



## FULL YEAR 2024 RESULTS

**PARIS, FRANCE (August 1, 2024 - 6.00 pm CET) - Atari®** - one of the world's most iconic consumer brands and interactive entertainment producers - today announced the Group's audited consolidated results for the full year ended March 31, 2024, approved by the Board of Directors during its meeting held on July 30, 2024. Consolidated accounts have been audited by the statutory auditors.

### FY 2024 Operational highlights

- 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 and Digital Eclipse
- €30M convertible bond issue
- Minority investment and strategic collaboration with Playmaji Inc.
- Termination of token project and finalized claim provided to eligible ATRI token holders
- Acquisition of *Awesomenauts* and *Swords & Soldiers* from Ronimo Games
- Release of Atari 2600+ and 400 Mini gaming consoles
- Acquisition of publishing rights of *Rollercoaster Tycoon 3* from Frontier Development
- US\$2 million investment in tinyBuild, Inc.

### Post closing events

- Relaunch of iconic Infogrames publishing label
- Infogrames purchase of *Totally Reliable Delivery Services* and *Surgeon Simulator* games from tinyBuild Inc.
- Purchase of the Intellivision trademarks and certain games

### FY 2024 financial performance summary

- Doubling of Revenues for the period at €20.6M (vs. €10.1M in previous year), with Games revenue for the period at €14.4M, including contribution of Nightdive and Digital Eclipse, since acquisition dates (vs. €7.2M in previous year).
- Current operating income -€6.5M (vs. -€6.1M in previous year) due, in part, to higher amortization charges related to the transition to an accelerated games amortization policy.
- Excluding the effect of accelerated amortization policy (€2.8M), Current Operating income would have been negative at -€3.7M
- Operating income of -€12.8M (vs. -€8.5M in previous year), impacted by non-cash intangible assets impairment and bad debt loss on a licensing contract.

**Wade Rosen, Chairman and Chief Executive Officer commented:** *"This year saw positive momentum across all of our lines of business, resulting from the strategic decision to refocus on our core strength of classic gaming. This transformation is still in its infancy, but the efficacy of this change is evidenced by the doubling of Atari's top line revenue this year. With the successful acquisition and integration of Nightdive and Digital Eclipse, and the relaunch of the Infogrames publishing label, we continue to put in place the necessary levers for long term success."*

## HIGHLIGHTS OF THE PERIOD

During the year, the Company focused its resources on the transformation of its operations as well as the execution of its organic growth strategy:

**Games** - Atari continued to develop premium games based on the intellectual property acquired or owned by Atari. Atari released 11 new games including *Mr. Run and Jump*, *Quantum Recharged*, *Days of Doom*, *Pixel Ripped 1978*, *Qomp2*, *Rollercoaster Tycoon Adventures: Deluxe*, *Haunted House* and *Berzerk Recharged*. In addition, Nightdive Studios launched *System Shock*, *Rise of the Triad: Ludicrous Edition*, *Star Wars Dark Forces*, and *Turok 3* in the second half of the year, and Digital Eclipse released *The Making of Karateka*, and the Early Access release of *Wizardry: Proving Grounds of the Mad Overlord*.

**Hardware** - Following the reorganization of Hardware operations completed in FY23, the focus of the year has been on the execution of the Atari 2600+ launch and commercialization campaign, which began with pre-orders in August 2023 and deliveries starting in November 2023. Since then, the Atari "+" product line has expanded to include more than 10 different hardware products. Consistent with its innovative retro-hardware strategy, the Atari 400 Mini was also launched, in collaboration with Retro Games LTD, at the end of the fiscal year. 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 Playmaji.

**Licensing** - Continued efforts on building new licensing verticals and driving of new initiatives across new categories and geographies with well respected international brands. This includes the successful launch of the MyArcade GamestationPro with licensing partner Dreamgear and the launch of an eCommerce initiative for RollerCoaster Tycoon.

**Atari X (formerly Web3)** - With the general blockchain environment remaining challenged, Atari X has expanded from a Web3 only focus towards a larger community led initiative including cross-collaborations with other Atari lines of businesses and select partners, exclusive merchandise drops, and the launch of Atari Club. In this context, Atari also announced that it had terminated its previously announced new token project and provided a claim of a fixed number of third-party tokens to certain eligible ATRI holders, which ended September 2023.

### Other General Corporate Developments

**Investment in tinyBuild** - Atari entered into an agreement with tinyBuild, Inc. to invest US\$2M as part of tinyBuild's capital increase announced on December 21, 2023. tinyBuild (AIM: TBLD) has completed its US\$12M capital increase by means of the issue of new common shares on January 30, 2024. Upon completion, and based on the results of the global subscription, Atari holds 7.9% of tinyBuild share capital.

**Purchase of RCT 3** - Atari purchased the publishing rights for Rollercoaster Tycoon 3 from Frontier Developments Plc. Atari is now the sole publisher of all major titles within the *Rollercoaster Tycoon* franchise. Atari manages the *Rollercoaster Tycoon* franchise under a long-term licensing agreement with the franchise's creator Chris Sawyer. The purchase price of *Roller Coaster Tycoon 3* franchise consists of an initial consideration of US\$4M as well as potential deferred cash consideration of US\$3M.

**ATRI Token** - In July 2023 Atari stated that it was unable to create a new token given the current regulatory and commercial environment, as well as Atari's own strategic priorities. Instead, Atari provided a mechanism for eligible token holders to receive a fixed number of third-party tokens. This was a voluntary action implemented by Atari towards its community who legitimately purchased ATRI tokens from the former joint venture, which was completed in September 2023.

**Brand and e-commerce** - The importance of Atari.com as an e-commerce platform has continued to be developed through foundational work in scalable e-commerce operations, reviewing homepage and product pages, onboarding new licensees into the Atari.com store, and specific marketing efforts to support the holiday season and the Atari 2600+ launch campaign.

**Financing** - Atari has successfully completed the offering of senior unsecured bonds convertible into new ordinary shares on July 31, 2026, for a nominal amount of €30M (€16.3M subscribed by debt set-off and €12.9M in cash). In addition, during the year, a total of €9.8M loans with Irata LLC have been concluded to fund operations and games acquisitions.

**Acquisitions** - Several acquisitions have been completed over the course of the year which aimed at i) increasing Atari publishing and development capabilities in retro-gaming (Nightdive Studios and Digital Eclipse): ii) further complementing Atari's portfolio of intellectual property and games (e.g. GTI catalog of retro games, M Network Atari 2600 titles, *Totally Reliable Delivery Service*, publishing rights of *Rollercoaster Tycoon 3*), and; iii) expanding the Atari community ecosystem with the acquisition of AtariAge.

## BREAKDOWN OF REVENUES BY LINES OF BUSINESS

| (M€)                 | FY24        | FY23        |
|----------------------|-------------|-------------|
| Games                | 14.4        | 7.2         |
| Hardware             | 4.2         | 0.7         |
| Licensing            | 1.8         | 1.3         |
| Atari X              | 0.2         | 0.9         |
| <b>Total Revenue</b> | <b>20.6</b> | <b>10.1</b> |

**Revenues** - For the full year ending March 31, 2024, the Group recorded revenue of €20.6M, compared to €10.1M for the same period last year. The increase is reflective of Atari's strategic orientations implemented by the Group over the period, as well as the contribution of Nightdive Studios and Digital Eclipse from their acquisition dates<sup>1</sup>. This evolution represents an increase of +104% at current exchange rate and +103% at constant exchange rate.

- **Games:** For the period, Games revenues increased twofold from €7.2M to €14.4M, including €6.7M revenues from Nightdive Studios and Digital Eclipse.
- **Hardware:** Hardware revenues increased roughly sevenfold representing €4.2M compared to €0.7M in the previous period, which was marked by the reorganization of the Hardware line of business. This evolution is mainly driven by the launch of the Atari 2600+ in August 2023 as well as other hardware initiatives (XP Cartridges) and, to a lesser extent, the contribution of AtariAge acquired in August 2023.
- **Licensing:** Licensing showed solid momentum in the year, with revenues growing from €1.3M to €1.8M, as Atari begins to execute against a new pipeline of opportunities across new categories and geographies as well as opening additional sales opportunities for its licensed products through Atari.com.
- **Atari X:** Revenues for the period stood at €0.2M, compared to €0.9M in the previous period as Atari is pivoting the Atari X model from Web3 exclusively towards community engagement and cross-collaborations with other lines of businesses and selected partners. Revenues generated in the year are essentially represented by Atari's Limited Edition Summer Camp Collection available via the Coinbase Onchain Summer Program in August 2023.

<sup>1</sup> Since May 11th, 2024 for NightDive and October 31st, 2023 for Digital Eclipse

## CONSOLIDATED INCOME STATEMENT SUMMARY

| (M€)   | FY24          | FY23         |
|--|---------------|--------------|
| Revenue  | 20.6          | 10.1         |
| Cost of goods sold                                   | (5.8)         | (2.2)        |
| <b>GROSS MARGIN</b>                                  | <b>14.9</b>   | <b>7.9</b>   |
| Research and development expenses                    | (12.0)        | (4.4)        |
| Marketing and selling expenses                       | (1.2)         | (0.7)        |
| General and administrative expenses                  | (7.8)         | (8.5)        |
| Other operating income (expense)                     | (0.6)         | (0.4)        |
| <b>CURRENT OPERATING INCOME (LOSS)</b>               | <b>(6.5)</b>  | <b>(6.1)</b> |
| Other income (expense)                               | (6.2)         | (2.5)        |
| <b>OPERATING INCOME (LOSS)</b>                       | <b>(12.8)</b> | <b>(8.5)</b> |
| Cost of debt   | (0.7)         | (0.2)        |
| Other financial income (expense)                     | 0.1           | 0.1          |
| Share of net operational profit of equity affiliates |               |              |
| Income tax   | (0.0)         | (0.9)        |
| <b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>  | <b>(13.3)</b> | <b>(9.5)</b> |
| Net income (loss) from discontinued operations       | (0.1)         | 0.1          |
| <b>NET INCOME (LOSS)</b>                             | <b>(13.5)</b> | <b>(9.5)</b> |

**Costs of Goods Sold and Gross Margin** – Costs of goods sold increased from €2.2M to €5.8M, with higher royalty expenses paid by Atari, Nightdive and Digital Eclipse, higher costs of goods related to work-for-hire contracts as well as the cost of goods for hardware units sold directly on atari.com. Gross margin for the period increased from €7.9M to €14.9M.

**Research and Development Expenses** - Research and development expenses totaled €12.0M (compared to €4.4M in the previous year), reflecting the consolidation of R&D and amortization expenses from Nightdive and Digital Eclipse (+€2.6M). The increase is also due to the change in amortization policy<sup>2</sup> compared to the previous period that led to higher current year amortization expense (+€2.8M).

**Marketing and Selling Expenses** totaled €1.2M compared with €0.7M in the previous year, as a result of sustained investment in marketing to support launch of new games, as well as the consolidation of Nightdive and Digital Eclipse.

**General and Administrative Expenses** represent €7.8M, compared with €8.5M in the prior year due to cost improvement initiatives implemented in the year.

**Current Operating income** for the year is negative €6.5M, compared to negative €6.1M for the prior year. The updated, accelerated approach to amortization for game development had an impact on reported Current Operating Income in FY24, as Atari has transitioned from the previous amortization profile to the updated approach. Excluding the changes related to the change in amortization policy, Current Operating Income for the year would have been negative €3.7M.

**Operating Income** – Operating income for the period is -€12.8M compared to -€8.5M after taking into account several non-cash items, notably a €3.6M impairment on selected games and €4.0M provision for bad debt loss relating to one licensing agreement. Given the termination of all licensing agreements with the former joint venture and the termination of new token project, operating income includes a non-cash effect of +€2.2M from the recognition of deferred income from ATRI token grants previously concluded, and that had been previously recognized in the balance sheet under deferred revenues, absent performance obligation under IFRS 15.

<sup>2</sup> For FY 2024, the Group has opted for a new amortization policy to better align game amortization with games' commercialization cycle. Games R&D is now amortized over two years: 1/3 between months 1 and 3, 1/3 between months 4 and 12 and 1/3 between months 13 and 24. In previous periods, game development costs were amortized on a straight-line basis over three years.

**Consolidated Net Income** – Consolidated net income shows a loss of €13.5M for the period compared to a loss of €9.5M in the previous period. Cost of debt includes notably €1.5M of interest expense on the convertible bonds issued on June 1, 2023 and accrued interest on loans with IRATA LLC concluded throughout the year. Other financial expenses include the amortization of bond costs (€2.6M) as per IFRS 9 guidelines and a positive effect of €2.3M corresponding to the fair value adjustment of the FIG funding received by Atari and Digital Eclipse, recognized as a debt under IFRS 9.

## BALANCE SHEET

| ASSETS (M€)         | FY24        | FY23        |
|---------------------|-------------|-------------|
| Non-current assets  | 68.1        | 18.1        |
| Current assets      | 10.0        | 7.1         |
| <b>Total assets</b> | <b>78.1</b> | <b>25.2</b> |

In relation to the acquisitions completed during the period, non-current assets went from €18.1M in March 2023 to €68.1M with, notably:

- +€28.7M goodwill attributed to the acquisitions of Nightdive and Digital Eclipse.
- +€16.4M net increase in other intangible assets due to increased capitalized R&D with the effect of Nightdive and Digital Eclipse acquisition and games purchases throughout the year from third-parties (e.g. RCT 3 publishing rights, Totally Reliable Delivery Service).
- +€4.4M increase in non-current financial assets, reflecting minority investments concluded in the year (Playmaji, tinyBuild) and bad debt loss on one licensing agreement (-€4.0M).

Current assets increase from €7.1M to €10.0M over the period given a higher cash position at the end of the period as well as higher trade and royalty receivables.

| EQUITY & LIABILITIES (M€)           | FY24        | FY23        |
|-------------------------------------|-------------|-------------|
| Total equity                        | 6.8         | 7.8         |
| Non-current liabilities             | 57.5        | 9.5         |
| Current liabilities                 | 13.8        | 7.9         |
| <b>Total equity and liabilities</b> | <b>78.1</b> | <b>25.2</b> |

The Group's shareholders' equity went from €7.8M to €6.8M. Capital stock increased from €3.8M to €4.4M given the issuance of 58,295,217 new shares in the context of Nightdive and Digital Eclipse acquisitions. Share premium increased from €32.7M to €43.1M with the accounting for the convertible bond derivative value (€3.6M), and contribution premiums related to acquisitions (€5.8M).

Non-current Liabilities increased from €9.5M to €57.5M over the period due to the accounting of the convertible bond debt component for €27.0M as well as a €16.6M liability estimated for the non-current part of earn-out related to the different acquisitions completed during the year<sup>3</sup>. Non-current liabilities also include €6.9M related to the fair value of the liability with FIG as well as €4.9M shareholder loans.

Current Liabilities increased to €13.8M over the period and comprise notably €1.0M liability estimated for the earn-out due for the different acquisitions for the first year after closing of the acquisition, and €4.9M for the current portion of shareholder loans concluded during the fiscal year with IRATA LLC.

<sup>3</sup> Nightdive, Digital Eclipse and earn-out on RCT3 game

| (M€)                              | FY24          | FY23         |
|-----------------------------------|---------------|--------------|
| Cash and cash equivalents         | 2.6           | 1.7          |
| Non-current financial liabilities | (38.9)        | (7.7)        |
| Current financial liabilities     | (5.3)         | (0.2)        |
| <b>Net debt</b>                   | <b>(41.6)</b> | <b>(6.2)</b> |

As of March 31, 2024, net financial debt stood at -€41.6M compared to a net debt position of -€6.2M in the previous period.

## OUTLOOK

For the coming year Atari intends to continue to focus on executing its strategy aimed at monetizing its IP portfolio across all four lines of business and to capitalize on recently acquired studios, Nightdive Studios and Digital Eclipse, to expand its internal development capabilities and to support Atari's retro-focused strategy.

- **Games** - Investment in a dynamic pipeline of new releases from Atari (including *Yars Rising*, *NeoSprint*, *Atari 50 Expanded Edition*, *RCT game series*), Nightdive (including a console release of *System Shock Remake*, *The Thing Remastered*, *Killing Time: Resurrected*, *PO'ed: Definitive Edition*), and Digital Eclipse (including *Volgarr II*, *Mighty Morphin Power Rangers: Rita's Rewind*); continued development of Infogrames publishing label with further game purchases from third-parties; active development of existing portfolio, and expansion of physical and digital distribution of already acquired games (*Totally Reliable Delivery Service* and *Surgeon Simulator*);
- **Hardware** - Expansion of the Atari "+" product line, commercialization of Atari 400 mini and new innovative hardware products via partnerships and licensing agreements; continued releases for the Atari XP program (for Atari 2600 and 7800); deeper integration of AtariAge community; and implementation of the strategic partnership with Polymega;
- **Licensing** - Continued development of licensing opportunities across multiple geographies and verticals and increased collaboration with other Atari lines of business; exploration of brand and licensing opportunities from the recently acquired Intellivision properties;
- **Atari X** - Continued development of Atari's Web3 ecosystem through collaborations with leading Web3 partners and innovative community engagement driven by the Atari Club initiative.

Atari will also continue to selectively consider potential acquisitions and/or minority investments in companies offering value-added solutions and acquisitions of games that further complement its portfolio of intellectual property, across Atari and Infogrames.

## Consolidated and annual accounts publication

Consolidated and annual accounts have been audited by the statutory auditor and are made available today. The Universal Registration Document for FY2024 will be published in the coming days.

## 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 400 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](http://www.Atari.com).

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

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