicted challenge with our Monetization business, that we expect to correct, learn from, and build a more resilient platform for the future.

And we expect to drive over 30% revenue growth while achieving strong levels of profitability. Unity’s Operate business lives in an exceptionally large market, we have a material data advantage in our Monetization business and continue to gain share with UGS as well as our hosting capabilities related services and believe that we are more focused on gaming than our competitors. And, Unity Create is now hitting an inflection point that we have long anticipated, where we are not only growing our gaming footprint and take-rate, we are seeing strong adoption from industries beyond gaming.

The tech industry sees waves of innovation, Personal computing, Internet, Cloud, Online Retail. Today we are at the foothills of another big wave, this time, the way people interact with digital content. We call it interactive, real-time 3D, others call it spatial computing or more recently the metaverse. Whatever it is called, it is different, it is more engaging and it is inevitable.

We are beginning this journey with substantial market share leads. Over nearly two decades, we have built a strong product and engineering-oriented team and business model that has let us earn the industry's largest developer footprint by a very wide margin compared to others in this space. We are selling into large and growing markets. Our original core market of gaming could double in five years to more than $300 billion as it touches most people on Earth. And, our opportunity in the gaming space is not just a double but more like 5 to 10x as we grow into the largest user group, artists, and build out more rateable consumption-based services to augment our Saas subscription. Meanwhile, other industries are catching on. We have exciting momentum in digital twins, which boiled down, will basically be a real time digital replica of most places, objects and persons on the planet. And when I look at projects in our development pipeline, I see even more opportunities with the potential to scale to multiple billions in revenue. Non-gaming verticals have now gone, at Unity, from theory to early traction to scaling.

We have to execute to earn our future opportunity. The challenges we discussed today will be addressed and resolved. It is not an industry or sector issue. We are well underway toward recovery and building in added resilience and redundancy.

And since all of you on this call have to publish your models, the question becomes exactly when Operate will recover and what that trajectory will look like. It is always harder to forecast through a change in trajectory than a continuation of one. Our guidance reflects our best estimate of that curve.

The second quarter will take the brunt of the problem, and we expect to be mostly, if not fully recovered in the fourth quarter. Could this turn out to happen faster or slower? Yes.

There is a theory among coaches that it is a good thing when a really talented team loses a game on the way to the championships. It reminds players that they never have everything figured out, and the searing disappointment of a single loss makes everyone better in time.

I have never been more excited about our prospects and to keep with the analogy, we are here to win a pennant.

With that, let me turn the call to Luis.

Luis Visoso
Senior Vice President & CFO

Thanks John.

Let me frame a few considerations to understanding our first quarter financials and balance 2022 guidance. The challenges John described for Unity's Operate business negatively impacted our first quarter results and are expected to negatively impact our business in the second and third quarters with minimal impact to the fourth quarter. I will provide further details in a minute.

In the first quarter of 2022, we delivered revenue of $320 million, up 36% year-over-year. Create performed strongly with revenue of $116 million, up 65% from a year ago. Operate softened with revenue of $184 million, up 26% year-over-year. Strategic Partnerships and Other revenue delivered $20 million in revenue, up 11% from a year earlier. We delivered at the high end of our guidance range with Create's over performance partly offset by softness in Operate.

We continue to make progress in expanding our business and adding new customers to the Unity platform. At the end of the first quarter, we had 1,083 customers with trailing 12 months revenue above $100,000. This compares to 837 customers at the end of the first quarter of 2021, an increase of 29% year-over-year. In addition, we delivered another strong net expansion rate of 135% on a trailing 12-month basis. This compares to a net expansion rate of 140% a year earlier.

Our performance was fairly balanced by region with year-on-year revenue growth of 30% from the Americas, 34% from EMEA and 47% from Asia.

Our non-GAAP gross margin was 76.2%, down 210 basis points year-over-year, mostly as a result of including the additional engineers supporting WetaFX in cost of goods sold. Excluding this impact, non-GAAP gross margin would have been down 70 basis points year-over-year, mainly due to mix.

Non-GAAP operating expenses in the first quarter increased 29% as compared to the first quarter of 2021. This compares to 36% year-on-year revenue growth. Our Sales and Marketing expenses in the first quarter include the cost of the in-person Game Developer Conference, which we did not have last year.

Non-GAAP operating margin improved from -10.0% in last year's first quarter to -7.2% this quarter. Cash flow from operations was $101 million, which includes WetaFX's $200 million subscription payment covering four years of license. We had 348 million fully diluted shares at the end of the first quarter and 5,864 employees, up from 4,389 a year ago.

Moving on to guidance. Our original guidance for the full year of 36% year-on-year growth at the top of the range, considered fairly even growth in each of the four quarters. As John mentioned earlier, the challenges we are having now with Monetization represents a substantial short term headwind to our revenue growth. We quantify this headwind at $110 million with roughly 60% impacting the second quarter, 30% third quarter and 10% the fourth quarter. The recovery substantially re-phases our year from being even quarterly year-over-year growth to a year that is both front loaded and back loaded.

For the second quarter, we expect revenues of $290 to $295 million, representing growth of 6% to 8% from last year's second quarter, which was our strongest quarter last year with 48% year-over-year growth.

For the full year, we are lowering our full year guidance to $1,350 to $1,425 million. This implies 22% to 28% year-on-year growth. We are widening our guidance range to reflect different speeds in the Monetization recovery. As mentioned, our modeling assumes partial recovery in the third quarter and to be largely back to our prior trend line in the fourth quarter.

As a result of the slowdown, we expect a non-GAAP operating loss in the second quarter between $62 and $64 million. For the full year, we expect a non-GAAP operating loss between $60 and $66 million. We continue to invest to capture the large opportunity in front of us as we lay the foundation for the next 15+ years, yet we have adjusted the pace of our investment given the slower revenue ramp to protect our margins.   We expect 350 fully diluted shares by the end of the second quarter and 356 fully diluted shares by the end of the year.

With that, I will open up the call to Q&A.

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 performance 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.

Non-GAAP Gross Profit, Non-GAAP Operating Expenses, and Non-GAAP Loss from Operations

We define non-GAAP gross profit as gross profit excluding stock-based compensation expense, employer tax related to employee stock transactions, and amortization of acquired intangible assets expense. We define non-GAAP research and development expense and non-GAAP sales and marketing expense as research and development expense and sales and marketing expense, respectively, excluding stock-based compensation expense, employer tax related to employee stock transactions, and amortization of acquired intangible assets expense. We define non-GAAP general and administrative expense as general and administrative expense excluding stock-based compensation expense, employer tax related to employee stock transactions, and costs incurred from a legal entity reorganization in China. We define non-GAAP loss from operations as loss from operations excluding stock-based compensation expense, employer tax related to employee stock transactions, amortization of acquired intangible assets expense, and costs incurred from a legal entity reorganization in China.

We use non-GAAP gross profit and non-GAAP loss from operations in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP gross profit and non-GAAP loss from operations provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as these metrics exclude stock-based compensation expense, employer tax related to employee stock transactions, amortization of acquired intangible assets expense, and costs incurred from a legal entity reorganization in China, which we do not consider to be indicative of our overall operating performance.

Non-GAAP gross profit, non-GAAP operating expenses, and non-GAAP loss from operations have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they exclude expense associated with our equity compensation plan, although equity compensation has been, and will continue to be, an important part of our compensation strategy;
- non-GAAP research and development expense, non-GAAP sales and marketing expense, non-GAAP gross profit, and non-GAAP loss from operations exclude the expense of amortization of acquired intangible assets, and although these are non-cash expenses, the assets being amortized may have to be replaced in the future and the aforementioned non-GAAP measures do not reflect cash expenditure for such replacements;
- they exclude costs incurred from a legal entity reorganization in China; and
- the expenses and other items that we exclude in our calculation of non-GAAP gross profit, non-GAAP operating expenses, and non-GAAP loss from operations may differ from the expenses and other items, if any, that other companies may exclude from this measure or similarly titled measures, which reduces their usefulness as comparative measures.

Non-GAAP Net Loss and Non-GAAP Net Loss per Share

We define non-GAAP net loss and non-GAAP net loss per share as net loss and net loss per share excluding stock-based compensation expense, employer tax related to employee stock transactions, amortization of acquired intangible assets expense, and costs incurred from a legal entity reorganization in China, as well as the related tax effects of these items. We use non-GAAP net loss and non-GAAP net loss per share in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that these non-GAAP measures provide our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations.

Non-GAAP net loss and non-GAAP net loss per share have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- they exclude expense associated with our equity compensation plan, although equity compensation has been, and will continue to be, an important part of our compensation strategy;
- they exclude the expense of amortization of acquired intangible assets, and although these are non-cash expenses, the assets being amortized may have to be replaced in the future and non-GAAP loss from operations does not reflect cash expenditure for such replacements;
- they exclude costs incurred from a legal entity reorganization in China;

- as further described below, we must make certain assumptions in order to determine the income tax effect adjustment for non-GAAP net loss, which assumptions may not prove to be accurate; and
- the expenses and other items that we exclude in our calculation of non-GAAP net loss and non-GAAP net loss per share may differ from the expenses and other items, if any, that other companies may exclude from this measure or similarly titled measures, which reduces their usefulness as comparative measures.

Income Tax Effects of Non-GAAP Adjustments

We utilize a fixed annual projected tax rate in our computation of non-GAAP income tax effects to provide better consistency across interim reporting periods. In projecting this non-GAAP tax rate, we utilize a financial projection that excludes the direct impact of the non-GAAP adjustments described above, and eliminates the effects of non-recurring and period specific items which can vary in size and frequency. The projected rate considers other factors such as our current operating structure, existing tax positions in various jurisdictions, and key legislation in major jurisdictions where we operate. For the year ended December 31, 2021, the non-GAAP tax rate was (22)%. For the year ending December 31, 2022, we have determined the projected non-GAAP tax rate to be (10)%. We will periodically re-evaluate this tax rate, as necessary, for significant events, based on relevant tax law changes, material changes in the forecasted geographic earnings mix, and any significant acquisitions.

Free Cash Flow

We define free cash flow as net cash provided by (used in) operating activities less cash used for purchases of property and equipment. We believe that free cash flow is a useful indicator of liquidity as it measures our ability to generate cash, or our need to access additional sources of cash, to fund operations and investments.

Free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it is not a substitute for net cash provided by (used in) operating activities;
- other companies may calculate free cash flow or similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a tool for comparison; and
- the utility of free cash flow is further limited as it does not reflect our future contractual commitments and does not represent the total increase or decrease in our cash balance for any given period.