



HALF-YEAR 2023/2024 RESULTS

PARIS, FRANCE (December 11, 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 half year ended September 30, 2023, approved by the Board of Directors during its meeting held on December 8, 2023. 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 for the first-half ended September 30, 2023

- Acquisition of GTI catalog of retro games
- Update to listing on OTC markets in the United States
- Acquisition of M Network Atari 2600 titles and related trademarks
- Acquisition of Nightdive Studios, Inc. ("Nightdive")
- €30M convertible bond issue
- Strategic collaboration with Playmaji Inc.
- Termination of token project and claim provided to eligible token holders

Post-closing events

- Acquisition of Awesomenauts, Sword & Soldier from Ronimo Games
- Acquisition of Digital Eclipse Entertainment Partners Co.
- Official release of Atari 2600+ on November 17, 2023

HY 2024 financial performance summary

- Revenues for the period at €6.4M (vs. €4.3M in previous year), with Games revenue for the period at €5.3M, including Nightdive (vs. €2.8M in previous year)
- Current operating income -€3.4M (vs. -€4.2M in previous year)
- Operating income at -€5.0M (vs. -€5.2M in previous year)
- Net income at -€6.6M (vs. -€5.4M in previous year)

Wade Rosen, Chairman and Chief Executive Officer commented: *"We continued to execute on our retro focused strategy in the 1st half of this fiscal year by releasing new Atari games, announcing the 2600+, and continuing to build our licensing pipeline. The acquisition of Nightdive Studios and Digital Eclipse Entertainment, two world leaders in celebrating gaming history who share the same DNA with Atari, helps to support our retro-focused growth strategy."*

HIGHLIGHTS OF THE PERIOD

During the first-half of the fiscal year, the Company has continued to focus its resources on its activities across its four lines of business as well as the execution of its inorganic growth strategy:

- **Games** - Continued investment in the development of new games with four new game launches including *Mr Run and Jump*, *Quantum Recharged*, *Days of Doom*, and *Pixel Ripped 1978*. During the period, Atari also announced the launch of *Rollercoaster Tycoon Adventures: Deluxe*, *Haunted House* and *Berzerk Recharged* for the second half of the year. During the period, Nightdive Studios launched *System Shock Remake* and *Rise of the Triad: Ludicrous Edition* and announced planned launches of *Star Wars Dark Forces* and *Turok 3* for the second half of the year;
- **Hardware** - Continued work on optimizing the VCS operating system and content expansion with more than 13 games added to the VCS store. Two Atari XP releases have been concluded in the first-half of the year, *Mr Run and Jump* and *Outlaw*, and pre-orders for new Atari 2600+ opened in August 2023 and delivery started in November 2023. During the period, Atari also concluded a strategic partnership with Playmaji, the Company behind the Polymega® game console, to collaborate on innovative retro hardware and software initiatives, alongside an investment in the company;
- **Licensing** - Continued efforts on building new licensing verticals and drive new initiatives across new categories and geographies with well respected international brands;
- **Web3** - While the general blockchain market environment remains difficult, Atari X is pivoting from Web3 only towards community development, cross-collaborations with other lines of business and exclusive drops built on launch of Atari Club. In this context, Atari also announced that it had terminated its new token project previously announced and provided a claim of a fixed number of third-party tokens to eligible ATRI holders which ended September 22, 2023;

Other general corporate developments

- **Brand and e-commerce** - During the period, foundational work has been made to allow for scalable e-commerce operations: atari.com homepage and product pages have been reviewed, new licensees have been on-boarded on atari.com, and specific marketing efforts have been made to support ongoing holiday season and Atari 2600+ launch campaign;
- **Financing** - In the course of the half-year, Atari has successfully completed the offering of senior unsecured bonds convertible into new ordinary shares due July 31, 2026, for a nominal amount of €30M (€16.3M subscribed by debt set-off and €12.9M in cash);
- **Acquisitions** - Several acquisitions have been completed in the course of the first-half of the year which aimed at i) further complementing Atari's portfolio of intellectual properties (e.g. GTI catalog of retro games, and M Network Atari 2600 titles), ii) increasing Atari publishing and development capabilities in retro-gaming (Nightdive Studios) and iii) complementing Atari's community of fans with the acquisition AtariAge.

BREAKDOWN OF REVENUES BY LINES OF BUSINESS

(M€)	H1 23/24	H1 22/23
Games	5.3	2.8
Hardware	0.5	0.2
Licensing	0.4	0.6
Web3	0.1	0.7
Total Revenue	6.4	4.3

Revenues - For the first-half ending September 30, 2023, the Group recorded a revenue of €6.4M, compared to €4.3M for the same period last year. Revenues for the period notably include the contribution of Nightdive Studios which was fully consolidated starting May 11, 2023. This evolution represents an increase of +46% at current exchange rate and +50% at constant exchange rate.

- **Games:** For the period, Games revenues represent €5.3M compared to €2.8M in the previous period, and include €2.7M revenues from Nightdive Studios which was acquired on May 11, 2023¹. Excluding the contribution of Nightdive, Games revenues represent €2.6M for the period.
- **Hardware:** Hardware revenues for the period represent €0.5M compared to €0.2M in the previous period. This does not include revenues from Atari 2600+ pre orders, announced in August 2023, which will be recorded in the second half of the fiscal year.
- **Licensing:** Licensing revenues for the period represent €0.4M compared to €0.6M in the previous period, as Atari is building a new pipeline of opportunities across new categories and geographies.
- **Web3:** Web3 revenues for the period stood at €0.1M, compared to €0.7M in the previous period, essentially generated by Atari's Limited Edition Summer Camp Collection available via the Coinbase Onchain Summer Program in August 2023. Atari is pivoting the Atari X model from Web3 towards community management and cross-collaborations.

CONSOLIDATED INCOME STATEMENT SUMMARY

(M€)	H1 23/24	H1 22/23
Revenue	6.4	4.3
Gross margin	4.7	3.3
Current operating income (loss)	(3.4)	(4.2)
Operating income (loss)	(5.0)	(5.2)
Net income (loss) for the year	(6.6)	(5.4)

Gross Margin – Gross margin for the period stands at €4.7M compared to €3.3M for the previous period, thanks to lower cost of goods sold, notably on hardware, and Nightdive's deferred revenue recognition, partially compensated by higher games royalty expenses paid by Atari and Nightdive.

Current Operating Income – Current operating income for the period stood at -€3.4M, compared to -€4.2M in the previous period. Research & Development expenses increased from €2.3M to €3.3M, notably with the effect of Nightdive integration and related amortization expenses on game development. Marketing & Sales expenses increased from €0.3M to €0.5M, while General & Administrative expenses decreased by €1.0M compared to the previous period.

Operating Income – Operating income for the period came at -€5.0M compared to -€5.2M after taking into account €1.3M impairment on selected games and €0.3M expenses related to third-party token granted to ATRI holders as part of the claim concluded in September 2023.

Consolidated Net Income – Consolidated net income showed a loss of €6.6M for the period compared to a loss of €5.4M in the previous period. Cost of debt includes notably €0.6M accrued interests on the convertible bonds issued on June 1, 2023. Other financial expense include a negative impact of €0.9M related to convertible bonds amortization².

¹ Nightdive Studios revenues for the period also include recognition in revenues of €1.4M received by Nightdive from crowdfunding campaigns for System Shock game development recognized in deferred revenues in prior periods.

² As per IFRS 9 Guidelines, amortisation of the option value component, interests and issuance costs

BALANCE SHEET

ASSETS (M€)	H1 23/24	FY23
Non-current assets	42.3	18.1
Current assets	12.3	7.1
Total assets	54.6	25.2

In relation with the acquisitions completed during the period, non-current assets went from €18.1M in March 2023 to €42.3M in September 2023, with:

- + €11.9M resulting from the goodwill recognized for the acquisition of Nightdive Studios Inc. concluded on 11 May 2023;
- + €7M in other intangible assets, with an increase in capitalized R&D in relation with the relaunch of premium games and the acquisition of Nightdive and IPs;
- + €5.4M in non-current financial assets, reflecting notably the €4.6M investment concluded by Atari in Playmaji;

Current assets increase from €7.1M to €12.3M over the period, notably due to the €4.8M increase in cash and cash equivalents, taking into account the proceeds of the convertible bonds issuance completed on June 1, 2023.

EQUITY & LIABILITIES (M€)	H1 23/24	FY23
Total equity	11.2	7.8
Non-current liabilities	32.5	9.5
Current liabilities	10.8	7.9
Total equity and liabilities	54.6	25.2

The Group's shareholders' equity went from €7.8M to €11.2M mainly resulting from the issuance of 39,662,142 total new shares³. Share premium increases from €32.7M to €36.2M, accounting for the convertible bond derivative value for an amount of €3.6M, as well as the €0.9M gain on the conversion of Antstream convertible note.

Non-current Liabilities increased from €9.5M to €32.5M over the period, due to the accounting of the convertible bond debt component for €26.8M as well as a €3.9M liability estimated for the non-current part of the earn-out payable in cash to Nightdive.

Current Liabilities increase to €10.8M over the period and comprise notably €2.3M liability estimated for the earn-out due to Nightdive for the first year after closing of the acquisition, around €2M deferred revenues from ATRI Tokens, and €1M revenues from Atari 2600+ pre-orders that will be recognized upon delivery, in the course of the second half of the year⁴.

(M€)	H1 23/24	FY23
Cash and cash equivalents	6.5	1.7
Non-current financial liabilities	(26.9)	(7.7)
Current financial liabilities	(0.6)	(0.2)
Net debt	(21.0)	(6.2)

As of September 30, 2023, net financial debt stood at €21M, including €6.5M of cash and €27.6M of financial debt, compared to net debt position of €6.2M in previous period.

³ Issued in context of Nightdive Studios Inc. acquisition.

⁴ Atari 2600+ pre-orders started on September 13, 2023 and was released on November 17, 2023.

OUTLOOK

In the second half of this fiscal year, Atari intends to continue to focus on executing its strategy across all four lines of business, as well as on the integration of recently acquired Nightdive Studios and Digital Eclipse and to expand its internal development capabilities and to support Atari's retro-focused strategy.

- **Games** - Continue launch of new games by Atari (*Neo Sprint, Roller Coaster Tycoon Adventure Deluxe, Haunted House, Berzerk Recharged*) and Nightdive (*System Shock Remake* on console, *Star Wars Dark Forces, Turok 3*), as well as the integration of Digital Eclipse. Additionally, new digital partnership opportunities with leading platforms will be prioritized;
- **Hardware** - Focus on the execution of Atari 2600+ launch and commercialization campaign, continued release for Atari XP program, integration of AtariAge and implementation of strategic partnership with Polymega;
- **Licensing** - Continued development of licensing opportunities across multiple geographies and verticals;
- **Web3** - Continued development of Atari's Web3 ecosystem and Atari X community with the Atari Club, including partnerships and collaborations with leading Web3 partners.

Given the uncertain macro-environment for video games and Web3, 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 needs 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). The Company currently benefits from the continued support of its principal shareholder Irata LLC until the shareholders meeting approving the financial statements as of March 31, 2024.

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 OTC Pink Current (Ticker PONGF).

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Contacts

Atari - Investor Relations

Tel + 33 1 83 64 61 57 - investisseur@atari-sa.com | www.atari.com/news/

Calyptus - Marie Calleux

Tel + 33 1 53 65 68 68 – atari@calyptus.net

Listing Sponsor - Euroland Corporate

Tel +33 1 44 70 20 84 - Julia Bridger - jbridger@elcorp.com

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