

UNITY SOFTWARE, INC.



Company Overview

Unity Software Inc. (“Unity”, NYSE: U) is a leading global platform for creating, deploying, operating, and monetizing real-time 3D (“RT3D”) content. Unity’s engine and data-driven monetization ecosystem are used across gaming, simulation, automotive, architecture, industrial digital twins, and emerging AR/VR applications.

Unity operates through two primary business lines:

Create Solutions – Unity’s editor, engine, cloud services, and development tools, generating subscription revenue from developers building 2D/3D applications.

Grow Solutions – Unity’s advertising and monetization ecosystem, including mediation, optimization, and AI-driven user acquisition capabilities.

Unity is headquartered in **San Francisco**, California, and employs approximately **7,000** people worldwide.

The company returned to growth in 2025, reporting Q3 revenue of \$471 million (+5% YoY), its first quarter of simultaneous organic growth in both Create and Grow in several years. Unity also delivered adjusted EBITDA of \$109 million (23% margin) and free cash flow of \$151 million, supported by a strong balance sheet with \$1.9 billion in cash. Management highlighted accelerating monetization trends—driven by improved targeting, better ad-fill rates, and stronger demand from mobile advertisers—and continued growth in Create solutions driven by higher subscription renewals and product upgrades.

Unity remains a foundational engine for interactive content creation globally, with improving fundamentals and expanding opportunities across gaming, enterprise simulation, and AI-enabled monetization technologies.

1. Top 5 Competitors

- **Epic Games (Unreal Engine)** – major competitor in advanced real-time 3D content
- **AppLovin** – competitor across mobile advertising and monetization
- **Roblox** – competitor in creator-driven 3D development ecosystems
- **Niantic/Google AR tools** – competitor in AR frameworks and developer tooling
- **Amazon GameTech** – competition across hosting, analytics, and live-ops tools.

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2. Largest Institutional Shareholders

(Latest institutional filings; figures rounded.)

Shareholder	Approx. % Ownership	Shares (Millions)
Vanguard Group Inc.	8.40%	~32M
BlackRock Inc.	6.80%	~26M
Baillie Gifford & Co.	5.90%	~22M
State Street Corp.	3.90%	~15M
T. Rowe Price Associates	3.40%	~13M
Norges Bank Investment Management	2.60%	~10M
Geode Capital Management	1.80%	~7M
Morgan Stanley Investment Management	1.50%	~6M
JPMorgan Asset Management	1.20%	~5M
FMR (Fidelity)	1.10%	~4M

Top 10 Institutional Holders Combined: ~36%

Total Institutional Ownership: ~70%+

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3. Management Team

- **Jim Whitehurst** — Chief Executive Officer
- **Luis Visoso** — Chief Financial Officer
- **Marc Whitten** — President, Create
- **Felix Thé** — President, Grow
- **Anil Lulla** — Chief Strategy Officer
- **John Riccitiello** — Chairman (Non-Executive)

4. Revenue

Q3 2025 Financial Results:

- **Revenue: \$471M** (+5% YoY)
- **Create Solutions: \$152M** (+3% YoY)
- **Grow Solutions: \$318M** (+6% YoY)
- **Adjusted EBITDA: \$109M** (23% margin)
- **Free Cash Flow: \$151M**
- **Cash & Equivalents: \$1.9B**

Unity guided Q4 2025 revenues to \$480M–\$490M, with continued sequential growth across both segments.

5. Institutions with Buy Recommendations

- **Morgan Stanley** — Overweight
- **Argus Research** — Buy
 - Majority Buy/Outperform ratings from institutional analysts
 - Improving monetization and expanding AI-driven tools cited as core catalysts
 - Strong cash position and operating leverage noted by several research institutions

6. Analyst Sentiment Summary

- **Consensus Rating:** Buy
- **Price Target Range:** ~\$40–\$55
- **Median Target:** ~\$45
- **High Target:** ~\$55

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Sentiment drivers:

- Clear return to organic revenue growth
- Strong improvement in ad monetization and fill rates
- Increasing adoption of Unity's developer data framework
- Expanding AI-driven optimization tools
- EBITDA margin expansion and improving cost discipline

BCG's internal analysis results in a higher valuation, supporting a **Buy rating** and **Target Price of \$65** based on projected 2026 monetization and data-platform scale.

7. Insider Buying and Selling (Last 24 Months)

- Insider activity largely consisted of routine RSU vesting, tax-related dispositions, and 10b5-1 trading plans.
- Executives including the CEO, CFO, and business segment leaders executed scheduled sales aligned with compensation cycles.
- No meaningful open-market insider purchases were reported.
- Insider activity appears consistent with normal software-industry compensation practices and does not indicate negative sentiment.