



1st half results of 2017-2018: Strong organic growth in revenues (+43%) and in current operating profit to € 1.2 million (14% of revenues)

- **Current operating profit multiplied by 4**
- **Net profit, Group share: + € 1.1 million**
- **Confirmation of annual objectives for 2017/2018**

Paris, France – 26 December 2017. The Atari Group announced its consolidated results for the 1st half, ended on 30 September 2017, of the financial year 2017-2018. These financials were approved by the Board of Directors on 21 December 2017. The limited audit procedures are in progress. The half-yearly accounts and the reports by the statutory auditors will be issued after finalisation of all of the required due diligence.

- **Highlights of the 1st half ended on 30 September 2017:**
 - Strong performance of *RollerCoaster Tycoon Touch* on mobile platforms
 - Strong progression in licence activities, notably the *Atari Flashback* hardware product
 - Extension of the *RollerCoaster Tycoon* licence until 2022
- **Projects in progress:**
 - Development of new growth segments (without any impact on the current financial year), including Ataribox, for which the new timetable shall be announced soon
 - Continuation of development of Multimedia / TV Shows and *Speaker Hats*
 - *Blockchain/Cryptocurrency*: Finalisation of a long-term licence of the Atari trademark to the benefit of a *Blockchain/Cryptocurrency* company, allowing this company to create a *blockchain* technology platform in the field of *digital entertainment* and a cryptocurrency named “Atari Token”, in exchange for which Atari will receive 15% of the share capital of this company free of charge and royalties
 - More generally, continuation of the strategy of enhancing the value of products and know-how by taking stakes in companies in exchange for licensing of the Atari trademark
- **The 2017/2018 objective of the Atari Group is to prioritise growth and the improvement of profitability. In view of the results for the 1st half, the Group is confirming this objective.**

“The economic indicators are all positive and improving. We are developing new growth segments, faithful to the five selected development areas: videogames, online casinos, multimedia/TV, connected devices and licensing activities”, declared Frédéric Chesnais, CEO of Atari, SA. “Whether it is for videogames, Ataribox, TV shows or also for the blockchain and cryptocurrency licence agreement in the process of negotiation with a first class team, our strategy is consistent: enhancing the value of the Atari brand and of our catalogue of more than 200 internationally recognised games, either by ourselves or in the context of strategic partnerships.”

Atari: profitable growth

Revenue growth was strong and organic (+43% at constant exchange rates), driven by internal products with a focus on mobile platforms and simulation/strategy games.

The general improvement in profitability (current operating profit of € 1.2 million, i.e. 14% of revenues, against 5% for the 1st half of 2016/2017) results from this strong growth, combined with an optimisation of research and development costs and a reduction in general expenses (-17%). In accordance with its strategy, the Group prioritises partnership models as far as possible, with the sharing of fixed costs by partners in exchange for revenue sharing.

Lastly, non-recurrent elements are no longer significant, thereby improving the visibility and facilitating the assessment of the Group's performance and its potential for enhancing the value of the Atari brand.

Revenues for the 1st half ended on 30 September 2017: growth of 43%

For the 1st half ended on 30 September 2017, the Atari Group recorded revenues of € 8.5 million, compared with € 6.0 million for the same half of the previous financial year. This represents a growth of 43% at constant exchange rates and a growth of 41% at current exchange rates.

The revenues of the Atari Group can be broken down as follows:

1 st half revenues	2017/2018 (April-Sept)	2016/2017 (April-Sept)	Change %
US\$ million	9.7	6.8	43%
€ million	8.5	6.0	41%

Per quarter - € million		1 st quarter (April-June)	2 nd quarter (July-Sept)	1 st half (April-Sept)
FY 2017/2018	Real	3.5	5.0	8.5
	% of Revenues	40.8%	59.2%	100%
FY 2016/2017	Real	2.5	3.5	6.0
	% of Revenues	41.6%	58.4%	100%

The commercial dynamics of the 1st half principally reflect:

- The strong performance of the whole catalogue of videogames, notably RollerCoaster Tycoon Touch, the new 3D version of the mobile game released worldwide on 23 February 2017;
- The very strong growth in licensing activities, notably with Atari Flashback hardware products.

The 2nd half will be characterised by significant projects, notably:

- The launch of a new simulation game on mobile platforms with the theme of City Building and transport;
- The progress in hardware licensing activities, notably with a new portable Flashback, marketed under licence by atGames;
- The development of the Ataribox, the new timetable for which shall be announced soon, with this activity having no immediate impact on the 2nd half;
- The continuation of development of new activities, notably casinos and multimedia/TV, new activities for which the Group is in the process of acquiring expertise.

Current operating profit for the 1st half of 2017/2018: 14% of revenues

Summary income statement - € million	30/09/2017	30/09/2016
REVENUES	8.5	6.0
Cost of sales	(1.1)	(1.1)
GROSS OPERATING PROFIT	7.3	5.0
% revenues	86%	82%
Research and development costs	(2.2)	(2.0)
Marketing and commercial costs	(1.9)	(0.6)
General and administrative costs	(1.7)	(2.0)
Other operating income and expenses	(0.4)	(0.1)
NET OPERATING PROFIT	1.2	0.3
% revenues	14%	5%

■ Gross operating profit

The strong performance of activities translates into a 48% increase in gross operating profit to € 7.3 million, representing 86% of revenues.

■ Research and development costs

The Group is prioritising the Atari and RollerCoaster Tycoon franchises, with strong focus on mobile platforms and simulation/strategy games. The improvement in the "R&D Expenses/ Revenues" ratio results from the strong performance of the portfolio of mobile games.

■ Marketing and commercial expenses

Marketing and commercial expenses amounted to € 1.9 million for the 1st half of the financial year 2017/2018. On 30 September 2016, these amounted to € 0.6 million. Their significant growth is principally linked to the marketing campaigns undertaken for RollerCoaster Tycoon Touch.

■ General and administrative expenses

General and administrative expenses fell significantly to € 1.7 million on 30 September 2017, against € 2.0 million on 30 September 2016.

■ Other operating income and expenses

These expenses correspond to the write-down of certain isolated receivables, to cover a possible risk of default.

■ Current operating profit

The Atari Group generated a current operating profit of € 1.2 million for the 1st half of 2017/2018, compared to a profit of € 0.3 million for the 1st half of 2016/2017. On 30 September 2017, this net operating profit represents 14% of revenues, against 5% for the previous financial year.

Net profit for the 1st half of the financial year 2017/2018: + € 1.1 million

Summary income statement - € million	30/09/2017	30/09/2016
NET OPERATING PROFIT	1.2	0.3
Restructuring costs	-	-
Other operating income and expenses	0.1	7.6
EBIT	1.3	7.9
Financial expenses with debt	(0.1)	(0.5)
Other financial income and expenses	(0.1)	(0.0)
Income tax	-	0.0
NET PROFIT FOR ONGOING ACTIVITIES	1.1	7.4
Profit net of discontinued activities	-	-
NET CONSOLIDATED PROFIT	1.1	7.4
Share attributable to the Group	1.1	7.4
Share attributable to Minorities	0.0	(0.0)

■ Other operational income and expenses

On 30 September 2017, other operational income and expenses were not significant. On 30 September 2016, these amounted to € 7.6 million and principally reflected the non-recurrent gain generated on redemption of the Alden loan for € 7.4 million.

■ EBIT

EBIT for the 1st half 2017/2018 was a positive +€ 1.3 million against +€ 7.9 million for the 1st half of 2016/2017.

■ Cost of financial indebtedness

The cost of financial indebtedness fell relative to the previous financial year, principally on account of the reimbursement of the Alden loan in July 2016.

Summary balance sheet as at 30 September 2017

ASSETS - in € million	30/09/2017	31/03/2017
Intangible fixed assets	8.2	6.9
Tangible fixed assets	0.0	0.0
Non-current financial assets	3.3	3.0
Deferred tax assets	0.5	0.5
NON-CURRENT ASSETS	12.1	10.5
Inventories	-	-
Clients and associated accounts	4.2	7.3
Current tax assets	0.0	-
Other current assets	0.8	0.7
Cash and cash equivalents	1.1	1.1
Assets held with a view to sale	-	0.4
CURRENT ASSETS	6.1	9.6
TOTAL ASSETS	18.2	20.0

LIABILITIES - in € million	30/09/2017	31/03/2017
Share capital	2.3	2.3
Issuance premiums	7.5	7.5
Consolidated reserves	(3.1)	(10.1)
Net profit, Group's share	1.1	7.7
SHAREHOLDERS' EQUITY, GROUP'S SHARE	7.8	7.4
Minorities	0.0	0.0
CONSOLIDATED SHAREHOLDERS' EQUITY	7.9	7.4
Non-current provisions for risks and expenses	0.2	0.3
Non-current financial debts	2.0	2.0
Deferred tax liabilities	-	-
Other non-current liabilities	-	0.0
NON-CURRENT LIABILITIES	2.3	2.3
Current provisions for risks and expenses	0.4	0.4
Current financial debts	-	-
Supplier debts	5.8	6.3
Current tax liabilities	-	0.0
Other current liabilities	2.0	3.6
CURRENT LIABILITIES	8.1	10.3
TOTAL LIABILITIES	18.2	20.0

The balance sheet highlights the effective reduction in indebtedness of the Atari Group, while working capital requirements are kept under control. Shareholders' equity, which is positive, improved over the period.

Publication of accounts

After drawing up by the Board of Directors and finalisation by the statutory auditors of all of the required limited audit procedures, the half-yearly accounts, including the annexes, shall be published in January 2018.

Prospects 2017/2018

The Group confirms its objectives for the financial year 2017/2018. For this financial year, the Group has set itself the objectives of growth of activities, improvement of profitability and cash flow generation, all of which with a seasonality similar to that of the financial year 2016/2017.

The Group has demonstrated the "Transmedia" appeal of the Atari trademark and its games. In addition to videogames, the Group is developing its activities of online casinos, multimedia production and connected devices. The Group is also seeking to enhance the value of the Atari trademark through strategic agreements, combining a licence agreement and equity participation, which will allow it to position itself for the long-term and to participate, as appropriate, in the growth in value of its partner companies.

The operating budget and the financing plan do contain uncertainties regarding the achievement of these objectives, and failure to realise the assumptions could affect the valuation of the Group's assets and liabilities.

About Atari

Atari, consisting of Atari SA and its subsidiaries, is a global interactive entertainment and multiplatform licence Group. A genuine innovator in videogames founded in 1972, Atari possesses and/or manages a portfolio of more than 200 games and franchises, including internationally recognised trademarks, such as Asteroids®, Centipede®, Missile Command® or Pong®. Atari draws attractive on-line games from this significant portfolio of intellectual properties for smartphones, tablets and other connected terminals. Atari also develops and distributes interactive games for Microsoft and Sony game consoles. Atari also exploits its trademark and its franchises through licensing agreements with other media, derived products and publishing. For more information, visit: www.atari.com and www.atari-investisseurs.fr

Contacts

Atari - Philippe Mularski, Finance director
Tel: +33 1 83 64 61 57 - pm@atari-sa.com

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