

ATARI
Société anonyme (Public limited company) with a capital of 2,799,893.92 euros
Registered office: 25 rue Godot de Mauroy – 75009 Paris
341 699 106 R.C.S. Paris

**ISSUANCE OF NEW ORDINARY SHARES
BY PRIVATE PLACEMENT**

Following the decisions of Chief Executive Officer dated December 21, 2020
Acting under sub-delegation of the meeting of the Board of Directors on December 21, 2020
in accordance with the delegation of authority and the authorization granted by the Combined
General Meeting of September 30, 2019

**COMPLEMENTARY REPORT
IN ACCORDANCE WITH ARTICLE R. 225-116
OF THE FRENCH COMMERCIAL CODE**

Note to the reader: *The English version of this report is a free translation of the original, which was prepared in French and is available on the company's corporate French website. In the event of any inconsistencies between the original language version of the document in French and this English translation, the French version will take precedence.*

In accordance with article R. 225-116 of the French Commercial Code, this report has been prepared on the occasion of the utilization of the delegation of authority and of the authorization granted by the combined general meeting of shareholders dated September 30, 2019 in its 23rd and 24th resolutions. The terms of this report have been approved by the Board of Directors on December 30, 2020.

This complementary report will be made available to shareholders for inspection at the registered office of the Company at the latest within 15 days of said meeting of the Board of Directors and will be disclosed to shareholders at the next Shareholder Meeting.

1. Objectives of the transaction

The Company decided to launch a capital increase of around 5 million euros through the issuance of new shares without preferential subscription rights via a private placement. The funds raised will enable Atari to finance the commercial development of the Atari VCS and to reinforce the development of the games division.

The funds will be raised mainly in France and the rest of the European Union from a limited number of investors or qualified investors, as defined in paragraph II of article L. 411-2 of the French Monetary and Financial Code.

2. Corporate resolutions

➤ Delegation of authority and authorization granted by the Combined General Meeting of September 30, 2019 in its 24th extraordinary resolution

The Combined General Meeting of September 30, 2019 has granted to the Board of Directors, in its 24th resolution, a delegation of authority for a duration of 26 months to decide on a share capital increase through the issuance of ordinary shares and/or any securities giving immediate or deferred access to the share capital or to debt instruments of the Company, without preferential subscription rights for existing shareholders, within the limits and according to the rules set out below:

Resolution 24 (Delegation of authority to the Board of Directors to issue ordinary shares or any securities giving immediate or deferred access to the share capital or to debt instruments of the Company, up to an annual limit of 20% of the share capital, without preferential subscription rights for existing shareholders, through an offering as defined in paragraph II of article L.411-2 of the French Monetary and Financial Code). — The shareholders at the Shareholders' Meeting, acting under the conditions of quorum and majority required for Extraordinary Shareholders' Meetings, having confirmed that the share capital is fully paid-up and having reviewed the report of the Board of Directors as well as the Statutory Auditors' special report, in accordance with articles L.225-129, L.225-129-2, L.225-129-4, L.225-135, L.225-136 and L.228-91 et seq. of the French Commercial Code and paragraph II of article L.411-2 of the French Monetary and Financial Code,

1. Delegate to the Board of Directors, with the ability to sub-delegate under the conditions set out by law, its authority and the powers to issue, in such proportion and at such times as it deems appropriate, on the French or international market, eliminating preferential subscription rights, ordinary shares of the Company or any securities giving immediate or deferred access, by any means, to the share capital of the Company or of any company that directly or indirectly owns more than half of its share capital or of which the Company directly or indirectly owns more than half of the share capital (including in particular any convertible bonds or mandatorily convertible bonds and any stock warrants, whether attached to shares or other securities or not), said securities can be issued in euros, foreign currency, or any currency unit established in reference to multiple currencies at the discretion of the Board of Directors, and which may be paid up either in cash or by offsetting debts;
2. Decide that this delegation explicitly excludes the issuance of preferred shares;
3. Decide that the issues that may be carried out pursuant to this resolution may be carried out through offerings as specified in paragraph II of article L.411-2 of the Monetary and Financial

Code and article 1, paragraph 4 a) and b) of the Prospectus Directive, particularly among qualified investors and/or a limited group of investors;

4. Decide that the total nominal amount of the share capital increases that may be carried out immediately or over time pursuant to this delegation, may not exceed twenty (20) million euros or its equivalent in foreign currency, nor, in any event, may it exceed the limits set out by the regulations applicable on the day of the issue (indicatively, as of the date of this General Meeting, the issue of equity securities by way of an offering as described in article L.411-2 paragraph II of the Monetary and Financial Code is limited to twenty per cent (20%) of the share capital of the Company per year, with such capital being valued on the date of the decision of the Board of Directors to use such delegation); added to this limit, where applicable, will be the nominal value of shares to be issued, in order to preserve, pursuant to the legal provisions or to any contractual stipulations, the rights of holders of securities giving access to shares, which shall be applied towards the total limit set out in the twenty-fourth resolution further below;
5. Further decide that the total nominal amount of debt securities giving access to capital that may be issued pursuant to the powers granted by this resolution may not exceed fifty (50) million euros or its equivalent in foreign currency, and shall be applied towards the total limit set out in the twenty-fourth resolution below;
6. Decide to cancel the preferential subscription rights of shareholders for ordinary shares and/or other securities and/or any debt instruments to be issued pursuant to this resolution;
7. Formally note and decide that this delegation automatically entails the express waiver, in favor of the recipients of the securities to be issued by the Board of Directors, by the shareholders of their preferential subscription rights to equity securities of the Company to which these securities give entitlement;
8. Decide that, without prejudice to the provisions of resolution No. 23 above, the issue price of the shares issued pursuant to this delegation shall be determined by the Board of Directors in accordance with the provisions of article L.224-136-1 of the French Commercial Code, and shall consequently be at least equal to the weighted average share price of the last three trading sessions (on the Paris exchange) prior to the date of determination of such price, reduced, where applicable, by the maximum discount, of five per cent (5%) as set out in article R.225-119 of the French Commercial Code, and adjusted if there is any difference in the dividend entitlement date, it being noted that the issue price may under no circumstances be lower than the nominal value of one share of the Company on the issuance date of these shares, and furthermore, the issue price of securities giving access to the share capital shall be such that the amount immediately collected by the Company, increased, where applicable, by any amount that may be collected subsequently, should be at least equal to the issue price as defined above, for each share issued as a result of the issuance of these securities;
9. Decide that the Board of Directors shall have full powers, with the ability to sub-delegate to the Chief Executive Officer under conditions set out by law, to implement this delegation, and notably for the purpose of:
 - a) deciding on the capital increase and determining the securities to be issued;
 - b) deciding the amount of the capital increase, the issue price of the shares, and/or the securities as well as the amount of the premium, where applicable, that may be requested upon issuance;
 - c) determining the dates and the terms and conditions of the capital increase, the nature and features of the securities to be created; also deciding, in the case of bonds or other debt instruments, whether or not they are subordinated (and, where applicable, their subordination level, in accordance with article L.228-97 of the French Commercial Code), their interest rate (notably fixed or variable, or zero-coupon or indexed), their duration (fixed or open-ended), and other issue terms (including the fact of granting guarantees or security for them) and repayment terms (including redemption through delivery of the Company's assets); where applicable, these securities may be accompanied by warrants providing entitlement to the allocation (including at no cost), acquisition, or subscription of bonds or other securities representing debt instruments or take the form of complex bonds in the

sense understood by the market authorities; modifying, throughout the life of the securities concerned, the terms set out above, in accordance with the applicable formalities;

- d) determining the method for releasing shares or securities giving access to the capital to be issued;
 - e) setting, if appropriate, the terms for exercising rights that are attached to the shares or securities to be issued, and notably, decide, even retroactively, the date from which the shares will carry dividend rights;
 - f) determining the terms for exercising rights, where applicable, to conversion, exchange, or redemption, including through delivery of the Company's assets, such as shares or securities already issued by the Company, as well as all other terms and conditions for completing the capital increase;
 - g) setting the terms by which the Company will, where applicable, have the ability to purchase or trade on the stock market, at any time or during specific periods, the shares or securities giving access to the capital, issued or to be issued, in view of cancelling them or not, given the legal provisions;
 - h) providing for the ability to potentially suspend the exercise of the rights attached to these securities pursuant to the legal and regulatory provisions;
 - i) at its own initiative, allocating the capital increase costs to the amount of premiums related thereto and, deduct the necessary amounts from that amount to bring the statutory reserve to one-tenth of the new capital after each capital increase;
 - j) determining and proceeding with all adjustments made in order to take into account the impact of operations on the Company's capital, in particular in the case of a change in the nominal value of the share, a capital increase through incorporation of reserves, free allocation of shares, a share split or reverse share split, a distribution of dividends or any other assets, capital amortization, or any other operation concerning the equity, and setting all other procedures that would allow it to ensure, where applicable, the preservation of the rights of holders of the securities giving access to the capital;
 - k) deciding and taking any measure intended to protect the rights of holders of securities giving access to the existing capital as of the day of each capital increase;
 - l) recording each capital increase and amending the by-laws accordingly;
 - m) generally, entering into any agreement, notably to successfully complete the intended issues, take all measures and perform all formalities useful for the issuance, listing and financial service of securities issued by virtue of this delegation as well as for the exercise of the rights attached thereto;
10. Formally note that the Board of Directors shall report to the shareholders at the next Ordinary General Meeting pursuant to the conditions set by the second paragraph of article L.225-129-5 of the French Commercial Code;
11. Formally note that this delegation supersedes any earlier delegation with the same purpose;
12. Resolve that this delegation of authority is valid for a maximum period of twenty-six (26) months from the date of this General Meeting.

➤ **Decision by the Board of Directors to utilize the delegation of authority granted by the General Meeting on December 21, 2020**

Making use of the authorization granted by the General Meeting of September 30, 2019, the Board of Directors, in its meeting on December 21, 2020, has:

1. **resolved** the launch of a capital increase without preferential subscription rights through a private placement as defined in article L. 411-2 I of the French Monetary and Financial Code, made to qualified investors, as defined in article D. 411-1 of the French Monetary and Financial Code and to a limited number of investors in accordance with paragraph I of article L. 411-2 and article D.411-4 of the French Monetary and Financial Code ;
2. **resolved** to set the maximum amount of the capital increase to around five million euros, of which at least 1M€ subscribed by LR Interactive Holdings and 0.6 M€ subscribed by Ker Ventures in cash, as well as 1M€ subscribed by Nvizzio Creations Inc. by way of offsetting of receivables;
3. **resolved** that the new shares will be offered by way of a private placement as defined in article L. 411-2 I of the French Monetary and Financial Code, conducted through an accelerated bookbuild,
4. **resolved**, that the price and the final terms and conditions of the transaction will be determined after the closing of the order book, it being reminded that in accordance with the 23rd resolution of the combined general meeting of shareholders dated September 30, 2019, the issue price of the new shares will at least be equal to 80% of the weighted average share price over the 20 trading days preceding its determination, or 0.32 euro,
5. **Sub-delegated** to the Chief Executive Officer all powers to the effect to proceed, and within the conditions and limits set out above, with the implementation of the envisaged transaction, or its postponement, depending on market conditions, and in particular with respect to:
 - Setting the final terms and conditions of the new shares to be issued in the context of the capital increase, including the definitive timetable of the transaction, the dates, subscription periods and conditions for new shares as well as their issue price and their amount in accordance with twenty-third and twenty-fourth resolutions of the combined general meeting of shareholders dated September 30, 2019;
 - Selecting one or more institutions to centralize the subscriptions;
 - Registering, in light of the certificate of the depository, the definitive realization of the capital increase;
 - Proceeding with any corresponding modification of the by-laws;
 - Imputing, at his sole initiative and on his own decision if he so deems it opportune, to affect the expenses, taxes and fees generated by the capital increase to the share premium amount
 - Taking any measure aimed at the implementation of the transaction and potentially postpone said transaction;
 - Finalizing the terms for the required documentation;
 - Preparing, signing and filing with all competent authorities in France and abroad, any prospectus or registration or admission documents in the required format, as well as any additions or modifications to these documents, in accordance with applicable regulations; and
 - More generally, undertake all acts and formalities, take any decisions and conclude any agreements that are useful or necessary for the successful completion of the transaction, to register the definitive realization of the capital increase and to ensure the admission to trading of the newly issued shares on the regulated market of Euronext Paris.

➤ **Decision by the CEO to utilize the 24th resolution of the Combined General Meeting of September 30, 2019:**

Making use of the sub-delegation granted to him by the Board of Directors on December 21, 2020, the Chief Executive Officer, on December 21, 2020, decided to launch a capital increase without preferential subscription rights through a private placement under the terms and conditions set out below:

- Increase of the share capital in a nominal amount of 181,633.37 euros through the issuance, by way of private placement, of 18,163,337 new shares with a nominal value of 0.01 euro per share,
- The new shares will be issued at a price of 0.32 euro per share, corresponding to at least 80% of the weighted average share price over the 20 trading days preceding its determination, representing a subscription for a total amount, share issue premium included, of 5,812,267.84 euros,
- The share issue premium, in a total amount of 5,630,634.47 euros, will be recorded in a special account of the shareholder equity, entitled "share issue premium", to which all shareholders, owners of new or existing shares, shall have equivalent rights under the conditions foreseen by the by-laws, and which may be appropriated in any way decided by the general meeting of shareholders
- The issue price shall be payable in cash in its entirety at the time of subscription and transferred to the account of the Company opened with CACEIS,
- Settlement and delivery of the new shares should take place on December 28, 2020,
- The new shares will be subject to all statutory dispositions and will be fully fungible with existing shares of the Company. They will carry rights to dividends and any distributions decided by the Company as from their date of issuance.

3. Calculation of the issue price

The issue price of the New Shares has been set by the Chief Executive Officer on December 21, 2020, acting under the sub-delegation of authority granted by the Board of Directors, to 0.32€, representing a discount of 18.16% to the closing price on December 21, 2020 (0.391 €) preceding the determination of the issue price by the Chief Executive Officer and a discount of 19.87 % to the weighted average share price over the 20 trading days preceding the determination of the issue price by the Board of Directors (0.39936 €).

4. Impact of the share issue

Impact of the capital increase by way of private placement on the position of shareholders based on the following elements:

- Shareholders' equity on 31/03/2020: 33,218,966.16€
- Number of shares outstanding on 21/12/2020: 279,989,392 shares.

Impact of the share issue on shareholders' equity per share

The impact of the capital increase on shareholders' equity per share would be the following (calculations made on the basis of shareholders' equity on 31/03/2020 and of the number of shares outstanding of the Company on 21/12/2020):

Shareholders' equity per share (in euros)		
	Undiluted basis*	Diluted basis**
Before issuance of the new shares resulting from the capital increase	0.119 €	0.136 €
After issuance of 18,163,337 new shares resulting from the capital increase	0.131 €	0.207 €

* : based on shareholders' equity of 33.22 M€ on 31/03/2020

** : On 31/03/2020, financial instruments giving right, upon exercise, to 24,230,036 shares were outstanding.

Impact of the share issue on the position of a shareholder (who does not subscribe)

Indicatively, the impact of the capital increase on the ownership of a shareholder holding 1% of the Company's share capital before the capital increase and not subscribing to it would be the following (calculations made on the basis of the number of shares outstanding of the Company on 21/12/2020):

Shareholder participation (in %)		
	Undiluted basis*	Diluted basis**
Before issuance of the new shares resulting from the capital increase	1.00%	0.920%
After issuance of 18,163,337 new shares resulting from the capital increase	0.939%	0.868%

** : On 31/03/2020, financial instruments giving right, upon exercise, to 24,230,036 shares were outstanding.

Theoretical impact of the issuance of New Shares on the market value of the share

Indicatively, the theoretical impact of the issuance of the new shares on the market value of the Atari share is -1.106%.

It has been calculated on the basis of:

- A share price of 0.391 euro per Atari share equal to the closing price on December 21, 2020, for the calculation of the market capitalization of the Company before issuance of the New Shares,
- The issuance of 18,163,337 new shares with a nominal value of 0.01 euro per share for a subscription price of 0.32 euro per share.
- Gross proceeds from the issuance of 5,812,267.84€

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This report as well as the complementary report by the statutory auditors have been made available to the shareholders and will be disclosed to them at the next Shareholder Meeting.

The Board of Directors
December 30, 2020