



REVISION OF THE ESTIMATED 2020/2021 ANNUAL RESULTS

A review of (i) the accounting treatment of transactions related to digital assets and (ii) the fair value of development costs for free-to-play mobile games capitalized on the balance sheet has led to a downward revision of results compared with the estimates communicated on August 16, 2021

Press release - Paris, France – October 18, 2021 – 08:00am – During its meeting on October 15, 2021, Atari SA's Board of Directors, in the presence of its Statutory Auditors, has reviewed the consolidated financial estimates for the financial year ended March 31, 2021, following the finalization of the work covering (i) the accounting treatment of transactions related to digital assets and (ii) the fair value of development costs for free-to-play mobile games capitalized on the balance sheet. These estimates presented in the appendix to this press release show a net loss of 11,9 M€.

The budget forecasts resulting from the new strategy aimed at discontinuing unprofitable activities and simplifying the Group's organization in order to return to profitability and the accounting treatment of new activities (transactions related to digital assets and the Atari VCS) have led to a delay in the preparation of the 2020/2021 accounts.

The audit procedures for the consolidated financial statements have been completed, the certification report will be issued after finalization of the review of the notes to the consolidated financial statements and of the Universal Registration Document.

The General Meeting initially convened for November 9, 2021 will be held no later than November 30, 2021.

Accounting treatment of transactions related to digital assets. With the Atari Token, the Atari Group aims to create a token for the entire video game industry. In the financial year 2020/2021, the Atari Group invoiced (i) €0.8 million under the service and trademark license agreement with Atari Chain for sales of Atari Tokens, (ii) €0.5 million for direct sales of Atari Tokens and (iii) 1.1 million corresponding to the allocation of Atari Tokens to certain members of the Group and to third parties.

In its earnings estimates published on August 16, 2021, the Atari Group had estimated that it would be able to recognize revenue of €2.4 million in respect of these transactions, considering that the expected use cases of the Atari Tokens sold or granted at that date would permit it.

Discussions between the Atari Group and its statutory auditors have led the Atari Group to review this accounting position with respect to the revenue recognition criteria under IFRS 15 and to defer this revenue recognition to a later period. This change in accounting position has a negative impact on the estimated revenue and profit for the fiscal year 2020/2021 of €2.4 million, which is now recorded as deferred revenue on the balance sheet.

The Atari Blockchain division is developing the ecosystem related to Atari Tokens, notably by expanding the adoption and use cases of the Atari Token already present on the opensea.io and Decentraland platforms and those coming soon with the Atari virtual world within the Alphaverse project.

Book value attributed to development costs of free-to-play mobile games capitalized on the balance sheet. The strategic review and the finalization of the budget for 2021/2022 and subsequent years led the Group to perform various impairment tests by comparing each of its assets to its recoverable value. As a result of these tests, the Group has recognized impairment losses in an additional amount of €3.6 million,

Should the recoverable amount of these assets increase in a subsequent period, these impairment losses would be reversed through the income statement.

The new strategy of the video game division, Atari Games, is aimed at improving cash-flow generation by expanding its portfolio of games, notably by publishing premium games for PC and consoles, re-releasing classic titles and focusing on the most profitable and high-potential mobile games in its portfolio. The first premium game, *Centipede Recharged*, was launched in September and three other games in the "Recharged" series (*Black Widow*, *Asteroids* and *Breakout*) will be released in the coming months. Also, several new titles have been put into production for release in 2022, including a new version of the classic *Food Fight*, an *Atari 50th Anniversary Collection* as well as *Atari Mania*, an original remix of classic Atari mini-games.

The loss for the financial year 2020/2021 is mainly due to calculated expenses (additional depreciation and amortization charges) and the delay in revenue recognition of the Atari Token activities, which have no impact on the Group's net cash position.

For 2021/2022, a transition year implementing the change in strategy, the financial objective is to put in place the profitability levers for the years to come, with priority given to the monetization of the intellectual property portfolio (games and licenses).

The Company has carried out a specific review of its liquidity risk and considers that (i) the working capital requirements related to the ramp-up of the production of the Atari VCS, and (ii) the development of the new strategy for the video games division will require external financing or a capital markets transaction, the form of which is currently being evaluated. With the financial support of its new principal shareholder and Chairman and CEO, the Atari Group believes that it is in a position to meet its future obligations.

Impact of the revision on the consolidated income statement

IFRS in M€	31.03.2021 Estimates published Aug 16, 2021	31.03.2021 Revised estimates Oct 15, 2021
Revenue	21.4	18,9
Cost of goods sold	(5.2)	-5,5
GROSS MARGIN in % of revenue	16.2 75.7%	13,4 70,3%
Research and development expenses	(7.9)	(7,9)
Marketing and selling expenses	(2.6)	(2,6)
General and administrative expenses	(6.3)	(6,3)
Other operating income (expenses)	0,0	0,0
CURRENT OPERATING INCOME	(0.6)	(3,4)
Other income (expenses)	(4.6)	(8,2)
OPERATING INCOME	(5.2)	(11,6)
Cost of debt	(0.1)	(0,1)
Other financial income (expenses)	(0.2)	(0,1)
Share of net operational profit of equity affiliates	-	(0,1)
Income tax	(0.0)	(0,0)
CONSOLIDATED NET INCOME	(5.5)	(11,9)
Group Share	(5.4)	(11,9)

Impact of the revision on the consolidated balance sheet

ASSETS (IFRS, M€)	31.03.2021 Estimates published Aug 16, 2021	31.03.2021 Revised estimates Oct 15, 2021
Intangible assets	15.2	11,6
Property, plant and equipment	0.0	0,0
Right of use assets related to leases	1.9	1,9
Non-current financial assets	16.0	15,8
Deferred tax assets	1.9	1,9
NON-CURRENT ASSETS	35.0	31,3
Inventories	2.5	2,5
Trade receivables	3.2	3,3
Current tax assets	0.0	0,0
Other current assets	0.6	0,6
Cash and cash equivalents	2.5	2,5
Assets held for sale	0.3	0,3
CURRENT ASSETS	9.1	9,1
TOTAL ASSETS	44.1	40,4

LIABILITIES (IFRS, M€)	31.03.2021 Estimates published Aug 16, 2021	31.03.2021 Revised estimates Oct 15, 2021
Share capital	3.0	3,0
Share premium	19.1	19,1
Consolidated reserves	14.0	14,0
Net income – Group share	(5.4)	11.9
SHAREHOLDERS' EQUITY (GROUP SHARE)	30.6	24,2
Minority interests	(0.0)	(0,0)
TOTAL CONSOLIDATED EQUITY	30.6	24,2
Provisions for non-current contingencies and losses	0.0	0,0
Non-current financial liabilities	-	-
Long term lease liabilities	1.6	1,6
Deferred tax liabilities	-	-
Other non-current liabilities	0.7	0,7
NON-CURRENT LIABILITIES	2.3	2,3
Provisions for current contingencies and losses	-	-
Current financial liabilities	-	-
Current lease liabilities	0.3	0,3
Trade payables	7.3	7,3
Current tax liabilities	-	-
Other current liabilities	3.5	6,3
CURRENT LIABILITIES	11.2	13,9
TOTAL EQUITY AND LIABILITIES	44.1	40,4

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).

Contacts

Atari - Philippe Mularski, CFO

Tel +33 1 83 64 61 57 - pm@atari-sa.com

Calyptus - Marie Calleux

Tel + 33 1 53 65 68 68 – atari@calyptus.net

Redeye AB (Certified Adviser)

Tel: +46 8 121 576 90 – certifiedadviser@redeye.se

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 October 18, 2021 at 08:00am CET.