



## **Filing of the Reference Document for the financial year ended March 31, 2018**

**Paris, September 7, 2018** - on September 7, 2018 the Atari Group filed with the French Financial Markets Authority (AMF), the Reference Document relating to the financial year 2017/2018, ended March 31, 2018. This document in French is available to the public free of charge under the conditions provided by the regulations in force and may be consulted on and downloaded from the Company's website ([www.atari-investisseurs.com](http://www.atari-investisseurs.com)). It will also be available on the AMF website [www.amf-france.org](http://www.amf-france.org).

The 2017/2018 Reference Document includes in particular the annual financial report, the individual and consolidated financial statements, the management report, the corporate governance report and the Auditors' reports issued with reservations on the elements below.

The Atari Group draws the reader's attention to the following point:

On February 6, 2018, the Atari Group granted a brand license in favor of Infinity Networks Limited ("INL") for the development of an Atari blockchain platform. In remuneration of this license agreement:

- Atari received 15% of the capital of INL with a right to 17.5% of profits;
- Atari benefits from guaranteed income related to the use of the platform, which was not incorporated in the financial statements as at March 31, 2018, as only the short-term financial elements, described below, were used in this financial year;
- Atari benefits from profit-sharing related to the sales of tokens, the operating currency of the Atari blockchain platform, of which only the short-term part was used as at March 31, 2018.

Thus, as at March 31, 2018, as indicated in the previous releases, the revenue of the financial year includes €1.1m of income related to the blockchain license granted to INL, broken down as follows:

- €0.7m of short-term profit-sharing related to the sales of tokens (of a total guaranteed profit-sharing of €1.3m); close to 50% has been collected by the Group since March 31, 2018, with the balance of €0.3m maturing as at March 31, 2019;
- €0.4m of valuation of the 15% stake in the capital of INL obtained in remuneration of the license agreement. Thus €0.4m corresponds to the minimum value of this stake as evidenced by the evaluation report of July 5, 2018 prepared by an independent third party, *Bond Lane*, an American investment bank with huge experience in the domain of Entertainment and Blockchains.

On August 14, 2018, the Atari Group indicated that it was still waiting for the conclusion of the works of the auditors on these 2 points.

On September 5, 2018, the auditors indicated firstly that they could not conclude as to the value of the INL shares (their value could be more than or less than €0.4m), secondly that they felt there was a counterparty risk on the collection of the balance of the receivable of an amount of €0.3m (of residual guaranteed profit-sharing of €1.0m). As a result, their report on the consolidated financial statements as at March 31, 2018 contains two reservations relating to these two points, whose text is appended hereto. Reservations connected with these subjects also apply to the Atari SA financial statements.

The Board of Directors, in its meeting of September 5, 2018, with all members present at the end of the Audit Committee of the same day, based on operational and financial elements in its possession, and account taken of the regulatory environment of crypto-currencies on that date, resolved firstly not to change the value of the INL shares, which therefore stays at €0.4m corresponding to the minimum value of this stake as evidenced in the evaluation report of July 5, 2018 prepared by the independent investment bank Bond Lane, and secondly to keep unchanged the value of the INL receivable account taken of the collections made in August 2018, the short-term nature of this receivable and the interest for INL in paying the balance of the receivable on its contractual due date of March 2019 so as not to lose the Atari brand license.

On September 5, 2018, after taking these elements into account, the Board of Directors prepared the individual and consolidated financial statements for the financial year ended March 31, 2018, unchanged in relation to the release of July 9, 2018, and the aforementioned Reference Document.

#### **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](http://www.atari.com) and [www.atari-investisseurs.fr](http://www.atari-investisseurs.fr)

#### **Contact us**

Atari - Philippe Mularski, CFO

Calyptus - Marie Calleux

Tel +33 1 83 64 61 57 - [pm@atari-sa.com](mailto:pm@atari-sa.com)

Tel + 33 1 53 65 68 68 – [atari@calyptus.net](mailto:atari@calyptus.net)

## **APPENDIX:**

### **Reservations contained in the auditors' report on the Atari SA consolidated financial statements as at March 31, 2018**

#### **Basis of the opinion with reservations**

As mentioned in note 1 “financial year highlights” of the appendix to the consolidated financial statements, Atari granted to Infinity Networks Limited an Atari brand license in view of developing a blockchain entertainment platform. Under this agreement, Atari in particular recognized in its consolidated financial statements:

- revenue of €406k corresponding to the value, on the date the agreement was entered into, of a 15% stake in the shares of Infinity Networks Limited issued to Atari in partial remuneration of the agreement,
- revenue and a trade receivable of €649k corresponding to the short-term fraction (50%) of the guaranteed minimum of €1,3m provided in the license agreement.

#### ***Evaluation of the Infinity Networks Limited shares and of the corresponding revenue***

Note 6.1 “Non-current financial assets” of the appendix to the consolidated financial statements describes the terms used to evaluate the fair value of the Infinity Networks Limited shares, based on an evaluation report prepared by an investment bank specialized in the domain of entertainment and media.

This report does not contain any technical and financial analysis of the entertainment platform project of Infinity Networks Limited created for such purpose, which at this stage is its only business project. The exchanges we had with the investment bank did not enable us either to collect information which in our opinion was sufficient to justify the evaluation of the fair value of the 15% stake in the Infinity Networks Limited shares and the associated revenue used as €406k as at March 31, 2018.

#### ***Evaluation of the Infinity Networks Limited receivable and of the corresponding revenue related to the guaranteed minimum***

The fraction of the guaranteed minimum of €1.3m in the short term (50%) which Atari considered recoverable and therefore recognized as revenue is analyzed as a partial payment of €304k obtained early August 2018 and an amount of \$350k for which riders signed also early August 2018 provide for payment before March 31, 2019.

Infinity Networks Limited is a newly created company, which operates in a risky sector and whose development and longevity will largely depend on the funds raised from the issue of virtual currency, which by nature are uncertain. In this context, we consider that the recoverable fraction of the receivable of Infinity Networks Limited has to be limited to only the amounts already collected, i.e. €304k, and not €649k as recognized in the Atari financial statements. The revenue of the financial year and the trade receivables as at March 31, 2018 are therefore overvalued by €345k, corresponding to an overestimation of net profits and shareholders' equity of €345k.