



**HALF-YEAR 2022/2023 RESULTS
CONTINUED TRANSFORMATION EFFORTS
STRATEGIC REPOSITIONING OF ALL FOUR LINES OF BUSINESS
TENDER OFFER PROJECT FROM IRATA**

PARIS, FRANCE (December 16, 2022 - 6.00 pm CET) - Atari® — one of the world's most iconic consumer brands and interactive entertainment producers — is announcing its consolidated financial results for the half year ended September 30, 2022. The half-year financial statements were the subject of a limited review by its Statutory Auditors. The half-year financial report is available on Atari's investors relation website <https://atari-investisseurs.fr/en/>.

Highlights of the first-half ended September 30, 2022

- Completion of a €12.5M capital increase
- Termination of the license related to the ATRI Token
- Launch of Atari X, consolidating Atari Web3 interests into a unified operation
- Transfer of the listing of Atari shares to the Euronext Growth Paris market
- Transformation of the organization and operations, across all four lines of business
- Tender offer project by Irata LLC on Atari's shares

Post-closing events

- RollerCoaster Tycoon license extended for a 10-year period
- Release of new games: *Atari Mania*, *Atari 50th*, *Missile Command: Recharged*
- €2.4M shareholder loan by Irata LLC to cover short term financing needs

HY 22/23 financial performance summary

- Revenues for the period at €4.3M, down 27% versus previous year
- Current operating income -€4.2M (vs -€2.8M in previous year)
- Operating income at -€5.2M (vs -€2.8M in previous year)

HIGHLIGHTS OF THE PERIOD

During the first half of the year, the Company essentially focused its resources on the transformation of its operations and organization while laying the foundation of new strategic orientation across all of its four lines of business.

- **Games** – Atari continued on the execution of its strategy focusing on premium games based on Atari's own IP. Since the beginning of the period Atari launched 3 new premium games, including titles from its *Recharged* series as well as new IP.

- **Hardware** – The first-half of the year was primarily dedicated to the reorganization of the Hardware line of business which includes the suspension of direct hardware manufacturing relationships, notably with regards to the Atari VCS, for which a new commercial strategy has been implemented as of the end of calendar year 2022 and that will continue in calendar year 2023. In parallel, Atari is considering developing new hardware complementary to the Atari VCS with partners under licensing contracts.
- **Licensing** – Atari has focused its efforts on building new licensing verticals with the support of a brand licensing agency to drive new initiatives across new categories and geographies with well-respected and recognized international brands.
- **Blockchain** – The first-half of the period was primarily focused on laying the foundation of Atari X which included collaborations and partnerships with web3 partners as well as the implementation of NFT sales that were successful, despite unfavourable market conditions, for blockchain related activities.

BREAKDOWN OF REVENUES BY LINES OF BUSINESS

(M€)	H1 22/23	H1 21/22	Change
Games	2.8	2.6	10%
Hardware	0.2	2.3	-92%
Licensing	0.6	0.7	-18%
Blockchain	0.7	0.4	101%
Total Revenue	4.3	6.0	-27%

For the first-half of the year ending September 30, 2022, the Group recorded a revenue of €4.3M, compared to €6.0M for the same period last year, a decrease of -27% at current exchange rate and -38% at constant exchange rate. The trend is primarily resulting from the underperformance of the Hardware line of business and the effect of an unfavourable comparison with the prior period that included contributions of ICICB licensing contracts that have since been terminated.

- **Games:** The change in Games revenue includes notably a positive FX effect, as well as the contribution of RCT games and new premium games including new titles in the Recharged series.
- **Hardware:** Hardware revenues, composed of VCS and Cartridge sales, decreased from €2.3M to €0.2M, primarily resulting from cartridge activity and underperformance by the VCS.
- **Licensing:** Licensing revenues decreased by 18% compared to the previous period. H1 21/22 licensing revenues included contribution from ICICB licensing contracts that never materialised and were written-off in FY 21/22 for €0.1M, as well as non-recurring items for €0.3M, while 4 new licensing contracts added over the period.
- **Blockchain:** Blockchain revenues increased from €0.4M to €0.7M thanks to the NFT sales completed during the period despite a challenging market environment for cryptocurrencies in general.

CONSOLIDATED INCOME STATEMENT SUMMARY

(M€)	H1 22/23	H1 21/22
Revenue	4.3	6.0
Cost of goods sold	(1.0)	(2.6)
GROSS MARGIN	3.3	3.3
CURRENT OPERATING INCOME (LOSS)	(4.2)	(2.8)
OPERATING INCOME (LOSS)	(5.2)	(2.8)
NET INCOME (LOSS) FOR THE YEAR	(5.4)	(3.5)

Gross Margin – Gross margin for the period stood at €3.3M, stable compared to the previous year. This is mainly due to the decrease in Hardware COGS resulting from the suspension of existing VCS manufacturing contracts decided in context of the revision of Atari’s hardware strategy.

Current Operating Income – Current operating income for the period stood at -€4.2 M, compared to -€2.8 M in the previous period. Research & Development and Marketing & Sales expenses decreased by €1.5 M over the period in an effort to focus on games profitability and reduction in VCS marketing. General Administrative expenses increased to €4.9 M due to the costs associated with the transformation, notably, legal costs and personnel costs related to the new team organisation.

Operating Income – Operating income for the period came at -€5.2M, notably impacted by the reversal of a provision on litigation in the amount of €0.9M¹, prior year royalties adjustment of €0.5M and other income for a total of €0.7M. These positive effects have been offset by a €1.6M impairment on VCS spare parts and inventories, a €0.5M depreciation on cryptocurrencies², a €0.6M impairment on Games, a €0.1M provision for litigation and a €0.5M write-off in hardware manufacturing contract.

BALANCE SHEET SUMMARY

ASSETS (M€)	H1 22/23	FY 21/22
Non-current assets	22.0	18.9
Current assets	6.7	7.0
Total assets	28.7	26.0

EQUITY & LIABILITIES (M€)	H1 22/23	FY 21/22
Shareholders' equity	13.0	4.4
Minority interests	(0.0)	0.0
Total equity	12.9	4.4
Non-current liabilities	4.6	8.0
Current liabilities	11.2	13.6

¹ See Section 4 and Risk Factors update of the Half-year financial report

² 1.0 M Chain Games tokens, 2.5M Tower tokens, 4.7M Lympo tokens. See details in Note 1 of Balance Sheets on Intangible Assets of the Half-year financial report.

Total equity and liabilities	28.7	26.0
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Non-current Assets

Intangible assets increased from €6.1M to €8.4M over the period. This is essentially due to:

- +€1.8M increase in capitalized R&D with the continued investment in the development of new games;
- +€0.3M increase in Licenses essentially due to foreign exchange effect and the acquisition of one IP;
- +€0.2M increase in digital assets, where digital assets increased by €0.7M over the period before taking into account the €0.5M impairment related to cryptocurrencies that were previously recorded at historical value.

Current Assets decreased by €0.3M over the period. The evolution is mainly due to the €1.5M decrease in inventories resulting mainly from VCS inventory depreciation including FX effect, €0.6M decrease in other current assets and €1.9M increase in cash and cash equivalents, in connection with the capital increase of April 2022.

Non-current Liabilities decreased €3.4M over the period, notably with the decrease in shareholders loans partially redeemed by debt set-off in the capital increase, for a total amount of €2.9M, and the reversal of a provision for litigation for €0.9M.

Current Liabilities stood at €11.2M, notably thanks to the €2.9M decrease in trade payables resulting from the clean-up of certain working capital items with the proceeds of the capital increase. Other current liabilities represent €4.8M, and include, notably, €2.4M in deferred revenues from ATRI Tokens previously sold or awarded, and staff-related liabilities for €2.1M.

Shareholders' equity increased from €4.4M to €12.9M and was mainly impacted by the proceeds of the capital increase concluded in April 2022 for a total amount of €12.5M and the allocation of a portion of costs of the capital increase on issuance premium for an amount of €0.6M.

Financial debt - As of September 30, 2022 the Group had a cash position of €2.5M, versus a net cash amount of €0.6M on March 31, 2022. Financial debt is composed of shareholder loans for a total consideration of €2.5M, taking into account partial redemption by debt set-off in the capital increase for an amount of €2.9M. The loans being denominated in US Dollars, financial liabilities include a €0.4M FX impact.

(M€)	H1 22/23	FY 21/22
Non-current financial liabilities	(2.5)	(5.0)
Current financial liabilities	(0.1)	(0.1)
Financial debt	(2.6)	(5.2)

Cash flow statement

(M€)	H1 22/23	FY 21/22
NET CASH USED IN OPERATING ACTIVITIES	(7.1)	(5.8)
NET CASH USED IN INVESTING ACTIVITIES	(2.6)	(4.3)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	9,4	7,6
Impact of changes in exchange rates	2.2	0,7
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,9	(1,8)
Net opening cash balance	0,6	2,5
Net closing cash balance	2,5	0,6
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,9	(1,8)

Digital assets holdings

As of September 30, 2022, digital assets held by the Company, recorded under intangible assets, include:

- 972 parcels of land in the Sandbox metaverse - The historical cost of those lands is zero given the fact that when they were given there was no active market for the land. Given the high volatility of these assets (whose value changes depending in particular on the cryptocurrency environment) and an illiquid market for large assets, it is difficult to assign an aggregate value to these assets (although public indications are available on certain market places);
- 259 million ATRI Token. As a consequence of Atari Chain, Ltd former joint venture termination, Atari does not intend to sell the ATRI Tokens it holds, nor to pursue its development in any way. Atari does not anticipate any potential revenues that would be generated by these ATRI tokens and that could impact the consolidated financial statements. In the financial statements, ATRI Token are only valued when they give rise to a sale or an allocation.
- As such, 58 million tokens are valued for €0.3M in intangible assets, corresponding mainly to bonus allocated to some employees of Atari as per July 14, 2020 but not effectively transferred. Any remaining tokens are not valued in the financial statements.
- Portfolio of other cryptocurrencies received in context of swaps and NFT sales for a value of €0.8M as of September 30, 2022, taking into account an impairment to adjust for recent cryptocurrency market conditions.

Additionally, Atari does not intend to sell ATRI Token or parcels of land in The Sandbox within the next twelve months.

Going Concern

The Company conducted a review of its liquidity risk based on projections of all of its four activities: Gaming, Hardware, Licensing and Blockchain. These forecasts rely on assumptions whose timing is uncertain as to their realization, particularly since the Group is developing into new and volatile industries, notably Blockchain, and the success of new initiatives isn't guaranteed, notably Games and Hardware. Any delays in the development of these new activities, or underperformance of new initiatives, may lead to changes in revenue generation, and in turn a liquidity shortfall and additional financing requirements.

Given the uncertain macro-environment for video games and blockchain, the Group considers that the implementation of its new growth strategy may require additional funding resources. Given its uncertain cash flow horizon in a context of transformation, the Company could in due course (i) enter into new tranches of shareholder loans with Irata on market terms and conditions, enabling it to meet certain short-term maturities (the Group benefits from the support of its main shareholder, Irata LLC through September 2023, formalized in a written support) and/or (ii) raise new financing, under terms and conditions and within a timeframe to be determined (including, if necessary, by way of a public offering), to meet capital needs and refinance the Company's debt.

OUTLOOK

In the second half of the year, Atari intends to continue to focus on executing its turnaround strategy and transformational efforts across all four lines of business:

- **Games** - Continue to launch new premium games leveraging Atari's large catalog of intellectual property. Atari's collaboration with Fig Publishing, Inc., part of the Republic ecosystem, to co-produce certain new video games in development is expected to start in the first quarter of calendar year 2023;
- **Hardware** - Implementation of a new commercial strategy for VCS and launching a complementary hardware strategy via partnerships and under license agreements;
- **Licensing** - Continued development of licensing opportunities with the support of a brand licensing agency across multiple geographies and verticals;
- **Blockchain** - Continued development of Atari's Web3 ecosystem and Atari X community, including partnerships and collaborations with leading Web3 partners as well as new NFT initiatives.

It is, at this stage, too early to expect the turnaround strategy to have a significant impact on revenue and profitability. In a challenging macro-environment for video games and blockchain initiatives, Atari intends to continue focusing on executing its roadmap and transforming its operations across all four lines of business.

New Token Update

In April of 2022 Atari announced plans to investigate creating a new token as a component in its blockchain roadmap. This project still remains at an early stage of its development as Atari intends to thoroughly consider the various structuring options available and regulatory framework, as well as current uncertainty around the blockchain market environment, in order

to make this project relevant for its community of fans and partners. Further announcements on this project may be made in the course of Atari's next fiscal year.

The semi-annual financial report is available on the website of the Group and has been filed today with the "Autorité des marchés financiers" (AMF).

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).

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APPENDIX

Consolidated P&L

(M€)	H1 22/23	H1 21/22
Revenue	4.3	6.0
Cost of goods sold	(1.0)	(2.6)
GROSS MARGIN	3.3	3.3
Research and development expenses	(2.3)	(3.5)
Marketing and selling expenses	(0.3)	(0.6)
General and administrative expenses	(4.9)	(2.1)
Other operating income (expenses)	(0.0)	-
CURRENT OPERATING INCOME (LOSS)	(4.2)	(2.8)
Other income	2.3	-
Other expense	(3.3)	-
OPERATING INCOME (LOSS)	(5.2)	(2.8)
Cost of debt	(0.1)	(0.0)
Other financial income (expense)	(0.1)	0.2
Share of net operating profit of equity affiliates	-	(0.1)
Income tax	(0.0)	(0.0)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(5.4)	(2.8)
Profit (Loss) from discontinued operations	(0.1)	(0.7)
NET INCOME (LOSS)	(5.4)	(3.5)
Minority interests	(0.0)	(0.0)
NET INCOME GROUP SHARE	(5.4)	(3.5)

Balance Sheet

ASSETS (M€)	H1 22/23	FY 21/22
Intangible assets	8.4	6.1
Property, plant and equipment	0.0	0.0
Rights of use relating to leases	1.6	1.6
Non-current financial assets	9.8	9.2
Deferred tax assets	2.3	2.0
Non-current assets	22.0	18.9
Inventories	0.6	2.1
Trade receivables	2.4	2.4
Current financial assets	0.1	0.0
Other current assets	1.1	1.7
Cash and cash equivalents	2.5	0.6
Assets held for sale	0.0	0.0
Current assets	6.7	7.0
Total assets	28.7	26.0

EQUITY & LIABILITIES (M€)	H1 22/23	FY 21/22
Capital stock	3.8	3.1
Share premium	32.7	21.4
Consolidated reserves	(18.0)	3.7
Net income (loss) Group share	(5.4)	(23.8)
Shareholders' equity	13.0	4.4
Minority interests	(0.0)	0.0
Total equity	12.9	4.4
Provisions for non-current contingencies and losses	0.0	0.9
Non-current financial liabilities	2.5	5.0
Long term lease liabilities	1.3	1.3
Other non-current liabilities	0.8	0.7
Non-current liabilities	4.6	8.0
Provisions for current contingencies and losses	0.4	0.4
Current financial liabilities	0.1	0.1
Short term lease liabilities	0.4	0.4
Trade payables	5.3	8.2
Other current liabilities	4.8	4.5
Liabilities held for sale	0.1	0.1
Current liabilities	11.2	13.6
Total equity and liabilities	28.7	26.0

Cash-flow statement

(M€)	H1 22/23	FY 21/22
Net income (loss) for the year	(5,4)	(23,8)
Non cash expenses and revenue		
Charges to (reversals of) depreciation, amortization and provisions for non current assets	3,6	14,7
Cost of (revenue from) stock options and related benefits	0,4	0,8
Other non cash items	(0,2)	(0,2)
CASH FLOW BEFORE NET COST OF DEBT AND TAXES	(1,6)	(8,5)
Changes in working capital		
Inventories	(2,1)	(4,4)
Trade receivables	(0,5)	2,4
Trade payables	(4,0)	0,6
Other current & non current assets and liabilities	1,0	4,2
NET CASH USED IN OPERATING ACTIVITIES	(7,1)	(5,8)
Purchases of / additions to :		
Intangible assets	(2,5)	(4,3)
Non current financials assets	(0,1)	(0,1)
Disposals / repayments of :		
Non current financials assets	-	0,0
NET CASH USED IN INVESTING ACTIVITIES	(2,6)	(4,3)
Net funds raised from :		
Share issues	12,0	2,4
Loans	(2,6)	5,0
Net funds disbursed for :		
Debt repayment	(0,0)	0,1
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	9,4	7,6
Impact of changes in exchange rates	2,2	0,7
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,9	(1,8)
(M€)	H1 22/23	FY 21/22
Net opening cash balance	0,6	2,5
Net closing cash balance	2,5	0,6
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,9	(1,8)
Net closing cash balance		
Cash and cash equivalents	2,5	0,6

Summary of Digital Assets holdings (as of September 30, 2022)

Cryptocurrencies

Nature	Units	Market value ³ (€k)
Ethereum	542.27	739
WETHereum	5.05	7
USDC	11 000	11
CHAIN Token	1 million	26
Tower Token	2.54 million	12
LYM Token	4.67 million	14
TOTAL		809

Other digital assets

Nature	Units	Market value
ATRI Tokens	259 million	€0.9 M ⁴
Sandbox Lands	972 parcels	n/a
50 years of Atari NFTs	36	€5.4 K

³ Source <https://coinmarketcap.com/> as of 30 September 2022

⁴ At the date of this document, the value of the ATRI token is around €0.5 M

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.