



ANNUAL FINANCIAL RESULTS 2019/2020

Press release - Paris, France - August 13, 2020 – 8:00 am

Atari delivers another financial year of profitable growth

- **Revenue:** +16.5% to €24.0m
- **Operating Income:** +15.2% to €2.9m
- **Net Income (Group share):** €2.3m

Launch of the Atari VCS and Atari Token in FY 2020/2021

During its meeting on August 11, 2020, Atari SA's Board of Directors reviewed the financial information for the year ended March 31, 2020 and authorized its disclosure. The audit procedures on the consolidated accounts have been completed. The certification report will be issued once the management report and notes have been verified and all the necessary diligence measures required for the annual financial report have been finalized, which will be published by September 29, 2020 at the latest.

- **Revenue growth (+16.5%) despite launch delays at the end of the period (games, Atari VCS) due to the global health emergency**
- **FY 2019-20 operational developments:**
 - **Atari Games:** RCT Touch has crossed 30 million downloads as of March 31, 2020. This sustained performance is combined with good resilience for the licensing business. The hotel licenses (\$600K received in January 2020) are spread over three years and contributed only \$50K for the year.
 - **Atari VCS:** Finalization and production launch of the Atari VCS for a commercial launch moved to the end of 2020 (Covid-19 impact on the production).
 - **Atari Casino:** New crypto-casino license for \$7.5m over the current period, demonstrating the recurring attractiveness of this space and of the Atari brand.
 - **Atari Partners:** New licensing agreement with Animoca Brands to develop blockchain applications in Atari games (December 2019). The Group owns Animoca Brands shares valued at over \$2.0m. Launch of the *Atari Token* crypto-currency, which will contribute to results for FY 2020/21, as Atari is entitled to 35% of all token sale proceeds.
- **Other key developments:**
 - **April 2019:** Secondary listing on the Nasdaq First North Premier Growth Market segment in Stockholm.
 - **September 2019:** Agreement signed with *Legalist*, with €0.9m paid to Atari Interactive in exchange for part of the future income to be received by Atari in connection with six trademark infringement proceedings.
 - **New IFRS 16 accounting standard (restatement of lease liabilities):** Recognition of a right of use for €2.5m (long-term asset) and a financial liability for €2.6m.
 - **March 2020:** €3.3m capital increase to accelerate the development of new games, in cooperation with development studios, and to support the launch of the Atari VCS.
- **The Atari Group is targeting continued profitable growth for FY 2020/21.**

Frédéric Chesnais, Atari Group CEO and one of its leading shareholders: “The year ended March 31, 2020 was of course affected by Covid-19, with business progressing in line with expectations, but licensing agreement renewals and extensions deferred to subsequent periods. Our four business lines (Games, VCS, Casino, Partners) each have specific assets enabling them to develop in an environment that is continuing to be significantly marked by the considerable uncertainty surrounding the economic situation. In this context, our organization, with its low level of fixed costs, ensures that we are highly flexible and able to react quickly, which is expected to be a key factor to achieve our target of profitable growth”.

HISTORICAL FINANCIAL RESULTS – LONG-TERM STRATEGY

The table below summarizes the key figures of the Atari Group over the previous years (FY ended March 31):

(€m)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue	1.2	3.3	7.6	11.9	15.4	18.0	20.6	24.0
Current Operating Income	0.6	0.9	0.2	1.4	1.9	2.3	3.1	2.9
Operating Income	-2.0	1.3	1.5	0.0	8.5	2.5	2.5	2.9
Net Income Group Share	-35.8	-2.5	1.2	-0.1	7.7	2.3	2.7	2.3
Shareholders' Equity Group Share	-34.9	-31.3	-13.1	-10.6	7.4	13.8	22.3	28.5
Net Cash (Net Debt) ⁽¹⁾	-31.4	-24.8	-11.0	-13.3	-0.9	2.5	7.8	1.1

(1) Net cash excluding (i) the impact of the first application of IFRS 16 in the accounts for FY 2019-2020, and (ii) Legalist.

Since 2013, Atari has delivered significant growth in revenues and earnings, as illustrated in the table above.

- Over this period, revenue has been multiplied by more than 20(x).
- The Group has also further strengthened its equity Group share by +€63.4m, up from -€34.9m, leading to a positive position of +€28.5m.

Atari is positioned around four complementary business lines, aiming to ensure the long-term development of the Group and the brand:

- **Atari Games:** video games are part of the Group's DNA and still represent its primary source of income;
- **Atari Casino:** online casino and lottery games;
- **Atari VCS:** multimedia equipment;
- **Atari Partners:** partnerships and investments in technology focused in priority on Atari brand licenses.

CONSOLIDATED INCOME STATEMENT AS OF MARCH 31, 2020

The detailed financial results as of March 31, 2020 are presented below. Operating Income is up +15.2% to €2.9m for FY 2019/20, from €2.5m for FY 2018/19.

KEY PROFIT AND LOSS ITEMS

(€m)	Mar 31, 2020	Mar 31, 2019	%
Revenue	24.0	20.6	+16.5%
Cost of goods sold	(2.4)	(3.9)	
GROSS MARGIN	21.6	16.7	+29.4%
Research and development expenses	(9.8)	(7.4)	+32.1%
Marketing and selling expenses	(4.2)	(3.7)	+14.5%
General and administrative expenses	(4.7)	(3.9)	+18.2%
Other operating income (expense)	(0.1)	1.4	
CURRENT OPERATING INCOME	2.9	3.1	-7.2%
Other income (expense)	0.0	(0.6)	
OPERATING INCOME	2.9	2.5	+15.2%

Business overview and Revenue

As of March 31, 2020, Atari is reporting consolidated revenue of €24.0m, compared with €20.6m the previous year, up 16.5% at current exchange rates and 10.2% at constant exchange rates.

Atari Games continues to be the dominating business line, with a very good performance by the games catalogue and licensing business, which strongly contributed to the Group's revenue.

The Atari Games business continues to be supported by the good performances of the mobile game *RollerCoaster Tycoon Touch*, which is regularly updated with new content and special events and has been installed more than 30 million times as of March 31, 2020. During the year, Atari launched the mobile games *Citytopia* and *RollerCoaster Tycoon Story*, targeting progressive and profitable growth. The licensing business has been active, with the Arcade 1 Up and Atari Flashback products.

Atari has also continued to develop its other business lines to help drive the Group's long-term expansion in the world of video games, multimedia and technology. With regard to the Atari Token, the Atari Group has taken back operational control of this project and it will be launched in FY 2020/21.

Gross Margin

The gross margin reached 90.0% of revenue, compared with 81.1% the previous year. The gross margin is still dependent on changes in the product mix.

Research and Development Expenses

Research and development expenses totaled €9.8m, compared with €7.4m the previous year. This increase, net of the amounts recorded under current intangible assets, reflects the continued production of games.

Marketing and Selling Expenses

Marketing and selling expenses were €4.2m for FY 2019/20, compared with €3.7m for FY 2018/19. This increase reflects the development of the business and the new games launched.

General and Administrative Expenses

General and Administrative expenses represent €4.7m for the current year, compared with €3.9m the previous year. This change primarily reflects the change in exchange rates and the strengthening of the management teams.

Other Operating Income and Expenses

As of March 31, 2020, the amount of other operating income and expenses is not significant. For the previous year, other operating income and expenses included the sale of two non-strategic franchises for Atari (*Alone in the Dark* and *Act of War*), as well as the payment made to Atari concerning an Atari trademark infringement dispute.

Current Operating Income

During the period, the Group achieved its objective of profitable growth, recording €2.9m of current operating income for the year ended March 31, 2020, compared with €3.1m for the year ended March 31, 2019.

Other Income and Expenses

Other income and expenses are negligible. For the previous year, other income and expenses totaled -€0.6m, corresponding to expenses, net of compensation and legal fees, for various litigations against Atari.

Operating Income

Operating Income for the year ended March 31, 2020 amounted to €2.9m, compared with €2.5m for the year ended March 31, 2019, up 15.2%.

OTHER INCOME STATEMENT ITEMS

(€m)	Mar 31, 2020	Mar 31, 2019	%
OPERATING INCOME	2.9	2.5	+15.2%
Cost of debt	(0.0)	(0.0)	
Other financial income (expense)	(0.8)	(0.4)	
Income tax	(0.1)	0.6	
NET INCOME FROM CONTINUING OPERATIONS	2.0	2.7	-28%
Net income from discontinued operations	-	-	
NET INCOME FOR THE YEAR	2.0	2.7	-28%
Attributable to the Group	2.3	2.7	-16.2%
Attributable to minority interests	(0.3)	0.0	

The Group's cost of debt is nil. Moreover, it redeemed the final instalment of the 2003-2020 OCEANE bonds on April 1, 2020.

Other financial income and expenses primarily concern adjustments in the value of non-current financial assets.

Consolidated net income (Group share) for the year amounted to €2.3m, compared with €2.7m in the previous year.

KEY BALANCE SHEET AND CASH FLOW ITEMS

The detailed balance sheet, prepared in accordance with IFRS, is included as an appendix.

Shareholders' Equity

Consolidated shareholders' equity is positive, €28.1m at March 31, 2020, a significant improvement compared to the €22.2m recorded as at March 31, 2019, resulting mainly from Net Income and the capital increase of March 2020 of €3.2m, undertaken to accelerate the development of new games with partner studios.

The following table presents the changes in shareholders' equity during the year:

Shareholders' Equity as at March 31, 2019 (€m)	22.2
IFRS 16 restatement	(0.1)
Shareholders' Equity as at March 31, 2019 restated under IFRS 16 (€m)	22.2
Net income	2.0
Capital increase	3.2
Financial assets at fair value through other comprehensive income	(0.6)
Movement in treasury shares	(0.2)
Stock option expenses	1.0
Exchange rate variations	0.6
Shareholders' Equity as at March 31, 2020 (€m)	28.1

Gross financial debt comprises the lease liability relating to the application of IFRS 16 and the 2003-2009 OCEANE bonds, fully redeemed at April 1, 2020.

As of March 31, 2020, the Group's net cash position was -€1.3m, and it was +€1.1m after restatement due to the new IFRS 16 norm and the Legalist agreement. Atari is not obliged to make any reimbursement to Legalist if the trademark infringement proceedings prove unsuccessful.

(€m)	Mar 31, 2020	Mar 31, 2019
2003-2020 OCEANE bonds	-	(0.6)
IFRS 16: lease liability	(2.1)	-
IFRS 9: Legalist	(0.9)	-
Non-current	(3.0)	(0.6)
Commitments on financial instruments	(0.0)	(0.1)
2003-2020 OCEANE bonds	(0.6)	-
IFRS 16: lease liability	(0.3)	-
Current	(1.0)	(0.1)
Restatement of Legalist non-cash liability ⁽¹⁾	0.9	-
Gross financial debt	(3.1)	(0.7)
Cash and cash equivalents	1.8	8.5
Net cash (net debt)	(1.3)	7.8

(1) Gross financial debt is restated for the Legalist amount of €0.9m, which was recorded as a financial liability under IFRS 9 but will be definitively retained by the Group.

OUTLOOK FOR 2020-2021

The Atari Group has set the following operational objectives for FY 2020-21:

- Launching new games: since April 1, 2020, the Group's game launches include *Missile Command Recharged* (mobile, PC and Nintendo Switch), *Pong Quest* (PC and consoles) and *Beat Legend Avicii* (mobile); the Group is preparing to launch several mobile games over the coming months, including *Mob Empire*, *Atari Combat: Tank Fury* and *Days of Doom*. *Atari Combat: Tank Fury* is already in a soft launch phase in the UK and the Netherlands;
- Delivering the first Atari VCS units;
- Launching the *Atari Token* crypto-currency.

For 2020-21, as in previous years, the financial objective remains the increase of profitability, looking in priority to develop the value of the Atari brand and games portfolio. Taking into account the pandemic, the licensing business and profitability for the first half of the year will be lower than the previous year, with efforts focused primarily on the online gaming business and the *Atari Token* crypto currency.

2020 ANNUAL MEETING

The Annual Shareholders' Meeting will be convened on November 2, 2020.

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.

RISK FACTORS / COVID-19

With regards to the Coronavirus (COVID-19), this virus is creating important disruptions in the whole world, especially in China where the Atari VCS is built. 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 operations. 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 pursuit of production and deliveries of the Atari VCS remains dependent on the continuity of production activities and international transport flows. Atari will continue to keep its clients and shareholders informed as the situation evolves.

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 August 13, 2020 at 8:00am CET.

APPENDICES

APPENDIX I Consolidated profit and loss

(€m)	Mar 31, 2020	Mar 31, 2019
Revenue	24.0	20.6
Cost of goods sold	(2.4)	(3.9)
GROSS MARGIN	21.6	16.7
Research and development expenses	(9.8)	(7.4)
Marketing and selling expenses	(4.2)	(3.7)
General and administrative expenses	(4.7)	(3.9)
Other operating income (expense)	(0.1)	1.4
CURRENT OPERATING INCOME	2.9	3.1
Other income (expense)	-	(0.6)
OPERATING INCOME	2.9	2.5
Cost of debt	(0.0)	(0.0)
Other financial income (expense)	(0.8)	(0.4)
Income tax	(0.1)	0.6
NET INCOME FROM CONTINUING OPERATIONS	2.0	2.7
Net income from discontinued operations	-	-
CONSOLIDATED NET INCOME	2.0	2.7
Group share	2.3	2.7
Minority interests	(0.3)	0.0
Basic earnings per share (€)	0.010	0.010
Diluted earnings per share (€)	0.009	0.009

APPENDIX II

Consolidated balance sheet

ASSETS (€M)	Mar 31, 2020	Mar 31, 2019
Intangible assets	17.8	13.5
Property, plant and equipment	2.4	0.0
Non-current financial assets	15.7	5.4
Deferred tax assets	2.1	2.0
Non-current assets	38.0	20.9
Inventories	0.6	0.2
Trade receivables	2.8	3.0
Current tax assets	0.0	0.0
Other current assets	0.7	0.7
Cash and cash equivalents	1.8	8.5
Assets held for sale	-	-
Current assets	5.8	12.4
Total assets	43.8	33.3

LIABILITIES (€M)	Mar 31, 2020	Mar 31, 2019
Share capital	2.7	2.6
Share premium	11.0	8.0
Consolidated reserves	12.5	9.0
Net income - Group share	2.3	2.7
Shareholders' equity (Group share)	28.5	22.3
Minority interests	(0.4)	(0.0)
Total equity	28.1	22.2
Provisions for non-current contingencies and losses	0.0	0.7
Non-current financial liabilities	3.0	0.6
Deferred tax liabilities	-	-
Other non-current liabilities	0.8	0.2
Non-current liabilities	3.7	1.4
Provisions for current contingencies and losses	0.1	0.1
Current financial liabilities	1.0	0.1
Trade payables	5.7	5.3
Current tax liabilities	0.0	-
Other current liabilities	5.2	4.3
Current liabilities	11.9	9.7
Total equity and liabilities	43.8	33.3

APPENDIX III

Consolidated Cash-Flow Statement

(€m)	Mar 31, 2020	Mar 31, 2019
Profit (loss) for the period	2.0	2.7
Non-cash expenses and income		
Charges to (reversals of) depreciation, amortization & provisions for non-current assets	6.2	4.1
Cost of (income from) stock options and related benefits	1.0	0.8
Losses (gains) on disposals	-	0.2
Others	(2.2)	(1.1)
Cost of debt	-	-
Income taxes (current and deferred)	(0.0)	(1.3)
CASH FLOW FROM OPERATIONS	7.0	5.4
Income taxes paid	(0.0)	(0.1)
Changes in working capital:		
Inventories	(0.5)	0.0
Trade receivables	0.5	0.6
Trade payables	2.7	(0.4)
Other current and non-current assets and liabilities	(8.5)	(0.9)
CASH FLOW FROM OPERATING ACTIVITIES	1.1	4.6
Purchase of / additions to:		
Intangible assets	(9.6)	(7.1)
Property, plant and equipment	(0.0)	-
Non-current financial assets	(0.1)	(0.3)
Disposals / repayment of:		
Intangible assets	-	-
Property, plant and equipment	-	-
Non-current financial assets	0.2	0.2
NET CASH USED IN INVESTING ACTIVITIES	(9.6)	(7.2)
Net funds raised from:		
Share issues	0.9	7.7
Debt issues	0.9	-
Changes in treasury shares		0.4
Net funds disbursed for:		
Interest and other financial charges	-	-
Debt repayment	(0.1)	-
Changes in treasury shares	(0.1)	
Change in loans or other financial items	-	0.0
Other cash flows from financing activities	-	(0.2)
NET CASH FLOW PROVIDED BY FINANCING ACTIVITIES	1.5	7.9
Impact of changes in exchange rates	0.2	0.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6.7)	5.4
(€m)	Mar 31, 2020	Mar 31, 2019
Net opening cash balance	8.5	3.1
Net closing cash balance	1.8	8.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6.7)	5.4
Analysis of closing cash balance		
Cash and cash equivalents	1.8	8.5
Bank overdrafts included in current financial debt	-	-