



## FY2023 ANNUAL RESULTS

### CONTINUED TRANSFORMATION AND IMPLEMENTATION OF STRATEGIC PLAN

**PARIS, FRANCE (August 1st, 2023 - 8.00 am CET) - [Atari®](#)** — one of the world's most iconic consumer brands and interactive entertainment producers — today announced the Group's consolidated results for the fiscal year ended March 31, 2023, approved by the Board of Directors during its meeting held on July 31, 2023. Consolidated accounts have been audited by the statutory auditors.

#### **FY2023 Operational highlights**

- 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
- Launch of eight new premium games over the period
- Tender offer by Irata LLC
- RollerCoaster Tycoon license extended for a 10-year period
- Acquisition of Berzerk and Frenzy IPs
- Announced agreement to acquire Night Dive Studios, Inc.

#### **Post-closing events**

- Acquisition of more than 100 PC and console titles from the 80s and 90s
- Update to listing on OTC markets in the United States
- Acquisition of M Network Atari 2600 titles and related trademarks
- Closing of Night Dive Studios, Inc. acquisition
- €30M convertible bond offering
- Strategic collaboration with Playmaji Inc.

#### **FY2023 financial performance summary**

- Revenues for the period at €10.1M (vs €14.9M in previous year), with Games Revenue for the period at €7.3M (vs €5.7M in previous year)
- Current operating income -€6.1M (vs -€2.3M in previous year)
- Operating income at -€8.5M (vs -€23.0M in previous year)
- Net income at -€9.5M (vs -€23.8M in previous year)

Wade Rosen, Chairman and Chief Executive Officer commented: “*The financial performance of the Group is reflective of Atari’s continuing transformational efforts to refocus all four lines of Atari’s business on projects critical to the brand’s DNA. With this strategic refocus, complemented by acquisitions completed during the year, we continue to put in place the necessary foundation for long term success.*”

## HIGHLIGHTS OF THE PERIOD

During the year, the Company focused its resources on the transformation of its operations and organization while laying the foundation for a new strategic orientation across each of its four lines of business:

- **Games** – Atari continued the execution of its strategy to develop premium games based on the intellectual property owned or acquired by Atari. Since the beginning of the period Atari launched eight new premium games, including *Atari 50: The Anniversary Celebration*, *Atari Mania*, and *Akka Arrh*, as well as new additions to its *Recharged* series with *Gravitar: Recharged*, *Yars: Recharged*, *Caverns of Mars: Recharged* and *Missile Command: Recharged* and a new IP, *Kombinera*.
- **Hardware** – The year was primarily dedicated to the reorganization of the Hardware line of business which included 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 July 2023, Atari announced a strategic collaboration with Playmaji Inc., the company behind the Polymega game console, to collaborate on innovative retro hardware and software initiatives.
- **Licensing** – Atari has focused its efforts on building new licensing verticals, with the support of a brand licensing agency, to drive significant initiatives across new categories and geographies with world-class partners.
- **Web3** – The fiscal year was primarily focused on laying the foundation of Atari X which included collaborations and partnerships with Web3 partners, as well as the implementation of successful NFT sales, despite unfavorable market conditions for blockchain related activities.
- **Acquisitions** - Atari has also expanded its catalog of retro intellectual property through the acquisitions of 12 arcade titles including *Berzerk* and *Frenzy* in March 2023, in April 2023, the acquisition of more than 100 PC and console, including notable games from the *Bubsy*, *Hardball*, and *Demolition Racer* series, and in May 2023, the acquisition of M Network, a collection of Atari 2600 titles and related trademarks originally developed by Intellivision. Finally, in May 2023, Atari finalized the acquisition of Night Dive Studios, Inc., a full service game development and publishing company, critically acclaimed for the release of titles including *System Shock* and remasters of *Turok*, *Turok 2*, *Doom 64*, and *Quake*.

## BREAKDOWN OF REVENUES BY LINES OF BUSINESS

(M€)	FY 23	FY 22
Games	7.3	5.7
Hardware	0.7	3.1
Licensing	1.3	1.3
Web3	0.8	4.9
<b>Total Revenue</b>	<b>10.1</b>	<b>15.0</b>

**Revenues** - As of March 31, 2023, Atari recorded consolidated revenues of €10.1M, compared with €14.9M in the previous year. The decrease, -32% at current exchange rates and -39% at constant exchange rates, is reflective of Atari's strategic orientations implemented by the Group over the period, across all its lines of business and one-off revenue in FY22 that was not replicated in FY23.

- **Games:** During the fiscal year Atari continued with the execution of its strategy focusing on premium games based on Atari's own IP and launched eight new games. For the period, Games revenues increased to around €7.3M compared to €5.7M in previous year.
- **Hardware:** The year was primarily dedicated to the reorganization of the Hardware line of business, and the implementation of a new commercial strategy for the VCS. Hardware revenues stand at €0.7M for the year, compared to €3.1M in previous year, and also include revenues generated by the sale of VCS and XP Cartridges on the Atari.com storefront, which was launched in November 2022.
- **Licensing:** Licensing revenues for the period reached €1.3M, stable versus prior year, which is consistent with Atari's efforts to build new licensing verticals and drive initiatives across new categories and geographies.
- **Web3:** Web3 revenues for the year primarily consisted of NFT sales completed in the first half of the year, despite a challenging market environment for cryptocurrencies in general. Web3 revenues for the year of €0.9M decreased compared to the previous period, which accounted for one-off sales of certain digital assets.

## CONSOLIDATED INCOME STATEMENT SUMMARY

(M€)	FY23	FY 22
REVENUE	10.1	14.9
GROSS MARGIN	7.9	11.5
CURRENT OPERATING INCOME (LOSS)	(6.1)	(2.3)
OPERATING INCOME (LOSS)	(8.5)	(23.0)
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>(9.5)</b>	<b>(23.8)</b>

**Gross Margin** – Gross margin improved from 77% to 79% of revenues. This is mainly due to the decrease in Hardware COGS resulting from the suspension of existing VCS manufacturing contracts in light of the revision of Atari’s hardware strategy.

**Research and Development Expenses** – Research and development expenses totalled €4.4M (compared to €7.5M in previous year), demonstrating the Group’s focus on new premium games development and lower expenses related to hardware projects compared to previous period.

**Marketing and Selling Expenses** – Marketing and selling expenses totalled €0.7M, compared with €1.2M in the previous year. This significant reduction is in line with Atari's efforts to improve profitability of its Games activity and the reduction of VCS marketing.

**General and Administrative Expenses** – General and administrative expenses represent €8.5M, compared with €5.1 M the previous year mainly due to the increase in legal and personnel costs incurred in context of the transformation strategy and new team organization.

**Other Income and Expenses** – Other income and expenses came at -€2.5M, compared to -€20.7M which included mainly one-offs, non cash items recorded in context of the Group’s strategic review of its operations. For FY23, other income include, notably, positive effect from reversal of provisions for litigations for €1.3M. Other Expenses include notably €1.9M impairment on VCS inventories and spare parts, €1.3M impairment on games, €0.6M impairment and losses on financial and certain digital assets.

**Operating Income** – Operating income for the year ended March 31, 2023 came to -€8.5M, compared with -€23.0M for the year ended March 31, 2022.

**Net Income** – Consolidated net income for the year came to -€9.5M, compared with -€23.8M in previous year.

## BALANCE SHEET SUMMARY

ASSETS (M€)	FY23	FY 22
Non-current assets	18.1	18.9
Current assets	7.1	7.0
<b>Total assets</b>	<b>25.2</b>	<b>26.0</b>

EQUITY & LIABILITIES (M€)	FY23	FY 22
Total equity	7.8	4.4
Non-current liabilities	9.5	8.0
Current liabilities	7.9	13.6
<b>Total equity and liabilities</b>	<b>25.2</b>	<b>26.0</b>

### Non-current Assets

Intangible assets increased from €6.1M to €7.7M. The increase is due to:

- +€1.9M increase in capitalized R&D with the continued investment in the development of new games;
- +€0.1M increase in Licenses essentially due to the acquisition of one IP;

- -€0.4M decrease in digital assets - taking into account the disposal of certain assets and the €0.1M impairment related to cryptocurrencies that were previously recorded on historical value.

**Current Assets** remain stable at €7.1M over the period. The evolution is mainly due to the €1.7M decrease in inventories resulting mainly from hardware inventory depreciation, increase in trade receivables and €1.0M increase in cash and cash equivalents, in connection with the capital increase of April 2022 and shareholder loans granted throughout the year.

**Non-current Liabilities** increased to €9.5M over the period, notably due to the evolution of shareholders loans over the period (redemption by debt set-off in the capital increase, for a total amount of €2.9M, and €2.5M new shareholder loans granted throughout the year) and the reversal of a provision for litigation for €0.9M.

**Current Liabilities** decreased to €7.9M, notably thanks to the €5.4M 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 €4.6M, 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 €7.8M 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.

**Net debt** - At March 31, 2023, the Group had a net debt position of €6.2M, compared to a net debt of €4.6M in the previous year. Net debt position does not take into account the proceeds from the €30M convertible bond issuance completed on June 5, 2023 (€12.9M in cash), nor shareholder loans that have been concluded between Irata and Atari after year end close. At the date of this Document, all shareholder loans previously granted by IRATA to Atari (€16.3M in total) have been redeemed in full by way of debt set-off.

(M€)	FY23	FY 22
Cash and cash equivalents	1.7	0.6
Non-current financial liabilities	(7.7)	(5.0)
Current financial liabilities	(0.2)	(0.1)
Net debt	(6.2)	(4.6)

## Cash flow statement

(M€)	FY 23	FY 22
NET CASH USED IN OPERATING ACTIVITIES	(8.3)	(5.8)
NET CASH USED IN INVESTING ACTIVITIES	(5.6)	(4.4)
NET CASH PROVIDED BY FINANCING ACTIVITIES	14.7	7.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	1.0	(1.9)

(M€)	FY 23	FY 22
Net opening cash balance	0.6	2.5
Net closing cash balance	1.7	0.6
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1.0</b>	<b>(1.9)</b>

Net change in cash for the period was positive at €1.0M, comprising -€8.3M cash generated by operating activities due to lower activity and €4.8M investments related to R&D costs for new game development. Financing activities generated €14.7M, including €11.9M from capital increase and €2.7M from shareholders loans granted throughout the year. End of year cash position of €1.7M, excludes proceeds from i) shareholder loan granted by Irata of €5.0M in April 2023, ii) \$4.5M loan from Irata for the purpose of Nightdive acquisition financing and iii) cash proceeds from the convertible bonds.

## STRATEGY & OUTLOOK

After a transition year which saw the Group successfully put in place the drivers for growth, profitability and cash generation, Atari is focusing on the execution of its strategic roadmap to monetize its IP portfolio across all four lines of business:

- **Gaming** - Increase the monetization of the large back catalog of games and acquired IP, continue to invest in the development of a dynamic pipeline of new premium game releases of 12 new games scheduled over the next 18 months, and the successful integration of Nightdive Studios;
- **Hardware** - Continue to work on new and innovative hardware products, via partnerships and under license agreements, and continue to support the VCS with value-added partnerships, notably with Polymega;
- **Licensing** - Continue development of Licensing opportunities in new verticals and geographical areas and benefit from the contribution of multi-year licenses signed during the previous periods;
- **Web3** - Continue development of Atari's Web3 ecosystem under Atari X with the forthcoming launch of Atari Club. Atari also intends to continue building partnerships and collaborations with leading blockchain and Web3 partners.

Atari will continue to selectively consider potential acquisitions and/or minority investments in companies offering value-added solutions for the Group, and acquisitions of retro games that further compliment its portfolio of intellectual property.

## Going Concern

As at March 31, 2023, the Company reported a net loss of €9.5M (compared with €23.8M in previous year). Shareholders' equity was €7.8M, compared to €4.4M in previous year. Net debt stood at €(6.2)M compared to net debt position of €4.6M in previous year, and includes €1.7M of cash and €7.9M of financial debt.

The Company conducted a review of its liquidity risk based on projections on all of its four activities: Gaming, Hardware, Licensing and Web3, excluding any external financing. Under this assumption, the Group considers that it can meet its future obligations and that it holds sufficient liquidity to continue its activities over the next 12 months. This consideration excludes potential future inorganic growth opportunities.

The Group benefits from the flexibility provided by the proceeds raised with the convertible bonds issuance completed in June 2023 for an amount of (€30 M which comprised €16.3 M subscription by debt set-off and €12.9M in cash).

## **Token Update**

As previously disclosed, Atari terminated the license with the former joint venture that created and distributed the ATRI Token. Atari also disclosed plans to provide a claim for a new token for certain ATRI holders. As stated in subsequent disclosures on Atari.com, given the changing regulatory and commercial landscapes, as well as Atari's strategic priorities, Atari is unable to create a new token. Instead, Atari has confirmed that ATRI holders are free to continue to trade their ATRI tokens and Atari will provide a claim to each eligible ATRI wallet holder identified in the snapshot on April 18, 2022 for a share of a pool of a third-party token currently held by Atari. Atari will focus its resources on growing its activities across Games, Licensing and Hardware lines of business, and in Web3, with the development of the Atari Club and continued collaborations and partnerships.

## **ANNUAL GENERAL MEETING**

The Shareholders' Annual Meeting is scheduled to be held on September 29, 2023 and will be convened shortly.

## **AVAILABILITY OF AUDITED ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2022-2023 FINANCIAL YEAR**

Annual and consolidated financial statements for the 2022-23 financial year, ending March 31, 2023 are available on the Company's 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*<sup>®</sup>, *Centipede*<sup>®</sup>, *Missile Command*<sup>®</sup>, *Pong*<sup>®</sup>, and *RollerCoaster Tycoon*<sup>®</sup>. Atari has offices in New York and Paris. Visit us online at [www.Atari.com](http://www.Atari.com).

Atari shares are listed in France on Euronext Growth Paris (ISIN Code FR0010478248, Ticker ALATA) and OTC Pink Current (Ticker PONGF).

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## APPENDIX

### Consolidated P&L

(M€)	FY23	FY 22
Revenue	10.1	14.9
Cost of goods sold	(2.2)	(3.4)
<b>GROSS MARGIN</b>	<b>7.9</b>	<b>11.5</b>
Research and development expenses	(4.4)	(7.5)
Marketing and selling expenses	(0.7)	(1.2)
General and administrative expenses	(8.5)	(5.1)
Other operating income (expense)	(0.4)	-
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>(6.1)</b>	<b>(2.3)</b>
Other income (expense)	(2.5)	(20.7)
<b>OPERATING INCOME (LOSS)</b>	<b>(8.5)</b>	<b>(23.0)</b>
Cost of debt	(0.2)	(0.2)
Other financial income (expense)	0.1	(1.7)
Share of net operational profit of equity affiliates	-	-
Income tax	(0.9)	(0.1)
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>(9.5)</b>	<b>(25.0)</b>
Net income (loss) from discontinued operations	0.1	1.1
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>(9.5)</b>	<b>(23.8)</b>
Group share	(9.5)	(23.8)

## Balance Sheet

<b>ASSETS (M€)</b>	<b>FY23</b>	<b>FY 22</b>
Intangible assets	7.7	6.1
Property, plant and equipment	0.0	0.0
Rights of use relating to leases	1.3	1.6
Non-current financial assets	7.9	9.2
Deferred tax assets	1.2	2.0
<b>Non-current assets</b>	<b>18.1</b>	<b>18.9</b>
Inventories	0.5	2.1
Trade receivables	3.1	2.4
Other current assets	1.8	1.7
Cash and cash equivalents	1.7	0.6
Assets held for sale	0.0	0.1
<b>Current assets</b>	<b>7.1</b>	<b>7.0</b>
<b>Total assets</b>	<b>25.2</b>	<b>26.0</b>

<b>EQUITY &amp; LIABILITIES (M€)</b>	<b>FY23</b>	<b>FY 22</b>
Capital stock	3.8	3.1
Share premium	32.7	21.4
Consolidated reserves	(19.2)	3.7
Net income (loss) Group share	(9.5)	(23.8)
<b>Total equity</b>	<b>7.8</b>	<b>4.4</b>
Provisions for non-current contingencies and losses	-	0.9
Non-current financial liabilities	7.7	5.0
Long term lease liabilities	1.0	1.3
Other non-current liabilities	0.7	0.7
<b>Non-current liabilities</b>	<b>9.5</b>	<b>8.0</b>
Provisions for current contingencies and losses	-	0.4
Current financial liabilities	0.2	0.1
Short term lease liabilities	0.4	0.4
Trade payables	2.7	8.2
Other current liabilities	4.6	4.5
Liabilities held for sale	0.0	0.1
<b>Current liabilities</b>	<b>7.9</b>	<b>13.6</b>
<b>Total equity and liabilities</b>	<b>25.2</b>	<b>26.0</b>

## Cash-flow statement

(M€)	FY 23	FY 22
<b>Net income (loss) for the year</b>	<b>(9.5)</b>	<b>(23.8)</b>
<b>Non cash expenses and revenue</b>		
Charges (reversals) for depreciation, amortization and provisions for non current assets	5.4	14.7
Cost of (revenue from) stock options and related benefits	0.8	0.8
Losses (gains) on disposals	-	-
Other non cash items	0.3	(0.2)
<b>CASH FLOW BEFORE NET COST OF DEBT AND TAXES</b>	<b>(3.0)</b>	<b>(8.5)</b>
<b>Income taxes paid</b>	-	-
<b>Changes in working capital</b>		
Inventories	1.7	(4.4)
Trade receivables	(0.1)	2.4
Trade payables	(4.5)	0.6
Other current & non current assets and liabilities	(2.5)	4.2
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(8.3)</b>	<b>(5.7)</b>
<b>Purchases of/additions to</b>		
Intangible assets	(5.8)	(4.3)
Property, Plant & equipment	(0.0)	-
Non current financials assets	-	(0.1)
<b>Disposals/repayments of</b>		
Intangible assets	0.2	-
Property, Plant & equipment	-	-
Non current financials assets	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5.6)</b>	<b>(4.4)</b>
<b>Net funds raised from</b>		
Share issues	12.0	2.4
Loans	2.7	5.0
<b>Net funds disbursed for</b>		
Interest and other financial charges	0.0	-
Debt repayment	-	0.1
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>14.7</b>	<b>7.5</b>
Impact of changes in exchange rates	0.2	0.7
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1.0</b>	<b>(1.9)</b>

## Cash-flow statement (cont'd)

(M€)	FY 23	FY 22
<b>Net opening cash balance</b>	<b>0.6</b>	<b>2.5</b>
<b>Net closing cash balance</b>	<b>1.7</b>	<b>0.6</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1.0</b>	<b>(1.9)</b>
<b>Net closing cash balance</b>		
Cash and cash equivalents	<b>1.7</b>	<b>0.6</b>
Bank overdrafts (including current financial debts)	-	-

## Summary of Digital Assets holdings (as of March 31, 2023)

### Cryptocurrencies

Nature	Units	Value (€K)
ETHereum	29	48
WETH	7	12
SAND	503,052	267
USDC	11,000	10
CHAIN Token	430,000	10
LYM Token	670,819	2

### Other digital assets

	Units	Value (€K)
Sandbox Lands	972 parcels	-
ATRI Tokens	259 million	716

Atari does not intend to sell ATRI Token or parcels of land in The Sandbox within the next twelve months period starting from December 16, 2022.

### 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.