



## Atari launches new mobile games to accelerate its growth and issues new shares with preferential subscription rights in partnership with two development studios

- **New games comprising the acquisition of “ATARI Combat”: Tanks & Puzzles with Kung Fu Factory, and the acceleration of the launch of Mob Empire, a game already in the portfolio, with Nvizzio Creations**
- **Launch of the games in the coming months with a contribution to Group revenue starting in the financial year 2020/2021; Mob Empire already in closed beta release**
- **Capital increase in an amount of 3.6M€, with over 75% of the issue guaranteed, of which 0.2M€ by an institutional investor; 0.28M€ by Ker Ventures, holding company of Frédéric Chesnais, Chairman & CEO of Atari; and 2.28M€ by two studios, who will participate to the extent of the amount that is not subscribed by existing shareholders**
- **Subscription price of 0.28€ per New Share, preferential subscription rights maintained, dilution limited to a maximum of 5.44%**

**Paris, February 21, 2020** – The Atari Group (Euronext compartment C Paris: FR0010478248 – ATA, eligible PEA-PME), one of the world’s most iconic consumer brands and interactive entertainment producers, announces the upcoming launch of a series of mobile games with 2 partner studios.

Targeting diverse audiences and offering attractive and popular gameplay modes, the games in question are:

- **ATARI Combat: Tanks & Puzzles:** developed by KungFu Factory, this mobile game combines puzzles and tank battles in the very popular puzzle RPG genre. Atari has acquired the intellectual property of the game by virtue of a development agreement dated February 19, 2020 and is not taking any ownership stake in the studio. The objective is to subsequently add other combat modes like fighter planes, battleships and submarines. The game is scheduled for soft launch in March 2020 on iOS and Android, the studio being in charge of delivering the finished product and of live operations for the game.

KungFu Factory is an independent US game development based in Los Angeles. It develops, on its own or for prestigious clients, successful console and mobile games (Lego Hidden Side, WWE Champions, SpongeBob Moves In, etc.).

- **Mob Empire:** a strategy and simulation game developed by Nvizzio Creations, offers a humorous and witty take on the war between rival gangs for control of a city. This game, which is fully owned and thus already in the portfolio, is currently in closed beta on iOS/Android. The objective is to accelerate the launch and the visibility of the game. The studio is in charge of delivering the finished product and of live operations for the game.

Nvizzio Creations is an independent Canadian game development studio based in Montreal, which is notably behind the most recent mobile versions of *RollerCoaster Tycoon*. Atari does not have an ownership stake in the studio.

## STRATEGY

Building upon the success of *RollerCoaster Tycoon*, strengthening and diversifying the portfolio of games is a key growth axis for the Atari Games division.

In this context, and taking into account the interest of the studios to enter the share capital of Atari, the Group has decided to proceed with a capital increase with preferential subscription rights and to enable existing shareholders to participate in this growth operation, it being specified that the potential part of the share issuance not subscribed by existing shareholders will be covered by the studios up to an amount of 2.28M€, through a reducible and irreducible subscription by way of offsetting of receivables. Ker Ventures, a holding company fully owned by Frédéric Chesnais, Chairman & CEO of Atari, holding 18.38 % of the Company's share capital has indicated that it will subscribe irreducibly for 1 million shares, or circa 0.28 M€ and one institutional investor has given a commitment for 0.2M€. The total of these commitments represents over 75% of the envisaged capital increase, as indicated further below.

Thanks to these commitments, the discount of the issue price relative to the last traded price on the stock exchange on the day preceding the decision of the CEO is limited to 6.67% with a maximum dilution of 5.44% (including overallotment option).

*"These games will be launched in the upcoming months, and each of them has the opportunity to become an important franchise for the long term"* declared Frédéric Chesnais, CEO of Atari. *"Given the interest of the studios to become shareholders of the Group, we are extending the possibility to our shareholders to participate in this growth operation, and I will personally subscribe for 1 million shares."*

Thus, the Atari Group today announces the launch of a capital increase in cash with preferential subscription rights in an amount of 3.59M€ through the issuance of 12,805,823 New Shares at a price of 0.28€ per share, representing a discount of 6.67% to the closing price on February 17, 2020 (0.30€), preceding the setting of the issue price by the CEO of Atari and a discount of 10.87% to the volume weighted average price on the 20 trading days preceding the setting of the issue price by the CEO (0.314€). The amount of the issue can be increased to 4,123,474.88€ corresponding to the issuance of 14,726,696 new shares in case of the exercise of the overallotment option of 15% of the initial amount.

This capital increase is part of the growth strategy of the Group and its objective is to finance the launch of the games described above through offsetting of receivables for 2.25M€, at the same time it will allow to strengthen the marketing budget allocated to the Atari VCS in an amount of 0.5M€.

## MAIN TERMS AND CONDITIONS OF THE SHARE ISSUE

### Nature of the operation

The fundraising proposed by Atari concerns a capital increase by issuing ordinary shares with preferential subscription rights.

Maximum gross amount of the capital increase: €3,585,630.44, including issue premium.

Maximum number of new shares: 12,805,823 new ordinary shares (excluding extension clause) with a par value of €0.01each.

### Legal framework of the operation

Using the delegations granted under the 16th resolution adopted by the combined general meeting of shareholders on September the 30<sup>th</sup>, 2019, the Chief Executive Officer on sub-delegation from the Board of Directors of February 13<sup>th</sup>, 2020, decided on February 17<sup>th</sup> 2020 to proceed with a capital increase by issuing New Shares with preferential subscription right (with extension clause option), the details of which are set out in this press release.

### Use of proceeds

The capital increase is to finance the launch of various mobile games with 3 studios as well as to provide the means necessary for the marketing of the Atari VCS.

### Overallotment option

Depending on the size of the request, Atari reserves the right to exercise the overallotment option, up to a maximum of 15% of the initial amount of the issue, i.e. an issue proceeds of €3,585,630.44 which may be increased to €4,123,474.88 in order to serve all or part of the reducible subscription orders. Thus, the initial

number of 12,805,823 new shares may be increased by 1,920,873 additional new shares, bringing the total number of shares to be issued to a maximum of 14,726,696 shares.

### **Subscription price**

The issue price of the new shares is €0.28 per share. It shows a discount of 6,67% compared to the closing price of the Atari share on February the 17<sup>th</sup> 2020 (€0,30), preceding the setting of the issue price by the CEO of Atari and a discount of 10.87% to the volume weighted average price on the 20 trading days preceding the setting of the issue price by the CEO (0.314€).

### **Subscription on an irreducible basis**

Subscription of New Shares is reserved, preferably, for holders of existing shares registered in their securities accounts at the end of the day preceding the opening date of the subscription period and for assignees of preferential subscription rights (PSR).

Holders of preferential subscription rights may subscribe on an irreducible basis, at the rate of 1 New Share for 20 existing shares owned, i.e. 20 PSR which will allow to subscribe to 1 New Share, without taking fractions into account.

Preferential subscription rights may only be exercised up to a number of PSR allowing the subscription of a whole number of New Shares. Shareholders or assignees of PSR who do not hold a sufficient number of existing shares or PSR to obtain a whole number of New Shares through irreducible subscriptions will have to either acquire or sell on the market the number of PSR allowing to reach the multiple leading to a whole number of New Shares.

### **Subscription on a reducible basis**

The shareholders have the option of a preferential subscription right (PSR) on a reducible basis to the New Shares which will be exercised in proportion to their rights and within the limit of their requests.

At the same time as they deposit their subscriptions on an irreducible basis, the shareholders or the assignees of PSR may subscribe on a reducible basis to the number of New Shares they wish, in addition to the number of New Shares resulting from the exercise of their preferential subscription rights on an irreducible basis.

New Shares which may not be absorbed by subscriptions on an irreducible basis will be allocated to subscribers on a reducible basis. Reducible subscription orders will be served within the limit of their requests and in proportion to the number of existing shares whose rights have been used in support of their irreducible subscription, without any resulting allocation fraction of New Shares.

In the event that the same subscriber submits several separate subscriptions, the number of New Shares on a reducible basis he can subscribe to will be calculated on all of his PSR only if he expressly requests it in writing, at the latest on the day of the closing of the subscriptions. This request must be attached to one of the subscriptions and give all the information useful for grouping rights, specifying the number of subscriptions established as well as the authorized intermediary or intermediaries with whom these subscriptions will be deposited.

Subscriptions in the name of separate subscribers cannot be combined to obtain New Shares on a reducible basis.

A notice will be published by Euronext as well as in a journal of legal announcements of the location of the company's registered office. This notice will specify, if necessary, the distribution scale for subscriptions on a reducible basis.

### **Exercise of preferential subscription rights**

To exercise their preferential subscription rights (PSR), holders must send a request to their authorized financial intermediary at any time during the duration of the subscription period, i.e. between February 27<sup>th</sup> and March 12<sup>th</sup>, 2020 included and pay the corresponding subscription price.

Each subscription must be accompanied by the payment of the subscription price through cash or by offsetting liquid claims due from the company. Subscriptions that have not been fully paid up will be automatically canceled without any need for a formal notice.

The preferential subscription right must be exercised by its beneficiaries, under penalty of forfeiture, before the end of the subscription period.

The preferential subscription right will be negotiable from February 25<sup>th</sup> to March 10<sup>th</sup>, 2020 included, under the same conditions as the existing shares.

The assignor of the preferential subscription right will be divested of it in favor of the assignee who, for the exercise of the preferential subscription right thus acquired, will be purely and simply substituted in all the rights and obligations of the owner of the existing share.

Preferential subscription rights not exercised at the end of the subscription period will be automatically forfeited.

### **Listing of preferential subscription rights (PSR)**

At the end of the trading session on February 24<sup>th</sup>, 2020, Atari shareholders will receive 1 PSR for each share held (for a total of 256,116,460 PSR issued). Each shareholder holding 20 PSR (and multiples of this number) may subscribe to 1 New Share (and multiples of this number) at the unit price of € 0.28.

They will be listed and traded on Euronext Compartment C, under the ISIN code FR0013483922 from February 25<sup>th</sup> to March 10<sup>th</sup>, 2020 included. If these PSR are not subscribed or sold, they will lapse at the end of the subscription period and their value will become zero.

### **Free subscription requests**

In addition to the possibility of subscribing on an irreducible and reducible basis under the terms and conditions specified above, any natural or legal person, whether or not holding preferential subscription rights, may subscribe to this capital increase by submitting a subscription on a free basis.

Individuals wishing to submit a subscription on a free basis must send their request to their authorized financial intermediary at any time during the subscription period and pay the corresponding subscription price.

In accordance with the provisions of Article L.225-134 of the French Commercial Code, subscriptions on a free basis will only be taken into account if subscriptions on an irreducible and reducible basis have not absorbed all of the capital increase, it being specified that the Board of Directors will have the power to freely distribute unsubscribed shares, in whole or in part, between the persons (shareholders or third parties) of its choice who have made requests for subscriptions on a free basis.

### **Preferential subscription rights detached from treasury shares by the Company**

Pursuant to Article L. 225-206 of the French Commercial Code, Atari cannot subscribe to its own shares. The preferential subscription rights detached from treasury shares of the Company on February 25<sup>th</sup>, 2020 will be sold on the market before the end of their trading period under the conditions stated by the Article L. 225-210 of the French Commercial Code.

### **Limitation of the amount of the capital increase**

In the event that the subscriptions, both irreducible and reducible, have not absorbed the entire issue, the Board of Directors may limit the amount of the issue to the amount of subscriptions received, in accordance with Article L. 225-134 of the French Commercial Code, subject to the condition that it reaches at least 75% of the amount of the issue decided.

### **Paying agents — Payment of subscriptions**

The subscriptions of New Shares and the payment of funds by the subscribers, whose shares are held in administered registered or bearer form, will be accepted until the last day of the subscription period included, through their financial intermediary acting in their name and on their behalf.

Subscriptions and payments for subscribers whose shares are held in pure registered form will be accepted free of charge by CACEIS CORPORATE TRUST.

Payment for the New Shares is due in full at the time of the subscription, by payment in cash, for the entire nominal amount and the issue premium, it being specified that the amount of the issue premium paid will be registered as a liability on the balance sheet under the item "Issue premium", to which the rights of the current and new shareholders will apply.

The funds transferred for the subscriptions will be centralized by CACEIS CORPORATE TRUST, who will provide the certificate for the deposit of the funds registering the realization of the capital increase.

The subscriptions for which payment has not been received will be cancelled without notice.

### **Placement restrictions**

The sale of New Shares and preferential subscription rights may, in certain countries, be subject to specific regulations.

### **Guarantee**

This issue is not the subject of a performance guarantee within the meaning of Article L. 225-145 of the French Commercial Code. The start of negotiations on the security will therefore take place only after the settlement-delivery operations and after issuance of the depositary's certificate.

### **Subscription commitments**

Ker Ventures, held by Frédéric Chesnais, Atari's CEO and Chairman of the board of Directors, has informed the Company of its intention to subscribe at least irreducibly to the capital increase 1,000,000 shares (280 K€). The Company also received a subscription commitment in an amount of € 200,000 from Pure Capital, an institutional investor.

Lastly, the Company has received subscription commitments from two studios for 2.28M€ million by way of offsetting of receivables, KungFu Factory for 0.78M€ (receivables linked to the acquisition of the full game)

and Nvizzio Creations for 1.50M€ (receivables linked to the acquisition of the full game and live operations for other games). The studios will subscribe by way of offsetting of receivables with the entirety of their receivables within both the limit of shares not subscribed for by existing shareholders and the maximum amount of their commitment.

Taken as a whole, these commitments represent 77.15% of the planned capital increase.

The Company is not aware of the intentions of its other shareholders.

### Settlement-delivery of New Shares

According to the indicative timetable for the issue, the settlement date for the New Shares is scheduled for March 19<sup>th</sup>, 2020.

### Characteristics of New Shares

**Rights:** The new shares will carry current rights and will be assimilated to the existing shares of the Company.

**Listing of New Shares:** The new shares will be the subject of an application for the admission to trading on Euronext Compartment C on March 19<sup>th</sup>, 2020. They will be immediately assimilated to the existing shares of the Company already traded on Euronext Compartment C, on the same listing line as these shares and under the same ISIN code FR0010478248 - ticker ATA.

## DILUTION

### Impact of the issue on consolidated shareholders' equity per share

Share of equity per share (in euros)		
	Undiluted basis*	Diluted basis**
Before issuance of the new shares resulting from this capital increase	0.091€	0.112€
After the issue of 12 805 823 new shares resulting from the current capital increase	0.100€	0.119€
After the issue of 14 726 696 new shares resulting from the current capital increase in the event of an extension of the offer to 115% of the offer	0.101€	0.120€
After the issue of 9 604 368 new shares resulting from the current capital increase in the event of a reduction to 75% of the offer	0.098€	0.117€

\* : based on shareholders' equity of 23.4M€ as of 30/09/2019

\*\* : As of 31/12/2019 24,062,726 shares can be potentially issued upon exercise of stock options and warrants

### Impact of the issue on shareholder participation

Shareholder participation (in %)		
	Undiluted basis	Diluted basis**
Before issuance of the new shares resulting from this capital increase	1.00%	0.91%
After the issue of 12 805 823 new shares resulting from the current capital increase	0.95%	0.87%
After the issue of 14 726 696 new shares resulting from the current capital increase in the event of an extension of the offer to 115% of the offer	0.946%	0.87%
After the issue of 9 604 368 new shares resulting from the current capital increase in the event of a reduction to 75% of the offer	0.96%	0.88%

\*\* : As of 31/12/2019 24,062,726 shares can be potentially issued upon exercise of stock options and warrants

### Impact of the issue on the shareholder register (limited to subscription commitments and on an undiluted basis)

Shareholder	Before		After capital increase of 77.15% of total amount taking only into account subscription commitments	
	Capital	Voting rights	Capital	Voting rights
Ker Ventures / F. Chesnais	18.38%	23.14%	18.07%	22.68%
Alexandre Zyngier	3.89%	3.66%	3.74%	3.53%
Pure Capital	-	-	0.27%	0.25%
Kung Fu Factory	-	-	1.05%	0.99%
Nvizzio Creations	-	-	2.02%	1.90%
Public	77.74%	73.20%	74.85%	70.63%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## SUBSCRIPTION PROCEDURE

### I. If you are a shareholder of the company

You have PSR attached to your ATARI shares, which allow you to subscribe in priority to the New Shares by applying the ratio 1 New Share for 20 PSR (1 old share giving right to 1 PSR).

- Either you have an exact and sufficient number of existing shares to be able to subscribe via your PSR to a whole number of New Shares (for example, if you have 20 Atari shares, you may subscribe in priority to 1 New Share),
- Either you do not have a sufficient number of old shares to obtain a whole number of New Shares, you may therefore buy or sell the number of PSR to reach the ratio leading to a whole number of New Shares (1 New Share for 20 PSR).

In addition to subscriptions made using the PSR at your disposal, you may also subscribe freely before March 12<sup>th</sup>, 2020 by sending your request to CACEIS Corporate Trust, 14, rue Rouget de Lisle 92862 Issy-les-Moulineaux Cedex 9 by your authorized financial intermediary (your subscription will only be taken into account if the transaction is not already fully subscribed by the PSR holders. Each subscription must be accompanied by the payment of the subscription price.

### II. If you are not a shareholder of the company

You can subscribe in two ways:

- Either by acquiring preferential subscription rights (PSR) on the stock exchange from February 25<sup>th</sup>, 2020 to March 10<sup>th</sup>, 2020 through the intermediary of the financial institution in charge of your securities account and by exercising, at the latest on March 12<sup>th</sup>, 2020 your PSR with the latter. The ISIN code for PSR is FR0013483922.
- Or by subscribing freely before March 12<sup>th</sup>, 2020. Persons wishing to subscribe freely must send their request to CACEIS Corporate Trust, 14, rue Rouget de Lisle 92862 Issy-les Moulineaux Cedex 9 through their authorized financial intermediary. In accordance with the provisions of Article L 225-134 of the French Commercial Code, free subscriptions will only be taken into account if subscriptions on an irreducible and reducible basis have not absorbed the entire capital increase, it being specified that the Board of Directors will have the right to freely distribute the unsubscribed shares, in whole or in part, among the persons (shareholders or third parties) of its choice having made requests for free subscriptions.

Information on how to participate in the rights issue for Atari SDR holders will be available on the website of Mangold Fondkommission AB, the issuer of the SDRs at: <https://www.mangold.se/aktuella-emissioner/>. There will be no trading of subscription rights on Nasdaq First North Stockholm.

## CALENDAR OF THE OPERATION

<b>17/02/2020</b>	CEO to decide final terms and conditions of the capital increase
<b>21/02/2020</b>	Publishing of the press release about the capital increase and the share purchase Publication by Euronext of the notice about the capital increase
<b>25/02/2020</b>	Beginning of negotiation of the preferential subscription rights
<b>27/02/2020</b>	<b>Opening of the subscription period</b> Beginning of the exercise period of the preferential subscription rights
<b>10/03/2020</b>	End of negotiation of the preferential subscription rights
<b>12/03/2020</b>	<b>Closing of the subscription period</b>
<b>17/03/2020</b>	Publishing of the press release and the Euronext notice on the capital increase's result
<b>19/03/2020</b>	Settlement of the capital increase (cash vs. Shares) / Listing of the new shares

### Warning

Pursuant to the provisions of article 1, 5. a) of European Regulation 2017/1129 ("Prospectus Regulation") and of articles L.411-2 of the Monetary and Financial Code and, 211-2 of the general regulations of the Autorité des Marchés Financiers (AMF), this issue will not give rise to a Prospectus reviewed by the AMF, the latter representing less than 20% of the number of shares of the same category already admitted to the regulated market and a total offer of between € 100,000 and less than € 8,000,000.

A notice to shareholders relating to this transaction will be published on February 21<sup>st</sup>, 2020 in the Bulletin des Annonces Légales et Obligatoires (BALO).

EuroLand Corporate is advising the company on this transaction and Midcap Partners acts as an Investment Services Provider.

### **Risk factors**

The main risk factors linked to the issue are listed below:

- the market for preferential subscription rights may offer only limited liquidity and be subject to high volatility;
- shareholders who do not exercise their preferential subscription rights would see their participation in the capital of the Company diluted;
- the market price of the Company's shares could fluctuate and fall below the subscription price for the shares issued on the exercise of preferential subscription rights;
- the volatility and liquidity of the Company's shares could fluctuate significantly;
- in the event of a fall in the market price of the Company's shares, the preferential subscription rights could lose their value.

With regards to the Coronavirus (COVID-19), this virus is creating important disruptions in China and by repercussion in the whole world. The Group is exposed to the same risks as all the other actors and remains extremely vigilant to these external events, which can have a temporary impact on the profitability of the current financial year. These disruptions may in fact have an impact, notably with regards to the timetable, on the sourcing, production and shipment of the Atari VCS and of other Atari licensed products commercialized by our partners, as well as on the renewals of these licensing agreements, generators of profits and royalties for the Group. The Group continues to work on the renewal of licensing agreements and on the timetable for the Atari VCS for a release in the financial year ended March 31, 2020, but it can't rule out a temporary delay given the situation, which is difficult to predict.

Investors are invited, before making their investment decision, to pay attention to the risks described in the 2019 Universal Registration Document in Chapter 5 Risk factors, available on the Atari website, Investors area, section 2018-2019 Financial Information.

### **Partners of the operation**



Financial advisor



Corporate Broker

### **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](http://www.atari.com) and [www.atari-investisseurs.fr/en/](http://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 21, 2020 at 08:00am CET.*