



2018/2019 ANNUAL STATEMENT OF OPERATIONS

STEADY PROFITABLE GROWTH

Current Operating Income: €3.1 million, up 35.7%

Net Income: €2.7 million, up 20.6%

Accelerated Development of Atari Games and Atari VCS

2019/2020 Goals: Achieving Major Plans and Pursuing Continued Profitability

In its meeting of July 30, 2019, the Atari SA Board of Directors has examined the financial results for the financial year ended March 31, 2019 and has approved their publication. The audit procedures for the consolidated accounts have been finalized. The Auditors' report will be issued once the notes to the accounts and the management report have been verified and all the required due diligence for the annual financial report, which will be published at the latest on August 9, 2019, has been completed.

Paris, July 31, 2019 at 9:00pm – The Atari Group announces its consolidated financial statements for FY 2018/2019 (April 1, 2018-March 31, 2019). The consolidated financial statements were examined by the Board of Directors on July 30, 2019.

■ FY 2018/2019 Operational Developments:

- **Atari Games:** The number of RCT Touch downloads now exceeds 23.5 million. This excellent performance is combined with strong growth in the licensing activity, notably arcade products (Arcade 1 Up) and Atari Flashback (ATGames).
- **Atari VCS:** Atari VCS will be launched during FY 2019/2020, with pre-orders exceeding 10,000 units. Distribution channels are in place in the U.S. with Walmart and Gamestop.
- **Atari Casino:** Continued development of operations.
- **Atari Partners:** Licensing contract with Animoca to develop blockchain applications in Atari games (RollerCoaster, Tycoon, Goon Squad). Renegotiation of the Infinity Networks Ltd contract and pursuit of Atari Token development opportunities.

■ Other highlights:

- April 2018: Capital increase of €7.5 million
- September 2018: Settlement of the Raynal litigation for the "Alone in the Dark" franchise.
- September 2018: Sale of "Alone in the Dark" and "Act of War" for €735k.
- December 2018: Receipt of US\$1.1 million in the context of a settlement for infringement upon the Atari brand. The Group is moreover pursuing other corporations to assert its intellectual property rights.

- **The FY 2019/2020 goal of the Atari Group is to realize major plans for new games and the Atari VCS, to achieve continued profitable growth.**

Frédéric Chesnais, President-CEO and primary shareholder of the Atari Group, stated, “We are continuing to develop the Group with a long term vision, always with the priority of leveraging the Atari brand and the catalogue of games across all platforms. In 2018/19, we have continued to pursue the growth of our historical activities and further improved our results. But most importantly, we have reinforced our research and development policy and focused our efforts on our new growth drivers, in particular the launch of the ATARI VCS. Our addressable market is large and growing, and Atari is giving itself the means to position itself profitably.”

FINANCIAL RESULTS OF THE PAST 7 YEARS / LONG-TERM STRATEGY

The table below summarizes the key figures of the Atari Group over the past 7 years (FYs ending March 31st):

(M€)	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019
Revenue	1,2	3,3	7,6	11,9	15,4	18,0	20,6
Current Operating Income	0,6	0,9	0,2	1,4	1,9	2,3	3,1
Operating Income	-2,0	1,3	1,5	0,0	8,5	2,5	2,5
Net Income (Loss) Group Share	-35,8	-2,5	1,2	-0,1	7,7	2,3	2,7
Equity Group Share	-34,9	-31,3	-13,1	-10,6	7,4	13,8	22,3
Net Cash (Net Debt)	-31,4	-24,8	-11,0	-13,3	-0,9	2,5	7,8

Since 2013, Atari has seen its revenue and profitability rise significantly:

- Revenue have grown 17-fold over the period;
- Current operating income now exceeds 15% of revenue.

The Group moreover strengthened its shareholder's equity and its net cash position is positive:

- The Group's share of its equity has risen to €22.3 million, compared with -€34.9 million at the beginning of the period, an improvement of €57.2 million.
- Net cash position is positive at €7.8 million compared with a net financial debt of €31.4 million at the start of the period, an improvement of €39.2 million.

Atari now develops 4 complementary business lines aiming to ensure long-term development of the Group and the brand:

- **Atari Games:** video games are the Group's DNA still representing its primary source of income;
- **Atari Casino:** casino games and online lotteries;
- **Atari VCS:** multimedia equipment;
- **Atari Partners:** technology partnerships and investments emphasising Atari brand licensing.

CONSOLIDATED INCOME STATEMENT AS OF MARCH 31, 2019

The detailed income statement as of March 31, 2019 is presented below. It is in line with management expectations aiming for strong organic growth and improved profitability.

Changes in the consolidation perimeter are negligible on the income statement and the consolidated shareholder's equity. They involve the creation of three new subsidiaries for Atari Casino.

KEY INCOME STATEMENT FIGURES

(M€)	March 31, 2019	March 31, 2018
Revenue	20,6	18,0
Cost of goods sold	(3,9)	(2,2)
GROSS MARGIN	16,7	15,8
Research and development expenses	(7,4)	(4,9)
Marketing and selling expenses	(3,7)	(4,5)
General and administrative expenses	(3,9)	(3,8)
Other operating income (expense)	1,4	(0,3)
CURRENT OPERATING INCOME (LOSS)	3,1	2,3
Other income (expense)	(0,6)	0,2
OPERATING INCOME (LOSS)	2,5	2,5

Revenue

As of March 31, 2019, Atari achieved consolidated revenue of €20.6 million versus €18.0 million during the prior FY, up 14.6% at constant exchange rates and 13.4% at current ones.

The Atari Games business line continues to dominate with strong performance in the games catalogue and licensing, which strongly contributed to the Group's revenue. The top line was particularly bolstered by the various RollerCoaster Tycoon Touch versions (over 23.5 million downloads) and royalties received from Arcade 1 Up and Atari Flashback products. Atari moreover continued developing the other business lines, to expand the long-term position of the Group into the video game, multimedia, and technology universe.

Regarding the license for the Atari Token granted to Infinity Networks Limited, Atari now holds 30% of the capital of INL. The license is now for 10 years, with an incentive based on revenue with a quarterly minimum guarantee. Given the volatility of these activities, Atari only recognizes revenue when actually received from a cash standpoint, and does not value these investments on the balance sheet.

Gross Margin

The gross margin dropped to 81.1% of revenue from 87.9% during the prior FY, resulting from a change in product mix favouring newer products whose margin will improve over time.

R&D Expenses

R&D expenses rose to €7.4 million versus €4.9 million during the prior FY, net of capitalization and amortization. This increase highlights the relaunch of production and the mobilization of resources for the development of the business lines for the years to come.

Marketing and Selling Expenses

Marketing and selling expenses were €3.7 million during FY 2018/2019. As of March 31, 2018, they were €4.5 million. The drop resulted from a solid return on marketing and selling expenses incurred for RollerCoaster Tycoon Touch and non-recurring expenses recorded during the prior FY for the launch of products.

General and Administrative Expenses

General and administrative expenses were flat, at €3.9 million versus €3.8 million during the prior FY. That consistency stems from the focus on keeping organizational costs low.

Other Operating Income and Expenses

As of March 31, 2019, net revenue from other operating income and expenses grew to €1.4 million, resulting on the one hand from the sale of two non-core Atari franchises (“Alone in the Dark” and “Act of War”), and on the other from Atari benefiting from resolved litigation on piracy of its brand.

As of March 31, 2018, net revenue from other operating income and expenses was -€0.3 million due to an accrual for a risk on an account receivable.

Current Operating Income

During the period, the Group achieved its goal of profitable growth and also recorded improved current operating income of €3.1 million during the FY ended March 31, 2019, versus €2.3 million during the prior one ended March 31, 2018, i.e. a 35.7% increase.

Other Income and Expenses

Other income and expenses amounted to -€0.6 million and corresponded to expenses, net of compensation and legal fees, for various litigations against Atari which have now been resolved.

Operating Income

Operating income for the FY ended March 31, 2019 amounted to €2.5 million, stable over the prior FY ended March 31, 2018.

OTHER INCOME STATEMENT ITEMS

(M€)	March 31, 2019	March 31, 2018
OPERATING INCOME (LOSS)	2,5	2,5
Cost of debt	(0,0)	(0,2)
Other financial income (expense)	(0,4)	(0,1)
Income tax	0,6	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	2,7	2,3
Net income (loss) from discontinued operations	-	0,0
NET INCOME (LOSS) FOR THE YEAR	2,7	2,3

Note: The Auditors' report on the 2017/2018 financial statements were issued with qualification (see page 75 of the report in the 2017/2018 FY Reference Document)

The cost of debt is nil given the Atari Group's positive net cash position. Other financial income and expenses for the FY amounted to a -€0.2 million loss on the sale of Short Shot shares (a planned online casino line) and a -€0.2 million provision for impairment on Roam shares.

Income Tax

Income tax mainly comprises the capitalization of tax-loss carryforwards both in France and in the United States.

Net Income Group Share

The consolidated net income Group share for the FY rose to €2.7 million versus €2.3 million for the prior FY, a 20.6% increase.

KEY BALANCE SHEET AND CASH FLOW ITEMS

The detailed balance sheet, prepared pursuant to IFRS standards, is included as appendix.

Shareholder's Equity

Consolidated shareholder's equity rose to €22.2 million as of March 31, 2019, a net improvement from €13.8 million as of March 31, 2018.

The table below shows the shareholder's equity variations during the FY:

Equity as at March 31, 2018 (M€)	13,8
Restatement IFRS 15	(1,1)
Equity as at March 31, 2018 restated IFRS 15 (M€)	12,7
Net income	2,7
Capital increase	7,5
Financial assets valued at fair value through other comprehensive income	(3,0)
Stock option expenses	0,8
Exercise of stock options	0,2
Movement in treasury shares	0,1
Currency fluctuations	1,3
Other variations	(0,0)
Equity as at March 31, 2019 (M€)	22,3

Net Cash

As of March 31, 2019, the Group has a positive net cash position of €7.8 million versus a net positive amount of €2.5 million as of March 31, 2018. Cash and cash equivalents rose to €8.5 million versus €3.1 million as of March 31, 2018

Net cash is defined as cash and cash equivalents minus short- and long-term debt, and calculated as follows:

(M€)	March 31, 2019	March 31, 2018
Cash and cash equivalents	8,5	3,1
Non-current financial liabilities	(0,6)	(0,6)
Current financial liabilities	(0,1)	-
Net cash (net debt)	7,8	2,5

2019-2020 OUTLOOK

For the 2019/2020 Financial Year, the Atari Group has set 3 operational goals:

- Expanding the games portfolio, preferably through organic growth or via acquisitions depending on the opportunities.
- Finalizing the launch of Atari VCS and set the stage for a successful first sales phase;
- Continuing development in the long run of applications at the intersection of entertainment and digital technology, particularly blockchain and online casinos.

For 2019-2020, as with prior FYs, the financial goal remains the improvement of profitability, while maximizing the valuation of the brand and of the portfolio of games. It is noteworthy that for the first half of the upcoming financial year business and results will be weaker than usual, as the efforts are focused on the second half of the year with the upcoming launch of the Atari VCS.

2019 ANNUAL MEETING

The Annual Shareholder's Meeting will be convened on September 30, 2019.

Warning

This communication must not be published or distributed in the United States of America, Australia, Canada, Japan or Italy or any other jurisdiction in which the offer or sale of securities would be prohibited by applicable laws. This communication does not constitute an offer of sale or solicitation, or an offer of sale of any equity or financial security, and no equities or financial securities may be traded or subject to any transaction in a country or territory where the offer, solicitation or sale would be illegal prior to registration or approval of securities pursuant to laws on financial securities in that country or territory. This communication does not constitute a prospectus within the meaning of EU regulation 2017/1129 and its delegated regulations.

The realization of the plans, and their operational budget and financing plan remain inherently uncertain, and the non-realization of these assumptions may impact 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® and 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, Sony and Nintendo 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/en/. Atari shares are listed in France on Euronext Paris (Compartment C, ISIN Code FR0010478248, Ticker ATA), in Sweden on Nasdaq First North as Swedish Depositary Receipts (ISIN Code SE0012481232, Ticker ATA SDB) and are eligible for the Nasdaq International program in the United States (OTC - Ticker PONGF).

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This is information that Atari SA. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on July 31, 2019 at 9:00pm.

APPENDICES

APPENDIX I

Consolidated Income Statement

(M€)	March 31, 2019	March 31, 2018
Revenue	20,6	18,0
Cost of goods sold	(3,9)	(2,2)
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CURRENT OPERATING INCOME (LOSS)	3,1	2,3
Other income (expense)	(0,6)	0,2
OPERATING INCOME (LOSS)	2,5	2,5
Cost of debt	(0,0)	(0,2)
Other financial income (expense)	(0,4)	(0,1)
Income tax	0,6	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	2,7	2,3
Net income (loss) from discontinued operations	-	0,0
NET INCOME (LOSS) FOR THE YEAR	2,7	2,3
Group share	2,7	2,3
Minority interests	0,0	(0,0)
Basic earnings per share (in euro)	0,011	0,010
Diluted earnings per share (in euro)	0,010	0,009

Note: The auditors report on the 2017/2018 financial statements were issued with qualification (see page 75 of the report in the 2017/2018 FY Reference Document)

APPENDIX II

Consolidated Balance Sheet

ASSETS (M€)	March 31, 2019	March 31, 2018
Intangible assets	13,5	9,2
Property, plant and equipment	0,0	0,0
Non-current financial assets	5,4	4,9
Deferred tax assets	2,0	0,5
Non-current assets	20,9	14,6
Inventories	0,2	0,2
Trade receivables	3,0	3,9
Current tax assets	0,0	0,0
Other current assets	0,7	0,4
Cash and cash equivalents	8,5	3,1
Assets held for sale	-	-
Current assets	12,4	7,6
Total assets	33,3	22,2

EQUITY & LIABILITIES (M€)	March 31, 2019	March 31, 2018
Capital stock	2,6	2,4
Share premium	8,0	11,6
Consolidated reserves	9,0	(2,5)
Net income (loss) Group share	2,7	2,3
Shareholders' equity	22,3	13,8
Minority interests	(0,0)	(0,0)
Total equity	22,2	13,8
Provisions for non-current contingencies and losses	0,7	0,0
Non-current financial liabilities	0,6	0,6
Deferred tax liabilities	-	-
Other non-current liabilities	0,2	-
Non-current liabilities	1,4	0,7
Provisions for current contingencies and losses	0,1	0,4
Current financial liabilities	0,1	-
Trade payables	5,3	5,4
Current tax liabilities	-	-
Other current liabilities	4,3	2,0
Current liabilities	9,7	7,8
Total equity and liabilities	33,3	22,2

Note: The auditors report on the 2017/2018 financial statements were issued with qualification (see page 75 of the report in the 2017/2018 FY Reference Document)
