



Results of the first half of 2021-2022

Press Release - Paris, France – January 17, 2021 at 07:30pm

The first half of the financial year 2021-2022 ended on September 30, 2021 and the financial results as well as the semi-annual financial report have been reviewed and approved by the Board of Directors on January 17, 2021. The semi-annual financial report is available on the website of the Group (www.atari-investisseurs.fr) and has been filed today with the “Autorité des marchés financiers” (AMF).

Highlights of the first half of 2021-2022 (April 1 to September 30, 2021) :

- Appointment of Wade Rosen as CEO in April 2021, replacing Frédéric Chesnais
- Complete review of the business and implementation of a new strategy, aiming at an improvement in profitability, focused on the development of new premium games (PC & console), with the discontinuation of certain mobile free-to-play games and the withdrawal from the Atari Casino operations in Africa.
- Implementation of the new strategy leading to a decrease in revenue (-23.8%) in the context of the transition to premium games and of the significant decline of the licensing business, still heavily impacted by the effects of the pandemic
- Launch of retail sales of the Atari VCS in the United States, contributing 2.3 M€ of revenue
- June 2021: Licensing agreement with CBI, a company founded and managed by Frédéric Chesnais, for the development of a virtual world (blockchain technology) in the image of the Atari brand. Resignation of Frédéric Chesnais from the Board of Directors of Atari SA to prevent conflicts of interest.

Highlights of the second half of 2021-2022 (October 1, 2021 to March 30, 2022) :

- Sale of land NFTs in The Sandbox to Republic Realm for 4.3 M\$
- US\$3.5M strategic investment in the streaming platform Antstream Limited and a related option to purchase the assets of Mobygames, the world's largest video game database
- Launch of the first premium games: Asteroids Recharged, Black Widow Recharged, Centipede Recharged, available on the Atari VCS as well as all major consoles and PC.
- Financing through shareholder loans: In order not to impact the Group's cash position in the context of its requirements to source components for the Atari VCS, the Company was granted two loans in July, August and October 2021, by two shareholders, for a total of US\$2.6M. IRATA LLC, a company controlled by Wade Rosen, contributed US\$2.1M to this operation.

Results of the first half 2021-2022

IFRS, in M€	2021/2022 (April – Sept.)	2020/2021 (April – Sept.)	Variation %
Revenue in millions of euros	6.0	7.8	-23.8%
Cost of sales	(2.6)	(1.5)	
GROSS PROFIT MARGIN	3.3	6.3	-47.1%
<i>% of turnover</i>	56%	81%	
Research and development costs	(3.5)	(4.0)	
Marketing and commercial expenses	(0.6)	(1.5)	
General and administrative expenses	(2.1)	(2.0)	
Other operating income (expense)	-	0.0	
CURRENT OPERATING INCOME	(2.8)	(1.2)	-143.6%
Other income (expense)	-	-	
OPERATING INCOME	(2.8)	(1.2)	-143.6%
Cost of debt	(0.0)	(0.1)	
Other financial income (expense)	0.2	(0.3)	
Share of net operational profit of equity affiliates	(0.1)	0.0	
Income tax	(0.0)	(0.0)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(2.8)	(1.5)	-80.4%
Net income (loss) from discontinued operations	(0.7)	-	
NET INCOME OF THE CONSOLIDATED ENTITIES	(3.5)	(1.5)	
Share attributable to the Group	(3.5)	(1.4)	
Share attributable to minority interests	(0.0)	(0.1)	

For the first half of the financial year 2021-2022 (April 1 to September 30, 2020), the Atari Group recorded revenue of 6.0 M€, compared to 7.8 M€ for the same half of the previous financial year. The decrease, -23.8% at current exchange rates and -20.3% at constant exchange rates, reflects the contraction in the licensing business, down by almost 73%, still significantly affected by the health crisis, as well as the slowdown in revenues from the video game business, down 51%; linked to the shift of the Atari Gaming division to new premium games and the pursuit of improved profitability for the remaining free-to-play games. This dynamic is partly compensated by the ramp-up of sales of the Atari VCS, which represented 2.3M€ over the period, while the VCS activity did not contribute to revenue in the first half of the previous financial year.

Revenues relating to the new activities developed on the blockchain represented 0.4M€, corresponding to income from NFT sales under a licensing agreement.

The gross margin level stands at 56% of turnover during the period compared to 81% for the previous period. This reflects the growing share of Atari VCS sales, whose margin is lower than that of the other games and licensing businesses of the Group.

R&D expenses are 13.4% lower due to a reduction in the amortization expenses related to R&D capitalized in previous years but also due to reduced investments in the production of new games.

Marketing and sales expenses amounted to 0.6M€ for the first half of the financial year 2021-2022. The reduction of 61% is the result of the optimization of the free-to-play games' profitability, enabled by a drop in user acquisition costs. General and administrative expenses amounted to 2.1M€ and remained stable compared to the previous period.

In this context, the Group generated a current operating profit of -2,8 M€ during the first half of 2021-2022, compared to -1.2 M€ in the first half of 2020-2021.

Other financial income and expenses are mainly related to the accretion of long-term receivables for +€0.2M and secondary listing costs on the Nasdaq Stockholm market for -€0.1M. As a reminder, the listing of the Swedish Depositary Receipts (SDRs) on the Nasdaq First North Growth market in Stockholm was terminated on October 22, 2021 at Atari's request.

Following the decision to withdraw from the directly-operated casino activities in Africa, the expenses linked to the wind-down of these activities are presented separately in the line item “Net income (loss) from discontinued operations” of the income statement, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. These expenses amounted to 0.7M€ for the period ended September 30, 2021.

Net income of the consolidated entities thus amounts to -3.5M€, compared to -1.4M€ for the first half of 2020-2021.

Balance Sheet as at September 30, 2021

ASSETS (in millions of euros)	30.09.2021	31.03.2021
Intangible assets	11.0	11.6
Property, plant and equipment	0.0	0.0
Right of use assets related to leasing contracts	1.7	1.9
Equity affiliates	0.0	0.0
Non-current financial assets	15.8	15.8
Deferred tax assets	1.9	1.9
NON-CURRENT ASSETS	30.4	31.3
Inventories	1.6	2.5
Trade receivables	4.2	3.3
Current tax assets	0.0	0.0
Other current assets	2.8	0.6
Cash and cash equivalents	0.8	2.5
Assets held for sale	0.0	0.3
CURRENT ASSETS	9.5	9.1
TOTAL ASSETS	39.9	40.4

EQUITY & LIABILITIES (in millions of euros)	30.09.2021	31.03.2021
Capital	3.1	3.0
Share premium	31.4	19.1
Consolidated reserves	2.9	14.0
Net income Group share	(3.5)	2.3
SHAREHOLDERS' EQUITY GROUP SHARE	23.9	24.2
Minority interests	(0.0)	(0.0)
SHAREHOLDERS' EQUITY OF CONSOLIDATED ENTITIES	23.9	24.2
Provisions for non-current contingencies and losses	0.0	0.0
Non-current financial liabilities	1.1	-
Deferred tax liabilities	1.5	1.6
Other non-current liabilities	0.7	0.7
NON-CURRENT LIABILITIES	3.3	2.3
Provisions for current contingencies and losses	-	-
Current financial liabilities	-	-
Current lease liabilities	0.3	0.3
Trade payables	6.9	7.3
Current tax liabilities	-	-
Other current liabilities	5.2	6.3
Liabilities held for sale	0.2	-
CURRENT LIABILITIES	12.7	13.9
TOTAL EQUITY & LIABILITIES	39.9	40.4

Non-current financial assets include 14.2M€ of trade receivables with a maturity of more than one year, compared to 14.3M€ as of March 31, 2021.

Other current liabilities of 5.2M€ notably include 3.7M€ of deferred revenue : 2.7M€ for sales and allocations of the Atari Token, 0.4M€ for pre-orders of the Atari VCS in the process of being fulfilled and 0.8M€ for hotel licensing revenues.

Outlook for 2021/2022

The Group is targeting improved financial performance in the second semester over the first six months of the fiscal year. This performance is driven by several key projects:

ATARI GAMES

- Release of new premium games, beginning with the Atari Recharged line-up of game titles
- The launch of Atari XP, which allows fans to purchase unreleased or rare Atari cartridges
- New licensing opportunities for classic Atari games with streaming providers
- Expanded opportunities with brand licensing partners as licensing demand recovers from pandemic related interruptions

ATARI VCS

- The VCS is available for sale for the entirety of the second semester
- Increased digital sales through the VCS platform as more game content is added

ATARI BLOCKCHAIN

- Sale of a portion of Atari land in the Sandbox metaverse
- Development of new NFT products leveraging the large portfolio of Atari IP as well as partnerships with third-parties

Disclaimer:

The realization of the plans, and their operational budget and financing plan remain inherently uncertain, and the non-realization of these assumptions may impact their value.

About Atari:

Atari, comprised of Atari SA and its subsidiaries, is a global interactive entertainment and multiplatform licensing group. The true innovator of the video game, founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including globally known brands such as Asteroids®, Centipede®, Missile Command® and Pong®. From this important portfolio of intellectual properties, Atari delivers attractive online games for smartphones, tablets, and other connected devices. Atari also develops and distributes interactive entertainment for Microsoft, Sony and Nintendo game consoles. Atari also leverages its brand and franchises with licensing agreements through other media, derivative products and publishing. For more information: www.atari.com and www.atari-investisseurs.fr/en/. Atari shares are listed in France on Euronext Paris (Compartment C, ISIN Code FR0010478248, Ticker ATA) and are eligible for the Nasdaq International program in the United States (OTC - Ticker PONGF).

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APPENDIX

Net cash position at September 30, 2021

Net cash position <i>(in millions of euros)</i>	30.09.2021	31.03.2021
Shareholder loan	(1.1)	-
Non-current	(1.1)	-
Current financial liabilities	-	-
Current	-	-
Gross financial debt	(1.1)	-
Cash and cash equivalents	0.8	2.5
NET CASH POSITION	0.2	2.5