



HALF-YEAR FINANCIAL REPORT

SEPTEMBER 30, 2023

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DISCLAIMER The Document contains information concerning the Group's activity and the market on which it operates. This information comes from research carried out by either internal sources or external sources (industry publications, specialized studies, information published by market research companies or analyst reports). The Group considers that this information gives a true and fair view to date of its reference market and its competitive positioning on this market. However, such information has not been verified by an independent expert and the Group cannot guarantee that a third party using different methods to collate, analyze or calculate market data would obtain the same results.

FORWARD LOOKING STATEMENTS This Document also includes information on the Group's objectives and key areas for development. These indications are sometimes identified by the use of forward-looking words, such as "estimate", "consider", "have as objective", "expect", "intend", "should", "want", "may" or other variations of such terms. These statements are based on data, assumptions and forecasts that the Group considers reasonable at the time of this Document. Readers' attention is drawn to the fact that these development strategies and objectives are not historical data and must not be interpreted as a guarantee that the facts and data presented will occur, that the assumptions will be verified or that the objectives will be achieved. These are objectives, which by their nature may not be achieved and the information contained in this Document could prove to be incorrect without the Group having any obligation to update, subject to applicable regulations, in particular the AMF General Regulations and the Regulation (EU) n°596/2014 dated April 16, 2014 on Market Abuse ("MAR Regulation").

1. STATEMENT BY THE PERSON IN CHARGE

I certify, to my knowledge, that the condensed financial statements for the past half-year ended September 30, 2023 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and financial performance of the Company and of all the companies included in the consolidation, and that the half-yearly activity report appearing on page 4 presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main related party transactions and describes the main risks and uncertainties for the remaining six months of the financial year.

December 8, 2023

Wade Rosen,

Chairman of the Board and Chief Executive Officer of Atari S.A.

2. HALF YEAR ACTIVITY REPORT

2.1. SIGNIFICANT EVENTS OF THE PERIOD

2.1.1. General corporate developments

During the first-half of the 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 optimising 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 catalogue 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.

APRIL 2023 - Partnership between Porsche Cars Australia and Atari

Porsche Cars Australia released a campaign featuring two Porsche Taycan electric sports cars playing an intense, high-speed, real-life version of *Pong*, a 1970's Atari classic. Along with the video, Porsche Cars Australia have also created Taycan Arcade, an interactive web-based game inspired by *Pong*.

APRIL 2023 - Atari announces acquisition of more than 100 PC and console titles for the 80s and 90s

The acquired collection included notable games from the Bubsy, Hardball, Demolition Racer series, as well as the 1942: Pacific Air War, F-117A, and F-14 air combat series. Atari will seek to expand digital and physical distribution of the classic titles, create new games based on the IP, and explore brand and merchandising collaborations.

Atari also acquired the trademark to the Accolade and GTI brands. Accolade was a well-respected US-based video game developer and publisher from 1984 until 2000.

APRIL 2023 - Atari announces an update with regards to its listing status on over-the-counter markets in the United States of America

After review of new rules and regulations adopted in the United States of America and the OTC Markets listing requirements, Atari SA has received approval from the OTC Markets Group on its application to move to the OTC Pink Current market, effective as of April 26, 2023. Atari is now current with required mandatory filings.

Atari shares have been listed on US OTC Markets since October 2018 under ticker PONGF.

MAY 2023 - Launch of *Mr Run and Jump*

Atari announced the launch for the year 2023 of the action-platformer game *Mr. Run and Jump*. The game is available on PlayStation, Xbox, Switch, Steam, Epic Stores and on the Atari VCS.

MAY 2023 - Atari announces acquisition of M Network Atari 2600 titles and related trademarks

Atari acquired more than a dozen Atari 2600 games published originally under the M Network label. The collection includes fan favorites *Armor Ambush*, *Astroblast*, *Frogs And Flies*, *Space Attack*, and *Star Strike*. Atari intends to develop digital and physical distribution of the classic titles, create new games based on the IP, and explore brand and merchandising collaborations. Atari also acquired the corresponding rights to the M Network brand. M Network was a video game division within Mattel that produced games for the Atari 2600 video game system during the 1980s. The M Network acquisition is the third expansion in 2023 that grows Atari's classic games catalog.

MAY 2023 - Atari closes the acquisition of Nightdive Studios

Atari closed the acquisition of Nightdive Studios Inc. ("Nightdive"), a full service game development and publishing company based in Vancouver, Washington, USA and organized under the laws of the same state, announced on March 22, 2023.

The purchase price of Nightdive consists of (i) an initial consideration of US\$9.5M, paid in cash for US\$4.5M (€4.1M)¹ and in newly issued Atari shares for US\$5.0M (€4.5M)², plus (ii) an earn-out of up to US\$10M, payable in cash over the next three years based on the future performance of Nightdive Studios.

MAY - JUNE 2023 - Atari launches an offering of bonds convertible into new ordinary shares of Atari maturing in 2026 with a 6.50% coupon for a nominal amount of approximately €30M

Atari launched an offering of senior unsecured bonds convertible into new ordinary shares maturing on July 31, 2026, for a nominal amount of approximately €30M, without shareholders' preferential subscription rights, by way of a public offering in France and with a priority subscription period for shareholders to subscribe for the bonds on a reducible and irreducible basis. The subscription price of the Convertible Bonds under the priority subscription period will be equal to the subscription price of the Convertible Bonds in the public offering and is set at 0.15 euro per share. Irata has irrevocably and unconditionally undertaken to subscribe for the Convertible Bonds. On June 1, 2023 Atari successfully completed its offering of senior unsecured bonds convertible into new ordinary shares due July 31, 2026, for a nominal amount of €30M. Irata subscribed to an amount corresponding to 97.58% of the total amount of the Offering (approx. €16.3M by debt set-off and €12.9M in cash).

JUNE 2023 - ANTSTREAM

In June 2023, Atari converted the entirety of the convertible loan amount into Antstream ordinary shares. Atari now holds around 10% of Antstream share capital.

¹ Financed by a shareholder loan made available by Irata LLC (a company controlled by Wade Rosen), to be refinanced with the €30M Convertibles Bonds issuance.

² Based on the 20-day volume weighted average price of the Atari share on Euronext Growth as of April 28, 2023 (i.e., 0.1194 euro per share), in accordance with the transaction documentation.

JULY 2023 - Strategic collaboration with Playmaji

Atari set up a strategic collaboration with Playmaji Inc, the company behind the modular multi-system game console Polymega. The collaboration included strategic initiatives that provide support for Atari games on Polymega hardware and software and integration between Polymega and the Atari VCS. Atari has also completed an investment into Playmaji.

JULY 2023 - Atari acquires AtariAge

Atari agreed to purchase AtariAge, a retro-focused online community hub and archival website founded by Albert Yarusso. The deal unites Atari with a vibrant community of retro fans, historians, and homebrew developers. Mr. Yarusso joined Atari and will continue to manage AtariAge, as well as assume a new role as the company's internal historian.

AUGUST 2023 - ATARI 2600+ available for pre-order worldwide

Atari announced global pre-order availability for the Atari 2600+ – a modern day faithful recreation of the pioneering console that first appeared in 1980. The Atari 2600+ was released on November 17, 2023 and is now available to order for €119.99 / £99.99.

JULY - SEPTEMBER 2023 - Update on ATRI Token and Claim

Changes and developments in the regulatory and legal environment related to crypto currencies have caused Atari SA to modify its original plans to launch a new proprietary utility token. Instead of launching a new Atari token, Atari has provided a claim of a fixed number of third-party SAND tokens to eligible ATRI holder's making a proper claim and identified in the snapshot on April 18, 2022. Due to the finite number of SAND tokens, this was not a one-for-one claim. The ratio of SAND tokens to ATRI tokens has been determined based upon the total number of claims. Atari focuses 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.

SEPTEMBER 2023 - MY ARCADE releases the Atari Gamestation Pro with 200+Games

My Arcade teamed up with the legendary Atari brand to introduce the Atari Gamestation Pro with 200+ games. The Atari Gamestation Pro was available for pre-order at select retailers for delivery by October 31, 2023 for MSRP of \$99.99. The Atari Gamestation Pro is the first console on the market to integrate the Atari 2600, 5200, 7800, Arcade and bonus titles into a single platform. Included are the heart-pounding favorites like *Adventure*, *Missile Command*, *Asteroid*, *Centipede* and many more.

2.2. REVIEW OF THE FINANCIAL STATEMENTS

2.2.1. Consolidated Income - 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)

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. Games revenues for the period include €2.7M revenues from Nightdive which was acquired on May 11, 2023³. Excluding the contribution of Nightdive Studios, 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 evolution is driven by the implementation of new commercial strategy and content expansion for the VCS, and successful Atari XP cartridges releases which saw positive market reaction, and AtariAge contribution to a lesser extent. This does not include revenues from Atari 2600+ pre orders, announced in August 2023, that are expected to contribute in the second half of the fiscal year.
- **Licensing:** Licensing revenues for the period represent €0.4M compared to €0.6M in previous period, as Atari is continuing its effort to build 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, in a context of the pivoting of Atari X model from Web3 towards community management and cross-collaborations. Revenues for the period were essentially generated by Atari's Limited Edition Summer Camp Collection available via the Coinbase Onchain Summer Program in August 2023.

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 amortisation 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.

Net Income

(M€)	H1 23/24	H1 22/23
CURRENT OPERATING INCOME (LOSS)	(3.4)	(4.2)
Other income (expense)	(1.6)	(1.0)
OPERATING INCOME (LOSS)	(5.0)	(5.2)
Cost of debt	(0.8)	(0.1)
Other financial income (expense)	(0.6)	(0.1)
Income tax	(0.0)	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(6.5)	(5.4)
Net income (loss) from discontinued operations	(0.1)	(0.1)
NET INCOME (LOSS) FOR GROUP SHARE	(6.6)	(5.4)

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 amortisation⁴, as well as a positive impact of €0.3M related to FIG debt adjustment.

2.2.2. Consolidated Balance sheet - Summary

2.2.2.1. Assets

ASSETS (M€)	H1 23/24	FY23
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³ Nightdive revenues for the period also include recognition in revenues of €1.4M cash received by Nightdive from crowdfunding campaigns for System Shock game development in prior periods (see Note 1 - Segment information - Revenues).

⁴ As per IFRS 9 Guidelines, amortisation of the option value component, interests and issuance costs, over the life of the instrument.

Goodwill	11.9	-
Other intangible assets	14.7	7.7
Property, plant and equipment	0.0	-
Rights of use relating to leases	1.1	1.3
Non-current financial assets	13.3	7.9
Deferred tax assets	1.2	1.2
Non-current assets	42.3	18.1
Inventories	0.5	0.5
Trade receivables	3.3	3.1
Other current assets	1.9	1.8
Cash and cash equivalents	6.5	1.7
Assets held for sale	0.0	-
Current assets	12.3	7.1
Total assets	54.6	25.2

Non-current Assets

The increase on non-current assets from €18.1M in March 2023 to €42.2M in September 2023, results mainly from the following effects:

- +€11.9M increase resulting from the goodwill recognized for the acquisition of Nightdive concluded on 11 May 2023 (see Note 6 - Goodwill);
- +€7M increase in Other Intangible Assets, due to IP purchased over the period (+€2.0M), +€5.8M increase in capitalized R&D, of which €0.7M related to Atari capitalized R&D, and €5.1M related to Nightdive capitalized R&D (see Note 7 - Other Intangible Assets), and +€0.3M in purchase of miscellaneous intangible assets.
- +€5.4M increase in non-current financial assets, reflecting notably the investment concluded by Atari in Playmaji (€4.6M) and investment in Antstream (€4.4M). These investments are net of a decrease in long-term trade receivables of €3.6M.

Current Assets

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.

2.2.2.2. Liabilities

EQUITY & LIABILITIES (M€)	H1 23/24	FY23
Capital stock	4.2	3.8
Share premium	40.9	32.7
Consolidated reserves	(27.3)	(19.2)
Net income (loss) Group share	(6.6)	(9.5)
Total equity	11.2	7.8
Provisions for non-current contingencies and losses		-
Non-current financial liabilities	26.9	7.7
Long term lease liabilities	0.8	1.0
Other non-current liabilities	4.8	0.7
Non-current liabilities	32.5	9.5
Current financial liabilities	0.6	0.2
Short term lease liabilities	0.4	0.4
Trade payables	3.0	2.7
Other current liabilities	6.8	4.6
Liabilities held for sale	0.0	-
Current liabilities	10.8	7.9
Total equity and liabilities	54.6	25.2

Equity

The Group's shareholders' equity increased from €7.8M to €11.2M. Capital stock increased from €3.8M to €4.2M resulting from the issuance of 39,662,142 total new shares with a par value of €0.01 during the period⁵, notably in the context of the acquisition of Nightdive. Share premium increases from €32.7M to €36.2M, notably due to the 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, notably 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, as per the initial terms of the acquisition.

Current Liabilities increase to €10.8M over the period and comprise notably around €2M deferred revenues from ATRI Tokens previously sold or awarded, and €1M revenues from Atari 2600+ pre-orders that will be recognized upon delivery, in the course of the second half of the year⁶. Current liabilities also include a €2.3M liability estimated for the earn-out due to Nightdive for the first year after closing of the acquisition, as per the terms of the acquisition.

Financial Debt

(M€)	H1 23/24	FY23
Shareholders loans	-	7.3
Convertible bond	26.8	
Fig Funding	0.1	0.4
Non current	26.9	7.7
Accrued interest on convertible bonds	0.6	0.2
Current	0.6	0.2
Financial liabilities	27.6	7.9

As of September 30, 2023, total financial debt stood at €27.6M, compared to €7.9M as of March 31, 2023. This evolution is due to:

- The redemption of all loans granted by Irata to Atari which have been redeemed in full by way of debt set-off in the context of the issuance of the convertible bonds in June 2023 for a total amount of €16.3M. This included two shareholder loans concluded after year end close, i) €5M loan agreement concluded

⁵ Not taking into account 20,165,794 new ordinary shares issued on November 6, 2023 in the context of Digital Eclipse acquisition.

⁶ Atari 2600+ pre-orders started on September 13, 2023 and was released on November 17, 2023.

on March 31, 2023 and ii) US\$4.5 M loan agreement concluded on May 5, 2023 for the financing of Nightdive acquisition.

- The issuance on June 1, 2023 of bonds convertible into new ordinary Atari shares for a nominal amount of €30M. In accordance with IAS 32, this convertible bond was divided into a shareholders' equity component, amounting to €3.6M (corresponding to the fair value of the underlying call option), and a debt component, for an amount of €26.9M (see Note 17 - Financial Debt).
- In accordance with IFRS 9, the €413K payment received from FIG in context of the co-publishing agreement is considered as debt. This debt has been reassessed based on the commercial performance of games launched and now represents an amount of €0.1M, the difference (€0.3M) being recorded in the P&L (See Note 17 - Financial Debt).

As of September 30, 2023, net financial debt stood at €21M, including €6.5M of cash and €27.6M of financial debt.

2.2.3. Statement of Cash Flows

(M€)	H1 23/24	H1 22/23
Net cash provided by (used in) operating activities	(4.6)	(7.1)
Net cash provided by (used in) investing activities	(18.9)	(2.6)
Net cash provided by (used in) financing activities	26.2	9.4
NET CHANGE IN CASH AND CASH EQUIVALENTS	4.8	1.9

(M€)	H1 23/24	H1 22/23
Net opening cash balance	1.7	0.6
Net closing cash balance	6.5	2.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	4.8	1.9

2.3. EVENTS AFTER THE END OF THE INTERIM PERIOD

Acquisition of Awesomenauts, Sword & Soldier from Ronimo Games - On October 24, 2023, Atari announced the acquisition of multiple titles from Ronimo Games including *Awesomenauts* and *Swords & Soldiers*. The purchase includes the games, trademarks, and the underlying property.

Acquisition of Digital Eclipse - On October 30, Atari entered into an agreement to acquire Digital Eclipse Entertainment Partners Co ("Digital Eclipse"), a game development studio originally founded in 1992 focused on the digital restoration of classic video games, based in Emeryville, California.

The acquisition of Digital Eclipse will allow Atari to expand its internal development capabilities and utilize Digital Eclipse's industry-leading experience and proprietary technology. In joining Atari, Digital Eclipse will grow its business and capabilities by expanding its development capacity and access to world-class IP and will leverage Atari's management expertise. By adding Digital Eclipse, along with Nightdive Studios in May 2023, Atari will be able to further support its retro-focused growth strategy.

Digital Eclipse is a game development studio dedicated to preserving gaming's heritage and telling the stories of gaming history through archival releases and interactive documentaries. Digital Eclipse pioneered commercial video game emulation well before it was a household concept and today Digital Eclipse is one of a select few development studios recognized as leaders in retro-focused development. On November 6, 2023 Atari announced the closing of the acquisition of Digital Eclipse. The final purchase price of US\$6.3M consists in US\$3.8M in cash and US\$2.5M in newly issued Atari ordinary shares issued at closing date, as well as a remaining earn-out of US\$13.5M. The reserved capital increase has resulted in the issuance of 20,165,794 new ordinary shares.

Official release of Atari 2600+ - The Atari 2600+ has officially been released on November 17, 2023. Units have started shipping to pre-order customers. Atari and manufacturing and distribution partner PLAION also revealed three new accessories: the CX78+ Gamepad, standalone CX30+ Paddle Pack and accessory extension cable. Additionally, in early 2024, four additional 7800/2600 games will be brought to the market.

2.4. INFORMATION ON RISKS AND UNCERTAINTIES FOR THE NEXT HALF-YEAR

The risk factors presented in the Universal Registration Document published by Atari on August 8, 2023 have not undergone any significant changes in nature or level, with the exception of the addition of the following Risk Factor:

Risk associated with liquidity and going concern: 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. The Company has evaluated the “Risk associated with liquidity and going concern” as moderate.

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 the 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*), and 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 releases for the Atari XP program, integration of AtariAge and the implementation of a strategic partnership with Polymega;
- **Licensing** - Continued development of new licensing opportunities across multiple geographies and verticals, and sustained contribution from existing license agreements;
- **Web3** - Continued development of Atari’s Web3 ecosystem and Atari X community with the Atari Club, including partnerships and collaborations with leading Web3 partners.

In a challenging macro-environment for video games, Atari intends to continue focusing on executing its roadmap and transforming its operations across all four lines of business, including via potential acquisitions and / or minority investments. Atari will continue to integrate the recently acquired companies to expand its internal development capabilities and to support Atari’s retro-focused strategy.

2.5. MAIN TRANSACTIONS WITH RELATED PARTIES

Related parties agreements are described in the section 4 of this document “Other Information”.

3. INTERIM CONSOLIDATED ACCOUNTS

3.1. CONSOLIDATED INCOME STATEMENT

(M€)	H1 23/24	H1 22/23
Revenue	6.4	4.3
Cost of goods sold	(1.6)	(1.0)
GROSS MARGIN	4.7	3.3
Research and development expenses	(3.3)	(2.3)
Marketing and selling expenses	(0.5)	(0.3)
General and administrative expenses	(3.9)	(4.9)
Other operating income (expense)	(0.4)	-
CURRENT OPERATING INCOME (LOSS)	(3.4)	(4.2)
Other income (expense)	(1.6)	(1.0)
OPERATING INCOME (LOSS)	(5.0)	(5.2)
Cost of debt	(0.8)	(0.1)
Other financial income (expense)	(0.6)	(0.1)
Share of net operational profit of equity affiliates		-
Income tax	(0.0)	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(6.5)	(5.4)
Net income (loss) from discontinued operations	(0.1)	(0.1)
NET INCOME (LOSS) FOR THE YEAR	(6.6)	(5.4)
Group share	(6.6)	(5.4)
Minority interests	-	-
Basic earnings per share (in euro)	(0.016)	(0.014)

3.2. STATEMENTS OF COMPREHENSIVE INCOME

(M€)	H1 23/24	H1 22/23
CONSOLIDATED NET INCOME	(6.6)	(5.4)
Elements directly incurred in net equity		
Translation adjustments	(1.9)	1.6
Financial assets valued at fair value through the other comprehensive income	0.9	-
Other transactions	-	-
Total result directly recognised in equity	(1.0)	1.6
COMPREHENSIVE INCOME	(7.6)	(3.8)
Of which: Group	(7.6)	(3.8)
Of which: Minority interests	-	-

3.3. CONSOLIDATED BALANCE SHEET

ASSETS (M€)		H1 23/24	FY23
Goodwill	Note 6	11.9	-
Other intangible assets	Note 7	14.7	7.7
Property, plant and equipment		0.0	-
Rights of use relating to leases	Note 8	1.1	1.3
Non-current financial assets	Note 9	13.3	7.9
Deferred tax assets	Note 10	1.2	1.2
Non-current assets		42.3	18.1
Inventories	Note 11	0.5	0.5
Trade receivables	Note 12	3.3	3.1
Other current assets	Note 13	1.9	1.8
Cash and cash equivalents	Note 14	6.5	1.7
Assets held for sale		0.0	-
Current assets		12.3	7.1
Total assets		54.6	25.2

EQUITY & LIABILITIES (M€)		H1 23/24	FY23
Capital stock	Note 15	4.2	3.8
Share premium		40.9	32.7
Consolidated reserves		(27.3)	(19.2)
Net income (loss) Group share		(6.6)	(9.5)
Total equity		11.2	7.8
Provisions for non-current contingencies and losses	Note 16	-	-
Non-current financial liabilities	Note 17	26.9	7.7
Long term lease liabilities	Note 18	0.8	1.0
Other non-current liabilities	Note 19	4.8	0.7
Non-current liabilities		32.5	9.5
Current financial liabilities	Note 17	0.6	0.2
Short term lease liabilities	Note 18	0.4	0.4
Trade payables	Note 19	3.0	2.7
Other current liabilities	Note 19	6.8	4.6
Liabilities held for sale		0.0	-
Current liabilities		10.8	7.9
Total equity and liabilities		54.6	25.2

3.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(M€)	Capital	Share premium	Treasury shares	Consolidated reserves	Cumulative translation adjustments	Shareholders equity	Minority interests	Total equity
At September 30, 2022	3.8	32.6	0.0	(21.9)	(1.6)	12.9	-	12.9
Net income (loss) for the period	-	-	-	(9.5)	-	(9.5)	-	(9.5)
Translation adjustments	-	-	-	-	0.2	0.2	-	0.2
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	(9.5)	0.2	(9.3)	-	(9.3)
Share issues	0.8	11.2	-	-	-	12.0	-	12.0
Treasury shares transactions	-	-	(1.3)	1.3	-	-	-	-
Others changes	-	-	-	0.8	-	0.8	-	0.8
At March 31, 2023	3.8	32.6	0.4	(26.0)	(3.0)	7.8	-	7.8
Net income (loss) for the period	-	-	-	(6.6)	-	(6.6)	-	(6.6)
Translation adjustments	-	-	-	-	(1.9)	(1.9)	-	(1.9)
Other comprehensive income	-	0.9	-	-	-	0.9	-	0.9
Comprehensive income	-	0.9	-	(6.6)	(1.9)	(7.6)	-	(7.6)
Share issues	0.4	7.4	-	-	-	7.8	-	7.8
Treasury shares transactions	-	-	-	-	-	-	-	-
Others changes	-	-	-	3.2	-	3.2	-	3.2
At September 30, 2023	4.2	40.9	0.4	(29.4)	(4.9)	11.2	-	11.2

3.5. CASH FLOW STATEMENT

(M€)	H1 23/24	H1 22/23
Net income (loss) for the year	(6.6)	(5.4)
Non cash expenses and revenue		
Charges (reversals) for depreciation, amortization and provisions for non current assets	3.9	3.6
Cost of (revenue from) stock options and related benefits	0.1	0.4
Losses (gains) on disposals	(0.3)	-
Other non cash items	0.5	(0.2)
CASH FLOW BEFORE NET COST OF DEBT AND TAXES	(2.4)	(1.6)
Changes in working capital		
Inventories	(0.1)	(2.1)
Trade receivables	-	(0.5)
Trade payables	(0.3)	(4.0)
Other current & non current assets and liabilities	(1.8)	1.0
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4.6)	(7.1)
Purchases of/additions to		
Intangible assets	(5.6)	(2.5)
Non-current financial assets	-	(0.1)
Financial Investments	(13.3)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(18.9)	(2.6)
Net funds raised from		
Share issues	4.1	12.0
Bond issuance	30.0	-
Loans	9.0	(2.6)
Net funds disbursed for		
Debt repayment	(16.3)	-
Bond issuance costs	(0.6)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	26.2	9.4
Impact of changes in exchange rates	2.1	2.2
NET CHANGE IN CASH AND CASH EQUIVALENTS	4.8	1.9
(M€)	H1 23/24	H1 22/23
Net opening cash balance	1.7	0.6
Net closing cash balance	6.5	2.5
NET CHANGE IN CASH AND CASH EQUIVALENTS	4.8	1.9
Net closing cash balance		
Cash and cash equivalents	6.5	2.5

4. NOTES TO THE INTERIM CONSOLIDATED ACCOUNTS

4.1. GENERAL NOTES

4.1.1. General information

Atari SA is a French public limited company (*société anonyme*) registered with the Paris Trade and Companies Register under number 341 699 106 (and referred to as the “Company”). Its registered office is located in France, 25 rue Godot de Mauroy, 75009 Paris.

The consolidated accounts of Atari include the Company and its subsidiaries (together referred to as the “Group”). This note forms an integral part of the Group’s condensed IFRS consolidated accounts for the six months ended September 30, 2023. All amounts are expressed in millions of euros (€M), unless otherwise stated.

4.1.2. Description of the group’s activity

Founded in 1972 by Nolan Bushnell and Ted Dabney, Atari is one of the most recognized and celebrated brands in the world. Since inception, Atari played an integral role in the development of the arcade gaming, game console, and personal computer industries in the 1970s and 1980s, which launched the video games industry.

Atari’s strategy is to develop, directly or through licensing agreements, video games, hardware, consumer products and media content at the crossroads of interactive entertainment, the digital world, and Web3 to generate revenue by monetizing its portfolio of intellectual property. The Group’s organization is structured around four main lines of business: Games, Hardware, Licensing, and Web3.

4.1.3. General corporate developments

During the first-half of the 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 optimising 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 catalogue 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.

APRIL 2023 - Partnership between Porsche Cars Australia and Atari

Porsche Cars Australia released a campaign featuring two Porsche Taycan electric sports cars playing an intense, high-speed, real-life version of *Pong*, a 1970's Atari classic. Along with the video, Porsche Cars Australia have also created Taycan Arcade, an interactive web-based game inspired by *Pong*.

APRIL 2023 - Atari announces acquisition of more than 100 PC and console titles for the 80s and 90s

The acquired collection included notable games from the Bubsy, Hardball, Demolition Racer series, as well as the 1942: Pacific Air War, F-117A, and F-14 air combat series. Atari will seek to expand digital and physical distribution of the classic titles, create new games based on the IP, and explore brand and merchandising collaborations.

Atari also acquired the trademark to the Accolade and GTI brands. Accolade was a well-respected US-based video game developer and publisher from 1984 until 2000.

APRIL 2023 - Atari announces an update with regards to its listing status on over-the-counter markets in the United States of America

After review of new rules and regulations adopted in the United States of America and the OTC Markets listing requirements, Atari SA has received approval from the OTC Markets Group on its application to move to the OTC Pink Current market, effective as of April 26, 2023. Atari is now current with required mandatory filings.

Atari shares have been listed on US OTC Markets since October 2018 under ticker PONGF.

MAY 2023 - Launch of *Mr Run and Jump*

Atari announced the launch for the year 2023 of the action-platformer game *Mr. Run and Jump*. The game is available on PlayStation, Xbox, Switch, Steam, Epic Stores and on the Atari VCS.

MAY 2023 - Atari announces acquisition of M Network Atari 2600 titles and related trademarks

Atari acquired more than a dozen Atari 2600 games published originally under the M Network label. The collection includes fan favorites *Ambush*, *Astroblast*, *Frogs And Flies*, *Space Attack*, and *Star Strike*. Atari intends to develop digital and physical distribution of the classic titles, create new games based on the IP, and explore brand and merchandising collaborations. Atari also acquired the corresponding rights to the M Network brand. M Network was a video game division within Mattel that produced games for the Atari 2600 video game system during the 1980s. The M Network acquisition is the third expansion in 2023 that grows Atari's classic games catalog.

MAY 2023 - Atari closes the acquisition of Nightdive Studios

Atari closed the acquisition of Nightdive Studios Inc. ("Nightdive"), a full service game development and publishing company based in Vancouver, Washington, USA and organized under the laws of the same state, announced on March 22, 2023.

The purchase price of Nightdive consists of (i) an initial consideration of US\$9.5M, paid in cash for US\$4.5M (€ 4.1M)⁷ and in newly issued Atari shares for US\$5.0M (€4.5M)⁸, plus (ii) an earn-out of up to US\$10M, payable in cash over the next three years based on the future performance of Nightdive Studios.

MAY - JUNE 2023 - Atari launches an offering of bonds convertible into new ordinary shares of Atari maturing in 2026 with a 6.50% coupon for a nominal amount of approximately €30M

Atari launched an offering of senior unsecured bonds convertible into new ordinary shares maturing on July 31, 2026, for a nominal amount of approximately €30M, without shareholders' preferential subscription rights, by way of a public offering in France and with a priority subscription period for shareholders to subscribe for the bonds on a reducible and irreducible basis. The subscription price of the Convertible Bonds under the priority subscription period will be equal to the subscription price of the Convertible Bonds in the public offering and is set at 0.15 euro per share. Irata has irrevocably and unconditionally undertaken to subscribe for the Convertible Bonds. On June 1, 2023 Atari successfully completed its offering of senior unsecured bonds convertible into new ordinary shares due July 31, 2026, for a nominal amount of €30M. Irata subscribed to an amount corresponding to 97.58% of the total amount of the Offering (approx. €16.3M by debt set-off and €12.9M in cash).

JUNE 2023 - ANTSTREAM

In June 2023, Atari converted the entirety of the convertible loan amount into Antstream ordinary shares. Atari now holds around 10% of Antstream share capital.

JULY 2023 - Strategic collaboration with Playmaji

Atari set up a strategic collaboration with Playmaji Inc, the company behind the modular multi-system game console Polymega. The collaboration included strategic initiatives that provide support for Atari games on Polymega hardware and software and integration between Polymega and the Atari VCS. Atari has also completed an investment into Playmaji.

JULY 2023 - Atari acquires AtariAge

Atari agreed to purchase AtariAge, a retro-focused online community hub and archival website founded by Albert Yarusso. The deal unites Atari with a vibrant community of retro fans, historians, and homebrew developers. Mr. Yarusso joined Atari and will continue to manage AtariAge, as well as assume a new role as the company's internal historian.

AUGUST 2023 - ATARI 2600+ available for pre-order worldwide

Atari announced global pre-order availability for the Atari 2600+ – a modern day faithful recreation of the pioneering console that first appeared in 1980. The Atari 2600+ was released on November 17, 2023 and is now available to order for €119.99 / £99.99.

JULY - SEPTEMBER 2023 - Update on ATRI Token and Claim

Changes and developments in the regulatory and legal environment related to crypto currencies have caused Atari SA to modify its original plans to launch a new proprietary utility token. Instead of launching a new Atari token, Atari has provided a claim of a fixed number of third-party SAND tokens to eligible ATRI holder's making a proper claim and identified in the snapshot on April 18, 2022. Due to the finite number of SAND tokens, this was not a one-for-one claim. The ratio of SAND tokens to ATRI tokens has been determined based upon the total number of claims. Atari focuses 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.

SEPTEMBER 2023 - MY ARCADE releases the Atari Gamestation Pro with 200+Games

My Arcade teamed up with the legendary Atari brand to introduce the Atari Gamestation Pro with 200+ games. The Atari Gamestation Pro was available for pre-order at select retailers for delivery by October 31, 2023 for MSRP of \$99.99. The Atari Gamestation Pro is the first console on the market to integrate the Atari 2600, 5200, 7800,

⁷ Financed by a shareholder loan made available by Irata LLC (a company controlled by Wade Rosen), to be refinanced with the €30M Convertibles Bonds issuance.

⁸ Based on the 20-day volume weighted average price of the Atari share on Euronext Growth as of April 28, 2023 (i.e., 0.1194 euro per share), in accordance with the transaction documentation.

Arcade and bonus titles into a single platform. Included are the heart-pounding favorites like *Adventure*, *Missile Command*, *Asteroid*, *Centipede* and many more.

4.1.4. Context for preparing the financial statement

The Group's condensed interim consolidated accounts were approved by the Board of Directors of Atari SA. The interim condensed consolidated accounts for the six months ended September 30, 2023 were prepared in accordance with IAS 34 "Interim Financial Reporting" and on the basis of IFRS and interpretations published by the International Accounting Standards Board (IASB) as adopted in the European Union.

These interim condensed consolidated financial statements therefore do not include all the information necessary for a complete set of financial statements prepared in accordance with IFRS, and must be read in relation to the latest consolidated accounts for the year ended March 31, 2023 of the Group prepared on the basis of IFRS. The purpose of the explanatory notes included in these condensed interim consolidated accounts is to explain significant events and transactions with a view to understanding changes in the Group's financial position and performance since the last consolidated accounts.

4.1.5. Accounting methods and valuation rules used

The Group's condensed consolidated financial statements at March 31, 2023 have been prepared:

- in accordance with IAS/IFRS and their interpretations as adopted by the European Union. These standards are available on the European Commission website: http://ec.europa.eu/finance/company-reporting/index_fr.htm;
- in accordance with IFRS as published by the IASB.

For the preparation of the financial statements as of September 30, 2023, the Group has applied the same accounting standards, interpretations and methods as those used in its financial statements for year ended March 31, 2023, with the exception of the standards and interpretations that come into force on April 1, 2022 as described in the paragraph below:

- New standards with mandatory application as of April 1, 2022
- Amendment to IAS 16 - Intangible assets - Proceeds before intended use
- Amendment to IAS 37 - Cost of Fulfilling a contract
- Amendment to IFRS 3 - Updating reference to the conceptual framework
- Annual improvements to IFRS Standards 2018-2020

USE OF ESTIMATES AND MATERIAL ACCOUNTING JUDGEMENTS

Preparing the consolidated financial statements in accordance with the rules of IFRS requires the Group to make a certain number of estimates and to adopt certain assumptions that it considers reasonable and realistic. These estimates and assumptions affect the amount of assets and liabilities, shareholders' equity, profits, and the amount of contingent assets and liabilities, as presented as of the balance sheet date.

The estimates and assumptions prepared on the basis of the information available as of the balance sheet date relate in particular to:

- Intangible assets, assumptions for development costs based on projected net resources; valuation of cryptocurrencies; goodwill;
- Rights of use relating to leases, assumptions retained for recognizing the right of use on leased assets, valuation of lease liabilities, determination of the discount rate, term retained for a contract and depreciation schedule;
- Certain financial instruments: valuation method at fair value;
- Shareholders' equity, share-based payments: valuation of the stock option plans awarded to employees at their fair value on the date when rights are awarded using the "Black & Scholes" model;
- Deferred tax: estimates for the recognition of deferred tax assets.

CHANGES IN THE GROUP'S CONSOLIDATION SCOPE

During the first half of the year, three African entities have exited the consolidation scope (Nigeria, Ghana and Liberia). Nightdive Studios has entered the consolidation perimeter as of May 11, 2023, as well as GTI Interactive LLC (as of April 17, 2023). As of September 30, 2023, Atari consolidated 22 entities according to the full consolidation method, including 4 African subsidiaries that are undergoing liquidation, and 4 inactive entities.

Company	Country	% holding		% interest	
		PI 23/24	PT 23	PI 23/24	PT 23

Active subsidiaries					
Atari Partners S.A.S.	France	100%	100%	100%	100%
Devi SA	Switzerland	100%	100%	100%	100%
Atari US Holdings Inc.	USA	100%	100%	100%	100%
Atari Inc.	USA	100%	100%	100%	100%
Atari Interactive Inc	USA	100%	100%	100%	100%
Atari Studios Inc	USA	100%	100%	100%	100%
Atari Games Corp	USA	100%	100%	100%	100%
Atari Casino LLC	USA	100%	100%	100%	100%
Atari VCS LLC	USA	100%	100%	100%	100%
Atari Hotels Corp	USA	100%	100%	100%	100%
Nightdive Studios LLC	USA	100%	-	100%	-
GTH Interactive LLC	USA	100%	-	100%	-
Atari X LLC ⁹	USA	100%	100%	100%	100%
Subsidiaries undergoing liquidation					
Alpha Chain SA	France	100%	100%	100%	100%
Atari Entertainment Africa Ltd ¹⁰	Mauritius	100%	100%	100%	100%
Atari Entertainment Uganda Ltd	Uganda	100%	100%	100%	100%
Atari Entertainment Tanzania Ltd	Tanzania	100%	100%	100%	100%
Atari Burundi SA	Burundi	100%	100%	100%	100%
Atari Services Kenya	Kenya	100%	100%	100%	100%
Inactive subsidiaries					
Atari Japan KK	Japan	100%	100%	100%	100%
Intogrames Entertainment GmbH	Germany	100%	100%	100%	100%
Intogrames Interactive GmbH	Germany	100%	100%	100%	100%
Cubed Productions LLC	USA	91%	91%	91%	91%
Liquidated subsidiaries as at the date of the Document					
Atari Liberia Inc	Liberia	-	100%	-	100%
Atari Entertainment Ghana Ltd	Ghana	-	90%	-	90%
Atari Lifestyle Ltd	Nigeria	-	99%	-	99%
Non-consolidated entities					
Playmaji Inc ¹¹	USA	53%		-	-
Antstream Limited	United-Kingdom	10%		-	-

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are recorded in accordance with the acquisition method as defined in IFRS 3, revised. Under this method, identifiable assets acquired and liabilities assumed of the acquiree are recorded at fair value at the acquisition date. The goodwill arising from the business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and, where applicable, the fair value of any previously held interest, over the acquisition-date net amounts of the identifiable assets acquired and liabilities and contingent liabilities assumed. This goodwill is measured in the functional currency of the company acquired and recognized in assets in the Consolidated Statement of Financial Position. Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed at least annually or, where

⁹ Company name "Atari X LLC" since May 4, 2023, formerly Atari Productions LLC.

¹⁰ Holding company holding the interests of the Group's entities in Africa, whose liquidation will be initiated upon finalisation of the procedures concerning its subsidiaries.

¹¹ Atari holds a non-controlling stake of 53% on a non-diluted basis and 49% on a fully diluted basis.

appropriate, more frequently where there is evidence calling into question the net carrying amount recorded in assets in the Statement of Financial Position. Where the terms and conditions of a business combination are advantageous, negative goodwill arises. The corresponding profit is recognized in net income at the acquisition date. Acquisition-related costs are expensed in the period in which the costs are incurred and the services received. Pursuant to the provisions of IFRS 3 revised, the Group may finalize the recognition of the business combination during the measurement period. This period ends when all the necessary information has been obtained and no later than one year after the acquisition date.

TRANSLATION OF FOREIGN CURRENCIES

The exchange rates used during the period are as follows:

In euros	HY 23/24		H1 22/23	
	Closing rate	Average rate	Closing rate	Average rate
USD	1.0587	1.0670	0.9748	1.0351
CHF	0.9690	0.9795	0.9561	0.9996

APPLICATION OF THE GOING CONCERN PRINCIPLE

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.

4.2. NOTES TO THE INCOME STATEMENT

NOTE 1 – SEGMENT INFORMATION – REVENUES

The Group's organization is structured around four lines of business: Games, Hardware, Licensing and Web3.

REVENUE

On September 30, 2023, Atari recorded consolidated revenues of €6.4M, compared with €4.3M the first half year of 2023, an increase of +46% at current exchange rates and +50% at constant exchange rates.

Nightdive revenue for the period are recorded under Games and represent a total amount of €2.7M, including €1.4M cash received by Nightdive from crowdfunding campaigns for System Shock development that was recorded in deferred revenues in the prior period, under IFRS 15.

(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

NOTE 2 – CURRENT OPERATING EXPENSES

(M€)	H1 23/24	H1 22/23
Research and development	1.6	1.3
Amortizations	1.6	0.9
Stock Options	0.0	0.1
Research and development expenses	3.3	2.3
Marketing and selling	0.5	0.3
Stock Options	0.0	-
Marketing and selling expenses	0.5	0.3

General and administrative expenses and director fees	3.9	4.6
Stock Options	0.0	0.3
General and administrative expenses	3.9	4.9
Other operating income (expenses)	(0.4)	-
Other operating income (expenses)	(0.4)	-

Research and Development expenses – Research and development expenses during the period totaled €3.3M over the period, an increase compared to previous period, given the consolidation of Nightdive Studios as from May 11, 2023.

Marketing and Selling Expenses – Marketing and selling expenses totalled €0.5M, compared with €0.3M in the previous period, the increase versus previous period mainly consisting in Nightdive Studios marketing and selling expenses.

General and Administrative Expenses – General and administrative expenses represent €3.9M, a decrease by around €1.0M compared to previous period.

NOTE 3 – OPERATING INCOME (LOSS)

(M€)	H1 23/24	H1 22/23
Other income	-	2.3
Other expense	(1.6)	(3.3)
Other income (expense)	(1.6)	(1.0)

Other expenses include notably €1.3M impairment on selected games as well as a €0.2M expenses related to the third-party token provided in the claim to eligible ATRI holders.

NOTE 4 – NET FINANCIAL INCOME (EXPENSE)

(M€)	H1 23/24	H1 22/23
Calculated expenses IFRS 16 Lease liabilities	(0.0)	-
Interests on debts	(0.8)	(0.1)
Interests on receivables	0.0	0.1
Cost of debt	(0.8)	-
Foreign exchange result	(0.0)	(0.1)
Impairment on non consolidated investments	(0.0)	-
Impairment on long term receivables	0.0	0.1
Loss on investment debts	-	(0.1)
Gain (loss) on crypto assets	0.0	-
Sales on non consolidated investments	0.0	-
Amortization of bond costs	(1.0)	-
Other	0.3	(0.1)
Other financial income (expense)	(0.6)	(0.2)
Net financial income (expense)	(1.4)	(0.2)

Net financial expense for the period stood at €1.4M compared to €0.2M in the previous period. Cost of debt came at -€0.8M for the period, comprising notably accrued interest expenses on convertible bonds since issuance on June 1, 2023 for an amount of €0.6M. Amortization of bonds costs corresponds to the amortization of interests, derivative component and issuance costs, as per IFRS 9 guidelines. Other financial income also include a positive impact of €0.3M related to the adjustment of FIG €413k payment received in FY 2023 as part of the co-publishing agreement and aiming at developing certain new games (see Note 12 - Financial Debt).

NOTE 5 – OFF-BALANCE SHEET COMMITMENTS

No commitments given or received as of September 30, 2023.

4.3. NOTES TO THE BALANCE SHEET

NOTE 6 - GOODWILL

Business combinations are recognized using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group in accordance with IFRS 3. IFRS 3 requires the allocation of the purchase price through the fair value measurement of assets acquired and liabilities within a period of 12 months from the acquisition date. The Group values goodwill at the acquisition date as:

- the fair value of consideration transferred, plus
- the fair value of identifiable assets acquired and liabilities taken over, as applicable

The consideration transferred comprises the purchase price for 100% of Nightdive shares consisting of i) an initial consideration of US\$9.5M, paid in cash for US\$4.5M (€4.1M) and newly issued Atari shares for US\$5.0M (€4.55M), plus ii) an earn-out of up to \$10M payable in cash over the next three years based on future performance of Nightdive. The difference between the consideration transferred (€15.2M) and Nightdive's net assets (€3.3M) is presented under goodwill. The costs relating to the acquisition that the Group bears due to a business combination are recognized as expenses when they are incurred.

NOTE 7 – OTHER INTANGIBLE FIXED ASSETS

During the period, developments with regard to intangible assets were as follows:

Gross value (M€)	Games	Hardware	Licenses and Goodwill	Crypto Assets	Total
March 31, 2023	36.5	-	2.0	0.7	39.1
Acquisitions	9.0	-	14.4	0.1	23.5
Disposals	-	-	-	(0.3)	(0.3)
Translation adjustments	0.4	-	(0.1)	(0.4)	(0.1)
September 30, 2023	45.8	-	16.3	0.2	62.3

Intangible assets gross value for the period increased from €39.1M to €62.3M:

- Games intangible assets increased to €45.8M, of which €6.8M attributable to Nightdive Studios;
- Hardware intangible assets balance is nil at the end of the period;
- Goodwill, Licenses and IP increased to €16.3M, and reflects the acquisitions of IP catalogues concluded during the period (M Network catalogue, and GTI catalogue), purchase of AtariAge (€0.2M) and Goodwill attributed to the purchase of Nightdive Studios (€11.9M).
- Digital Assets: gross value decreased by €0.5M reflecting the third-party token granted in context of the claim to ATRI Token holders, partially compensated by the digital assets received in context of Atari's Limited Edition Summer Camp Collection.

Amortization & provisions (M€)	Games	Hardware	Licenses and Goodwill	Crypto Assets	Total
March 31, 2023	(31.0)	-	(0.3)	(0.1)	(31.4)
Amortization / Provisions	(3.3)	0.2	(0.7)	(0.0)	(3.8)
Disposals	-	-	-	-	-
Translation adjustments	(0.3)	(0.2)	(0.2)	0.1	(0.5)
September 30, 2023	(34.5)	-	(1.2)	-	(35.7)

In context of the ongoing review of its operations, a €1.3M impairment on selected games has been recorded.

Net value (M€)	Games	Hardware	Licenses and Goodwill	Crypto Assets	Total
March 31, 2023	5.5	-	1.7	0.5	7.7
September 30, 2023	11.3	-	15.1	0.2	26.6

SUMMARY OF DIGITAL ASSETS HOLDINGS OF ATARI AS OF SEPTEMBER 30, 2023

Cryptocurrencies

Nature	Units	Value (€K)
ETHereum	111	174
WETH	7	12
SAND	53,063	16
USDC	11,000	10
CHAIN Token	430,000	4
LYM Token	670,819	1
Matic	3	0

Other digital assets¹²

Nature	Units
Sandbox Lands	972 parcels
ATRI Tokens	259 million

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.

NOTE 8 – RIGHTS OF USE RELATING TO LEASES

The application of IFRS 16 for leases is reflected in the recognition of a right-of-use asset on the office leases in New York and Paris. As of September 30, 2023, rights of use relating to leases break down as follows:

(M€)	H1 23/24	FY23
Rights of use relating to leases gross value	3.3	3.2
Rights of use relating to leases amortization	(2.2)	(1.9)
Rights of use relating to leases	1.1	1.3

¹² Not valued in Atari financial statements.

NOTE 9 – NON CURRENT FINANCIAL ASSETS

Non-current financial assets breakdown as follows at September 30, 2023:

(M€)	H1 23/24	FY23
Financial assets measured at fair value through OCI	9.0	-
Financial assets measured at fair value through profit & loss	1.1	1.1
Financial assets measured at amortized cost	3.2	6.8
Non-current financial assets	13.3	7.9

Over the first-half of the year, non-current financial assets increase from €7.9M to €13.3M, notably to take into account for the investment concluded in Playmaji¹³ in July 2023.

Financial assets measured at fair value, through other comprehensive income include investments in Playmaji (€4.6M) and Antstream (€4.3M), pursuant to the conversion of convertible bonds held by Atari into shares that resulted in a gain of €0.9M in Other comprehensive income.

Other financial assets, measured at amortized cost, comprise notably €2.9M for receivables on Wish Holding agreement.

NOTE 10 – DEFERRED TAX ASSETS

Deferred tax assets remain stable at €1.2M compared to March 31, 2023.

As of September 30, 2023 the Group's tax loss carry-forward were around \$286M in the United States. However, losses incurred before January 1, 2018 can only be carried forward for 20 years, while those incurred after January 1, 2018 can be carried forward indefinitely, in the limit of 80% of the taxable income of the year. As such, \$240M tax loss carryforward will expire, of which around \$13M in FY 24 and approximately 44% in the next 5 years.

The Group's tax loss carry-forwards were €738M in France. The use of these tax loss carry-forwards are highly uncertain given the lack of income attributable to France in the operating group and the limitations on their use.

NOTE 11 – INVENTORIES

On September 30, 2023, inventory was valued at €0.5M mainly consisting of VCS units, XP raw materials as well as AtariAge inventories.

NOTE 12 – TRADE ACCOUNTS RECEIVABLES

Trade receivables for the period remain stable at €3.3M.

(M€)	H1 23/24	FY23
Trade receivables	2.6	3.1
Provisions for impairment in value	-	-
Receivables invoices to be established	0.8	-
Trade receivables net value	3.3	3.1

NOTE 13 – OTHER CURRENT ASSETS

Other current assets breakdown as follows:

(M€)	H1 23/24	FY23
Prepaid and recoverable taxes	0.2	0.3
Prepaid expenses	1.7	1.5
Other current assets	1.9	1.8

Prepaid and recoverable taxes essentially correspond to VAT receivables. Prepaid expenses for the period represent €1.9M as a result of the allocation of last fiscal year prepaid expenses to the semester. The remaining correspond to the next period expenses.

¹³ Atari holds a non-controlling stake of 53% on a non-diluted basis and 49% on a fully diluted basis.

NOTE 14 – CASH AND CASH EQUIVALENTS

(M€)	H1 23/24	FY23
Cash (Cash on hand and demand deposits)	6.5	1.7
Cash and cash equivalents	6.5	1.7

The cash and cash equivalents include cash (cash on hand and demand deposits) for an amount €6.5M, an increase of €4.8M compared to previous period, after taking into account proceeds received in context of the convertible bonds offering completed in June 2023.

NOTE 15 – SHAREHOLDERS' EQUITY

	H1 23/24	FY 23
Shares outstanding at the beginning of the period	382,534,286	306,027,429
Capital increase	38,129,423	76,506,857
Exercise of stock options	-	-
Exercise of warrants	-	-
Free shares vesting	975,000	-
Convertible Bonds exercise	557,719	382,534,286
Shares outstanding at the end of the period	422,196,428	382,534,286

The change in the total number share outstanding over the past six months results from:

- 39,129,423 new shares issued in the context of Nightdive acquisition;
- 975,000 new shares resulting from the vesting of free shares;
- 557,719 new shares resulting from conversion requests by holders of convertible bonds;

At the date of this half-year 2024 financial report, shareholders' equity was made up of 442,362,222 shares, with a par value of €0.01 each, after taking into account 20,165,794 new shares issued in the context of Digital Eclipse acquisition which closed on November 6, 2023.

The Company holds 3,253,426 treasury shares, representing 0.7% of capital.

The tables below summarize the stock options plans, free shares and warrants currently in place.

Stock-options

	Plan n° 23-4	Plan n° 24-1	Plan n° 25-1	Plan n° 25-2	Plan n° 25-3
Plan date	01/27/2016	07/12/2017	07/16/2018	07/16/2018	12/18/2018
Start date for exercise	01/26/2017	07/12/2018	07/16/2019	07/16/2019	12/18/2019
Vesting	1/3 per year	1/3 per year	1/3 per year	1/3 per year	1/3 per year
Nb. of underlying shares	296,741	211,438	656,469	512,563	41,432
Expiry date	05/31/2024	07/11/2025	07/31/2026	07/31/2026	01/17/2027
Exercise price	0.164€	0.272€	0.377€	0.977€	0.264€

	Plan n° 26-1	Plan n° 27-1	Plan n°28-1	Plan n°28-2	Plan n°28-2
Plan date	07/14/2020	11/30/2021	06/10/2022	07/08/2022	01/17/2023
Start date	07/14/2021	11/30/2022	06/10/2023	07/08/2023	01/17/2024
Vesting	1/4 per year	1/4 per year	1/4 per year	1/4 per year	1/4 per year
Nb.of underlying shares	777,049	2,036,000	500,000	5,000,000	2,000,000
Including W. Rosen	-	-	-	4,000,000	-
Expiry date	07/14/2028	11/30/2029	06/10/2030	06/10/2030	01/17/2027
Exercise price	0,224€	0,399€	0,1615€	0,1478€	0.1882 €

Free shares

Grant date	Number of free shares	Vesting	Acquired	End of lock-up
Plan n°22-1				
June 10, 2022	1.500.000	1/4 per year starting June 10, 2023	375,000	June 10, 2024
Plan n°22-2				
June 10, 2022	600.000	June 10, 2023	600,000	June 10, 2024
Total	2.100.000			

Warrants

Grant date	Number of warrants	Expiry date	Exercise price
December 1, 2021	219,783	December 1, 2029	0.3990 €

NOTE 16 – PROVISIONS FOR CONTINGENCIES AND LOSSES

At the end of the period, there were no provisions for contingencies and losses, unchanged versus previous period.

NOTE 17 – FINANCIAL DEBT

The Group's financial debt breaks down as follows:

(M€)	H1 23/24	FY23
Shareholders loans	-	7.3
Convertible bond	26.8	
Fig Funding	0.1	0.4
Non current	26.9	7.7
Accrued interest on convertible bonds	0.6	0.2
Current	0.6	0.2
Financial liabilities	27.6	7.9

As of September 30, 2023, total financial liabilities stood at €27.6M compared to €7.9M in the previous period. This evolution is attributable to:

- The redemption of all loans previously granted by IRATA To Atari, by way if debt set-off on the convertible bond issue completed on June 1, 2023, for a total amount of €16.3M (comprising €5M loan agreement between IRATA and Atari concluded on March 31, 2023 for which the proceeds have been received after March 31, 2023 and the loan granted by IRATA to Atari for an amount of US\$4.5M on May 5, 2023 for the purpose of Nightdive acquisition financing). As of September 30, 2023, there was no shareholder loan outstanding between Irata and Atari.
- The issuance on June 1, 2023 of bonds convertible into new ordinary Atari shares for a nominal amount of €30M. In accordance with IAS 32, this convertible bond was divided into a shareholders' equity component, amounting to €3.6M (corresponding to the fair value of the underlying call option), and a debt component, for an amount of €26.8M.
- The Group has concluded a co-publishing agreement with FIG, part of the Republic ecosystem, for new games based on Atari IPs. Under this agreement, Atari has received a €413K payment from FIG in order to develop certain new games, under a revenue-sharing agreement, based on the commercial performance of the games. This debt has been accounted for at fair value as of March 31, 2023. In accordance with IFRS 9, the fair value of the debt has been reassessed based on the game performance of the underlying games. As of September 30, 2023, this debt is now estimated at €0.1M. The difference of €0.3M is recorded in P&L under financial income.

NOTE 18 – LEASE LIABILITIES - CURRENT AND NON-CURRENT

The Group has applied IFRS 16 - Leases. This standard introduces a single lessee accounting model and requires lessees to account for all leases on their balance sheet by recognizing a liability corresponding to the present value of future payments using a discount rate of 3%. The maturities of the lease liabilities break down as follows:

(M€)	H1 23/24	FY23
Lease liabilities less than 1 year	0.4	0.4
Lease liabilities between 1 and 5 years	0.8	1.0
Lease liabilities after 5 years	(0.0)	-
Lease liabilities	1.2	1.4

NOTE 19 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other liabilities break down as follows:

(M€)	H1 23/24	FY23
Other non-current liabilities	4.8	0.7
Other non-current liabilities	4.8	0.7
Trade payables	3.0	2.7
Tax liabilities	-	-
Other current liabilities	6.8	4.6
Other current liabilities	9.8	7.3

Other non-current liabilities increase from €0.7M to €4.8M over the period given the recognition of €3.9M earn-out to Nightdive shareholders, as per the terms of the acquisition. This liability corresponds to the non-current part of the earn-out estimated to be paid in year 2 and 3. Other non-current liabilities also include a provision covering uncertainty over the use of historical tax-loss carry forwards in the United-States.

Other current liabilities increase over the period to €9.8M and include :

- €2.3M estimated as an earn-out for the current year, payable in cash to Nightdive shareholders for the first year following the acquisition;
- +€0.3M increase in trade payables reflecting royalties payables by Atari and Nightdive to certain IP holders;
- €1M decrease in staff-related liabilities, corresponding mainly to CEO compensation due for the fiscal years ended March 2022 and 2023;
- €1M increase in deferred revenue corresponding to pre-orders collected on Atari 2600+, and which will be recognized as revenue upon delivery to end-customers in the course of the second half of the fiscal year;
- €0.3M liability corresponding to physical goods delivery for Nightdive crowdfunding campaign backers which have not been delivered yet;
- Deferred revenues for around €2M corresponding mainly to ATRI Tokens. ATRI Tokens previously granted or awarded, and absent of any use cases and under the performance obligation of IFRS 15, are recognized under deferred revenue. The accounting treatment of the ATRI Token recognized in Atari financial statements will be revised at the occasion of Atari annual results for the period ending March 31, 2024. Other ATRI Token held by Atari are not valued in financial statements.

4.4. OTHER INFORMATION

4.4.1. Post-closing events

Acquisition of Awesomenauts, Sword & Soldier from Ronimo Games - On October 24, 2023, Atari announced the acquisition of multiple titles from Ronimo Games including Awesomenauts and Swords & Soldiers. The purchase includes the games, trademarks, and the underlying property.

Acquisition of Digital Eclipse - On October 30, Atari has entered into an agreement to acquire Digital Eclipse Entertainment Partners Co ("Digital Eclipse"), a game development studio originally founded in 1992 focused on the digital restoration of classic video games, based in Emeryville, California.

The acquisition of Digital Eclipse will allow Atari to expand its internal development capabilities and utilize Digital Eclipse's industry-leading experience and proprietary technology. In joining Atari, Digital Eclipse will grow its business and capabilities by expanding its development capacity and access to world-class IP and will leverage Atari's management expertise. By adding Digital Eclipse, along with Nightdive Studios in May 2023, Atari will be able to further support its retro-focused growth strategy.

Digital Eclipse is a game development studio dedicated to preserving gaming's heritage and telling the stories of gaming history through archival releases and interactive documentaries. Digital Eclipse pioneered commercial video game emulation well before it was a household concept and today Digital Eclipse is one of a select few

development studios recognized as leaders in retro-focused development. On November 6, 2023 Atari announced the closing of the acquisition of Digital Eclipse. The final purchase price of US\$6.3M consists in US\$3.8M in cash and US\$2.5M in newly issued Atari ordinary shares issued at closing date, as well as a remaining earn-out of US\$13.5M. The reserved capital increase has resulted in the issuance of 20,165,794 new ordinary shares.

4.4.2. Related party transactions

The following agreement was entered into during the period:

Agreements entered into in connection with the acquisition of Nightdive Studios

- On March 22, 2023, the Company entered into a share purchase agreement with Nightdive Studios, by which Atari has completed the acquisition of Nightdive Studios.
- On May 3, 2023 the Company entered into a contribution agreement with the shareholders of Nightdive Studios (including Wade Rosen) in the context of the Acquisition, in which the shareholders will contribute 1,912,500 shares of Nightdive Studios to Atari.

Agreements entered into in connection with the issuance of the convertible bonds

- On May 23, 2023, Irata has irrevocably undertaken to subscribe to the Offering during the priority subscription period of the proposed issuance of the Convertible Bonds, on an irreducible basis, up to the amount of its stake in the Company's share capital (i.e. a total number of 55,460,000 Convertible Bonds) and on a reducible basis, up to the balance of the total amount of the Offering not subscribed by it on an irreducible basis, i.e. up to a maximum total amount (including issue premium) of 21,681,000 euros (i.e., up to 144,540,000 Convertible Bonds). Moreover, in the event that at the end of the subscription period of the Offering, the subscriptions do not represent 100% of the amount of the Offering, Irata has irrevocably and unconditionally undertaken to subscribe for the Convertible Bonds which will have not been fully paid by the subscribers allowing for full subscription of this threshold of 100% of the principal amount of this convertible bonds issuance, i.e. up to a maximum of 200,000,000 Convertible Bonds for an amount of €30M. The amount of the subscription commitment will be paid, in priority, by way of set-off against certain, determined in quantity and due claims that Irata holds on the Company in respect of all of the outstanding shareholders' loans previously granted for an aggregate amount of around €16,333,740.68 and the balance in cash.

All the agreements listed above have been approved by Atari's general meeting held on September 29, 2023, under the regulated agreements procedure.

5. STATUTORY AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

Statutory Auditor's Review Report on the Condensed Half-yearly Consolidated Financial Statements

For the period from April 1, 2023 to September 30, 2023

To the Chairman and Chief Executive Officer of ATARI,

As statutory auditor of ATARI and at your request, we have reviewed the accompanying condensed half-yearly consolidated financial statements for the period from April 1, 2023 to September 30, 2023.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France and the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

This report is governed by French law. The Courts in France shall have exclusive jurisdiction to settle any claim, difference or dispute which may arise out of or in connection with our engagement letter or this report or any related issues.

Paris-La-Défense, December 8, 2023

The Statutory Auditor

Deloitte & Associés

Benoit Pimont