



Results of the first half of 2019-2020

Press Release - Paris, France – January 8, 2020 at 23h00

Profitable operations and strengthening of the organization ahead of the launches in the second half of 2019-2020 ***Confirmation of annual objectives for the financial year 2019-2020***

The first half of the financial year 2019-2020 ended on September 30, 2019 and the provisional results have been reviewed by the Board of Directors on January 8, 2020. The audit review of the consolidated financial statements is being finalized. The Auditors' report will be issued after verification of the notes to the financial statements and of the information set forth in the semi-annual financial report.

Highlights of the first half ended September 30, 2019 :

- Good performance of RollerCoaster Tycoon Touch
- Weaker seasonality of the licensing activities in the first half of 2019-2020
- June 2019 : Distribution agreements for the Atari VCS with Walmart and GameStop
- September 2019 : Distribution agreements for the TV shows Codebreaker and Player Up
- September 2019 : Partnership with Antstream Arcade, a streaming platform for retro games, for the Atari VCS

Operational projects for the second half of 2019-2020 :

- **Atari Games** : Release of mobile games Mob Empire (ex-Krysha) and RCT Stories
- **Atari VCS** : Finalizing content offering and launch
- **Atari Casino** : Tests ongoing (winter 2019-2020) for direct operations in several African countries
- **Atari Partners** : *Atari Token* : Renegotiation with Infinity Networks Limited (INL) ongoing due to the delays experienced by INL - *Pong Token* : Platform available and test phase in Q1 2020 for this crypto-currency for real-money games

Other highlights :

- April 2019 : Secondary listing on the Nasdaq First North Premier Growth Market in Stockholm
- September 2019 : Atari Interactive has concluded an agreement with Legalist, where the latter has agreed to pay 0.9 M€ to Atari Interactive in exchange for a share of future profits to be received by Atari in its ongoing copyright infringement lawsuits. This amount, which has been recognized as a financial debt, will be deducted from any potential proceeds of the lawsuits. Should the lawsuits be unsuccessful, the amount will not be recoverable from the Group under the terms of the agreement.
- The application of IFRS 16 (restatement of leases) gives rise to the recognition of a right-of-use of 2.5 M€ (long term asset) and of a future long term liability of 2.6 M€.

In light of the seasonality expected for the financial year 2019-2020, with a stronger activity in the second half, the Group reiterates its annual objective.

"We are continuing to invest for the long term, with a strategy of profitable growth supported by our new games and the Atari VCS console", said Frédéric Chesnais, CEO of Atari. "Our objectives of growth and cash-flow generation remain our priority, with the ultimate objective of increasing the value of the Atari brand."

Results of the first half 2019-2020

IFRS, in M€	2019/2020 (April – Sept.)	2018/2019 (April – Sept.)	Variation %
Revenue in millions of euros	10.7	10.8	-0.42%
Cost of sales	(1.3)	(2.7)	
GROSS PROFIT MARGIN	9.4	8.1	+16.49%
% of turnover	87.7%	75.0%	
Research and development costs	(4.6)	(3.1)	
Marketing and commercial expenses	(2.0)	(1.5)	
General and administrative expenses	(2.1)	(1.7)	
Other income and operating expenses	-	0.5	
CURRENT OPERATING INCOME	0.7	2.2	-68.03%
Other operating income and expenses	(0.0)	(0.2)	
OPERATING INCOME	0.7	2.0	-64.67%
Cost of financial debt	(0.0)	(0.0)	
Other financial income and expenses	(0.5)	0.0	
Income tax	(0.0)	(0.2)	
NET RESULT OF THE CONSOLIDATED ENTITIES	0.1	1.8	
Share attributable to the Group	0.1	1.8	
Share attributable to minority interests	(0.0)	(0.0)	

The strategy 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 projects notably in the blockchain space (“**Atari Partners**”). The implementation of this strategy during the first half of the financial year has been coupled with the strengthening of the operational teams, with 22 employees at the end of the period, compared to 20 on September 30, 2018.

For the first half ended September 30, 2019, the Atari Group recorded revenues of 10.7 M€, compared to 10.8 M€ for the same half of the previous financial year. The evolution of the business activity mainly reflects a stronger seasonality of licensing revenues in the second half, allowing the Group in particular to favor content dedicated for the Atari VCS (launch in the last quarter of 2019-2020). The evolution also reflects more game releases in the second half than in the first half of the current financial year.

The gross margin level, at 87.7% of turnover during the period compared to 75.0% for the previous period, reflects the evolution of the product mix, with the previous period having been marked by one-time sales of physical products.

The main expense items are in line with the expectations of the Group and reflect the efforts made to accelerate the Group’s growth relying on its 4 business lines. The R&D expenses 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 2.0 million euros for the first half of the 2019-2020 financial year, reflecting an effort for all Group activities. General and administrative expenses increased by 0.4 million euros as of September 30, 2019, reflecting the development of the activity and the strengthening of the teams.

Other operating income and expenses have not seen any movement as of September 30, 2019. As of September 30, 2018, the net amount of other operating income was +0,5 million euros and corresponded to the sale of 2 non-core franchises (*Alone in the Dark* and *Act of War*) to THQ Nordic.

In this context, the Atari Group Atari generated a current operating profit of 0.7 M€ during the first half of 2019-2020, compared to 2.2 M€ in the first half of 2018-2019. Atari is counting on a stronger seasonality of its licensing activities and the launch of the Atari VCS in the second half to reach its objective of annual growth in profitability.

Other financial income and expenses are non-recurring and mainly related to the secondary listing on NASDAQ First North in Stockholm.

The Atari Group is utilizing its tax loss carry forwards and has not recorded a tax expense during the semester.

Balance Sheet as of September 30, 2019

ASSETS (in millions of euros)	30.09.2019	31.03.2019
Intangible assets	16.1	13,5
Property, plant and equipment	2.5	0.0
Non-current financial assets	8.7	5.4
Deferred tax assets	2.0	2.0
NON-CURRENT ASSETS	29.3	20.9
Inventories	0.1	0.2
Trade receivables	5.7	3.0
Current tax assets	0.0	0.0
Other current assets	0.5	0.7
Cash and cash equivalents	3.4	8.5
Assets held for sale	-	-
CURRENT ASSETS	9.8	12.4
TOTAL ASSETS	39.1	33.3

EQUITY & LIABILITIES (in millions of euros)	30.09.2019	31.03.2019
Capital	2.6	2.6
Share premium	8.0	8.0
Consolidated reserves	12.7	9.0
Net income Group share	0.1	2.7
SHAREHOLDERS' EQUITY GROUP SHARE	23.4	22.3
Minority interests	(0.0)	(0.0)
SHAREHOLDERS' EQUITY OF CONSOLIDATED ENTITIES	23.3	22.2
Provisions for non-current contingencies and losses	0.7	0.7
Non-current financial liabilities	3.2	0.6
Deferred tax liabilities	-	-
Other non-current liabilities	0.1	0.2
NON-CURRENT LIABILITIES	3.9	1.4
Provisions for current contingencies and losses	0.1	0.1
Current financial liabilities	1.0	0.1
Trade payables	6.7	5.3
Current tax liabilities	-	-
Other current liabilities	4.1	4.3
CURRENT LIABILITIES	11.9	9.7
TOTAL EQUITY & LIABILITIES	39.1	33.3

The consolidated financial statements incorporate the cumulative impact of IFRS 16 as of April 1, 2019. Property, plant and equipment includes the right-of-use related to lease contracts for a net amount of 2.5 M€. The lease liabilities linked to the application of IFRS 16 are included in the items "Non-current financial liabilities" and "Current financial liabilities" of the consolidated balance sheet respectively for amounts of 2.3 M€ and 0.3 M€.

Non-current financial assets include 4.9 M€ of trade receivables with a maturity of more than one year, compared to 2.8 M€ as of March 31, 2019.

Other current liabilities notably include 2.5 M€ of deferred revenue for the pre-orders of the Atari VCS.

Outlook for 2019/2020

In light of the expected seasonality and the launches in the second half of the financial year 2019-2020, the Group reiterates its objectives of increased profitability with the priority of increasing the value of the Atari brand and of the portfolio of games.

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

ATARI GAMES

- Pursuit of the development of the mobile game *Citytopia* with a progressive release in multiple countries, allowing the focus on territories displaying the best player retention and monetization rates ;
- Pursuit of the development of the mobile game *Days of Doom* : one of the first survival games on mobile platforms. It is being progressively released, country by country, with the same retention and monetization objectives;
- Launch of the mobile game *Mob Empire (ex-Krysha)* : this simulation game using the engine of RCT Touch is set in a Las Vegas type of environment. The tone of the game combines humor and a "cartoon" type approach;
- Launch of *RollerCoaster Tycoon Touch (RCT) Story*, a new title presenting a different gameplay mode.

ATARI CASINO

- Launch of the first real-money games in Kenya.

ATARI VCS

- Preparations for the commercial launch and negotiation of content partnership agreements with first shipments expected in March 2020 in the United States;
- Revenues for the Atari VCS will contribute from the time of the first shipments.

ATARI PARTNERS

- Renegotiation to come with INL due to the delays experienced by INL in its fundraising and development of the Atari Token project;
- Tests in an operating environment for the Pong Token, a crypto-currency for real-money gaming; the Atari Group as sole responsible for this second project has successfully implemented the technical platform on the blockchain allowing the issuance and management of this crypto-currency.

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
Redeye AB (Certified Adviser) – Catharina Prämhall
Tel: +46 8 121 576 90 – certifiedadviser@redeye.se

Calyptus - Marie Calleux
Tel + 33 1 53 65 68 68 – atari@calyptus.net

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 January 8, 2020 at 11:00 pm CET.

APPENDICES

Net cash position as of September 30, 2019

Net cash position <i>(in millions of euros)</i>	30.09.2019	31.03.2019
OCEANEs 2003 - 2020	-	(0.6)
Lease liabilities (IFRS 16)	(2.3)	-
Non-current	0.7	(0.6)
OCEANEs 2003 - 2020	(0.6)	-
Lease liabilities (IFRS 16)	(0.3)	-
Commitments on financial instruments	(0.0)	(0.1)
Current	(1.0)	(0.1)
Gross financial debt	(3.2)	(0.7)
Cash and cash equivalents	3.4	8.5
NET CASH POSITION	0.2	7.8

Consolidated Cash Flows Statement

Consolidated Cash Flows <i>(in millions of euros)</i>	30.09.2019	31.03.2019
Net income for the period	0.1	2.7
Non-cash expenses and revenue		
Charges to (reversals of) depreciation, amortization & provisions for non-current assets	2.9	4.1
Cost of (revenue from) stock options and related benefits	0.5	0.8
Losses (gains) on disposals	-	0.2
Others	(1.2)	(1.1)
Cost of debt	-	-
Income taxes (current and deferred)	0.0	(1.3)
CASH FLOW BEFORE WORKING CAPITAL AND TAXES	2.4	5.4
Income taxes paid	(0.0)	(0.1)
Changes in working capital :		
Inventories	0.0	0.0
Trade receivables	(1.8)	0.6
Trade payables	1.4	(0.4)
Other current assets and liabilities	(2.2)	(0.9)
CASH FLOW FROM OPERATING ACTIVITIES	(0.2)	4.6
Purchase of / additions to :		
Intangible assets	(4.8)	(7.1)
Property, plant & equipment	(0.6)	-
Non-current financial assets	(0.0)	(0.3)
Disposals / repayments of :		
Intangible assets	-	-
Property, plant & equipment	-	-
Non-current financial assets	0.0	0.2
NET CASH USED IN INVESTING ACTIVITIES	(5.4)	(7.2)
Net funds raised from :		
Share issues	-	7.7
Debt issues	-	-
Changes in treasury shares	-	0.4
Net funds disbursed for :		
Interest and other financial charges	-	-
Debt repayment	-	-
Changes in treasury shares	(0.1)	-
Changes in loans or other financial items	-	0.0
Other cash flows from financing activities	0.3	(0.2)
NET CASH PROVIDED BY FINANCING ACTIVITIES	0.2	8.2
Impact of changes in exchange rates	0.3	0.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5.1)	5.4
Net opening cash balance	8.5	3.1
Net closing cash balance	3.4	8.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5.1)	5.4
Net closing cash balance		
Cash and cash equivalents	3.4	8.5
Bank overdrafts (including current financial debts)	-	-