

March 24, 2021



**SEMI-ANNUAL FINANCIAL REPORT 2020**  
**FOR THE SIX-MONTH PERIOD**  
**FROM APRIL 1, 2020 TO SEPTEMBER 30, 2020**

**Note to the reader:** The English version of this report is a free translation from 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.

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1. **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020)**



French *société anonyme* (corporation) with capital of €2,981,527.29  
Corporate headquarters: 25 rue Godot de Mauroy 75009 PARIS  
341 699 106 RCS PARIS

**SEMI-ANNUAL REPORT**  
**FIRST HALF OF THE 2020/2021 FINANCIAL YEAR**  
(Six months ended September 30, 2020)

## NOTES

In this document, the terms “**Atari**” or the “**Company**” refer to Atari SA. The term “**Group**” refers to the group of companies formed by the Company and its consolidated subsidiaries. The term “**Universal Registration Document**” refers to Atari’s universal registration document, filed with the AMF on October 8, 2020 under the number D20-0906.

The English version of this report is a free translation from 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.

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## CONSOLIDATED INCOME STATEMENT

(M€)		Sept 30, 2020	Sept 30, 2019
Revenue	Note 14	7,8	10,7
Cost of goods sold		(1,5)	(1,3)
<b>GROSS MARGIN</b>		<b>6,3</b>	<b>9,4</b>
Research and development expenses	Note 15	(4,0)	(4,6)
Marketing and selling expenses	Note 15	(1,5)	(2,0)
General and administrative expenses	Note 15	(2,0)	(2,1)
Other operating income (expense)	Note 15	0,0	-
<b>CURRENT OPERATING INCOME (LOSS)</b>		<b>(1,2)</b>	<b>0,7</b>
Other income (expense)		-	(0,0)
Share of net operational profit of equity affiliates		0,0	
<b>OPERATING INCOME (LOSS)</b>		<b>(1,1)</b>	<b>0,7</b>
Cost of debt	Note 18	(0,1)	(0,0)
Other financial income (expense)	Note 18	(0,3)	(0,5)
Income tax	Note 19	(0,0)	(0,0)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>		<b>(1,5)</b>	<b>0,1</b>
Net income (loss) from discontinued operations		-	-
<b>NET INCOME (LOSS) FOR THE YEAR</b>		<b>(1,5)</b>	<b>0,1</b>
Group share		(1,4)	0,1
Minority interests		(0,1)	(0,0)
Basic earnings per share (in euro)	Note 1.3	(0,005)	0,001
Diluted earnings per share (in euro)	Note 1.3	(0,005)	0,000

The notes are an integral part of the interim financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

(M€)		Sept. 30, 2020	Sept. 30, 2019
<b>CONSOLIDATED NET INCOME</b>		<b>(1,5)</b>	<b>0,1</b>
Elements directly incurred in net equity:			
Translation adjustments		(1,4)	0,9
Financial assets valued at fair value through the other comprehensive income		-	(0,2)
Other transactions		-	-
Total result directly recognised in equity		(1,4)	0,7
<b>COMPREHENSIVE INCOME</b>		<b>(2,9)</b>	<b>0,9</b>
Of which: Group		(2,8)	0,9
Of which: Minority interests		(0,1)	(0,0)

## CONSOLIDATED BALANCE SHEET

ASSETS (M€)		Sept 30, 2020	March 31, 2020
Intangible assets	Note 3	17,0	17,8
Property, plant and equipment		0,0	0,0
Rights of use relating to leases		2,0	2,3
Non-current financial assets	Note 4	13,6	15,7
Equity affiliates	Note 5	0,0	
Deferred tax assets	Note 18	2,0	2,1
<b>Non-current assets</b>		<b>34,6</b>	<b>38,0</b>
Inventories	Note 6	2,3	0,6
Trade receivables	Note 7	4,2	2,8
Current tax assets		0,0	0,0
Other current assets	Note 8	0,9	0,7
Cash and cash equivalents		1,2	1,8
Assets held for sale	Note 9	1,7	-
<b>Current assets</b>		<b>10,4</b>	<b>5,8</b>
<b>Total assets</b>		<b>45,0</b>	<b>43,8</b>

The notes are an integral part of the interim financial statements.

EQUITY & LIABILITIES (M€)		Sept 30, 2020	March 31, 2020
Capital stock		2,7	2,7
Share premium		12,2	11,0
Consolidated reserves		13,8	12,5
Net income (loss) Group share		(1,4)	2,3
<b>Shareholders' equity</b>	Note 10	<b>27,4</b>	<b>28,5</b>
Minority interests		(0,5)	(0,4)
<b>Total equity</b>		<b>26,9</b>	<b>28,1</b>
Provisions for non-current contingencies and losses		0,0	0,0
Non-current financial liabilities	Note 11	-	0,9
Long term lease liabilities	Note 12	1,8	2,1
Other non-current liabilities	Note 13	0,7	0,8
<b>Non-current liabilities</b>		<b>2,5</b>	<b>3,7</b>
Provisions for current contingencies and losses		-	0,1
Current financial liabilities	Note 11	1,2	0,6
Short term lease liabilities	Note 12	0,3	0,3
Trade payables	Note 13	8,9	5,7
Current tax liabilities	Note 13	-	0,0
Other current liabilities	Note 13	5,2	5,2
<b>Current liabilities</b>		<b>15,6</b>	<b>11,9</b>
<b>Total equity and liabilities</b>		<b>45,0</b>	<b>43,8</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(M€)	Sept 30, 2020	March 31, 2020
<b>Net income (loss) for the year</b>	<b>(1,5)</b>	2,0
<b>Non cash expenses and revenue</b>	-	-
Charges to (reversals of) depreciation, amortization and provisions for non current assets	2,5	6,2
Cost of (revenue from) stock options and related benefits	0,4	1,0
Losses (gains) on disposals	-	-
Other non cash items	<b>(0,4)</b>	(2,2)
<b>Cost of debt</b>	-	-
<b>Income taxes (deferred and current)</b>	<b>0,0</b>	(0,0)
<b>CASH FLOW BEFORE NET COST OF DEBT AND TAXES</b>	<b>1,0</b>	<b>7,0</b>
<b>Income taxes paid</b>	<b>(0,0)</b>	(0,0)
<b>Changes in working capital</b>	-	-
Inventories	<b>(1,7)</b>	(0,5)
Trade receivables	<b>(1,3)</b>	0,5
Trade payables	<b>2,8</b>	2,7
Other current & non current assets and liabilities	<b>(0,1)</b>	(8,5)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>0,7</b>	<b>1,1</b>
<b>Purchases of / additions to :</b>		
Intangible assets	<b>(2,5)</b>	(9,6)
Property, Plant & equipment	<b>(0,0)</b>	(0,0)
Non current financials assets	<b>(0,0)</b>	(0,1)
<b>Disposals / repayments of :</b>		
Intangible assets	-	-
Property, Plant & equipment	-	-
Non current financials assets	<b>0,0</b>	0,2
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,5)</b>	<b>(9,6)</b>
<b>Net funds raised from :</b>		
Share issues	<b>1,3</b>	0,9
Issue of Oceane bonds	<b>0,4</b>	0,9
Changes in treasury shares	-	-
<b>Net funds disbursed for :</b>		
Interest and other financial charges	-	-
Debt repayment	<b>(0,6)</b>	(0,1)
Changes in treasury shares	-	(0,1)
Changes in loans or other financial items	-	-
Other cash flows from financing activities	-	-
<b>NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES</b>	<b>1,1</b>	<b>1,5</b>
<b>Impact of changes in exchange rates</b>	<b>0,2</b>	0,1
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(0,6)</b>	<b>(6,7)</b>
<b>(M€)</b>	<b>Sept 30, 2020</b>	<b>March 31, 2020</b>
<b>Net opening cash balance</b>	<b>1,8</b>	8,5
<b>Net closing cash balance</b>	<b>1,2</b>	1,8
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(0,6)</b>	<b>(6,7)</b>
<b>Net closing cash balance</b>		
Cash and cash equivalents	<b>1,2</b>	1,8
Bank overdrafts (including current financial debts)	-	-

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

The change in consolidated shareholders' equity is as follows:

(M€)	Capital	Share premium	Treasury shares	Consolidated reserves	Cumulative translation adjustments	Shareholders equity	Minority interests	Total equity
<b>At March 31, 2019</b>	2,6	8,0	(0,1)	15,2	(3,4)	22,2	0,0	22,2
IFRS 16 restatement				(0,1)		(0,1)		(0,1)
<b>At March 31, 2019 restated IFRS16</b>	2,6	8,0	(0,1)	15,1	(3,4)	22,2	0,0	22,2
Net income (loss) for the period				2,3		2,3	(0,3)	2,0
Translation adjustments					0,6	0,6	-	0,6
Other comprehensive income				(0,6)		(0,6)		(0,6)
<b>Comprehensive income</b>				1,7	0,6	2,3	(0,3)	2,0
Share issues	0,1	3,0	-	-	-	3,2		3,2
Treasury shares transactions	-	-	(0,1)	(0,1)	-	(0,2)		(0,2)
Others changes	-	-	1,0	-	-	1,0		1,0
<b>At March 31, 2020</b>	2,7	11,0	0,8	16,7	(2,8)	28,4	(0,3)	28,1
Net income (loss) for the period				(1,4)		(1,4)	(0,1)	(1,5)
Translation adjustments					(1,4)	(1,4)	-	(1,4)
Other comprehensive income						-		-
<b>Comprehensive income</b>				(1,4)	(1,4)	(2,8)	(0,1)	(2,9)
Share issues	0,1	1,2	-	(0,0)		1,3		1,3
Treasury shares transactions	-	-	-	-	-	-		-
Others changes	-	-	0,4	-		0,4		0,4
<b>At September 30, 2020</b>	2,7	12,2	1,2	15,3	(4,2)	27,3	(0,4)	26,9



## NOTE 1 - BASIS OF PREPARATION OF THE SEMI-ANNUAL REPORT

Atari (the “Company” or the “Group”) is a French company whose securities are listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

The Atari Group (www.atari.com) is an interactive entertainment production company that manages an intellectual property portfolio focused on the Atari brand, Atari Classics games and licenses such as RollerCoaster Tycoon. The company has 4 main business lines: (i) video games (“**Atari Games**”) make up the Group’s DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production and licensing activities, (ii) the regulated online casino games within “**Atari Casino**”, a company dedicated to this business, (iii) the Group’s new console “**Atari VCS**”, and (iv) “**Atari Partners**”, which covers investments in technology companies.

The Company’s business model is based on directly or indirectly monetizing its rights, in the broadest possible sense. Direct monetization includes revenue earned from game played on mobile, PC, online, console, or multimedia platforms. Such direct monetization also includes the final sale of rights under a regular arbitrage policy concerning the Company’s intellectual property portfolio. Indirect monetization covers licensing agreements granted to third parties, who are then responsible for manufacturing and producing products or applications in exchange for royalties paid to Atari, under multi-year contracts. In general, any transaction concerning such rights, whatever their legal nature, is considered part of the Company’s current business activity and contributes to its revenue and/or current operating income.

The Company’s registered office is at 25 rue Godot de Mauroy, 75009 Paris (France).

### 1.1. PRINCIPLES APPLIED TO THE SEMI-ANNUAL FINANCIAL STATEMENTS

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#### **Preparation of the Financial Statements**

The condensed consolidated financial statements of the Group as of September 30, 2020 have been prepared:

- In accordance with IAS/IFRS and their interpretations, as approved by the European Union. This standard is available on the website of the European Commission: [http://ec.europa.eu/finance/company-reporting/index\\_fr.htm](http://ec.europa.eu/finance/company-reporting/index_fr.htm);
- In accordance with IAS 34—Interim Financial Reporting.
- Applying the same principles and accounting methods as those applied as of March 31, 2020, with the exception of the standards, amendments and interpretations which have been applied for the first time for financial years beginning after January 1, 2020.

In the case of condensed financial statements, they do not include all the information required by IFRS for annual financial statements. They must therefore be read in conjunction with the Group’s consolidated financial statements for the year ended March 31, 2020, as presented in the universal registration document filed with the AMF on October 8, 2020 under number D20-0906.

The accounting principles selected to draw up the condensed consolidated financial statements as of September 30, 2020 are in accordance with those selected for the consolidated financial statements for the financial year ended March 31, 2020.

The Group has chosen not to pre-emptively apply the norms and interpretations that have been adopted by the European Union for financial years beginning after January 1, 2020:

- Amendments to IAS 1 and IAS 8 – Modification of the definition of “material”
- Amendment to IFRS 3 – Definition of a business
- Amendments to IFRS 9, IAS 39, IFRS 7 – Interest rate benchmark reform

Amendments to IFRS standards issued by the IASB applicable as from January 1, 2020, had no material impact on Atari's Condensed Financial Statements

The Group consolidated financial statements have been established on a historical cost basis, with the exception of the following assets and liabilities, which are evaluated at fair value: financial derivative instruments, financial assets and liabilities measured at fair value through profit and loss and financial assets and liabilities measured at fair value through other comprehensive income (OCI) that cannot be reclassified.

The Group financial statements are presented in millions of euros with one decimal place, unless indicated otherwise. Rounding to the nearest thousand euros may, in certain cases, lead to non-material discrepancies at the level of the totals and sub-totals of certain tables.

### **Use of estimates**

Preparing the consolidated financial statements in accordance with IFRS as adopted by the EU requires the Group to use estimates and assumptions that it considers reasonable and realistic. These estimates and assumptions affect the amount reported in the financial statements.

Estimates may be revised if the circumstances on which they were based change, or as a result of new information, the current extraordinary health emergency related to Covid-19 making estimates more difficult. Actual results may differ from these estimates and assumptions.

The estimates and assumptions prepared on the basis of the information available as of the balance sheet date, relate in particular to valuations of non-current assets, recoverable amounts of deferred tax assets, provisions for risks and financial debts.

There are always inherent uncertainties in achieving objectives, the operating budget and the financing plan, and the non-realization of assumptions may have an impact on the valuation of the Group's assets and liabilities.

In the course of the preparation of the condensed interim consolidated financial statement, the judgements exercised by the Group in its application of accounting methods and in its analysis of the main sources of uncertainty related to the estimates is identical to those described in the financial statements for the financial year ended March 31, 2020.

### **Methods of Consolidation**

All the companies in which the Group exercises control, that is, in which it has the power to govern their financial and operating policies in order to obtain benefits from their activities, are fully consolidated. Only the company Atari Chain Ltd, which is 50% owned, is consolidated using the equity method.

### **Scope of Consolidation**

During the first half of 2020, one subsidiary has been established for the Atari Token activity: Atari Chain Ltd, a company based in Gibraltar.

At September 30, 2020, 29 entities are consolidated compared to 28 at March 31, 2020.

Company	Fiscal year end	Country	% control		% interest	
			30.09.2020	31.03.2020	30.09.2020	31.03.2020
<b>Active subsidiaries</b>						
Atari Partners S.A.S.	March 31	France	100,00	100,00	100,00	100,00
Atari US Holdings Inc.	March 31	United States	100,00	100,00	100,00	100,00
Atari Inc.	March 31	United States	100,00	100,00	100,00	100,00
Atari Interactive Inc	March 31	United States	100,00	100,00	100,00	100,00
Atari Studios Inc	March 31	United States	100,00	100,00	100,00	100,00
Atari Games Corp	March 31	United States	100,00	100,00	100,00	100,00
AITD Productions LLC	March 31	United States	100,00	100,00	100,00	100,00
Cubed Productions LLC	March 31	United States	90,72	90,72	90,72	90,72
RCTO Productions LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Connect LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Casino LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari VCS LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Hotels Corp	March 31	United States	100,00	100,00	100,00	100,00
Atari Music LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Chain Ltd	31-mars	Gibraltar	50,00		50,00	
Atari Lotto Ireland Ltd	March 31	Ireland	100,00	100,00	100,00	100,00
Atari Lotto Ireland Ltd	March 31	Ireland	100,00	100,00	100,00	100,00
Atari Entertainment Africa Ltd	Dec 31	Mauritius	100,00	100,00	100,00	100,00
Atari Gaming Ltd	March 31	Kenya	59,90	59,90	59,90	59,90
Atari Liberia Inc	March 31	Liberia	100,00	100,00	100,00	100,00
Atari RDC Eurl	March 31	RDC	100,00	100,00	100,00	100,00
Atari Lifestyle Ltd	March 31	Nigeria	99,00	99,00	99,00	99,00
Atari Entertainment Ghana Ltd	March 31	Ghana	90,00	90,00	90,00	90,00
Atari Entertainment Uganda Ltd	March 31	Uganda	100,00	100,00	100,00	100,00
<b>Inactive and undergoing liquidation</b>						
Atari Productions LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Burundi Su	March 31	Burundi	100,00	100,00	100,00	100,00
Atari Japan KK	March 31	Japan	100,00	100,00	100,00	100,00
Infogrames Entertainment GmbH	March 31	Germany	100,00	100,00	100,00	100,00
Infogrames Interactive GmbH	March 31	Germany	100,00	100,00	100,00	100,00

## 1.2. APPLICATION OF THE GOING CONCERN PRINCIPLE

In recent years, the Group has significantly improved its financial position. Since the 2012/2013 financial year, the Group has implemented a program for massive deleveraging and replenishment of equity. As of September 30, 2020, the net cash position (cash available less debt outstanding) is positive; in other terms, cash available exceeds the amount of debt still to be redeemed. Furthermore, shareholder's equity is positive. Thus:

- As of March 31, 2019, shareholders' equity (Group share) amounted to +22.2 million euros. At the same date, the Group's net cash amounted to 7.8 million euros.
- As of March 31, 2020, shareholders' equity (Group share) amounted to +28.5 million euros. At the same date, the Group's net cash amounted to 1.1 million euros.
- As of September 30, 2020, shareholders' equity (Group share) amounted to +27.4 million euros. At the same date, the Group's net cash amounted to 0.9 million euros.

Cash and cash equivalents amount to 1.2 million euros and gross financial debt amounts to 0.3 million euros, excluding the Legalist debt, which will not lead to a cash outflow. This financial debt consists of the "Paycheck Protection Program" loan for an amount of 383 KUS\$, which the Group obtained in the United States in the context of the pandemic crisis, and which may be forgiven if certain conditions of its utilization are approved by the relevant authorities.

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments. The liquidity forecasts prepared by the Group rely on the absence of any debt maturities over the next 12 months, on forecasts for its operating activities (games, licensing,

multimedia activities, Atari VCS and Atari Token) who generate positive cash-flows and on the capital increase carried out in December 2020 for a total amount of 5.8 million euros.

### 1.3. EARNINGS PER SHARE

The Group presents basic earnings per share and diluted earnings per share.

Earnings per share correspond to the net income of the Group compared to the weighted average number of shares outstanding during the financial year, fewer treasury shares, if any.

**Number of shares used to calculate earnings per share: 268 346 944**

▪ Weighted average number of shares at September 30, 2020:	268 626 533
▪ Less treasury shares:	-279 589
<b><u>Weighted average number of shares outstanding:</u></b>	<b>268 346 944</b>

Diluted earnings per share are calculated by dividing the net income of the Group by the weighted average number of common shares outstanding plus all potential dilutive common shares. Potential dilutive common stock includes stock options or warrants, free shares and bonds convertible into shares and bonds repayable by shares issued by the Group.

**Number of shares used to calculate diluted earnings per share: 288 877 343**

▪ Weighted average number of shares outstanding:	268 346 944
▪ Exercise of stocks options Plan 23:	+ 1 493 881
▪ Exercise of stocks options Plan 24:	+ 5 539 869
▪ Exercise of stocks options Plan 25:	+ 8 720 620
▪ Exercise of stocks options Plan 26:	+ 3 725 000
▪ Exercise of stock warrants:	+ 1 051 029
<b><u>Weighted average number of shares outstanding plus potential dilutive shares:</u></b>	<b>288 877 343</b>

## NOTE 2 – HIGHLIGHTS OF THE PERIOD

The highlights of the first half of the 2020/2021 financial year are:

- **Continuation of the Covid-19 public health crisis:**

Against the backdrop of the economic and public health crisis linked to the Covid-19 outbreak, as anticipated, Group revenue for the first half of 2020-2021 which amounted to 7.8 M€ has experienced a significant decline, in an amount of -2.9 M€, compared to the first half of 2019-2020. While there has been a positive impact on games revenue, a significant negative impact has been registered in the licensing activities, due to delays in the renewals of licensing agreements and in the delivery timeline for the Atari VCS units. The Group still expects to generate positive net income for the financial year 2020-2021, despite the delays in the licensing activities and of the launch of the Atari VCS caused by the global pandemic.

The Group is closely monitoring the Covid-19 impact in order to take the necessary actions depending on the situation.

- **April 2020: Official launch of the Atari blockchain project** and first private sales of the Atari Token
- **July 2020: Distribution agreements for the Atari VCS with Bluemouth**, an Australian distributor, and receipt of first orders for this territory
- **August 2020: Distribution agreements for the Atari VCS with Microcenter**, a US distributor, and receipt of first orders from this customer (VCS is already distributed by Gamestop, Walmart.com and in the process of being listed at Best Buy)

## NOTE 3 – INTANGIBLE FIXED ASSETS

At September 30, 2020, intangible fixed assets break down as follows:

Gross value (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>23,6</b>	<b>2,0</b>	<b>5,3</b>	<b>0,7</b>	<b>31,6</b>
Acquisitions	1,5	-	0,8	0,1	2,5
Disposals / Retirements	-	-	-	-	-
Translation adjustments	(1,5)	(0,1)	(0,3)	(0,1)	(2,1)
<b>September 30, 2020</b>	<b>23,6</b>	<b>1,9</b>	<b>5,8</b>	<b>0,8</b>	<b>32,0</b>

Amortization & provisions (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>(12,5)</b>	<b>(1,1)</b>	<b>-</b>	<b>(0,2)</b>	<b>(13,8)</b>
Amortization / Provisions	(1,9)	(0,2)	-	(0,0)	(2,1)
Disposals / Retirements	-	-	-	-	-
Translation adjustments	0,8	0,1	-	0,0	0,9
<b>September 30, 2020</b>	<b>(13,6)</b>	<b>(1,2)</b>	<b>-</b>	<b>(0,2)</b>	<b>(15,0)</b>

The net values break down as follows:

Net value (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>11,1</b>	<b>0,9</b>	<b>5,3</b>	<b>0,5</b>	<b>17,8</b>
<b>September 30, 2020</b>	<b>9,9</b>	<b>0,7</b>	<b>5,8</b>	<b>0,5</b>	<b>17,0</b>

At each closing, the Group assesses the future economic benefits it will receive from this asset by using the principles set out in IAS 36—Impairment of Assets. These assets are valued according to a minimum budget. If a deviation from this budget is noted, and depending on how significant this deviation is, the depreciation/amortization plan is accelerated, or the asset is depreciated/amortized in full.

### 3.1. GAMES

Game development costs are, in principle, amortized over 3 years on a straight-line basis from the marketing of the product; the engines, tools, and developments related to the information system are amortized over 5 years. For certain products that encounter difficulties at launch, depreciation/amortization over a shorter period is applied and the Group carries out an analysis of projected cash flows. At the close of the financial year, the residual net book value is compared with the future sales prospects to which the terms of the contract are applied. If those sales projections fall short, a provision for additional impairment is recognized accordingly.

### 3.2. AUDIOVISUAL PRODUCTIONS

Audiovisual productions are reviewed on a case-by-case basis, based on the unique features of each project, following specific rules for audiovisual productions. The amortization methods are pro-rata based on net revenues over the financial year. If the net value of a project turns out to exceed the projected net revenues, an additional impairment is recognized.

### 3.3. ATARI VCS

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The same amortization principles shall be applied from the release date, based on an evaluation of the console's various components, which include hardware, engines, tools, and developments related to the information system, as well as the content developed for the console.

### 3.4. LICENSES

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Licenses are rights acquired from third-party publishers.

At the end of the period, the residual net book value is compared with future sales projections to which the contract's conditions are applied. If those sales projections fall short, a provision for additional impairment is recognized accordingly.

## NOTE 4 – NON CURRENT FINANCIAL ASSETS

Non-current financial assets break down as follows as of September 30, 2020:

(M€)	Sept 30, 2020	March 31, 2020
Financial assets measured at fair value through OCI	0,1	0,3
Financial assets measured at fair value through profit & loss	1,4	3,1
Financial assets measured at amortized cost	12,1	12,3
<b>Non-current financial assets</b>	<b>13,6</b>	<b>15,7</b>

The financial assets are initially measured at fair value plus any transaction costs directly related to the acquisition in the case of a financial asset not measured at fair value through profit or loss. Acquisition costs for financial assets measured at fair value through profit or loss are recorded through the profit and loss statement.

The Group classifies its financial assets into the three following categories:

- amortized cost;
- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL).

The classification depends on the business model of the entity holding the asset defined by the Group and the cash flow characteristics of the financial instruments.

#### **Financial assets at amortized cost**

Financial assets are measured at amortized cost when they are not designated as FVTPL, when they are held in order to collect the contractual cash flows, and their cash flows are solely payments of principal and interest ("SPPI" criterion).

#### **Financial assets at fair value through other comprehensive income (OCI)**

This category comprises debt and equity instruments.

- Debt instruments are measured fair value through OCI if they are not designated as fair value through profit or loss and if they are held in order to both collect the contractual cash flows and sell the financial asset and if their cash flows are solely payments of principal and interest ("SPPI" criterion). Interest received, exchange rate profit or loss and impairments are recognized in profit or loss. Other net profit or loss is recognized in OCI. Upon de-recognition, all cumulative gains or losses are then recognized in net earnings.
- Equity investments that are not held for trading can be measured fair value through OCI. The Group can make an irrevocable election in that respect for each individual investment. Dividend income is then recognized in the profit or loss unless it clearly corresponds to a partial

repayment of the initial investment cost. Other profit or loss is recognized in OCI and never reclassified as profit or loss.

### **Financial assets at fair value through profit and loss**

All financial assets that are not designated as measured at amortized cost or as FVTOCI are measured at fair value through profit and loss. The net profit or loss, including interest or dividend income, is recognized as profit or loss.

### **FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI**

They mainly consist of:

- **LGBT Media securities:** in April 2017, the Group sold the Pridefest game to LGBT Media, and invested 30,000 US\$, all in exchange for a 22% stake in LGBT Media, a US company that develops an application for the LGBTQ community. During the financial year 2018-2019, the Group entered into an agreement allowing it to ultimately own 42% of the company for an additional investment of 165,000 US\$. The company is still controlled by its two founders; the Atari Group is not on the board of directors and has no notable influence on this company. An impairment test is performed annually; these securities have been depreciated by 81% of their initial value since the last financial year.
- **Kizzang securities;** a company, which offers a new online casino gaming model offering real money jackpots with no initial outlay. These securities have been fully depreciated since the 2019 financial year.
- **Infinity Network Limited ("INL") securities:** In February 2018, Atari granted a license to INL for the development of a blockchain platform and an Atari Token. As the advancement of the project with INL was not progressing at the pace expected by Atari, the Group has rescinded this license during the financial year 2019-2020. Atari retains its participation in INL, with the value of these securities being fully depreciated.

### **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

They mainly consist of:

- **Stock warrants from Roam,** an innovative company specializing in audio accessories. Due to the delay in the launch of Roam products, these securities have been fully depreciated.
- **Shares issued following the conversion of convertible promissory notes for 1.4 M\$US,** issued by Bayside Games, Inc., a company that develops tournament games, giving access to approximately 15% of the capital of this company. These convertible bonds were received during the financial year 2017-2018 in exchange for a license agreement granted by the Group.
- **A "Simple Agreement For Future Equity"** giving rights to securities in the company Portal One, for 0.2 M€. Portal One is a US company that produces TV shows mixing games and virtual reality, including with licenses for Atari games. Portal One securities are unlisted. Atari holds a participation that is not material, below 5% of the share capital

The shares of Animoca, a Hong Kong company that develops blockchain-based games, in particular using Atari game licenses, which were included in this category for USD 2.01 million at the end of the previous financial year, were reclassified as assets held for sale in accordance with IFRS 5.

## FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Non-current financial assets measured at amortized cost are primarily made up of:

- deposits and guarantees
- trade receivables, with a maturity over one year, recognized using the effective interest rate method. As of September 30, 2020, they represented 11.9 M€ of which 7.0 M€ for receivables with a bank guarantee related to the ICICB agreement, 2.8 M€ for receivables from Wish Holding and 1.0 M€ for receivables from AT Games.

## NOTE 5 – EQUITY AFFILIATES

The Atari Chain Ltd accounts (Gibraltar) are consolidated using the equity method in the Group accounts. This company was created in April 2020 and is jointly owned and controlled 50% by Atari SA and 50% by ICICB Group. The purpose of Atari Chain, Ltd is to develop the blockchain project, to issue Atari Tokens (ATRI), to collect the revenues and to allocate the resulting revenues.

A maximum amount of 7,771,000,000 tokens can be created. These tokens may be sold, in which case the Atari Group receives 35% of the proceeds (of which 10% for the brand license and 25% for service fees), 65% being allocated to ICICB.

The tokens sold are part of the “circulating supply”. The circulating supply also includes the tokens that have been allocated by Atari Chain as payment (consultants, etc.) as well as the tokens held by the founders (Atari, ICICB) which are not subject to any lock-up and are therefore likely to be sold in the short-term depending on the development of the business and market conditions. As of the date of this report, the circulating supply is 400 million tokens, of which 32 million tokens were sold during private and public sales, the majority being tokens still held by the founders without lock-up commitments. Atari Token (ATRI) quotes are available on various sites, such as coingecko.com, coinmarketcap.com.

## NOTE 6 – INVENTORIES

As of September 30, 2020, the value of inventory amounts to nearly 2.3 M€ and corresponds to produced units of the Atari VCS and components for the Atari VCS. As of March 31, 2020, the value of inventory amounted to 0.6 M € and corresponded to components for the Atari VCS (micro-processors) in stock on that date.

## NOTE 7 – TRADE ACCOUNTS RECEIVABLE

As of September 31, 2020, and March 31, 2020, the balance of trade accounts receivable corresponds to receivables from distributors, collected with a term of 30 to 60 days, in addition to receivables from licenses with maturities of less than one year. The increase in the amount of trade receivables as of September 30, 2020 is due to an increase in the amount of receivables recorded during the last month, mainly related to Atari hotel licenses and services invoiced to Atari Chain.

The item “Trade accounts receivable”, after deducting sales returns and other future trade discounts, is analyzed as follows:

(M€)	Sept 30, 2020	March 31, 2020
Trade receivables	4,8	3,4
Provisions for impairment in value	(0,6)	(0,6)
<b>Trade receivables net value</b>	<b>4,2</b>	<b>2,8</b>

Receivables considered doubtful are subject to provisions for impairment determined according to their risk of non-recovery. The limited number of customers enables the Company to regularly review trade receivables. When a payment delay is noted, an analysis is carried out, notably concerning the age of the receivable, the customer’s financial position, the possibility of negotiating a payment plan,



guarantees received and possibly credit insurance to determine the recoverable amount. Any difference between the book value and the recoverable value is recognized under current operating income via an allowance for provisions. Impairment is considered final when the receivable itself is considered to be permanently irrecoverable and is then recognized as a loss.

## NOTE 8 – OTHER CURRENT ASSETS

Other current assets break down as follows:

(M€)	Sept 30, 2020	March 31, 2020
Receivables from employees	0,0	0,0
Prepaid and recoverable taxes	0,1	0,1
Current financial assets	0,3	0,0
Prepaid expenses	0,3	0,3
Other	0,2	0,2
<b>Other current assets</b>	<b>0,9</b>	<b>0,7</b>

Prepaid and recoverable taxes essentially correspond to VAT receivables.

Current financial assets correspond as of September 30, 2020, to a financial receivable paid during the first days of the following month.

Prepaid expenses correspond to operating expenses related to the following year.

## NOTE 9 – ASSETS HELD FOR SALE

The shares of Animoca, in accordance with IFRS 5, have been reclassified during the period from “other non-current financial assets” to “assets held for sale”. Animoca is a Hong Kong based company, that develops blockchain games, including with licenses for Atari games. As of September 30, 2020, Atari owns 23 925 000 shares valued at 1.98 MUSD, in February 2021, Atari sold 21 825 000 shares.

## NOTE 10 – SHAREHOLDERS’ EQUITY

As of September 30, 2020, shareholders’ equity is made up of 274,994,464 common shares, versus 267,782,050 shares on March 31, 2020, fully paid-up with a nominal value of €0.01 each.

All shares are of the same class and may be held, at the option of the holder, in the form of Identifiable Bearer Securities (Titres au Porteur Identifiable, TPI) or registered shares. Each share entitles the holder to one vote on each of the resolutions submitted to the shareholders. A double voting right is attached to all the existing paid-up shares held by the same shareholder for a minimum of two years, as well as to any shares subsequently acquired by the same shareholder through the exercise of the rights attached to these registered shares.

Changes over the period ended September 30, 2020 are presented below:

<b>Equity as at March 31, 2020 (M€)</b>	<b>28,1</b>
Net income (loss) for the period	(1,5)
Translation adjustments	(1,4)
<b>Comprehensive income</b>	<b>(2,9)</b>
Share issues	1,3
Treasury shares transactions	-
Others changes	0,4
<b>Equity as at September 30, 2020 (M€)</b>	<b>26,9</b>

## 10.1. STOCK OPTIONS

The Company may grant stock options to its executives and senior management, as well as to other employees, for their contribution to the Group's performance. At the grant date, the exercise price of the fixed option shall be close to the price at which the Company's shares are exchanged. The options granted generally have a duration of eight years and a vesting period of between three and four years.

As of September 30, 2020, four stock option plans are in effect:

- Plan N°23 approved by the General Meeting of September 30, 2014 which gave rise to the attribution of 7,470,881 stock options net of cancellations. As of September 30, 2020, the number of options still outstanding under this plan is 1,463,154 ;
- Plan N° 24 approved by the General Meeting of September 30, 2016 which gave rise to the attribution of 5,793,314 stock options net of cancellations. As of September 30, 2020, the number of options still outstanding under this plan is 5,475,167 ;
- Plan N° 25 approved by the General Meeting of September 30, 2017 for 8,660,000 stock options of which 8,775,000 granted as of September 30, 2020. As of September 30, 2020, the number of options outstanding under this plan is 8,660,000 ;
- Plan N° 26 approved by the General Meeting of September 30, 2019 and granted on July 14, 2020, which gave rise to the attribution of 3,725,000 stock options net of cancellations, exercisable in quarters after one year of holding.

As of September 30, 2020, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 5.69% of the Company's share capital at that date. The main characteristics of all outstanding Atari stock options are summarized in the 4 tables below

Option plan in effect	Plan N°23-1	Plan N°23-2	Plan N°23-3	Plan N°23-4
Date of Shareholders' Meeting	September 30, 2014			
Date of Board of Directors Meeting	May 9, 2014	June 29, 2015	Jan. 4, 2016	Jan. 27, 2016
Number of Stock Options granted	5 104 000	469 139	144 000	2 378 528
<i>Of which to the Board of Directors</i>	<i>4 000 000</i>			<i>1 650 000</i>
Expiration date of stock option	Oct. 29, 2022	August 31, 2023	Jan. 3, 2024	May 31, 2024
Exercise price of stock options (in euros) (1)	0,20 €	0,20 €	0,16 €	0,17 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2014/2015	4 575 000	-	-	-
Stock options granted during FY 2015/2016	-	469 139	144 000	-
Stock options granted during FY 2016/2017	-	-	-	2 378 528
Stock options granted during FY 2017/2018	-	-	-	-
Stock options cancelled during FY 2017/2018	-	(36 139)	-	(33 000)
Stock options exercised during FY 2018/2019	(392 308)	(210 059)	-	(72 349)
Stock options cancelled during FY 2018/2019	(1 036)	(2 002)	-	(552)
Stock options exercised during FY 2019/2020	-	-	-	-
Stock options cancelled during FY 2019/2020	(1 657)	(939)	-	(461)
Stock options exercised during HY1 2020/2021	(3 428 012)	-	-	(1 905 000)
Stock options cancelled during HY1 2020/2021	-	(15 000)	-	(5 000)
<b>Total number of stock options outstanding on September 30, 2020</b>	<b>751 988</b>	<b>205 000</b>	<b>144 000</b>	<b>362 166</b>

(1) The exercise price of the options is determined based on the weighted average quoted price over the twenty trading sessions prior to the award of the options, with or without a discount.

Option plan in effect	Plan N°24-1	Plan N°24-2	Plan N°24-3
Date of Shareholders' Meeting	September 30, 2016		
Date of Board of Directors Meeting	July 12, 2017	October 20, 2017	January 15, 2018
Number of Stock Options granted	5 935 805	316 667	2 300 000
<i>Of which to the Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 11, 2025	October 19, 2025	January 14, 2026
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,458 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2017/2018	5 935 805	950 000	2 300 000
Stock options cancelled during FY 2017/2018	-	(633 333)	-
Stock options exercised during FY 2018/2019	(318 147)	-	-
Stock options cancelled during FY 2018/2019	(247 032)	(316 667)	(2 100 000)
Stock options exercised during FY 2019/2020	-	-	-
Stock options cancelled during FY 2019/2020	(459)	-	-
Stock options exercised during HY1 2020/2021	-	-	-
Stock options cancelled during HY1 2020/2021	(95 000)	-	-
<b>Total number of stock options outstanding on September 30, 2021</b>	<b>5 275 167</b>	<b>0</b>	<b>200 000</b>

(1) The exercise price of the options is determined based on the weighted average quoted price over the twenty trading sessions prior to the award of the options, with or without a discount.

Option plan in effect	Plan N°25-1	Plan N°25-2	Plan N°25-3
Date of Shareholders' Meeting	September 29, 2017		
Date of Board of Directors Meeting	July 16, 2018	July 16, 2018	
Number of Stock Options granted	5 935 805	316 667	370 000
<i>Of which to the Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 31, 2026	July 31, 2026	January 17, 2027
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,270 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2018/2019	6 405 000	2 000 000	370 000
Stock options cancelled during FY 2018/2019	-	-	-
Stock options exercised during FY 2019/2020	-	-	-
Stock options cancelled during FY 2019/2020	-	-	(20 000)
Stock options exercised during HY1 2020/2021	-	-	-
Stock options cancelled during HY1 2020/2021	(95 000)	-	-
<b>Total number of stock options outstanding on September 30, 2021</b>	<b>6 310 000</b>	<b>2 000 000</b>	<b>350 000</b>

(1) The exercise price of the options is determined based on the weighted average quoted price over the twenty trading sessions prior to the award of the options, with or without a discount.

Option plan in effect	Plan N°26-1
Date of Shareholders' Meeting	Sept. 30, 19
Date of Board of Directors Meeting	July 14, 20
Number of Stock Options granted	3 725 000
<i>Of which to the Board of Directors</i>	<i>2 000 000</i>
Expiration date of stock option	July 13, 28
Exercise price of stock options (in euros) (1)	0,228 €
Vesting of stock options granted	1/4 per year
	-
Stock options granted during FY 2018/2019	3 725 000
Stock options cancelled during FY 2018/2019	-
<b>Total number of stock options outstanding on March 31,2020</b>	<b>3 725 000</b>

(1) *The exercise price of the options is determined based on the weighted average quoted price over the twenty trading sessions prior to the award of the options, with a discount.*

## 10.2. FAIR VALUE OF OPTIONS GRANTED DURING THE PERIOD

In accordance with the requirements of IFRS 2 "Share-based Payment", stock subscription or purchase options granted to employees are recognized in the consolidated accounts as they are acquired and in accordance with the following methods: the fair value of the options granted, estimated to be the fair value of the services rendered by the employees in consideration for the options received, are determined at the grant date. The fair value of the stock options is determined using the Black-Scholes model. This model makes it possible to take into account the characteristics of the plan (exercise price, exercise period), market data at the time of allocation (risk-free rate, stock price, volatility, expected dividends) and a behavioral assumption of the beneficiaries, such as whether they will exercise of the options before the end of the exercise period.

Subsequent changes in the fair value of the instrument are not considered

The expense recognized as of September 30, 2020 is 0.4 M€.

## 10.3. STOCK WARRANTS

As part of the agreement reached with Alden on July 12, 2016, Atari had set up a loan of €2.0 million taken by Ker Ventures (holding controlled by Frédéric Chesnais) and €0.5 million taken out by Alexandre Zyngier, administrator. On July 7, 2016, the Board of Directors granted, as compensation in addition to the loaned sums, 4,117,647 stock warrants for Ker Ventures and 1,029,412 stock warrants for Alexandre Zyngier. These stock warrants (also known by their French acronym BSA, from *bon de souscription d'actions*) are exercisable at any time for 5 years with a non-discounted subscription price of €0.17. The fair value of the stock warrants is determined using the Black-Scholes model.

As of September 30, 2020, taking into account the exercise of stock warrants during the previous financial year and the current period, Ker Ventures no longer holds any warrants, with Alexandre Zyngier holding 1,029,412 warrants. The potential dilution of all the warrants would be 0.4% based on the capital as of September 30, 2020.

## NOTE 11 – NET DEBT

The Group's net cash position amounts to 0.9 M€ and breaks down as follows:

(M€)	Sept 30, 2020	March 31, 2020
OCEANEs 2003-2020	-	-
IFRS 9 : Legalist	-	(0,9)
<b>Non current Financial Liabilities</b>	<b>-</b>	<b>(0,9)</b>
OCEANEs 2003-2020	-	(0,6)
IFRS 9 : Legalist	(0,9)	-
Loan "Paycheck Protection Program"	(0,3)	-
<b>Current Financial Liabilities</b>	<b>(1,2)</b>	<b>(0,6)</b>
Restatement Legalist debt non cash (1)	0,9	0,9
<b>Gross debt</b>	<b>(0,3)</b>	<b>(0,6)</b>
Cash and equivalents	1,2	1,8
<b>Net Cash (net debt)</b>	<b>0,9</b>	<b>1,1</b>

### IFRS 9 Legalist

Atari Interactive has concluded an agreement with Legalist, where the latter has paid 1.0 MUSD to Atari Interactive in exchange for a share of future profits to be received by Atari in six ongoing copyright infringement lawsuits. This amount is not recoverable from Atari even in the event of an unfavorable outcome of these lawsuits.

Under this agreement, Legalist has a priority entitlement to 100% of the first million USD of proceeds related to these lawsuits, above that amount Legalist is entitled to a part of the proceeds from these lawsuits, which is variable depending on the timing of the receipt of these proceeds. In accordance with IFRS 9 this payment obligation has been accounted for as a long-term financial debt at fair value according to forecasted payment receipts over the duration of the agreement at an effective interest rate of 12% calculated from the signing of the contract. This agreement has been reevaluated at fair value on September 30, 2020, future changes in fair value will be recognized in the income statement.

### "Paycheck Protection Program"

In the United States, the Group has benefited from the "Paycheck Protection Program", which was implemented during the Covid-19 crisis, obtaining a loan of 383 KUSD, which may be forgiven if certain conditions of its utilization are approved by the relevant authorities.

### OCEANE 2003-2020 (ISIN FR0010033839)

On December 23, 2003, the Company issued 16,487,489 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2003-2020 OCEANE Bonds"). Since April 1, 2009, the holders of 2003-2020 OCEANE Bonds may no longer subscribe for, exchange, or buy Atari shares. As of March 31, 2020, 82,906 OCEANE 2003-2020 bonds remained outstanding, which were fully redeemed at maturity on April 1, 2020.

## NOTE 12 – LEASE LIABILITIES - CURRENT AND NON-CURRENT

The Group applies the standard IFRS 16 – *Leases*, which foresees a single lessee accounting model with the recognition on the balance sheet of a liability corresponding to the present value of future payments using a discount rate of 3% determined by the Group. The maturities of the lease liabilities break down as follows:

(M€)	Sept 30, 2020	March 31, 2020
Lease liabilities less than 1 year	0,3	0,3
Lease liabilities between 1 and 5 years	1,4	1,5
Lease liabilities after 5 years	0,4	0,6
<b>Lease liabilities</b>	<b>2,1</b>	<b>2,4</b>

#### NOTE 13 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other liabilities break down as follows:

(M€)	Sept 30, 2020	March 31, 2020
Other non-current liabilities	0,7	0,8
<b>Other non-current liabilities</b>	<b>0,7</b>	<b>0,8</b>
Current financial debt	1,5	1,0
Trade payables	8,9	5,7
Tax liabilities	-	-
Other	5,2	5,2
<b>Other current liabilities</b>	<b>15,6</b>	<b>11,9</b>

The increase in trade payables is related to the invoicing of the VCS units in September 2020.

The item "Other non-current liabilities" includes a provision, which was recorded in the financial year 2018/19 and designed to cover a potential uncertainty over the utilization of tax-loss carryforwards. The tax loss carry-forwards in the United States come from Atari's historic operations in the United States over the period from 1999 to 2016, and are used in the Group's US tax consolidation. All of the US companies are fiscally consolidated, with the perimeter being determined by tax advisors. The method for determining the fiscal perimeter has been unchanged since the final exit from the Chapter 11 proceedings in June 2014. Nonetheless, there is still a risk that the tax authorities could at some future point question the balance of tax losses or their past utilization, whether due to how the consolidation perimeter was determined, how the tax was calculated, and/or the amount of losses that can be utilized. The decrease in the amount in euros of this provision which was established in US dollars solely results from foreign exchange movements.

As of September 30, 2020, the item "Other current liabilities" mainly includes 2.5 M€ of deferred revenue for pre-orders of the Atari VCS.

#### NOTE 14 – REVENUE FROM ORDINARY ACTIVITIES & SEGMENT INFORMATION

IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

Atari operates in one unique operating segment: The sale of multimedia products (equipment, games, content) at the intersection of entertainment and digital technology, aimed at monetizing the Atari brand and its portfolio of intellectual properties among consumers worldwide.

Atari's business is understood to be fully contained within a single operating segment representative of its cash-generating unit (CGU). Performance indicators regularly tracked by the chief operating decision maker ('CODM') are the Group's revenue and consolidated net income.

For the first half ended September 30, 2020, the Atari Group recorded revenue of 7.8 M€, compared

to 10.7 M€ for the same period of the previous financial year.

## NOTE 15 – CURRENT OPERATING EXPENSES

For the purposes of comparison with other companies in the sector, Atari presents its consolidated income statement by function.

### **Research and development expenses**

Research and development expenses amount to €4.0m compared to €4.6m for the previous financial year.

Research & development expenses are analyzed as follows:

(M€)	Sept 30, 2020	Sept 30, 2019
R&D expenditures	3,9	6,2
R&D capitalized	(2,0)	(4,3)
Amortization	2,1	2,6
<b>Research and development expenses</b>	<b>4,0</b>	<b>4,6</b>

### **Marketing and sales expenses**

Marketing and sales expenses amounted to 1.5 M€ compared to 2.0 M€ for the same period of the previous financial year. Marketing expenses for the games activity were reduced during this semester.

### **General and administrative expenses**

General and administrative expenses remained stable over the period, registering a slight reduction of 0.1 M€ for the period ended September 30, 2020.

### **Other operating income and expenses**

Other operating income and expenses were not material for the period ended September 30, 2020. As of September 30, 2019, there was no movement in the net change in other operating income and expenses.

## NOTE 16 – OPERATING EXPENSES BY NATURE

The table below summarizes the nature of the current operating expenses in accordance with the information required by IAS 1.104:

(M€)	Sept 30, 2020	Sept 30, 2019
Personnel costs (1)	(1,1)	(1,0)
Depreciation, amortization and provisions	(2,1)	(2,7)
Other income and expenses	(0,7)	(0,9)
<b>Research and development expenses</b>	<b>(4,0)</b>	<b>(4,6)</b>
Personnel costs (2)	(0,1)	(0,1)
Depreciation, amortization and provisions	-	-
Other income and expenses	(1,4)	(1,9)
<b>Marketing and selling expenses</b>	<b>(1,5)</b>	<b>(2,0)</b>
Personnel costs & Director fees (3)	(1,2)	(1,1)
Depreciation, amortization and provisions	(0,0)	(0,0)
Other income and expenses	(0,8)	(1,0)
<b>General and administrative expenses</b>	<b>(2,0)</b>	<b>(2,1)</b>
Personnel costs	(0,0)	-
Depreciation, amortization and provisions	0,1	-
Other income and expenses	-	-
<b>Other operating income (expenses)</b>	<b>0,0</b>	<b>-</b>

(1) Of which €0.3m for the valuation of stock options

(2) Of which €0.0m for the valuation of stock options

(3) Of which €0.2m for the valuation of stock options

## NOTE 17 – INCOME FROM EQUITY AFFILIATES

As of September 30, 2020, income from equity affiliates is comprised of 50% of the share of Atari SA in the income of the company Atari Chain during the first half of the financial year.

## NOTE 18 – NET FINANCIAL INCOME

(M€)	Sept 30, 2020	Sept 30, 2019
Interest on bond debt	-	-
Interest expenses on lease liabilities (IFRS 16)		(0,0)
Other	(0,1)	0,0
<b>Cost of debt</b>	<b>(0,1)</b>	<b>(0,0)</b>
Foreign exchange result	(0,0)	0,0
Financial income	-	-
Financial expenses	(0,1)	(0,4)
Depreciation on non current financial assets	(0,2)	(0,1)
<b>Other financial income (expense)</b>	<b>(0,3)</b>	<b>(0,5)</b>

As of September 30, 2020, the cost of debt is -0.1 M€ and mainly related to calculated financial expenses on leases and the Legalist contract.

For the first half ended September 30, 2020, other financial income and expenses are non-recurring and mainly related to the fair value adjustment on Animoca shares.



## NOTE 19 – INCOME TAX

### 19.1. ANALYSIS OF THE TAX CHARGE

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Given its results and tax loss carry-forwards, the Group did not have any significant tax expense for the period that ended September 30, 2020.

### 19.2. ANALYSIS OF DEFERRED TAXES

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As of September 30, 2020, the Group's tax loss carry-forwards were about €732 million in France and close to US\$310 million in the United States. In France, tax losses may be carried forward indefinitely. In the United States, losses incurred before January 1, 2018 can only be carried forward for 20 years. In France, deferred tax assets on unrealized tax losses stand at €205 million as of September 30, 2020, subject to the usual restrictions on their use, or approximately €0.75 per existing share as of September 30, 2020, excluding treasury shares.

In the United States, deferred tax assets on unrealized tax losses stand at US\$80 million as of September 30, 2020, subject to the usual restrictions on their use, or approximately \$0.29 per existing share as of September 30, 2020, excluding treasury shares.

As a result of the significant tax savings of the US entities over the previous financial years, the Group has recognized a deferred tax asset for the US entities as their recovery is likely over the validity period of the deferred tax assets. The forecast period chosen to determine the recovery window is a two-year horizon. The Group has, as of September 30, 2020, maintained the amount of the deferred tax asset for its US entities at 2.0 M€.

In France, the same two-year horizon is used to determine the amount of deferred tax assets for the French entities. These earnings forecasts are linked to (i) the management fee agreements in place with the US subsidiaries, (ii) the forecast activity of the French subsidiary Atari Europe, and (iii) the prospective license agreements that may be entered into in France. In view of these profit forecasts for the current and the next two financial years, the Group has not recognized any additional deferred tax asset on the balance sheet during the financial year, the total tax assets amount to 0.2 M€ as of September 30, 2020. Deferred tax assets not recognized on other temporary differences are not material.

## NOTE 20 – PROVISIONS AND CONTINGENT LIABILITIES

In the normal course of business, Group companies may be involved in a number of legal, arbitration, administrative and tax proceedings.

During the period ended September 30, 2020, no significant movement has been registered in the provisions for contingencies and losses.

## NOTE 21 – OFF-BALANCE SHEET COMMITMENTS

### 21.1. COMMITMENTS GIVEN

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Under the agreement with Legalist, where the latter has paid 1.0 MUSD to Atari Interactive in exchange for a share of future profits to be received by Atari in six ongoing copyright infringement lawsuits, Legalist has a priority entitlement to 100% of the first million USD of proceeds related to these lawsuits, above that amount Legalist is entitled to a part of the proceeds from these lawsuits, which is variable depending on the timing of the receipt of these proceeds.

## 21.2. COMMITMENTS RECEIVED

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Under the agreement with ICICB, Atari has received a bank guarantee over 7.5 M€ covering the ICICB receivable due March 31, 2023.

## NOTE 22 – RELATED-PARTY TRANSACTIONS

Between April 1, 2020 and the date of this Interim Financial Report, no agreement with any related party was entered into.

## NOTE 23 – SUBSEQUENT EVENTS

### **December 2020 Capital increase of €5.8 million**

The capital increase was carried out by issuing 18,163,337 new shares at a unit price of €0.32 including issue premium, for a total amount of €5.8 million.

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

#### **ATARI GAMES**

- Release of the free-to-play version Beat Legend and gradual worldwide launch
- Public test phase of Atari Combat in various selected countries
- Continuation of licensing activities, particularly for home arcades

#### **ATARI CASINO**

- Public test phase of Atari Casino on the blockchain

#### **ATARI VCS**

- First deliveries made in December 2020
- Ramp-up of production to fulfill orders received directly (Atari VCS online sales) or through distributors, with deliveries made before March 31, 2021 contributing to revenue for the financial year

#### **ATARI PARTNERS / ATARI CHAIN**

- Public sale and successful listing of the Atari Token
- Launch of Atari games in the Decentraland blockchain metaverse
- Continued development in the Sandbox metaverse
- Development of new NFT products with WAX

## 2. SEMI-ANNUAL ACTIVITY REPORT (SIX MONTHS ENDED SEPTEMBER 30, 2020)

### 2.1. ENVIRONMENT

Atari (the "Company" or the "Group") is a French company whose securities are listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

Atari (www.atari.com) is an interactive entertainment production company that manages an intellectual property portfolio focused on the Atari brand, Atari Classics games and licenses such as RollerCoaster Tycoon. The company has 4 main business lines: (i) video games ("**Atari Games**") make up the Group's DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production and licensing activities, (ii) the regulated online casino games within "**Atari Casino**", a company dedicated to this business, (iii) the Group's new console "**Atari VCS**", and (iv) "**Atari Partners**", which covers investments in technology companies, primarily by licensing the Atari brand.

The Company's business model is based on directly or indirectly monetizing its rights, in the broadest possible sense. Direct monetization includes revenue earned from game played on mobile, PC, online, console, or multimedia platforms. Such direct monetization also includes the final sale of rights under a regular arbitrage policy concerning the Company's intellectual property portfolio. Indirect monetization covers licensing agreements granted to third parties, who are then responsible for manufacturing and producing products or applications in exchange for royalties paid to Atari, under multi-year contracts. In general, any transaction concerning such rights, whatever their legal nature, is considered part of the Company's current business activity and contributes to its revenue and/or current operating income.

### 2.2. ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.2.1. Condensed consolidated income statement

(M€)	Sept. 30, 2020		Sept. 30, 2019		Variation	
Revenue	7,8	100%	10,7	100%	(2,9)	-27,0%
Cost of goods sold	(1,5)	-19%	(1,3)	-12%	(0,2)	15,5%
<b>GROSS MARGIN</b>	<b>6,3</b>	<b>81%</b>	<b>9,4</b>	<b>87%</b>	<b>(3,1)</b>	<b>-32,9%</b>
Research and development expenses	(4,0)	-51%	(4,6)	-42%	0,6	-12,3%
Marketing and selling expenses	(1,5)	-19%	(2,0)	-19%	0,5	-25,5%
General and administrative expenses	(2,0)	-25%	(2,1)	-20%	0,1	-6,8%
Other operating income (expenses)	0,0	0%	-	0%	0,0	
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>(1,2)</b>	<b>-15%</b>	<b>0,7</b>	<b>7%</b>	<b>(1,9)</b>	<b>-264,5%</b>

#### • Consolidated Revenue

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**").

For the first half of the financial year 2020-2021 (April 1 to September 30, 2020), the Atari Group recorded revenue of 7.8 M€, compared to 10.7 M€ for the same half of the previous financial year. The growth in the games activity is overshadowed by the decline in the licensing business and by the delay of the launch of the Atari VCS to the second half of the financial year, both activities having been confronted with logistical issues (sourcing and transportation) caused by the COVID 19 crisis.

The Atari VCS is not contributing to the results of the first half since the deliveries of machines started after September 30, 2020. Following the launch in December 2020, the customer feedback to date is overwhelmingly positive.

- **Gross margin**

The gross margin level stands at 80.6% of turnover during the period compared to 87.7% for the previous period, in line with the evolution of the product mix.

- **Operating expenses**

The main expense items remain in line with the expectations of the Group and reflect the efforts made to develop the 4 business lines. The R&D expenses still 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 1.5 M€ for the first half of the financial year 2020-2021, mainly supporting the games activity over the period.

General and administrative expenses amounted to 2.0 M€ and remained stable compared to the previous period. Thus, the Group generated a current operating profit of -1.1 M€ during the first half of 2020-2021, compared to +0.7 M€ in the first half of 2019-2020.

Other financial income and expenses are mainly related to a fair value adjustment of the Animoca shares, resulting in a net income of -1.5M€.

- **Current operating income**

In this context, the Atari Group Atari generated a current operating profit of -1.2 M€ during the first half of 2020-2021, compared to +0.7 M€ in the first half of 2019-2020. The Group is nevertheless targeting a positive net income for the financial year 2020-2021 despite the delays in the licensing activities and of the launch of the VCS caused by the global pandemic.

## OTHER INCOME STATEMENT ITEMS

(M€)	30.09.2020		30.09.2019		Variation	
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>(1,2)</b>	<b>-15%</b>	0,7	7%	<b>(1,9)</b>	<b>-265%</b>
Other income (expense)	-	0%	(0,0)	0%	0,0	-100%
Share of net operational profit of equity affiliates	0,0					
<b>OPERATING INCOME (LOSS)</b>	<b>(1,2)</b>	<b>-14,8%</b>	<b>0,7</b>	<b>6,5%</b>	<b>(1,9)</b>	<b>-266,5%</b>
Cost of debt	(0,1)	-1,2%	(0,0)	-0,3%	(0,1)	189,8%
Other financial income (expense)	(0,3)	-3,3%	(0,5)	-4,5%	0,2	-46,3%
Income tax	(0,0)	-0,5%	(0,0)	0%	0,0	
<b>NET INCOME (LOSS)</b>	<b>(1,5)</b>	<b>-19,7%</b>	<b>0,1</b>	<b>1,2%</b>	<b>(1,7)</b>	<b>-1283,6%</b>
Minority interests	(0,1)	-1,6%	(0,0)	0%	(0,1)	
<b>NET INCOME GROUP SHARE</b>	<b>(1,4)</b>	<b>-18,1%</b>	<b>0,1</b>	<b>1,2%</b>	<b>(1,6)</b>	<b>-1183,8%</b>

- **Other operating income and expenses**

As of September 30, 2020, and as of September 30, 2019, other operating income and expenses are not significant.

- **Operating income**

Operating income for the first half of 2020-2021 showed a loss of 1.2 M€, compared to a profit of 0.7 M€ in the first half of 2019-2020.

- **Other financial income and expenses**

Other financial income and expenses are mainly related to the secondary listing of the Atari shares on the NASDAQ First North market in Stockholm and to the fair value adjustment of the Animoca shares held for sale.

- **Income tax**

The Atari Group is utilizing its deferred tax losses and has not recorded any tax expense for the period.

- **Net income (Group share)**

Net income for the first half of 2020-2021 shows a loss of 1.4 M€, compared to the period ended September 30, 2019 which showed a profit of 0.1 M€.

- **Segment Information**

Atari operates in one unique operating segment: The sale of multimedia products (equipment, games, content) at the intersection of entertainment and digital technology, aimed at monetizing the Atari brand and its portfolio of intellectual properties among consumers worldwide.

Atari's business is understood to be fully contained within a single operating segment representative of its cash-generating unit (CGU). Performance indicators regularly tracked by the chief operating decision maker ('CODM') are the Group's revenue and consolidated net income.

### 2.2.2. Consolidated Balance Sheet

<b>ASSETS (M€)</b>	<b>Sept 30, 2020</b>	<b>March 31, 2020</b>
Intangible assets	17,0	17,8
Property, plant and equipment	0,0	0,0
Rights of use relating to leases	2,0	2,3
Non-current financial assets	13,6	15,7
Equity affiliates	0,0	
Deferred tax assets	2,0	2,1
<b>Non-current assets</b>	<b>34,6</b>	<b>38,0</b>
Inventories	2,3	0,6
Trade receivables	4,2	2,8
Current tax assets	0,0	0,0
Other current assets	0,9	0,7
Cash and cash equivalents	1,2	1,8
Assets held for sale	1,7	-
<b>Current assets</b>	<b>10,4</b>	<b>5,8</b>
<b>Total assets</b>	<b>45,0</b>	<b>43,8</b>

<b>EQUITY &amp; LIABILITIES (M€)</b>	<b>Sept 30, 2020</b>	<b>March 31, 2020</b>
Capital stock	2,7	2,7
Share premium	12,2	11,0
Consolidated reserves	13,8	12,5
Net income (loss) Group share	(1,4)	2,3
<b>Shareholders' equity</b>	<b>27,4</b>	<b>28,5</b>
Minority interests	(0,5)	(0,4)
<b>Total equity</b>	<b>26,9</b>	<b>28,1</b>
Provisions for non-current contingencies and losses	0,0	0,0
Non-current financial liabilities	-	0,9
Long term lease liabilities	1,8	2,1
Other non-current liabilities	0,7	0,8
<b>Non-current liabilities</b>	<b>2,5</b>	<b>3,7</b>
Provisions for current contingencies and losses	-	0,1
Current financial liabilities	1,2	0,6
Short term lease liabilities	0,3	0,3
Trade payables	8,9	5,7
Current tax liabilities	-	0,0
Other current liabilities	5,2	5,2
<b>Current liabilities</b>	<b>15,6</b>	<b>11,9</b>
<b>Total equity and liabilities</b>	<b>45,0</b>	<b>43,8</b>

### Intangible fixed assets

As of September 30, 2020, intangible fixed assets break down as follows:

Gross value (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>23,6</b>	<b>2,0</b>	<b>5,3</b>	<b>0,7</b>	<b>31,6</b>
Acquisitions	1,5	-	0,8	0,1	2,5
Disposals / Retirements	-	-	-	-	-
Translation adjustments	(1,5)	(0,1)	(0,3)	(0,1)	(2,1)
<b>September 30, 2020</b>	<b>23,6</b>	<b>1,9</b>	<b>5,8</b>	<b>0,8</b>	<b>32,0</b>

Amortization & provisions (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>(12,5)</b>	<b>(1,1)</b>	<b>-</b>	<b>(0,2)</b>	<b>(13,8)</b>
Amortization / Provisions	(1,9)	(0,2)	-	(0,0)	(2,1)
Disposals / Retirements	-	-	-	-	-
Translation adjustments	0,8	0,1	-	0,0	0,9
<b>September 30, 2020</b>	<b>(13,6)</b>	<b>(1,2)</b>	<b>-</b>	<b>(0,2)</b>	<b>(15,0)</b>

Net value (M€)	Video Games Casino Games	Audiovisual production	Atari VCS	Licenses	Total
<b>March 31, 2020</b>	<b>11,1</b>	<b>0,9</b>	<b>5,3</b>	<b>0,5</b>	<b>17,8</b>
<b>September 30, 2020</b>	<b>9,9</b>	<b>0,7</b>	<b>5,8</b>	<b>0,5</b>	<b>17,0</b>

At the close of every financial reporting period, the Group assesses the future economic benefits it will receive from these assets by using the principles set out in IAS 36—*Impairment of Assets*. These assets are valued according to a minimum budget. If a deviation from this budget is identified, and depending on how significant this deviation is, the amortization plan is accelerated, or the asset is impaired in full.

Licenses are rights acquired from third-party publishers.

- **Non current financial assets**

Non-current financial assets break down as follows as of September 30, 2020:

(M€)	Sept 30, 2020	March 31, 2020
Financial assets measured at fair value through OCI	0,1	0,3
Financial assets measured at fair value through profit & loss	1,4	3,1
Financial assets measured at amortized cost	12,1	12,3
<b>Non-current financial assets</b>	<b>13,6</b>	<b>15,7</b>

Financial assets are initially measured at fair value plus any transaction costs directly related to the acquisition in the case of a financial asset not measured at fair value through profit or loss. Acquisition costs for financial assets measured at fair value through profit or loss are recognized in the income statement.

- **Shareholders' Equity**

The table below shows the changes in equity over the period ended September 30, 2020:

<b>Equity as at March 31, 2020 (M€)</b>	<b>28,1</b>
Net income (loss) for the period	(1,5)
Translation adjustments	(1,4)
<b>Comprehensive income</b>	<b>(2,9)</b>
Share issues	1,3
Treasury shares transactions	-
Others changes	0,4
<b>Equity as at September 30, 2020 (M€)</b>	<b>26,9</b>

- **Net cash position / (Net debt)**

As of September 30, 2019, the Group shows a positive net cash position of 0.9 M€. The net cash position breaks down as follows:

(M€)	Sept 30, 2020	March 31, 2020
OCEANEs 2003-2020	-	-
IFRS 9 : Legalist	-	(0,9)
<b>Non current</b>	-	(0,9)
OCEANEs 2003-2020	-	(0,6)
IFRS 9 : Legalist	(0,9)	-
Loan "Paycheck Protection Program"	(0,3)	-
<b>Current</b>	(1,2)	(0,6)
Restatement Legalist debt non cash (1)	0,9	0,9
<b>Gross debt</b>	(0,3)	(0,6)
Cash and equivalents	1,2	1,8
<b>Net Cash (net debt)</b>	0,9	1,1

(1) Note : Gross financial debt has been adjusted for the Legalist amount of 0.9 M€, recognized as financial debt in application of IFRS 9 but which remains non-recoverable from the Group

### 2.2.3. Consolidated Cash flows

As of September 30, 2020, net cash position stood at 1.2 M€, compared to 1.8 M€ as of March 31, 2020.

The cash flow statements prepared by the Company for the six-month periods ended September 30, 2020 and September 30, 2019 are summarized as follows:

(M€)	Sept 30, 2020	Sept 30, 2019
<b>Net cash (used)/generated in operating activities</b>	0,7	(0,2)
of which continuing operations	0,7	(0,2)
<b>Net cash (used)/generated in investing activities</b>	(2,5)	(5,4)
of which continuing operations	(2,5)	(5,4)
of which intangible assets and fixed assets	(2,5)	(5,4)
<b>Net cash provided (used in) by financing activities</b>	1,1	0,2
of which continuing operations	1,1	0,2
of which interest paid	-	-
<b>Other cash flows</b>	0,2	0,3
<b>Net change in cash and cash equivalent</b>	(0,6)	(5,1)

Net cash provided by operating activities of 1.0 M€ reduced by a working capital requirement of 0.3 M€ resulted in net cash used in operating activities of 0.7 M€. Financing activities generated 1.1 M€. Funds were primarily used during the period for investments in games and the Atari VCS. The change in net cash for the period is -0.6 M€.

### 2.3. UPDATED INFORMATION ON RISK FACTORS

The Company has reviewed the risks that could have a material adverse effect on its business, financial position or results (or its ability to achieve its objectives) and considers that there are no significant risks beyond those presented below and those presented in its Universal Registration Document. These risks are, as of the date of filing of this update of the Reference Document, those the Company believes that, were they to materialize, could have a significant adverse effect on the Atari Group, its business, its financial situation, its results, or its prospects. Investors are invited to consider these risks before



deciding, as the case may be, to acquire or subscribe for securities of the Company.

### **2.3.1. Liquidity Risk, Risks Associated with a Going Concern, and Risks Associated with Operating Losses**

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments. It is relying on forecasts linked to its operating activities, games, licensing, casino and VCS, and, in the event of delays, on other options that are being evaluated. The first half of the financial year has been marked by a stronger seasonality of the investments made, including due to the timetable of the Atari VCS launch.

Information on the going concern assumption and indebtedness is presented in Notes 1.3 and 8 to the consolidated financial statements as of September 30, 2020.

In recent years, the Group has significantly improved its financial position. Since the 2012/2013 financial year, the Group has implemented a program for massive deleveraging and replenishment of equity. As of September 30, 2020, the net cash position (cash available less debt outstanding) is positive; in other terms, cash available exceeds the amount of debt still to be redeemed. Furthermore, shareholder's equity is positive. Thus:

- As of March 31, 2019, shareholders' equity (Group share) amounted to +22.2 million euros. At the same date, the Group's net cash amounted to 7.8 million euros.
- As of March 31, 2020, shareholders' equity (Group share) amounted to +28.5 million euros. At the same date, the Group's net cash amounted to 1.1 million euros.
- As of September 30, 2020, shareholders' equity (Group share) amounted to +27.4 million euros. At the same date, the Group's net cash amounted to 0.9 million euros.

Cash and cash equivalents amount to 1.2 million euros and gross financial debt amounts to 0.3 million euros, excluding the Legalist debt, which will not lead to a cash outflow. This financial debt consists of the "Paycheck Protection Program" loan for an amount of 383 KUS\$, which the Group obtained in the United States in the context of the pandemic crisis, and which may be forgiven if certain conditions of its utilization are approved by the relevant authorities.

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments. The liquidity forecasts prepared by the Group rely on the absence of any debt maturities over the next 12 months and on forecasts for its operating activities (games, licensing, multimedia activities, Atari VCS and Atari Token) who generate positive cash-flows and on the capital increase carried out in December 2020 for a total amount of 5.8 million euros.

### **2.3.2. Risks related to the achievement of objectives**

There is always uncertainty inherent in the achievement of objectives, the operating budget and the financing plan, which may be greater in these new areas, and the valuation of Group assets—in particular where it concerns capitalized productions (games, TV shows) or investments—and liabilities may be affected where assumptions fail to materialize.

## **2.4. OUTLOOK FOR THE FINANCIAL YEAR 2020-2021**

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The Group is now targeting a positive net income for the financial year 2020-2021 (compared to an increase in profitability over the prior financial year), despite the delays in the licensing activities and of the launch of the VCS caused by the global pandemic.

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

#### **ATARI GAMES**

- Release of the free-to-play version Beat Legend and gradual worldwide launch
- Public test phase of Atari Combat in various selected countries
- Continuation of licensing activities, particularly for home arcades

#### **ATARI CASINO**

- Public test phase of Atari Casino on the blockchain

#### **ATARI VCS**

- First deliveries made in December 2020
- Ramp-up of production to fulfill orders received directly (Atari VCS online sales) or through distributors, with deliveries made before March 31, 2021 contributing to revenue for the financial year

#### **ATARI PARTNERS / ATARI CHAIN**

- Public sale and successful listing of the Atari Token
- Launch of Atari games in the Decentraland blockchain metaverse
- Continued development in the Sandbox metaverse
- Development of new NFT products with WAX

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### **3. STATEMENT BY THE PERSON RESPONSIBLE FOR THE SEMI-ANNUAL FINANCIAL REPORT**

I certify that, to the best of my knowledge, the summary consolidated financial statements for the half-year ended September 30, 2020 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position, and results of the Company and of all the companies included in the consolidation of the Atari Group, and that the management report presents a faithful representation of the important events that occurred during the first six months of the financial year, of their impact on the accounts, of the main related party transactions as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, March 24, 2021

Frédéric Chesnais,

Chief Executive Officer of Atari SA

#### 4. STATUTORY AUDITORS' REPORT ON THE 2020-2021 SEMI-ANNUAL FINANCIAL REPORT

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##### **ATARI**

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75009 PARIS

#### **Statutory auditors' review report on the half-yearly financial information**

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France*

To the Shareholders of ATARI

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2-III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ATARI, for the period from April 1, 2020 to September 30, 2020;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements have been prepared and the limited review performed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### **Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

### **Specific verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, March 24, 2021

The Statutory Auditors

**EXPONENS CONSEIL & EXPERTISE**

**DELOITTE & ASSOCIÉS**

Anne MOUHSSINE

Benoit PIMONT