



## **Annual results as at March 31, 2017: Significant improvement in profitability against a backdrop of significant growth**

*Accounts adopted by the Board of Directors on June 27, 2017. The audit procedures have largely been finalized. The auditors' reports will be issued once the notes to the accounts and management report have been checked and all the required due diligence has been completed.*

- 1 - Revenue: up 29.2% at the prevailing exchange rate**
- 2 - Current operating income: up €1.9M, an increase of +36%**
- 3 - Operating income: up €8.5M, taking into consideration €7.1M in non-recurring profit on the Alden debt buyback operation**
- 4 - Net income, group share: +€7.7M**
- 5 - Debt reduction finalized and Shareholders' equity (group share) now positive**

**In Paris, on June 28, 2017 – Atari SA announces its consolidated results for the 2016/2017 financial year (April 1, 2016 to March 31, 2017).**

**Frédéric Chesnais, Chairman and Chief Executive Officer and first shareholder of the Atari Group, declared:** *“We work with a long-term vision and a profitable growth strategy focused on 5 activities: video games, online casino, multimedia, connected objects and licensing activities. I am very sensitive to industrial, operational and financial ratios, and would like to congratulate the teams for the Group’s very significant progress over the past few years. Accelerating the positive cycle of “New products – Growth – Cash flow generation” and developing the Atari brand remain our priorities.”*

The Atari Group concluded a number of major industrial and financial transactions during the period (see Key Events).

The Group also succeeded in demonstrating the “Transmedia” appeal of the Atari brand and its games. In fact, given their multi-generational nature, this brand and its iconic games can be used on multiple platforms and in several fields: video games, online casino, hardware, merchandising, or, as demonstrated by the recent TV production agreement with Discovery Communications, as part of partnership agreements with Entertainment giants. The Atari Group is working to conclude new partnership agreements in the field of Entertainment, which appears particularly conducive to the use and development of the Atari brand.

In addition, the Atari Group will be gradually unveiling the characteristics of and marketing plan for the future Atari box.

A detailed presentation can be found on the Atari website: <http://www.atari-investisseurs.fr/videos>

#### **KEY EVENTS OF 2016-2017 (PERIOD ENDED ON MARCH 31, 2017)**

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Following are the key events during the year:

- **Settlement of the dispute and buyout of the Alden debt.** Alden held a security interest in the Atari brand and games, and the buyout of its debt of €12.6M was negotiated for €5.3M, resulting in a cash savings of €7.3M and a non-recurring accounting gain of €7.1M for the Atari Group;
- **Refinancing of the Alden debt buyout.** Under the Alden debt buyout operation, the Group carried out two capital increases during the second half of 2016 for a total of €8.1M including issue premiums, €2.0M of which was underwritten by Ker Ventures (Frédérique Chesnais), €2.0M by Financière Arbevel and €0.5M by Alex Zyngier (Member of the Board);
- **Release of new games (video games business),** among others *Roller Coaster Tycoon Touch* Mobile 2016, as a test version in November 2016 and a global version in February 2017, and *Roller Coaster Tycoon Classic*;
- **Extension of the *Roller Coaster Tycoon* license** until 2022;
- **Sale of the future licensing rights to *Test Drive Unlimited*** to Bigben Interactive for €900K gross. Atari Group retains the rights to the *Test Drive Unlimited* back-catalog;
- **Continued partnerships in the casino business** (Pariplay and Kizzang);
- **Partnership with Sigfox (connected objects activity):** In May 2016 Atari announced a partnership with Sigfox, the world leader in the Internet of Things, for the development of connected objects inspired by the Atari brand;
- **Announcement of a new Hardware product** (connected objects activity).

## ATARI'S RECOVERY

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This recovery was brought about by the closure of the Chapter 11 proceedings in 2014, permitted by the action plan of the new management. The table below summarizes the Atari Group's key figures over the last 5 years (all periods end on March 31).

(In € millions)	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Revenue	1,2	3,3	7,6	11,9	15,4
Current Operating Income	0,6	0,9	0,2	1,4	1,9
Operating Income (loss)	-2,0	1,3	1,5	0,0	8,5
Net Income (loss)	-35,8	-2,5	1,2	-0,1	7,7
Shareholders' equity	-34,9	-31,3	-13,1	-10,6	7,4
Net cash (Net Debt)	-31,4	-24,8	-11,0	-13,3	-0,9

Since 2013, the Group has experienced significant growth:

- Revenue up from €1.2M to €15.4M;
- Current operating income up from €0.6M to €1.9M;
- Operating income up from €2.0M to €8.5M;
- Net Group share results now profitable: from -€35.8M to +€7.7M;
- Shareholders' equity (Group share), now positive: from -€34.9M to +€7.4M;
- Net debt: from €31.4M to €0.9M, representing almost full repayment.

## 2017-2018 PROSPECTS

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The Group's strategic objectives remain focused on the promotion of the Atari brand in the field of gaming and multimedia, the priority being to maintain high product quality, develop the Atari brand and capitalize on the portfolio of intellectual properties through licensing activities and strategic partnerships for new activities. In financial terms, the objective is always the Group's profitable growth.

- **Video games: Portfolio of over 200 Atari games and simulation games**

- Development of new content, in particular for *RollerCoaster Tycoon Touch*, thanks to the new strategic agreement with Mattel and Startapp;
- Development of original simulation games using the *RollerCoaster Tycoon Touch* game engine;
- Startup of projects for the Nintendo Switch.

- **Casino: Continuing partnerships**

The Atari Group favors brand licensing agreements, with the partners contributing their technical platforms or marketing expertise. The priority for fiscal 2017-2018 is to establish new partnerships and launch *Atari Lotto* once all the required authorizations have been obtained.

- **Connected objects: Development of a new hardware product**
  - Continue on with the work on the hardware: <https://www.ataribox.com>
  - Launch of a new audio connected object in Fall 2017.
- **Multimedia production: Continued transmedia exploitation of the catalog**
  - Implementation of the agreement with the Discovery Group;
  - Search for new partnership agreements with a view to transmedia projects.
- **Licensing activities**
  - Continuation of existing contracts;
  - Search for new licensing activities for future years, with no direct impact on 2017-2018.

## CONSOLIDATED RESULTS AS AT MARCH 31, 2017

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The detailed results as at March 31, 2017 are shown below.

- The business is growing significantly;
- The Atari Group is improving its profitability;
- Equity is now positive again;
- The debt has almost been repaid in full.

## KEY ELEMENTS OF THE INCOME STATEMENT

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There was no change in scope during the period.

The detailed income statement, prepared in compliance with IFRS and appended hereto, is summarized as follows:

(M€)	March 31, 2017	March 31, 2016
Revenue	15,4	11,9
Cost of goods sold	(3,9)	(1,8)
<b>GROSS MARGIN</b>	<b>11,5</b>	<b>10,1</b>
<i>In % of Revenue</i>	<i>74,5%</i>	<i>84,9%</i>
<b>CURRENT OPERATING INCOME</b>	<b>1,9</b>	<b>1,4</b>
<i>In % of Revenue</i>	<i>12,1%</i>	<i>11,4%</i>
<b>OPERATING INCOME</b>	<b>8,5</b>	<b>0,0</b>
<i>In % of Revenue</i>	<i>55,2%</i>	<i>0,2%</i>
<b>NET INCOME FOR THE YEAR</b>	<b>7,7</b>	<b>(0,1)</b>

## **Revenue / Gross margin**

As at March 31, 2017, Atari achieved a consolidated turnover of 15.4 million euros, compared to 11.9 million euros for the previous period, representing a growth of 29.2% at prevailing exchange rates and 28.6% at a constant exchange rate.

Revenue consists mainly of income from the *RollerCoaster Tycoon Touch* games released in late February 2017 and *Atari Vault* for PC released in March 2016, as well as Casino activities. These products make up over 50% of the Atari Group's turnover over the period.

All of the catalog and licensing activities contributed significantly to the revenue growth, particularly with leading technology companies, combining payable royalties and free warrants.

The variation in gross margin, at 74.5% of revenue compared to 84.9% for the previous period, is due to changes in the product mix.

## **Current operating income**

Research and development costs amounted to 3.8 million euros against 3.3 million euros in the previous period. This increase, net of the amounts recorded as intangible assets in progress, reflects the selective revival of production.

Marketing and sales expenses amounted to 2.0 million euros against 1.3 million euros in the previous period, reflecting the continued recovery of the business.

General and administrative expenses remained stable from one year to the next, amounting to 4.1 million euros against 4.0 million euros in the previous period.

Other operating income and expenses amounted to +0.3 million euros, corresponding to the net proceeds of the *Test Drive Unlimited* license, less management operating costs.

**During the period, the Group confirmed its objective of profitable redeployment and recorded a current operating income of 1.9 million euros, against 1.4 million euros for the previous financial year, an increase of over 36%.**

## **Operating income**

Other non-current operating income and expenses amounted to 6.6 million euros and included a gain of 7.1 million euros on the buyout of the Alden loan.

The operating result for the period ended March 31, 2017 is a profit of 8.5 million euros against a balanced result for the previous period.

## **Net Group share result (net loss)**

The cost of the debt amounted to €0.8 million as in the previous year. This corresponds mainly to the final payments on the Alden loan bought out in July 2016 and the financing of this buyout. As of April 1, 2017, the only financial expenses left will be those relating to the OCEANE 2020 bonds, less than 0.1 million euros per year.

Other financial income and expenses for the 2016/2017 financial year is insignificant and mainly concerns exchange gains and losses. Minority interests are insignificant.

**In the end, the consolidated net income for the period ended March 31, 2017 is a profit of 7.7 million euros, compared with a loss of 0.1 million euros for the period ended March 31, 2016.**

### **KEY BALANCE SHEET ITEMS**

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The detailed balance sheet, prepared in compliance with IFRS, is appended hereto. Consolidated shareholders' equity, now positive, amounted to 7.4 million euros as at March 31, 2017, a significant improvement compared to -10.6 million euros on March 31, 2016. The table below shows the changes in shareholders' equity during the year (in millions of euros):

<b>Total equity as at March 31,2016 (€ millions)</b>	<b>(10,2)</b>
IAS 8 restatement	(0,4)
<b>Equity as at March 31,2016 restated IAS 18 (€ millions)</b>	<b>(10,6)</b>
Net Income	7,7
Capital Increase	8,0
Movement in treasury shares	1,7
Currency fluctuations and others	0,7
<b>Total equity as at March 31,2017 (€ millions)</b>	<b>7,4</b>

### **Net cash / Net debt**

Net cash (net debt) is defined as cash and cash equivalents, less current financial debts and long-term financial debt. As at March 31, 2017, total net debt amounted to -0.9 million euros. The detail of this net debt is appended hereto. The Atari Group achieved significant revenue over the last 2 months of the period, which was received over the months of April and May 2017.

### **About Atari**

Atari, comprised of Atari SA and its subsidiaries, is a multiplatform, global interactive entertainment and licensing group. The original innovator of video gaming, founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including world-renowned brands like Asteroids®, Centipede®, Missile Command® and Pong®. Atari capitalizes on this large portfolio of intellectual properties by delivering compelling online games, on smartphones, tablets and other connected devices. Atari also develops and distributes interactive entertainment for Microsoft and Sony game consoles. Atari also leverages its brand and franchises with licensing agreements through other media, derivative products and publishing. For more information: [www.atari.com](http://www.atari.com) et [www.atari-investisseurs.fr](http://www.atari-investisseurs.fr)

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## APPENDICES

### APPENDIX I

#### Consolidated income statement

(M€)	March 31, 2017	March 31, 2016
Revenue	15,4	11,9
Cost of goods sold	(3,9)	(1,8)
<b>GROSS MARGIN</b>	<b>11,5</b>	<b>10,1</b>
Research and development expenses	(3,8)	(3,3)
Marketing and selling expenses	(2,0)	(1,3)
General and administrative expenses	(4,1)	(4,0)
Other operating income (expense)	0,3	(0,2)
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>1,9</b>	<b>1,4</b>
Restructuring costs	-	-
Other income (expense)	6,6	(1,3)
<b>OPERATING INCOME (LOSS)</b>	<b>8,5</b>	<b>0,0</b>
Cost of debt	(0,8)	(0,8)
Other financial income (expense)	(0,0)	0,1
Income tax	(0,0)	0,5
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>7,7</b>	<b>(0,1)</b>
Profi (loss) from discontinued operations	-	-
<b>NET INCOME FOR THE YEAR</b>	<b>7,7</b>	<b>(0,1)</b>
Attributable to Equity Holders of the Parent	7,7	(0,1)
Attributable to Minority Interests	(0,0)	(0,0)
Earning per share basic (in €)	0,04	(0,00)
Earning per share diluted (in €)	0,03	(0,00)

- (1) Given the multiplicity of the contractual conditions and the diversity of the regulations applicable to some of the key Steam resale platforms, the Atari Group has decided, under the supervision of its auditors, to no longer recognize the income related to these limited operations at the time of the legal claims against these platforms but at a later date, i.e. at the time of sale to the end-customer, subject to receipt of the reporting and corresponding payment from the platform. For further information, see the updated 2015/2016 Registration Document filed with the AMF on February 15, 2017, Part 7, Note 1.1.



## APPENDIX II

### Consolidated Balance sheet

<b>ASSETS (M€)</b>	<b>March 31, 2017</b>	March 31, 2016
Intangible assets	6,9	5,0
Property, plant and equipment	0,0	0,0
Non-current financial assets	3,0	0,2
Deferred tax assets	0,5	0,5
<b>Non-current assets</b>	<b>10,5</b>	<b>5,7</b>
Inventories	-	-
Trade receivables	7,3	6,0
Current tax assets	-	-
Other current assets	0,7	0,7
Cash and cash equivalents	1,1	1,2
Assets held for sale	0,4	-
<b>Current assets</b>	<b>9,6</b>	<b>7,9</b>
<b>Total assets</b>	<b>20,0</b>	<b>13,6</b>

<b>EQUITY &amp; LIABILITIES (M€)</b>	<b>March 31, 2017</b>	March 31, 2016
Capital stock	2,3	1,8
Share premium	7,5	407,5
Consolidated reserves	(10,1)	(419,8)
Net income (loss) Group share	7,7	(0,1)
<b>Shareholders' equity</b>	<b>7,4</b>	<b>(10,6)</b>
Minority interests	0,0	0,0
<b>Total equity</b>	<b>7,4</b>	<b>(10,6)</b>
Provisions for non-current contingencies and losses	0,3	0,1
Non-current financial liabilities	2,0	14,4
Deferred tax liabilities	-	-
Other non-current liabilities	0,0	0,1
<b>Non-current liabilities</b>	<b>2,3</b>	<b>14,5</b>
Provisions for current contingencies and losses	0,4	1,2
Current financial liabilities	-	0,2
Trade payables	6,3	4,8
Current tax liabilities	0,0	-
Other current liabilities	3,6	3,6
<b>Current liabilities</b>	<b>10,3</b>	<b>9,7</b>
<b>Total equity and liabilities</b>	<b>20,0</b>	<b>13,6</b>

## APPENDIX III

### Consolidated net debt

(M€)	March 31, 2017	March 31, 2016
OCEANEs 2003-2020	(0,6)	(0,6)
OCEANEs 2015-2020	(1,4)	(1,3)
Alden Loan	-	(12,5)
Other	-	(0,2)
<b>Gross Financial Debt</b>	<b>(2,0)</b>	<b>(14,5)</b>
Cash and cash equivalents	1,1	1,2
<b>Net Cash position</b>	<b>(0,9)</b>	<b>(13,3)</b>

## APPENDIX IV

### Tax situation

In France, as at March 31, 2017, the Group's tax loss carryforwards amounted to approximately 733 million euros, representing a potential tax savings of 245 million euros subject to the usual restrictions on their use, i.e. approximately 1.08 euros per existing share as at March 31, 2017, excluding treasury shares. At the same date, the tax consolidation result of the French companies was profitable by nearly 1.0 million euros before deduction of the tax loss carryforwards. The use of these on the tax result as at March 31, 2017 thus allows a tax saving of around 0.3 million euros. As at March 31, 2017, the Group recognized a deferred tax asset of €0.5M.

In the United States, the tax administration has confirmed the tax loss carryforwards at nearly 600 million US dollars, representing a potential tax savings on the order of 200 million US dollars subject to the usual restrictions on their use, or approximately 0.88 US dollars per existing share as at March 31, 2017, excluding treasury shares.