



FY 2022 ANNUAL RESULTS

NEW LEADERSHIP AND RENEWED FOCUS ON GAMES, HARDWARE, LICENSING AND BLOCKCHAIN

PARIS, FRANCE (July 27, 2022 - 6.45 pm CET) - [Atari®](#) — one of the world's most iconic consumer brands and interactive entertainment producers — today published the Group's consolidated results for the fiscal year ended March 31, 2022, approved by the Board of Directors during its meeting held on July 22, 2022. Consolidated accounts have been audited by statutory auditors.

FY22 operational highlights

- Appointment of Wade Rosen as Chief Executive Officer in April 2021
- New strategic plan aimed at refocusing Atari on higher value-add premium games
- Launch of first premium games with a strong pipeline of new games
- Revised VCS go-to-market and development of a complementary hardware strategy
- Termination of licensing agreements with CBI and ICICB Group
- Exit of non-core casino activities in Africa

Post-closing events

- Termination of ATRI Token, planned creation of a new token, solely managed by Atari
- Strengthening of financial structure with €12.5M capital increase¹
- Launch of Atari X, consolidating Atari Blockchain interests into a unified operation
- Transfer of the listing of Atari shares on to Euronext Growth

FY22 financial performance summary

- Revenues for the year at €14.9M, down 21.2% versus previous year
- Current operating income improvement at -€2.3M (vs -€3.4M in previous year)
- Operating income at -€23.0M (vs -€11.6M in previous year), negatively impacted by €20.7M one-time, non-cash items

¹ Completion of the capital increase was announced on March 30, 2022 and the settlement occurred on April 1, 2022. This capital increase is therefore not taken into account in March 31, 2022 annual results.

Wade Rosen, Chairman and Chief Executive Officer commented: “*The financial performance recorded by the Group this year reflects a new strategic direction focused on things critical to Atari’s DNA: making great games with the Atari IP, innovative hardware, and extending the Licensing and Blockchain ecosystems. By exiting non-core activities we have been able to put in place the necessary levers for future growth, profitability, and cash generation.*”

IMPLEMENTATION OF THE TURNAROUND STRATEGY

Games – Atari is building upon the strategy of focusing on premium games with multiple titles based on Atari’s strong IP. Atari launched the *Atari: Recharged* line-up of titles, composed of *Asteroids*, *Missile Command*, *Black Widow*, *Centipede*, *Breakout*, *Gravitar*, and *Yars’ Revenge* which modernize Atari’s classic IP for today’s platforms. Upcoming releases include *Atari Mania*, *the Atari 50th Anniversary Celebration*, *Yars Recharged*, and other titles yet to be announced. The *RollerCoaster Tycoon* franchise continues to be a prominent component of the Atari Games portfolio, the license is set for renewal in September 2022, and it is the intention of both parties to continue the licensing agreement under fundamentally similar terms. Also, Atari is in the process of collaborating with Fig Publishing, Inc., part of the Republic ecosystem, to co-produce certain new video games in development.

VCS – Atari completed the review of its go-to-market for Atari VCS, resulting in revised promotion, marketing and PR strategies to bolster demand. This resulted in an impairment on inventories and R&D for a total amount of €9.4M. Atari is actively developing new and complementary hardware that will expand and dramatically increase the core functionality of the VCS.

Launch of Atari XP – Atari’s initiative to bring rare and never officially-released Atari game cartridges to market is an opportunity for Atari to bring high-value, nostalgic and collectible content to the very active community of hardcore Atari fans, collectors and video games enthusiasts. The first cartridge release series to kick off the Atari XP initiative included *Yars’ Return*, *Aquaventure*, and *Saboteur*.

Atari X – The Atari X initiative consolidates Atari’s blockchain interests into a unified operation that is wholly controlled by Atari. The initiative will drive the development of a robust blockchain ecosystem that intertwines gaming, utility, and community. In announcing Atari X, Atari reaffirms its commitment to blockchain and its belief that blockchain is an important element of Atari’s business and strategy.

BREAKDOWN OF REVENUES BY LINES OF BUSINESS

(M€)	FY 22	FY 21
Games	5,7	8,1
Hardware	3,1	2,8
Licensing	1,3	7,9
Blockchain	4,9	0,1
Total Revenue	14,9	18,9

Atari FY22 revenues stood at €14.9M compared to €18.9M in the previous year (21.2% decrease at current exchange rates and 21.5% at constant exchange rates):

- **Games (38% of revenues):** the 30% decrease in Games revenues is the result of a renewed focus on profitability and related marketing expenses in Atari's free-to-play game catalog, and a strategic pivot to premium game development. New games launched by Atari during the second half of the year contributed positively to revenue.
- **Licensing (8% of revenues):** Licensing revenues are down 84% year-on-year. The drop is driven by a new strategic partnership selection process, which seeks to better align partners with the overall Atari strategy and prevent future impairments on previously booked licensing revenue. Additionally, successful multi-year licenses that had their revenue booked in previous fiscal years continue to provide significant cash flow going forward.
- **Hardware (21% of revenues):** Hardware revenues are up by 9.8% at €3.1M for the year, as a result of a full year of revenue contribution from the VCS.
- **Blockchain (33% of revenues):** Sharp increase in Blockchain revenues to €4.9M, reflecting the contribution from NFT sales under licensing agreements with partners such as Zed Run and Everyrealm, and from the sale of parcels of land in The Sandbox.

CONSOLIDATED INCOME STATEMENT SUMMARY

(M€)	FY 22	FY 21
Revenue	14,9	18,9
Cost of goods sold	(3,4)	(5,5)
GROSS MARGIN	11,5	13,4
<i>in % of Revenue</i>	<i>77,1%</i>	<i>70,7%</i>
CURRENT OPERATING INCOME (LOSS)	(2,3)	(3,4)
OPERATING INCOME (LOSS)	(23,0)	(11,6)
NET INCOME (LOSS) FOR THE YEAR	(23,8)	(11,9)

Gross margin improved from 70.7% to 77.1% of revenues, thanks to a favorable mix of higher margin Blockchain activity.

Current operating income improvement mainly comes from the following elements:

- R&D expenses, at €7.5M (vs €7.9M) are at 50% of revenues, demonstrating Atari's continued investments in new premium games development.
- Marketing and Sales expenses totaled €1.2M, compared with €2.6M in the previous year, a reduction in line with Atari's efforts to improve profitability and eliminate unprofitable user acquisition spending on freemium games.
- Decrease in General and Administrative expenses from €6.3M to €5.1M this year is related to the discontinuation of African entities and related costs.

Other income and expenses came in at -€20.7 M, composed primarily of one-time, non-cash expenses. This includes notably a €9.7M write-down in receivables from licensee ICICB, a €9.4M impairment on VCS, and a €1.1M impairment on select free-to-play games.

As a result, Operating Income for the year ending March 31, 2022 came to -€23.0M, compared with -€11.6M for the year ending March 31, 2021.

BALANCE SHEET SUMMARY

ASSETS (M€)	FY 21-22	FY20-21
Non-current assets	18,9	31,3
Current assets	7,0	9,1
Total assets	26,0	40,4
EQUITY & LIABILITIES (M€)	FY 21-22	FY20-21
Shareholders' equity	4,4	24,2
Minority interests	(0,0)	(0,0)
Total equity	4,4	24,1
Non-current liabilities	8,0	2,3
Current liabilities	13,6	13,9
Total equity and liabilities	26,0	40,4

Consolidated shareholders' equity totaled €4.4M on March 31, 2022, compared with €24.2M on March 31, 2021. Non-current liabilities increased from €2.3M to €8.0M, due to shareholders loans granted during the year.

CASH FLOW STATEMENT SUMMARY

(M€)	FY 21-22	FY 20-21
Net cash (used)/generated in operating activities	(5,8)	(4,6)
Net cash (used)/generated in investing activities	(4,3)	(3,1)
Net cash provided (used in) by financing activities	7,6	7,8
Other cash flows	0,7	0,6
Net change in cash and cash equivalent	(1,8)	0,7

Net change in cash for the period was negative at -€1.8M, due to the decrease of the activity and €4.3M of investments related to R&D costs for new game development. Financing activities generated €7.6M include €2.4M from the exercising of stock-options, and €5.0M from shareholders' loans. Net cash position at the end of the year does not take into account proceeds raised in context of the capital increase completed on April 1, 2022.

STRATEGY AND OUTLOOK

Atari's renewed strategic ambition is to extend Atari's ecosystem and bring joyful experiences via sustained creation, across the following avenues:

- **Gaming** — A return to Atari's roots in game development and publishing, with a dynamic pipeline of new releases of premium games, leveraging a large catalog of intellectual property;
- **Hardware** — Creating innovative and best-in-class hardware systems. Going forward hardware creation will be focused around industry subsets (e.g. retro gaming) where Atari has natural advantages and can establish a dominant market position;
- **Licensing** — Partnering with well-respected and beloved international brands to deliver innovative consumer products and services across a range of industries that are outside of Atari's core competencies;
- **Blockchain** — Development of Atari's ecosystem in Web3 which includes, but is not limited to, a new proprietary token, blockchain gaming, proprietary NFT projects, Metaverse content, and partnerships with other leading Web3 communities. In this context, Atari made the decision to suspend the spin-off project of its Blockchain division, which had been previously announced in 2021.

In the normal course of business, Atari is continually negotiating potential acquisitions and licensing transactions to acquire retro games.

GOVERNANCE

Atari is pleased to announce the appointment of Ms. Jessica Tams, as an independent director, which will be submitted to shareholders at the General Meeting on September 27, 2022, in replacement of Ms. Alyssa Padia Walles, who retired from the Board after nine years of service.

Jessica Tams began her career as a Software Engineer and was a Producer on the launch of Xbox Live Arcade before founding the Casual Games Association in 2005. Ms. Tams is a Strategic Advisor for Manga Productions, a subsidiary of Misk Foundation, a Strategic Advisor for Arrivant, and a General Partner for Astra Game Ventures. Jessica Tams is a graduate of Utah State University with degrees in Mathematics, Physics, and Computer Science.

The Board of Directors will be made of four members. 50% of directors are independent, and women represent 50% of the board members.

ANNUAL GENERAL MEETING

The Shareholders' Annual Meeting is scheduled to be held on September 27, 2022 and will be convened shortly.

2021-2022 UNIVERSAL REGISTRATION DOCUMENT

The 2021-2022 Universal Registration Document has been filed today with the Autorité des marchés financiers (AMF) and made available to the public on the Atari financial website.

ABOUT ATARI

Atari is an interactive entertainment company and an iconic gaming industry brand that transcends generations and audiences. The company is globally recognized for its multi-platform, interactive entertainment and licensed products. Atari owns and/or manages a portfolio of more than 200 unique games and franchises, including world-renowned brands like *Asteroids*[®], *Centipede*[®], *Missile Command*[®], *Pong*[®], and *RollerCoaster Tycoon*[®]. Atari has offices in New York and Paris. Visit us online at www.Atari.com.

Atari shares are listed in France on Euronext Growth Paris (ISIN Code FR0010478248, Ticker ALATA) and eligible for NASDAQ International program (OTC Compartment PONGF).

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APPENDIX

Consolidated P&L

(M€)	FY 22	FY 21	%
Revenue	14,9	18,9	-21%
Cost of goods sold	(3,4)	(5,5)	38%
GROSS MARGIN	11,5	13,4	-14%
<i>in %</i>	<i>77%</i>	<i>71%</i>	
Research and development expenses	(7,5)	(7,9)	5%
Marketing and selling expenses	(1,2)	(2,6)	55%
General and administrative expenses	(5,1)	(6,3)	19%
Other operating income (expenses)	-	0,0	
CURRENT OPERATING INCOME (LOSS)	(2,3)	(3,4)	34%
<i>in %</i>	<i>-15%</i>	<i>-18%</i>	
Other income (expense)	(20,7)	(8,2)	
OPERATING INCOME (LOSS)	(23,0)	(11,6)	
Cost of debt	(0,2)	(0,1)	
Other financial income (expense)	(1,7)	(0,1)	
Share of net operational profit of equity affiliates	-	(0,1)	
Income tax	(0,1)	(0,0)	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(25,0)	(11,9)	
Prodit (Loss) from discontinued operations	1,1	-	
NET INCOME (LOSS)	(23,8)	-	
Minority interests	(0,0)	(0,0)	
NET INCOME GROUP SHARE	(23,8)	(11,9)	

Balance Sheet

ASSETS (M€)		FY 22	FY 21
Intangible assets	<i>Note 3</i>	6,1	11,6
Property, plant and equipment		0,0	0,0
Rights of use relating to leases	<i>Note 4</i>	1,6	1,9
Non-current financial assets	<i>Note 6</i>	9,2	15,8
Deferred tax assets	<i>Note 22</i>	2,0	1,9
Non-current assets		18,9	31,3
Inventories	<i>Note 7</i>	2,1	2,5
Trade receivables	<i>Note 8</i>	2,4	3,3
Current financial assets			
Current tax assets		0,0	0,0
Other current assets	<i>Note 9</i>	1,7	0,6
Cash and cash equivalents	<i>Note 10</i>	0,6	2,5
Assets held for sale	<i>Note 23</i>	0,1	0,3
Current assets		7,0	9,1
Total assets		26,0	40,4
EQUITY & LIABILITIES (M€)		FY 22	FY 21
Capital stock		3,1	3,0
Share premium		21,4	19,1
Consolidated reserves		3,7	14,0
Net income (loss) Group share		(23,8)	(11,9)
Shareholders' equity	<i>Note 11</i>	4,4	24,2
Minority interests	<i>Note 11.5</i>	(0,0)	(0,0)
Total equity		4,4	24,1
Provisions for non-current contingencies and losses	<i>Note 12</i>	0,9	0,0
Non-current financial liabilities	<i>Note 13</i>	5,0	-
Long term lease liabilities	<i>Note 14</i>	1,3	1,6
Other non-current liabilities	<i>Note 15</i>	0,7	0,7
Non-current liabilities		8,0	2,3
Provisions for current contingencies and losses	<i>Note 12</i>	0,4	-
Current financial liabilities	<i>Note 13</i>	0,1	-
Short term lease liabilities	<i>Note 14</i>	0,4	0,3
Trade payables	<i>Note 15</i>	8,2	7,3
Current tax liabilities		-	-
Other current liabilities	<i>Note 15</i>	4,5	6,3
Liabilities held for sale		0,1	
Current liabilities		13,6	13,9
Total equity and liabilities		26,0	40,4

Cash-flow statement

(M€)	FY 22	FY 21
Net income (loss) for the year	(23,8)	(11,9)
Non cash expenses and revenue	-	-
Charges to (reversals of) depreciation, amortization and provisions for non-current assets	14,7	12,6
Cost of (revenue from) stock options and related benefits	0,8	0,8
Losses (gains) on disposals	-	0,1
Other non cash items	(0,2)	(2,6)
Cost of debt	-	-
Income taxes (deferred and current)	-	-
CASH FLOW BEFORE NET COST OF DEBT AND TAXES	(8,5)	(1,0)
Income taxes paid	-	-
Changes in working capital	-	-
Inventories	(4,4)	(1,9)
Trade receivables	2,4	(1,3)
Trade payables	0,6	1,2
Other current & non current assets and liabilities	4,2	(1,5)
NET CASH USED IN OPERATING ACTIVITIES	(5,8)	(4,6)
Purchases of / additions to :		
Intangible assets	(4,3)	(4,6)
Property, Plant & equipment	-	(0,0)
Non current financials assets	(0,1)	(0,1)
Disposals / repayments of :		
Intangible assets	-	-
Property, Plant & equipment	-	-
Non current financials assets	0,0	1,7
NET CASH USED IN INVESTING ACTIVITIES	(4,3)	(3,1)
Net funds raised from :		
Share issues	2,4	8,4
Loans	5,0	-
Changes in treasury shares	-	-
Net funds disbursed for :		
Interest and other financial charges	-	-
Debt repayment	0,1	(0,6)
Changes in treasury shares	-	-
Changes in loans or other financial items	-	-
Other cash flows from financing activities	-	-
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	7,6	7,8
Impact of changes in exchange rates	0,7	0,6
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,8)	0,7
(M€)	FY 22	FY 21
Net opening cash balance	2,5	1,8
Net closing cash balance	0,6	2,5
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,8)	0,7
Net closing cash balance		
Cash and cash equivalents	0,6	2,5
Bank overdrafts (including current financial debts)	-	-

DISCLAIMER

This press release contains certain non-factual elements, including but not restricted to certain statements concerning its future results and other future events. These statements are based on the current vision and assumptions of Atari's leadership team. They include various known and unknown uncertainties and risks that could result in material differences in relation to the expected results, profitability and events. In addition, Atari, its shareholders and its respective affiliates, directors, executives, advisors and employees have not checked the accuracy of and make no representations or warranties concerning the statistical or forward-looking information contained in this press release that is taken from or derived from third-party sources or industry publications. If applicable, these statistical data and forward-looking information are used in this press release exclusively for information.