



Atari to announce various steps to consolidate its balance sheet, implement a reverse split and propose a transfer to Euronext Growth

Paris, February 21, 2022 – Atari, S.A., a world-wide producer in the industry of consumer brands and interactive entertainment products (the “**Company**”), announced today that it is working on long term solutions to reinforce its balance sheet, limit its stock volatility and reduce compliance burden by moving its stock listing to Euronext Growth.

As discussed during the General Meeting held on November 30, 2021, the Company is currently preparing a EUR 22 to 25 million recapitalization with preferential subscription rights, the completion of which remains subject to AMF’s approval on the prospectus and granting of an exemption for mandatory tender offer.

If approved by the AMF, this capital increase will be made available to the existing shareholders through a rights issue and Irata LLC, main Company shareholder, will irrevocably guarantee its completion of up to 75% of the initial size (the “**Fund Raising**”).

In the context of this guarantee, Irata LLC is likely to exceed the threshold of 30% of the share capital and voting rights of the Company, which would place it in a mandatory public offering situation. Irata LLC’s maximum shareholding in the Company post-Fund Raising could be between approximately 29% and 34% of the share capital and voting rights (depending on the price assumptions and including the remuneration of the guarantee which will be the subject of a receivable recognition and will be incorporated in the share capital increase). Irata LLC has therefore requested from the AMF the granting of an exemption from the obligation to file a public offer on the basis of article 234-9 2° of the AMF General Regulations (subscription to the capital increase of a company in a situation of proven financial difficulty, subject to the approval of the general meeting of its shareholders).

Following completion of the contemplated Fund Raising, the Company is contemplating a subsequent transfer of the listing of its shares from Euronext to Euronext Growth. These steps will allow Atari to appropriately fund the implementation of its strategy for the short-term and mid-term, reduce its cost-exposure to the regulatory constraints associated with the Euronext market and be listed on a simplified market which is more appropriate to the Group’s profile and current need. This will allow the Company to further focus its resources on the underlying business while maintaining a Euronext exchange listing in a more appropriate market for the Company’s size.

Such transfer to Euronext Growth will be discussed and resolved upon during a shareholder meeting that Atari will convene shortly.

This contemplated transfer from Euronext to Euronext Growth would be possibly preceded or followed by a reverse stock-split of the Company shares the modalities of which are to be further determined by the Company board of directors, in order to improve market profile and limit share price volatility.

Atari remains entirely focused and dedicated to the implementation of the Group strategy presented to the shareholders during the General Meeting held on November 30, 2021.

Following the negative vote of the shareholders of Atari S.A. during the General Meeting held on November 30, 2021 regarding the compensation of Frédéric Chesnais in connection with his former mandate of Chief Executive Officer (Directeur Général) for the financial year ending on March 31, 2021, on January 28, 2022 the Company has notified to Frédéric Chesnais its request for restitution and return of the corresponding variable and exceptional compensations that consists of 49,108,403 ATRI Atari cryptocurrency tokens and USD 94,439, in order to comply with the applicable Say-on-Pay regulations.

Atari Group has experienced certain issues in the relationship with its licensee ICICB Limited and ICICB Investments Limited in relation to Atari licences granted to ICICB. Consequently, notices of breach have been sent by Atari Group to such licensees in relation to the corresponding license agreements, requesting the remediation of the concerned breaches. In case no corrective measures are taken by ICICB in the short-term in order to remedy such breaches, Atari Group may have to terminate the related license agreements. In case such termination cannot be avoided, this would lead to a write-down on the minimum incomes booked in Atari's accounting in accordance with applicable accounting principles, for a financial impact estimated to be up to USD 11.4 million.

It has also come to the attention of Atari that ICICB Limited has issued a press release regarding the listing of the decentralized Atari tokens in which a member of ICICB Limited has wrongfully been identified as an Atari executive. Additionally, it has come to the knowledge of Atari that past and current judicial actions may have been taken by a foreign jurisdiction against the sole shareholder and senior officer of ICICB Limited. While such judicial actions do not relate in any manner whatsoever to the activities carried out by Atari Chain, Limited and more generally by the Atari Group, Atari is assessing the most suitable course of action to minimize any adverse consequences for Atari, including with respect to potential reputational risk.

In addition, while Atari is a party to usual litigation matters related to the protection of its intellectual property, Atari is currently appealing a loss in a unique intellectual property protection case and is resisting a demand for fees and expenses of over USD 2 million. Atari views the demand as unreasonable and legally questionable and will vigorously defend against the claim.

Finally, Atari is currently reviewing its commercial strategy with regards to its hardware operations and will communicate in due course the operational and financial impacts of such decisions as required.

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) and are eligible for the Nasdaq International program in the United States (OTC - Ticker PONGF).

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