



Results of the first half of 2020-2021

Press Release - Paris, France – February 15, 2021 at 9h00 pm

Growth of the game business over the period, but licensing activity impacted by Covid-19

With a very successful launch at the end of 2020, the Atari VCS will have a positive contribution in the second half of the 2020-2021 financial year

The Atari blockchain eco-system is starting on a solid foundation

Atari is anticipating a positive result for 2020-2021

The first half of the financial year 2020-2021 ended on September 30, 2020 and the provisional results have been reviewed by the Board of Directors on February 12, 2021. The audit review of the consolidated financial statements is being finalized.

Highlights of the first half of 2020-2021 (April 1, 2020 to September 30, 2020) :

- Growth in the game business
- Licensing activities impacted by Covid-19
- First deliveries and anticipated revenue from the Atari VCS have been delayed to the second half of 2020-2021 because of the global pandemic
- April 2020 : Official launch of the Atari blockchain project and first private sales of the Atari Token
- July 2020 : Distribution agreements for the Atari VCS with Bluemouth, an Australian distributor, and receipt of first orders for this territory
- August 2020 : Distribution agreements for the Atari VCS with Microcenter, a US distributor, and receipt of first orders from this customer (VCS is already distributed by Gamestop, Walmart.com and in the process of being listed at Best Buy)

Highlights of the second half of 2020-2021 (October 1, 2020 to March 30, 2021) :

- **Atari Games** : Gradual release of mobile games Beat Legend and Atari Combat
- **Atari VCS** : First deliveries made in December 2020, with a gradual ramp-up over the 2021 calendar year. Largely positive initial customer feedback.
- **Atari Partners / Atari Token** : Public sale and successful listing of the Atari Token – Launch of the first virtual worlds with the Sandbox, Decentraland – Rapid increase in visibility of the Atari Token – Initial tests of the Atari Casino on the blockchain – First sales of non-fungible tokens with WAX
- **December 2020** : Capital increase of 5.81 million euros through a private placement
- **February 2021** : Sale of 14,345,000 Animoca shares for approximately US\$1.2 million. The Group is in the process of selling the remaining 9,580,000 Animoca shares in the calendar year 2021.

Results of the first half 2020-2021

| IFRS, in M€ | 2020/2021 (April – Sept.) | 2019/2020 (April – Sept.) | Variation % |
|--|------------------------------|------------------------------|----------------|
| Revenue in millions of euros | 7.8 | 10.7 | -26.96% |
| Cost of sales | (1.5) | (1.3) | |
| GROSS PROFIT MARGIN | 6.3 | 9.4 | -32.9% |
| % of turnover | 80.6% | 87.7% | |
| Research and development costs | (4.0) | (4.6) | |
| Marketing and commercial expenses | (1.5) | (2.0) | |
| General and administrative expenses | (2.0) | (2.1) | |
| Other income and operating expenses | 0.0 | - | |
| CURRENT OPERATING INCOME | (1.2) | 0.7 | -264% |
| Other operating income and expenses | - | (0.0) | |
| Share of net operational profit of equity affiliates | 0,0 | | |
| OPERATING INCOME | (1.1) | 0.7 | -264% |
| Cost of financial debt | (0.1) | (0.0) | |
| Other financial income and expenses | (0.3) | (0.5) | |
| Income tax | (0.0) | (0.0) | |
| NET RESULT OF THE CONSOLIDATED ENTITIES | (1.5) | 0.1 | |
| Share attributable to the Group | (1.4) | 0.1 | |
| Share attributable to minority interests | (0.1) | (0.0) | |

The strategy of the Atari Group aims at the development of the game catalogue with a strong specialization on mobile platforms and simulation / strategy games (“**Atari Games**”) and on real-money games (“**Atari Casino**”), the development of the Atari VCS (“**Atari VCS**”) and of related projects notably in the blockchain space (“**Atari Partners**”).

For the first half ended September 30, 2020 (April 1 to September 30, 2020), the Atari Group recorded revenue of 7.8 M€, compared to 10.7 M€ for the same half of the previous financial year. The growth in the games activity is overshadowed by the decline in the licensing business and by the delay of the launch of the Atari VCS to the second half of the financial year, both activities having been confronted with logistical issues (sourcing and transportation) caused by the COVID 19 crisis.

The Atari VCS is not contributing to the results of the first half since the deliveries of machines started after September 30, 2020. Following the launch in December 2020, the customer feedback to date is overwhelmingly positive.

The activity related to the Atari Token has started during this period and generated 0.3M€ as revenue and 0.2M€ as deferred revenue. The positive reception of the Atari Token by the users, the rapid development of use cases (see atarichain.com) and the evolution of the price of the Atari Token on the exchanges attest to the very successful start and to the growth potential of this activity.

The gross margin level stands at 80.6% of turnover during the period compared to 87.7% for the previous period.

The main expense items are in line with the expectations of the Group and reflect the efforts made to invest in its 4 business lines. The R&D expenses still cover investments in the Atari and RollerCoaster Tycoon franchises, with a strong specialization on mobile platforms and simulation / strategy games. Marketing and selling expenses amounted to 1.5 M€ for the first half of the 2020-2021 financial year, mainly supporting the games activity over the period. General and administrative expenses amounted to 2.0 M€ and remained stable compared to the previous period. Thus, the Group generated a current operating result of -1.1 M€ during the first half of 2020-2021, compared to +0.7 M€ in the first half of 2019-2020.

Other financial income and expenses are mainly related to a fair value adjustment of the Animoca shares, resulting in a net income of the consolidated entities of -1.5M€.

Balance Sheet as at September 30, 2020

| ASSETS (in millions of euros) | 30.09.2020 | 31.03.2020 |
|--|-------------------|-------------------|
| Intangible assets | 17.0 | 17.8 |
| Property, plant and equipment | 0.0 | 0.0 |
| Right of use assets related to leasing contracts | 2.0 | 2.3 |
| Non-current financial assets | 13.6 | 15.7 |
| Deferred tax assets | 2.0 | 2.1 |
| NON-CURRENT ASSETS | 34.6 | 38.0 |
| Inventories | 2.3 | 0.6 |
| Trade receivables | 4.2 | 2.8 |
| Current tax assets | 0.0 | 0.0 |
| Other current assets | 0.9 | 0.7 |
| Cash and cash equivalents | 1.2 | 1.8 |
| Assets held for sale | 1.7 | - |
| CURRENT ASSETS | 10.4 | 5.8 |
| TOTAL ASSETS | 45.0 | 43.8 |

| EQUITY & LIABILITIES (in millions of euros) | 30.09.2020 | 31.03.2020 |
|--|-------------------|-------------------|
| Capital | 2.7 | 2.7 |
| Share premium | 12.2 | 11.0 |
| Consolidated reserves | 13.3 | 12.5 |
| Net income Group share | (1.4) | 2.3 |
| SHAREHOLDERS' EQUITY GROUP SHARE | 26.9 | 28.5 |
| Minority interests | (0.1) | (0.4) |
| SHAREHOLDERS' EQUITY OF CONSOLIDATED ENTITIES | 26.8 | 28.1 |
| Provisions for non-current contingencies and losses | 0.1 | 0.0 |
| Non-current financial liabilities | - | 0.9 |
| Deferred tax liabilities | 1.8 | 2.1 |
| Other non-current liabilities | 0.7 | 0.8 |
| NON-CURRENT LIABILITIES | 2.6 | 3.7 |
| Provisions for current contingencies and losses | - | 0.1 |
| Current financial liabilities | 1.2 | 0.6 |
| Current lease liabilities | 0.3 | 0.3 |
| Trade payables | 8.9 | 5.7 |
| Current tax liabilities | - | 0.0 |
| Other current liabilities | 5.2 | 5.2 |
| CURRENT LIABILITIES | 15.6 | 11.9 |
| TOTAL EQUITY & LIABILITIES | 45.0 | 43.8 |

Non-current financial assets include 11.9 M€ of trade receivables with a maturity of more than one year, compared to 12.1 M€ as of March 31, 2020.

Other current liabilities include notably 2.5 M€ of deferred revenue for the pre-orders of the Atari VCS. This amount will be recognized as revenue in the second half of the 2020-2021 financial year.

Outlook for 2020/2021

The Group is now targeting a positive net income for the financial year 2020-2021 (compared to an increase in profitability over the prior financial year), despite the delays in the licensing activities and of the launch of the VCS caused by the global pandemic. Achieving this objective assumes the delivery before March 31, 2021 of the produced VCS units, as well as the finalization of licensing agreements in the second

half of the financial year 2020-2021 currently being negotiated. These elements could however be delayed to the following quarter given the persistent health crisis and the risks inherent in any negotiation process.

The second half will be marked by several important projects, in particular:

ATARI GAMES

- Release of the free-to-play version of the Beat Legend game, and gradual worldwide launch
- Public testing of Atari Combat in various selected countries
- Continuation of licensing activities, particularly for home arcades

ATARI CASINO

- Public testing of Atari Casino on the blockchain

ATARI VCS

- First deliveries made in December 2020
- Ramp-up of production to fulfill orders received directly (Atari VCS online sales) or through distributors, with deliveries made before March 31, 2021 contributing to revenue for the financial year

ATARI PARTNERS

- Public sale and successful listing of the Atari Token
- Launch of the Atari HQ in Decentraland
- Continued development in the Sandbox, new test sales on WAX

Disclaimer:

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 Growth Market 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 February 15, 2021 at 09:00pm CET.

APPENDIX

Net cash position as of September 30, 2020

| Net cash position <i>(in millions of euros)</i> | 30.09.2020 | 31.03.2020 |
|--|-------------------|-------------------|
| Legalist (IFRS 9) | - | (0.9) |
| Non-current | - | (0.9) |
| OCEANEs 2003 - 2020 | - | (0.6) |
| Legalist (IFRS 9) | (1.2) | - |
| Paycheck Protection Program loan | (0.3) | - |
| Current | (1.5) | (0.6) |
| Legalist non-cash restatement (1) | 1.2 | 0.9 |
| Gross financial debt | (0.3) | (0.6) |
| | | |
| Cash and cash equivalents | 1.2 | 1.8 |
| | | |
| NET CASH POSITION | 0.9 | 1.1 |

(1) Gross financial debt is restated for the Legalist debt, which was recorded as a financial liability under IFRS 9 but will be definitively retained by the Group.