



Profitable annual results as at March 31, 2018

Continuation of the long-term development and profitable growth strategy of the Atari Group

- Increase in video games and licenses
- Revenue up +23.6% at constant rates, +16.6% at current rates
- Current operating income up 23.7%
- Major developments with Atari VCS and the blockchain platform

Accounts adopted by the Board of Directors on Thursday, July 5, 2018. 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.

Paris, July 9, 2018 – Atari S.A. announces its consolidated results for the 2017/2018 financial year (April 1, 2017 to March 31, 2018).

Frédéric Chesnais, Chairman and Chief Executive Officer and first shareholder of the Atari Group, declared: *“During the financial year 2017-2018, boosted by our emblematic brand and a healthy financial situation, we initially demonstrated our dynamism with solid organic growth and improved profitability. It is therefore with great satisfaction that I thank the teams for their work, their expertise and their passion, and all our partners, including our shareholders, for their constant support. In this same financial year, we also demonstrated our ability to innovate by developing in two domains, Atari VCS and the blockchain platform. It is in our DNA to innovate and take risks to develop our business and build strategic and profitable positions in the long term.”*

KEY EVENTS OF 2017-2018 (PERIOD ENDED MARCH 31, 2018)

Following are the key events during the financial year ended March 31, 2018:

- **Continued growth of RollerCoaster Tycoon Touch on mobiles;** this game has now exceeded 15 million downloads and is played every day by close to 175,000 players. The game is

regularly enhanced and the Group is working on launching new attractions, with in particular a series of restaurants in collaboration with Jonathan Foodgod, made famous by his contributions to the tele-reality series on the Kardashian family and with a community of close to 3 million fans.

- **Extension to 2022 of the RollerCoaster Tycoon license**
- **Progress made with traditional licensing**, with for example Atari Flashback which is still a source of regular royalties for the Group.
- **Brand license in favor of Infinity Networks Limited ("INL") for the development of an Atari blockchain platform**; For this platform, which hopes to benefit from the strong appeal of the brand, Atari received 15% of the capital of INL with a right to 17.5% of profits and will collect various royalties over the term of the license agreement.
- **Game license in favor of Bayside Games for developing tournament-based games of skills and "player vs. player" games offering remuneration in real money when the regulations allow**. The blockchain technology will allow this platform to benefit, in time, from the latest innovations in terms of security. In consideration of this license, Atari received, as at March 31, 2018, marketable securities representing close to 15% of Bayside Games and will collect royalties with a guaranteed minimum.
- **Issue and early redemption of Océanes 2017-2022**: In November 2017, issue for an amount of €2.6m of Océanes maturing in April 2022, repaid early by conversion into capital in March 2018.
- **Early redemption of Océanes 2015-2020**: In February 2018, early redemption by conversion into capital, for an amount of €1.2m, of Océanes 2015-2022 maturing in April 2020.

KEY EVENTS SINCE MARCH 31, 2018

Since financial year-end, the following key events have occurred:

- **Capital increase of an amount of €7.5m**: this transaction was completed in April 2018 and has no impact on the financial statements as at March 31, 2018.
- **Launch on May 29, 2018 of the Atari VCS pre-orders on the Indiegogo website**. To date, over 10,000 units have been pre-ordered for an amount of more than \$2.9m, with delivery planned for mid-2019. This pre-orders' campaign therefore firstly targets the target core, the historical Atari community, and will be followed by an extended sale in the next few years and the launch of an on-line site.

RESULTS IN THE LAST 6 YEARS

The table below summarizes the Atari Group's key figures over the last 6 years (all periods end on March 31):

(In M€)	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Revenue	1,2	3,3	7,6	11,9	15,4	18,0
Current Operating Income	0,6	0,9	0,2	1,4	1,9	2,3
Operating Income	-2,0	1,3	1,5	0,0	8,5	2,5
Net Income	-35,8	-2,5	1,2	-0,1	7,7	2,3
Shareholders' equity	-34,9	-31,3	-13,1	-10,6	7,4	13,8
Net cash (Net Debt)	-31,4	-24,8	-11,0	-13,3	-0,9	2,5

Since 2013, Atari has experienced significant growth:

- Increased revenue: from €1.2m to €18.0m, i.e. multiplied by 15 in 6 years;
- Current operating income up: from +€0.6m to +€2.3m, i.e. 12.8% of revenue;
- Profitable net income, Group share: from -€35.8m to +€2.5m, i.e. 14.1 % of revenue;
- Shareholders' equity, Group share, now positive: from -€34.9m to +€13.8m, account not taken of the capital increase of April 2018 for an amount of €7.5m;
- Positive net cash of +€2.5m, compared with debt of -€31.4m at the start of the period which is therefore completely absorbed, account not taken of the capital increase of April 2018 for an amount of €7.5m.

CONSOLIDATED RESULTS AS AT MARCH 31, 2018

The detailed results as at March 31, 2018 are shown below. They are in line with management expectations which targeted strong organic growth and improved profitability.

KEY ELEMENTS OF THE INCOME STATEMENT

No change in the consolidation scope occurred during the financial year, apart from the exit of the UK dormant subsidiaries, without impact on the income statement and consolidated shareholders' equity.

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

(M€)	March 31, 2018	March 31, 2017 Excluding Alden	March 31, 2017 Published
Revenue	18,0	15,4	15,4
Cost of goods sold	(2,2)	(3,9)	(3,9)
GROSS MARGIN	15,8	11,5	11,5
<i>In % of Revenue</i>	<i>87,9%</i>	<i>74,5%</i>	<i>74,5%</i>
CURRENT OPERATING INCOME	2,3	1,9	1,9
<i>In % of Revenue</i>	<i>12,8%</i>	<i>12,0%</i>	<i>12,0%</i>
OPERATING INCOME	2,5	1,4	8,5
<i>In % of Revenue</i>	<i>14,1%</i>	<i>8,9%</i>	<i>55,1%</i>
NET INCOME FOR THE YEAR	2,3	0,5	7,7

Note: as at March 31, 2017, the Atari Group recognized extraordinary non-recurring profit of €7.1m on the acquisition of Alden debt, thus impacting the Operating Income line which was €8.5m and Net Income which was €7.7m. To make it easier to compare the income statement of the financial years, the income statement as at 31 March 2017 is presented without impact of the Alden transaction. The Alden transaction had no impact on the current Operating Income as at March 31, 2017 or on the 2018 financial statements.

Revenue / Gross margin

As at March 31, 2018, Atari achieved consolidated revenue of €18.0m, compared to €15.4m for the previous period, representing growth of 23.6% at prevailing exchange rates and 16.6% at a constant exchange rate.

The entire catalog and the licensing activities greatly contributed to the increase in revenue. The revenue is in particular comprised of income from the *RollerCoaster Tycoon Touch* games and of Atari Flashback royalties. For the blockchain license, Atari benefits from guaranteed revenue related to the use of the platform and from profit-sharing related to the sales of tokens: the guaranteed income will contribute only on the future financial years; as at March 31, 2018, only the percentage of the profit-sharing relating to 2018 and the value of the 15% stake in the capital of INL were used for total revenue of €1.1m.

The variation in gross margin, at 87.9% of revenue compared to 74.5% for the previous period, is, as for the previous period, due to changes in the product mix.

Current operating income

Research and development costs amounted to €4.9m against €3.8m in the previous period. This increase, net of the amounts recorded as intangible assets in progress, reflects the revival of production.

Marketing and sales expenses amounted to €4.5m against €2.0m in the previous period, reflecting the progress of *RollerCoaster Tycoon Touch*. This variation was already present as at September 30, 2018.

General and administrative expenses were slightly down from one year to the next, amounting to €3.8m against €4.1m in the previous period.

Other operating income and expenses amounted to (€0.3) m and correspond to a series of non-significant transactions.

During the period, the Group confirmed its objective of profitable growth and recorded current operating income of €2.3m for the period ended March 31, 2018, against €1.9m for the period ended March 31, 2017, an increase of over 23.7%.

Operating income

Operating income for the financial year ended March 31, 2018 amounted to €2.5m, compared to operating income excluding Alden of €1.4m for the financial year ended March 31, 2017. Published operating income included the profit made from acquiring the Alden loan of €7.1m.

Profitable net income, group share

The cost of the debt amounted to €0.2m and corresponds to the latest interest charges on the Océanes. 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 profit, group share, for the period ended March 31, 2018 is €2.3m, compared with a net profit of €0.5m (excluding Alden) and a net profit of €7.7m (including Alden) for the period ended March 31, 2017.

KEY BALANCE SHEET ITEMS

The detailed balance sheet, prepared in compliance with IFRS, is appended hereto. Consolidated shareholders' equity amounted to €13.8m as at March 31, 2018, an improvement compared to +€7.4m as at March 31, 2017, account taken of the net profit of the financial year and the Océanes conversions.

The table below shows the changes in shareholders' equity during the year:

Total equity as at March 31,2017 (€ millions)	7,4
Net Income	2,3
Capital Increase	4,2
Movement in treasury shares	(0,0)
Currency fluctuations and others	(0,1)
Total equity as at March 31,2018 (€ millions)	13,8

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 2018, net cash is positive in the amount of +€2.5m, compared to -€0.9m as at March 31, 2017 (See Appendix).

2018-2019 PROSPECTS

Strategy

The Atari brand is known worldwide and is associated with *Entertainment* and *Digital Technologies*. Atari's strategy is to develop, directly or through licensing, content and applications at the cutting-edge of digital entertainment and innovation.

The video games and on-line casino games are pillars of the strategy rolled-out in entertainment, completed by the recent developments in televised games. For the applications and technological solutions, Atari has favored Atari VCS (delivery mid-2019) and a blockchain platform with INL, two open systems which allow for operating in a digital form of all content under the Atari brand or other. The complementarity of this whole allows for optimizing the synergies.

2018-2019 Objectives

The Atari Group has set itself 3 short-term operational objectives:

- Extend the games portfolio, preferably by organic growth or by acquisition as the opportunities present themselves;
- Continued expansion of Atari VCS account taken of the high level of pre-orders;

- Develop additional blockchain applications, always at the cutting-edge of *Entertainment* and *Digital Technology* (on-line casino in particular).

These objectives cover in particular, directly or through licensing:

- **Video games:** Constant addition of new content in RollerCoaster Tycoon Touch, which exceeded 15 million downloads; Launch of games such as “Match 3” with Jonathan Foodgod; Release of RollerCoaster Tycoon Adventures for Nintendo Switch;
- **Casino:** Product and geographic expansions;
- **Multimedia:** Co-productions in the United States, account taken of a successful test launch of *Codebreaker* in Europe;
- **Atari VCS:** Continued pre-orders and implementation of distribution channels;
- **Blockchain:** Development of new applications, in partnership.

For 2018-2019, the financial objective is increased profitability, prioritizing the promotion of the Atari brand and of the intellectual property portfolio.

GENERAL MEETING 2018

The General Shareholders’ Meeting will be convened for September 28, 2018.

Disclaimer

This release must not be published or distributed in the United States of America, Australia, Canada, Japan or Italy or in any other jurisdiction in which the offer or the sale of financial securities is prohibited by the laws in force. This release does not in any way constitute an offer to sell or the solicitation of an offer to buy of any share or marketable security and no shares or marketable securities may be traded or be the object of any transaction in a State or a territory where the offer, the solicitation or the sale is illegal before the registration or the approval of the shares by virtue of the laws on marketable securities of this State or of this territory. This release does not constitute a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003, as amended, particularly by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010, as amended and as transposed in each of the Member States of the European Economic Area.

There is still inherent uncertainty in the completion of these projects, their operating budget and financing plan, and the failure of these assumptions to materialize may affect their value.

About Atari

Atari, comprised of Atari SA and its subsidiaries, is a global interactive entertainment and multiplatform licensing group. The true innovator of the video game founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including globally known brands such as Asteroids®, Centipede®, Missile Command® or Pong®. From this important portfolio of intellectual properties Atari delivers attractive online games for 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 and www.atari-investisseurs.fr

Contact us

Atari - Philippe Mularski, Chief Financial Officer
Phone +33 1 83 64 61 57 - pm@atari-sa.com

Calyptus - Marie Calleux
Phone + 33 1 53 65 68 68 - atari@calyptus.net

APPENDICES

APPENDIX I

Consolidated income statement

(M€)	March 31, 2018	March 31, 2017
Revenue	18,0	15,4
Cost of goods sold	(2,2)	(3,9)
GROSS MARGIN	15,8	11,5
Research and development expenses	(4,9)	(3,8)
Marketing and selling expenses	(4,5)	(2,0)
General and administrative expenses	(3,8)	(4,1)
Other operating income (expense)	(0,3)	0,3
CURRENT OPERATING INCOME (LOSS)	2,3	1,9
Restructuring costs	-	-
Other income (expense)	0,2	6,6
OPERATING INCOME (LOSS)	2,5	8,5
Cost of debt	(0,2)	(0,8)
Other financial income (expense)	(0,1)	(0,0)
Income tax	-	(0,0)
PROFIT FROM CONTINUING OPERATIONS	2,3	7,7
Profi (loss) from discontinued operations	0,0	-
NET INCOME FOR THE YEAR	2,3	7,7
Attributable to Equity Holders of the Parent	2,3	7,7
Attributable to Minority Interests	0,0	(0,0)
Earning per share basic (in €)	0,010	0,037
Earning per share diluted (in €)	0,009	0,034
Earning per share basic (in €) excluding Alden	0,010	0,003
Earning per share diluted (in €) excluding Alden	0,009	0,002

APPENDIX II

Consolidated Balance sheet

ASSETS (M€)	March 31, 2018	March 31, 2017
Intangible assets	9,2	6,9
Property, plant and equipment	0,0	0,0
Non-current financial assets	4,9	3,0
Deferred tax assets	0,5	0,5
Non-current assets	14,6	10,5
Inventories	0,2	-
Trade receivables	3,9	7,3
Current tax assets	0,0	-
Other current assets	0,4	0,7
Cash and cash equivalents	3,1	1,1
Assets held for sale	-	0,4
Current assets	7,6	9,6
Total assets	22,2	20,0

EQUITY & LIABILITIES (M€)	March 31, 2018	March 31, 2017
Capital stock	2,4	2,3
Share premium	11,6	7,5
Consolidated reserves	(2,5)	(10,1)
Net income (loss) Group share	2,3	7,7
Shareholders' equity	13,8	7,4
Minority interests	(0,0)	0,0
Total equity	13,8	7,4
Provisions for non-current contingencies and losses	0,0	0,3
Non-current financial liabilities	0,6	2,0
Deferred tax liabilities	-	-
Other non-current liabilities	-	0,0
Non-current liabilities	0,7	2,3
Provisions for current contingencies and losses	0,4	0,4
Current financial liabilities	-	-
Trade payables	5,4	6,3
Current tax liabilities	-	0,0
Other current liabilities	2,0	3,6
Current liabilities	7,8	10,3
Total equity and liabilities	22,2	20,0

APPENDIX III

Consolidated net debt

(M€)	March 31, 2018	March 31, 2017
OCEANEs 2003-2020	(0,6)	(0,6)
OCEANEs 2015-2020		(1,4)
Gross Financial Debt	(0,6)	(2,0)
Cash and cash equivalents	3,1	1,1
Net Cash position	2,5	(0,9)

APPENDIX IV

Tax situation

In France, as at March 31, 2018, 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 1.02 euros per existing share as at March 31, 2018, excluding treasury shares. At the same date, the tax consolidation result of the French companies was profitable by nearly 0.4 million euros before deduction of the tax loss carryforwards. The use of these on the tax result as at March 31, 2018 thus allows a tax saving of around 0.1 million euros. As at March 31, 2018, 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 0.84 US dollars per existing share as at March 31, 2018, excluding treasury shares.