**December 26, 2018**

**UPDATE OF THE REFERENCE DOCUMENT**
**including the semi-annual financial report**

This update of the 2017/2018 Reference Document was filed with the Autorité des marchés financiers ("AMF") on December 26, 2018, in accordance with Article 212-13 IV of its General Regulations. It complements Atari's 2017/2018 Reference Document filed with the AMF on September 7, 2018 under the number D18-0803.

This document has been prepared by the issuer. Its signatories are responsible for its content.

The Reference Document and its update may be used to support a financial transaction only if supplemented by a short-form prospectus approved by the AMF.

Copies of the Reference Document and its update are available free of charge at Atari's corporate headquarters and on the websites of the Company and the Autorité des Marchés Financiers

*1st update of the 2017/2018 Reference Document*

**Note to the reader:** The English version of this report is a free translation from the original, which was prepared in French and is available on the company's corporate French website. In the event of any inconsistencies between the original language version of the document in French and this English translation, the French version will take precedence.

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## NOTES

In this update, the terms “Atari” or the “Company” refer to Atari SA. The term “Group” refers to the group of companies formed by the Company and its consolidated subsidiaries. The term “Reference Document” refers to Atari’s 2017/2018 Reference Document, filed with the AMF on September 7, 2018 under the number D18-0803.

# 1. PERSONS RESPONSIBLE FOR THE UPDATE OF THE REFERENCE DOCUMENT AND RESPONSIBLE FOR AUDITING THE ACCOUNTS

## 1.1 PERSON RESPONSIBLE FOR THE UPDATE OF THE REFERENCE DOCUMENT

Frédéric Chesnais, Chairman and Chief Executive Officer

## 1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UPDATE OF THE REFERENCE DOCUMENT

I certify, after taking all relevant, reasonable measures, that the information contained in this update of the 2017/18 Reference Document is, to the best of my knowledge, accurate and does not contain any omission that would alter its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position, and results of the Company and of all the companies included in the consolidation, and that the half-yearly management report on page 33 of this document presents a faithful representation of the evolution of the business over the first six months of the financial year, the financial impact on the accounts and the main related party transactions as well as a description of the main risks and uncertainties for the remaining six months of the financial year.

I have obtained a letter from the statutory auditors upon completion of their assignment (“completion letter”), in which they state that they have verified the information on the financial position and the accounts given in this update of the 2017/18 Reference Document, and that they have read this document in its entirety.

Paris, December 24, 2018

Frédéric Chesnais
**Chairman and Chief Executive Officer of Atari SA**

## 1.3 PARTIES RESPONSIBLE FOR AUDITING THE ACCOUNTS

### (a) Statutory auditors

**Deloitte & Associés**

Member of the Regional Company of Statutory Auditors of Versailles

Represented by Benoit Pimont

6 place de la Pyramide, 92908 Paris-La Défense Cedex

Appointed in October 1993. Reappointed at the General Meetings of December 16, 1999, October 20, 2005, September 30, 2011 and September 29, 2017 for a period of six financial years.

Appointment expires: At the Meeting to approve the financial statements for the year ended 2023.

**JLS Partner**

Member of the Regional Company of Statutory Auditors of Paris

Represented by Julien Wajsbort

12 Boulevard Raspail 75007 Paris

Appointed in September 2016 for a period of six financial years.

Appointment expires: At the General Meeting to approve the financial statements for the year ended 2022.

### (b) Alternate Statutory auditors

**B.E.A.S. SARL**

Member of the Regional Company of Statutory Auditors of Versailles

7/9 Villa Houssaye 92200 Neuilly sur Seine

Appointed in December 1999. Reappointed at the General Meetings of October 20, 2005, September 30, 2011 and September 29, 2017 for a period of six financial years.

Appointment expires: At the Meeting to approve the financial statements for the year ended 2023.

**Monsieur Daniel Chriqui**

Member of the Regional Company of Statutory Auditors of Paris

5, rue Plumet 75015 Paris

Appointed in September 2016 for a period of six financial years.

Appointment expires: At the General Meeting to approve the financial statements for the year ended 2022.

## 2. UPDATED GENERAL PRESENTATION

### 2.1 COMPANY PROFILE

Atari (the "Company" or the "Group") is a French company whose securities are listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

Atari (www.atari.com) is an interactive entertainment production company that manages an intellectual property portfolio focused on the Atari brand, Atari Classics games, and intellectual property assets and licenses such as RollerCoaster Tycoon. The company has 4 main business lines: (i) video games ("**Atari Games**") make up the Group's DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production and licensing activities, (ii) the regulated online casino games within **Atari Casino**, a company dedicated to this business, (iii) the Group's new console **Atari VCS**; and (iv) **Atari Partners**, the Group's investment activities in technology companies.

The Company's business model is based on directly or indirectly monetizing its rights, in the broadest possible sense. Direct monetization includes revenue earned from games played on mobile, PC, online, console, or multimedia platforms. Such direct monetization also includes the final sale of rights under an ongoing arbitrage policy concerning the Company's intellectual property portfolio. Indirect monetization covers licensing agreements granted to third parties, who are then responsible for manufacturing and producing products or applications in exchange for royalties paid to Atari, under multi-year contracts. In general, any transaction concerning such rights, whatever their legal nature, is considered part of the Company's current business activity and contributes to its revenue and/or current operating income.

### KEY FIGURES

The following table presents the Group's key figures for the periods ending September 30, 2018 (six months), March 31, 2018 (twelve months) and September 30, 2017 (six months). The financial statements are presented in accordance with IFRS.

| (M€) | **Sept. 30, 2018** | March 31, 2018 | Sept. 30, 2017 |
|---|---|---|---|
| **Revenue** | **10,8** | 18,0 | 8,5 |
| **Current operating income** | **2,2** | 2,3 | 1,2 |
| **Operating income (loss)** | **2,0** | 2,5 | 1,3 |
| **Net income (loss)** | **1,8** | 2,3 | 1,1 |
| | **-** | - | - |
| **Total assets** | **33,8** | 22,2 | 18,2 |
| **Shareholders' equity** | **23,1** | 13,8 | 7,9 |
| **Net cash (net debt)** | **8,1** | 2,5 | (0,9) |
| **Cash and cash equivalents** | **8,8** | 3,1 | 1,1 |
| **Number of employees** | **23** | 19 | 18 |

***Note***: *The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

## 2.2 CONTRIBUTION BY SEGMENT

The table below shows revenue attributed to geographic areas as at September 30, 2018:

| **Turnover** (in million of euros) | **30.09.2018** (April - September) | **30.09.2017** (April - September) | **Variance in %** |
|---|---|---|---|
| Europe | 0,2 | 0,1 | 23,3% |
| US | 10,6 | 8,4 | 27,0% |
| **Total** | **10,8** | **8,5** | **27,0%** |

## 2.3 STRATEGY

The Atari brand is known worldwide and is associated with entertainment and digital technologies.

Atari's strategy is to develop, directly or via licensing, content and applications that blend digital entertainment and innovation through its 4 business lines:

- **Atari Games** ("*Video Games, Multimedia & Licensing*"): This division covers video games, the Group's DNA, which includes, by extension the monetization of such games via multiple channels, multimedia production and licensing activities. The strategy is to develop, exploit and monetize in the best way the portfolio of over 200 Atari games with a priority focus on mobile games and digital distribution.
- **Atari Casino** ("*Game like never before*"): This division covers the regulated online casino games as well as any other real-money games including e-sports. Atari Casino's strategy is to leverage the attractiveness of the brand through licensing agreements with platforms, which are suited for these types of games.
- **Atari VCS** ("*Reinventing the way you game again*"): This division's primary objective is to launch and distribute the new Atari multimedia home console and to integrate a large content offering available online to attract the largest amount of users. By extension this division is also in charge of projects like the Speaker Hat and other connected objects in development stage.
- **Atari Partners** ("*Investing in technology for the future*"): This division's objective is to take equity stakes in young growth companies led by recognized entrepreneurs, preferably by granting a license of the Atari brand in exchange for an equity participation.

The complementarity of this set makes it possible to optimize synergies.

## 2.4 MAJOR CONTRACTS OF THE GROUP

The major contracts of the Group are the following:

### 2.4.1. Licensing Agreements

The Group holds the license to the game RollerCoaster Tycoon. This license has been granted until 2022 by Chris Sawyer, the owner of the rights to this franchise.

### 2.4.2. Contracts with Console Manufacturers

Contracts between the Company and/or its subsidiaries and console manufacturers (Sony Computer Entertainment and Microsoft) govern the operation of the relationship between the parties. These contracts allow the Company to use these console manufacturers' technology to develop and operate products that are compatible with their respective consoles. These contracts cover in detail the use of development kits, the publishing authorization process, the publisher's royalties to the manufacturer, the duration of the relationship, the territories concerned, the manufacturing costs as well as the cost of production, the related logistics, the payment terms and the confidentiality obligations of the parties, among other things

### 2.4.3 Agreements with Mobile and Online Platforms

The Atari Group uses mobile and online platforms such as iOS (Apple), Android (Google) or Steam or Facebook to sell its games to users of these platforms. The Atari Group must comply with the terms and conditions applicable to developers and operators of applications that can be used on these platforms. These terms and conditions that define how the platforms work and the promotion and distribution of games on them. They may be modified at the sole discretion of the platform owners. Furthermore, the Group depends upon these platforms' functionalities.

To the Group's knowledge, apart from the contracts entered into in the normal course of business, including those relating to long-term licensing in the gaming, casino, multimedia or blockchain sectors, there are no other significant contracts entered into by any Group companies in the two years preceding the date of this document that are still in force today, and that contain provisions creating an obligation or a commitment likely to have a material and negative impact on the Group's business or financial position.

## 3. ALLOCATION OF INCOME

On 28 September 2018, the Combined General Meeting decided on the allocation of income of Atari SA for the last financial year, amounting to €1.436.841,87 euros, and of retained losses, amounting to €12.370.933,96 euros, as follows:

- Allocation of the result to "Retained Earnings", bringing the retained earnings from -€12.370.933,96 to -€10.934.092,09;
- Allocation of the deficit of €10.934.092,09 to the issue premium, which is thus reduced from €11.575.949,29 to €641.857,20 euros

## 4. CORPORATE OFFICERS

The information relating to the list of directorships and the composition of Executive Management is provided in the "Corporate Governance" section of this update of the Reference Document.

Atari's corporate officers are its directors, of whom only one, the Chairman and Chief Executive Officer, holds a management position.

## 5. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018)

www.atari.com

**French *société anonyme* (corporation) with capital of €2,556,790.56**
**Corporate headquarters: 78 rue Taitbout 75009 PARIS**
**341 699 106 RCS PARIS**

**SEMI-ANNUAL REPORT**

**FIRST HALF OF THE 2018/2019 FINANCIAL YEAR**

(Six months ended September 30, 2018)

## SUMMARY

## CONSOLIDATED INCOME STATEMENT

| (M€) | | Sept. 30,2018 | Sept. 30, 2017 |
|---|---|---|---|
| Revenue | *Note 10* | **10,8** | 8,5 |
| Cost of goods sold | | **(2,7)** | (1,1) |
| **GROSS MARGIN** | | **8,1** | 7,3 |
| Research and development expenses | *Note 12* | **(3,1)** | (2,2) |
| Marketing and selling expenses | *Note 12* | **(1,5)** | (1,9) |
| General and administrative expenses | *Note 12* | **(1,7)** | (1,7) |
| Other operating income (expense) | *Note 12* | **0,5** | (0,4) |
| **CURRENT OPERATING INCOME (LOSS)** | | **2,2** | 1,2 |
| Gains (losses) from disposals of assets | | **-** | - |
| Other income (expense) | *Note 11* | **(0,2)** | 0,1 |
| **OPERATING INCOME (LOSS)** | | **2,0** | 1,3 |
| Cost of debt | *Note 13* | **(0,0)** | (0,1) |
| Other financial income (expense) | *Note 13* | **0,0** | (0,1) |
| Income tax | *Note 14* | **(0,2)** | - |
| **NET INCOME (LOSS)** | | **1,8** | **1,1** |
| Group share | | **1,8** | 1,1 |
| Minority interests | | **(0,0)** | (0,0) |
| | | | |
| Basic earnings per share (in euro) | | **0,007** | 0,006 |
| Diluted earnings per share (in euro) | | **0,006** | 0,005 |

***Note**: The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

The notes are an integral part of the semi-annual financial statements.

## OVERALL INCOME STATEMENT

| (M€) | Sept. 30, 2018 | Sept. 30, 2017 |
|---|---|---|
| **GROUP CONSOLIDATED NET RESULT** | **1,8** | 1,1 |
| Elements dirrectly incurred in net equity: | | |
| Translation adjustments | 0,3 | (0,7) |
| Total result directly recognised in equity | 0,3 | (0,7) |
| **GLOBAL RESULT** | **2,1** | 0,4 |
| Of which: Group | 2,1 | 0,4 |
| Of which: Minority interests | 0,0 | 0,0 |

## CONSOLIDATED BALANCE SHEET

| ASSETS (M€) | | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|---|
| Intangible assets | *Note 3* | **11,7** | 9,2 |
| Property, plant and equipment | | **0,0** | 0,0 |
| Non-current financial assets | *Note 4* | **5,2** | 4,9 |
| Deferred tax assets | *Note 13* | **0,9** | 0,5 |
| **Non-current assets** | | **17,8** | 14,6 |
| Inventories | *Note 5* | **0,2** | 0,2 |
| Trade receivables | *Note 6* | **6,5** | 3,9 |
| Current tax assets | | **0,0** | 0,0 |
| Other current assets | *Note 4* | **0,5** | 0,4 |
| Cash and cash equivalents | *Note 8* | **8,8** | 3,1 |
| **Current assets** | | **16,0** | 7,6 |
| **Total assets** | | **33,8** | 22,2 |

| EQUITY & LIABILITIES (M€) | | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|---|
| Capital stock | | **2,6** | 2,4 |
| Share premium | | **7,9** | 11,6 |
| Consolidated reserves | | **10,9** | (2,5) |
| Net Income (Group share) | | **1,8** | 2,3 |
| **Shareholders' equity** | *Note 7* | **23,1** | 13,8 |
| Minority interests | | **(0,0)** | (0,0) |
| **Total equity** | | **23,1** | 13,8 |
| Provisions for non-current contingencies and losses | *Note 15* | **0,0** | 0,0 |
| Non-current financial liabilities | *Note 8* | **0,6** | 0,6 |
| Other non-current liabilities | | **-** | - |
| **Non-current liabilities** | | **0,7** | 0,7 |
| Provisions for current contingencies and losses | *Note 15* | **0,1** | 0,4 |
| Current financial liabilities | | **-** | - |
| Trade payables | *Note 4* | **5,4** | 5,4 |
| Other current liabilities | *Note 9* | **4,6** | 2,0 |
| **Current liabilities** | | **10,1** | 7,8 |
| **Total equity and liabilities** | | **33,8** | 22,2 |

***Note***: *The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

The notes are an integral part of the semi-annual financial statements.

## TABLE OF CONSOLIDATED CASH FLOWS

| (M€) | Sept. 30, 2018 | Sept. 30, 2017 |
|---|---|---|
| **Net income (loss) for the year** | **1,8** | 1,1 |
| **Non cash expenses and revenue** | **-** | - |
| Charges to (reversals of) depreciation, amortization and provisions for non current assets | **1,1** | 1,3 |
| Cost of (revenue from) stock options and related benefits | **0,3** | 0,1 |
| Losses (gains) on disposals of intangible assets and property, plant and equipment | **-** | 0,1 |
| Others | **0,1** | (0,0) |
| **Cost of debt** | **0,0** | 0,1 |
| **Income taxes (deferred and current)** | **0,2** | - |
| **CASH FLOW BEFORE NET COST OF DEBT AND TAXES** | **3,4** | 2,7 |
| **Income taxes paid** | **(0,1)** | - |
| **Changes in working capital** | **-** | - |
| Inventories | **0,0** | - |
| Trade receivables | **(3,3)** | 2,8 |
| Trade payables | **0,4** | (0,5) |
| Other current assets and liabilities | **1,6** | (2,1) |
| **NET CASH USED IN OPERATING ACTIVITIES** | **2,1** | 2,8 |
| **Purchases of / additions to :** | | |
| Intangible assets | **(3,3)** | (3,0) |
| Property, Plant & equipment | **-** | (0,0) |
| Non current financials assets | **-** | (0,0) |
| **Disposals / repayments of :** | | |
| Intangible assets | **-** | - |
| Property, Plant & equipment | **-** | - |
| Non current financials assets | **0,0** | - |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(3,3)** | (3,1) |
| **Net funds raised from :** | | |
| Share issues | **7,6** | **-** |
| Issue of Oceane bonds | **-** | **-** |
| Changes in treasury shares | **-** | **0,2** |
| **Net funds disbursed for :** | | |
| Interest and other financial charges | **-** | **-** |
| Debt repayment | **-** | **-** |
| Changes in loans or other financial items | **(0,0)** | **-** |
| Other cash flows from financing activities | **(0,3)** | **(0,0)** |
| **NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES** | **7,3** | 0,2 |
| **Impact of changes in exchange rates** | **(0,5)** | 0,1 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **5,7** | (0,0) |

| (M€) | Sept. 30, 2018 | Sept. 30, 2017 |
|---|---|---|
| **Net opening cash balance** | **3,1** | 1,1 |
| **Net closing cash balance** | **8,8** | 1,1 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **5,7** | (0,0) |
| **Net closing cash balance** | | |
| Cash and cash equivalents | **8,8** | 1,1 |
| Bank overdrafts (including current financial debts) | **-** | - |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

The change in consolidated shareholders' equity is as follows:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **At March 31, 2016** | **1,8** | **407,5** | **(2,3)** | **(413,1)** | **(4,1)** | **(10,2)** | **0,0** | **(10,2)** |
| IAS 8 restatement | | | | (0,4) | | (0,4) | | **(0,4)** |
| **At March 31, 2016 restated IAS 8** | **1,8** | **407,5** | **(2,3)** | **(413,6)** | **(4,1)** | **(10,6)** | **0,0** | **(10,6)** |
| Net income (loss) for the period | | | | 7,7 | | 7,7 | (0,0) | **7,7** |
| Translation adjustments | | | | | 0,4 | 0,4 | (0,0) | **0,4** |
| **Global Result** | | | | **7,7** | **0,4** | **8,1** | **(0,0)** | **8,1** |
| Share issues | 0,5 | 7,5 | - | - | - | 8,0 | | **8,0** |
| Conversion Orane-Oceane | - | - | 0,0 | - | - | 0,0 | | **0,0** |
| Treasury shares transactions | - | - | 2,2 | - | - | 2,2 | | **2,2** |
| Profit/(Loss) on treasury shares transactions | - | - | - | (0,6) | - | (0,6) | | **(0,6)** |
| Others changes | - | (407,5) | - | 407,8 | - | 0,3 | | **0,3** |
| **At March 31, 2017** | **2,3** | **7,5** | **(0,0)** | **1,3** | **(3,7)** | **7,4** | **0,0** | **7,4** |
| Net income (loss) for the period | | | | 2,3 | | 2,3 | 0,0 | **2,3** |
| Translation adjustments | | | | | 0,2 | 0,2 | 0,0 | **0,2** |
| **Global Result** | | | | **2,3** | **0,2** | **2,5** | **0,0** | **2,5** |
| Share issues | 0,1 | 4,1 | - | - | - | 4,2 | | **4,2** |
| Conversion Orane-Oceane | - | - | 0,0 | - | - | 0,0 | | **0,0** |
| Treasury shares transactions | - | - | (0,1) | - | - | (0,1) | | **(0,1)** |
| Profit/(Loss) on treasury shares transactions | - | - | - | 0,6 | - | 0,6 | | **0,6** |
| Changes in the perimeter | | | | | (1,2) | (1,2) | | **(1,2)** |
| Others changes | - | - | - | 0,5 | - | 0,5 | | **0,5** |
| **At March 31, 2018** | **2,4** | **11,6** | **(0,1)** | **4,6** | **(4,7)** | **13,7** | **0,0** | **13,8** |
| IFRS 15 restatement | | | | (1,0) | | (1,0) | | **(1,0)** |
| **At March 31, 2018 restated IFRS15** | **2,4** | **11,6** | **(0,1)** | **3,6** | **(4,7)** | **12,8** | **0,0** | **12,8** |
| Net income (loss) for the period | | | | 1,8 | | 1,8 | (0,0) | **1,8** |
| Translation adjustments | | | | | 0,3 | 0,3 | - | **0,3** |
| **Résultat global** | | | | **1,8** | **0,3** | **2,1** | **(0,0)** | **2,1** |
| Affectation report à nouveau | - | (10,9) | - | 10,9 | - | - | | **-** |
| Share issues | 0,1 | 7,2 | - | - | - | 7,4 | | **7,4** |
| Treasury shares transactions | - | - | 0,4 | - | - | 0,4 | | **0,4** |
| Profit/(Loss) on treasury shares transactions | - | - | - | 0,0 | - | 0,0 | | **0,0** |
| Others changes | - | - | - | 0,5 | - | 0,5 | | **0,5** |
| **At September 30, 2018** | **2,6** | **7,9** | **0,3** | **16,8** | **(4,4)** | **23,0** | **0,0** | **23,1** |

## NOTE 1 - BASIS OF PREPARATION OF THE SEMI-ANNUAL REPORT

Atari (the "Company" or the "Group") is a French company whose securities are listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

Atari (www.atari.com) is an interactive entertainment production company that manages an intellectual property portfolio focused on the Atari brand, Atari Classics games and licenses such as RollerCoaster Tycoon. The company has 4 main business lines: (i) video games ("**Atari Games**") make up the Group's DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production and licensing activities, (ii) the regulated online casino games within **Atari Casino**, a company dedicated to this business, (iii) the Group's new console **Atari VCS**, and (iv) **Atari Partners**, the Group's investment activities in technology companies.

The Company's business model is based on directly or indirectly monetizing its rights, in the broadest possible sense. Direct monetization includes revenue earned from game played on mobile, PC, online, console, or multimedia platforms. Such direct monetization also includes the final sale of rights under a regular arbitrage policy concerning the Company's intellectual property portfolio. Indirect monetization covers licensing agreements granted to third parties, who are then responsible for manufacturing and producing products or applications in exchange for royalties paid to Atari, under multi-year contracts. In general, any transaction concerning such rights, whatever their legal nature, is considered part of the Company's current business activity and contributes to its revenue and/or current operating income.

The corporate headquarters of the Company are located at 78 rue Taitbout, 75009 Paris (France).

### 1.1. Principles Applied to the Semi-annual Financial Statements

**Preparation of the Financial Statements**

The condensed consolidated financial statements of the Group as of September 30, 2017 have been prepared:

- In accordance with IAS/IFRS and their interpretations, as applied to the preparation of the consolidated financial statements for the financial year ended March 31, 2017 and approved by the European Union. This standard is available on the website of the European Commission: http://ec.europa.eu/finance/company-reporting/index_fr.htm;
- In accordance with IAS 34—Interim Financial Reporting.
- Applying the same principles and accounting methods as those applied as of January 1, 2018.

In the case of condensed financial statements, they do not include all the information required by IFRS for annual financial statements. They must therefore be read in conjunction with the Group's consolidated financial statements for the year ended March 31, 2018, as presented in the annual report filed with the AMF on September 7, 2018 under number D18-0803.

For the first half of its financial year 2018/2019, the Atari Group has applied two new accounting standards IFRS 9 and IFRS 15, which came into effect for financial years beginning after January 1, 2018.

- **IFRS 9 – Financial Instruments :** this standard includes requirements for recognition, measurement and derecognition of financial assets and liabilities.
- **IFRS 15 – Revenue from Contracts with Customers**: this standard affects rules and accounting methods of the Group, it introduces new principles for revenue recognition, notably for revenue derived from the sale of intellectual property licenses.

In accordance with the transition guidance of IFRS 15, the Group has elected to apply the new standard retrospectively as of April 1, 2018, while accounting for the cumulative effect of the initial application through its' shareholders equity on that date without a restatement of the comparative information.

These changes are presented in more detail in note 1.2. Change in Methodology.

The Group has not opted to anticipate the application of any of the standards, amendments or interpretations which will be required after January 1, 2019:

- **IFRS 16 – Leases**, applicable to financial years starting after January 1, 2019
- **Amendments to IFRS 9 – Financial Instruments : Prepayment Features with Negative Compensation**, applicable to financial years starting after January 1, 2019.

The analysis of the consequences for the Group of the first application of these standards is ongoing. The Group does not expect a material impact of the first application of IFRS 16 and the IFRS 9 amendments on its financial position or results.

## 1.2. Change in Methodology

**IFRS 9**

On April 1, 2018, the Group applied for the first time the standard IFRS 9 – *Financial Instruments*, which came into effect for financial years beginning after January 1, 2018.

The IFRS 9 standard includes three segments on the accounting treatment for financial instruments, recognition and measurement, impairment and general hedge accounting.

The application of IFRS 9 mainly results in the elimination of the category of financial assets available for sale, which allowed under IAS 39 to account these assets at fair value in other comprehensive income, with an impact on the profit and loss in the case of a disposal or a material and permanent loss of value.

Under IFRS 9, all financial assets whose cash flows are not solely represented by the payment of principal and interest have to be accounted for at fair value through profit or loss.

The note 4.1. « Non-Current Financial Assets » presents the new classification adopted by the Group. IFRS 9 also requires to account for expected credit losses on trade receivables. The Group has thus completed a review of its trade receivables based on an analysis of the country risk and the default probability of the counterparties. This review did not result in any material impact on the financial position of the Group.

**IFRS 15**

As of April 1, 2018, the Group has for the first time applied IFRS 15 - *Revenue from Contracts with Customers*. The latter replaces IAS 18 - *Revenue*, and the corresponding interpretations.

The principle of the new standard is as follows: Revenue recognition should reflect the transfer of goods and services promised to customers for an amount equal to the remuneration expected to be payable by the seller.

In addition, the transfer of goods and services is supposed to reflect the notion of transfer of control to the customer. It can occur on a given date or over a period of time.

IFRS 15 also introduces new revenue recognition principles, including the identification of performance obligations and the allocation of the transaction price for multi-component contracts. It also modifies the analyses to be carried out on the notions of agent and principal, as well as on the consideration of variable counterparties.

For the Group, the main change introduced by the new standard concerns revenues associated with sales of intellectual property licenses.

These licenses transfer to the customer:

- a right to use the intellectual property as it exists at the precise moment when the license is granted (*static license*),
- a right of access to the intellectual property as it exists throughout the period covered by the license (*dynamic license*).

The sale of licenses are considered as an access right to the intellectual property if the following conditions are met cumulatively:

- The contract provides for, or the customer reasonably expects that Atari will undertake actions which will have a material impact on the intellectual property to which the customer has rights;
- The rights granted by the license directly expose the customer to positive or negative consequences from Atari's actions;
- These actions do not trigger the concurrent provision of a good or service

The revenue from static licenses (right to use the intellectual property) is recognized at the precise moment when the license is granted (mode known as "Point in time") and when the customer can use and withdraw the benefits of the license. The revenue of dynamic licenses (right to access to the intellectual property) is progressively recognized (so-called "Over time"), throughout the license term from the beginning of the period when the customer will be able to use and benefit from the license.

For the Group, game license contracts correspond to rights to use the intellectual property. The revenue is thus recognized "Point in time" and there is no difference in accounting treatment between IAS 18 and IFRS 15.

The brand license contracts are however analyzed as rights of access to the intellectual property. The revenue is thus recognized "Over time", where it was previously recognized "Point in time".

The Group has chosen to apply the new standard retrospectively to contracts that have not been completed as of April 1, 2018, by additionally accounting for the cumulative effect of the initial application at the date of first application as an adjustment to the opening balance of shareholders' equity on April 1, 2018.

The following table presents the adjustments recognized for each balance sheet item. Items that have not been affected by these normative changes have not been included therefore, subtotals and totals can not be calculated from the figures provided.

| ASSETS (M€) | March 31, 2018 | IFRS 15 | April 01, 2018 |
|---|---|---|---|
| Deferred tax assets | 14.6 | 0.4 | 0.9 |
| **Non-current assets** | **14.6** | 0.4 | 15.0 |
| Trade receivables | 3.9 | (0.6) | 3.3 |
| **Current assets** | **7.6** | (0.6) | 6.9 |
| **TOTAL ASSETS** | **22.2** | (0.3) | 22.0 |

| EQUITY & LIABILITIES (M€) | March 31, 2018 | IFRS 15 | April 01, 2018 |
|---|---|---|---|
| Consolidated reserves | (2.5) | (1.0) | (3.4) |
| **Total equity** | **13.8** | (1.0) | 12.8 |
| Other current liabilities | 2.0 | 0.7 | 2.8 |
| **Current liabilities** | **7.8** | 0.7 | 8.5 |
| **TOTAL EQUITY & LIABILITIES** | **22.2** | (0.3) | 22.0 |

## Methods and Scope of Consolidation

### Full Consolidation

All companies in which the Group exercises control, that is, in which it has the power to govern their financial and operating policies in order to obtain benefits from their activities, are fully consolidated. The Group does not include any special-purpose entity.

### Scope of Consolidation

During the period, "Atari Europe" changed its name to "Atari Partners".

This is the scope of consolidation as of September 30, 2018:

| Company | Fiscal year end | Country | % control | | % interest | |
|---|---|---|---|---|---|---|
| | | | 30/09/2018 | 30/09/2017 | 30/09/2018 | 30/09/2017 |
| **Active subsidiairies** | | | | | | |
| Atari Partners S.A.S. | March 31 | France | 100.00 | 100.00 | 100.00 | 100.00 |
| California US Holdings Inc. | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Inc. | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Interactive Inc | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atatri Studios Inc | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Games Corp | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| AITD Productions LLC | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Cubed Productions LLC | March 31 | USA | 90.72 | 90.72 | 90.72 | 90.72 |
| RCTO Productions LLC | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Connect LLC | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Casino LLC | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Gamebox LLC | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| Atari Game Partners Corp | March 31 | USA | 100.00 | 100.00 | 100.00 | 100.00 |
| **Inactive and undergoing liquidation** | | | | | | |
| Atari Japan KK | March 31 | Japan | 100.00 | 100.00 | 100.00 | 100.00 |
| Infogrames Entertainment GmbH | March 31 | Germany | 100.00 | 100.00 | 100.00 | 100.00 |
| Infogrames Interactive Gmbh | March 31 | Germany | 100.00 | 100.00 | 100.00 | 100.00 |

## 1.3. Application of the Going Concern Principle

- In recent years, the Group has significantly improved its financial position. Since the 2012/2013 financial year, the Group has implemented a program for massive deleveraging and replenishment of equity. As of March 31, 2017, the debt had almost been repaid in full and shareholder's equity had moved into positive territory. Thus:
- As of March 31, 2017, shareholders' equity (Group share) amounted to +€7.4 million. At the same date, the Group's net debt amounted to €0.9 million.
- As of March 31, 2018, shareholders' equity (Group share) amounted to +€13,8 million. At the same date, the Group's net debt amounted to €2.5 million.
- As of September 30, 2018, shareholders' equity (Group share) amounted to +€23.1 million. At the same date, the Group's net cash amounted to €8.1 million.

Cash and cash equivalents amount to €8.7 million and gross financial debt amounts to €0.6 million. The financial debt relates to the 2003-2020 Océane Bonds, which were restructured and mature in April 2020.

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments.

### 1.4. Use of Estimates

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.

Estimates may be revised if the circumstances on which they were based change, or as a result of new information. Actual results may differ from these estimates and assumptions.

The estimates and assumptions prepared on the basis of the information available as of the balance sheet date, relate in particular to: valuations of non-current assets, recoverable amounts of deferred tax assets, provisions for risks.

There are always inherent uncertainty in achieving objectives, the operating budget and the financing plan, and the non-realization of assumptions may have an impact on the valuation of the Group's assets and liabilities.

### 1.5. Earnings per Share

The Group presents basic earnings per share and diluted earnings per share.

Earnings per share correspond to the net income of the Group compared to the weighted average number of shares outstanding during the financial year, fewer treasury shares, if any.

| | |
|---|---|
| **Number of shares used to calculate earnings per share:** | **253 439 512** |
| ▪ Number of shares as of September 30, 2018: | 253 874 647 |
| ▪ Minus treasury shares : | -435 135 |
| **<u>Weighted average number of shares outstanding</u>:** | **253 439 512** |

Diluted earnings per share are calculated by dividing the net income of the Group by the weighted average number of common shares outstanding plus all potential dilutive common shares. Potential dilutive common stock include stock options or warrants, free shares and bonds convertible into shares and bonds repayable by shares issued by the Group.

| | |
|---|---|
| **Number of shares used to calculate diluted earnings per share:** | **278 006 159** |
| ▪ Weighted average number of shares outstanding: | 253 439 512 |
| ▪ Exercise of stock options Plan 23 : | - 7 121 131 |
| ▪ Exercise of stock options Plan 24 : | - 6 391 399 |
| ▪ Exercise of stock options Plan 24 : | - 8 255 000 |
| ▪ Exercise of stock warrants: | - 2 799 117 |
| **<u>Weighted average number of shares outstanding plus potential dilutive shares</u>:** | **278 006 159** |

## NOTE 2 – HIGHLIGHTS OF THE PERIOD

Highlights of the first half of the 2018/2019 financial year are:

- **April 2018 : €7.5 million capital increase**
  The capital increase was completed in April 2018 by issuing 13,636,364 new shares at a price of €0.55 each, including share premium, for a total of €7.5 million, by way of a private placement.

- **May 2018 : Launch of Atari VCS pre-orders on the Indiegogo website**
  More than 10,000 units have been pre-ordered for more than $2.9 million, with delivery scheduled for mid-2019.

- **July 2018 : Release of the water park expansion for the game RollerCoaster Tycoon Touch**
  This expansion enabling the management of multiple theme parks has contributed to the continued strong performance of the game which has reached close to 19 million downloads.
- **September 2018 : Settlement of the Raynal dispute over the Alone in the Dark franchise**
  This dispute was ongoing for over 15 years and settled through the payment of €358K in cash, 39 250 shares held in treasury and a participation in future profits of the franchise.
- **September 2018 : Sale of the Alone in the Dark and Act of War franchises to THQ Nordic**
  These two franchises were sold for a total of €735K.
- **Strong growth of the licensing activities**
  This growth notably comes from sales of the *Atari Flashback* hardware.

## NOTE 3 – INTANGIBLE FIXED ASSETS

As of September 30, 2018, intangible fixed assets break down as follows:

| Gross value (M€) | Developments in progress | Licenses | Other | Total |
|---|---|---|---|---|
| **March 31, 2018** | **14,1** | **0,2** | **-** | **14,3** |
| Acquisitions | 3,3 | | | 3,3 |
| Disposals / Decrease | (1,3) | | | (1,3) |
| Other changes | 0,9 | 0,0 | | 0,9 |
| **Sept. 30, 2018** | **17,0** | **0,2** | **-** | **17,2** |
| **Amortization (M€)** | **Developments in progress** | **Licenses** | **Other** | **Total** |
| **March 31, 2018** | **(5,0)** | **(0,1)** | **-** | **(5,1)** |
| Acquisitions | (1,4) | (0,0) | | (1,4) |
| Disposals / Decrease | 1,3 | | | 1,3 |
| Other changes | (0,3) | (0,0) | | (0,3) |
| **Sept. 30, 2018** | **(5,4)** | **(0,1)** | **-** | **(5,5)** |

The net values are as follows:

| Net value (M€) | Developments in progress | Licenses | Other | Total |
|---|---|---|---|---|
| **March 31, 2018** | **9,1** | **0,1** | **-** | **9,2** |
| **Sept. 30, 2018** | **11,6** | **0,1** | **-** | **11,7** |

### 3.1. DEVELOPMENTS IN PROGRESS

In accordance with IAS 38, an intangible fixed asset resulting from development (or the development phase of an internal project) must be recognized if, and only if, an entity can demonstrate all of the following:

(a) That it is technically feasible to complete the intangible fixed asset for commissioning or sale.

(b) That it intends to complete the intangible fixed asset and commission or sell it.

(c) That it is able to commission the intangible fixed asset or sell it.

(d) The way the intangible fixed asset will generate probable future economic benefits. The entity shall demonstrate, among other things, that there is a market for the production resulting from the intangible fixed asset, or for the intangible fixed asset itself or, if it is to be used internally, that it is useful.

(e) That there are adequate technical, financial, and other resources available to fully develop and commission or sell the intangible fixed asset.

(f) That it is able to reliably estimate the expenditures attributable to the intangible fixed asset during its development.

The Group recognizes a charge for video game development costs (internal or external studio development expenses) if it considers that the project does not meet all of the above criteria.

As of September 30, 2018, there were various projects that met these criteria. At each closing, the Group assesses the future economic benefits it will receive from this asset by using the principles set out in IAS 36—Impairment of Assets. These assets are valued according to a minimum budget. If a deviation from this budget is noted, and depending of how significant this deviation is, the depreciation/amortization plan is accelerated or the asset is depreciated/amortized in full.

Development in progress costs are, in principle, amortized over 3 years on a straight-line basis from the marketing of the product; the engines, tools, and developments related to the information system are amortized over 5 years.

At the end of the period, the residual net book value is compared with the future sales prospects to which the terms of the contract are applied. If these sales prospects are not sufficient, a provision for additional impairment is recorded accordingly.

### 3.2. Licenses

Licenses are rights acquired from third-party publishers.

At the end of the period, the residual net book value is compared with the future sales prospects to which the terms of the contract are applied. If these sales prospects are not sufficient, a provision for additional impairment is recorded accordingly.

## NOTE 4 – FINANCIAL INSTRUMENTS

### 4.1. Non-current Financial Assets

Non-current financial assets break down as follows as of September 30, 2018:

| (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Financial assets measured at fair value through OCI | **3,2** | 3,1 |
| Financial assets measured at fair value through profit & loss | **1,8** | 1,6 |
| Financial assets measured at amortized cost | **0,2** | 0,2 |
| **Non-current financial assets** | **5,2** | 4,9 |

For the first half of its financial year 2018/2019, the Atari Group has applied the new accounting standard IFRS 9 – *Financial Instruments*, which came into effect for financial years beginning after January 1, 2018.

The financial assets are initially measured at fair value plus any transaction costs directly related to the acquisition in the case of a financial asset not measured at fair value through profit or loss. Acquisition costs for financial assets measured at fair value through profit or loss are recorded through the profit and loss statement

The Group classifies its financial assets into the three following categories :

- amortized cost ;
- fair value through other comprehensive income (FVTOCI) ;
- fair value through profit or loss (FVTPL).

The classification depends on the business model of the entity holding the asset defined by the Group and the cash flow characteristics of the financial instruments.

***Financial assets measured at amortized cost***

Financial assets are measured at amortized cost when they are not designated as FVTPL, when they are held in order to collect the contractual cash flows, and their cash flows are solely payments of principal and interest ("SPPI" criterion).

***Financial assets measured at fair value through other comprehensive income (OCI)***

This category comprises debt and equity instruments.

- Debt instruments are measured FVTOCI if they are not designated as FVTPL and if they are held in order to both collect the contractual cash flows and sell the financial asset and if their cash flows are solely payments of principal and interest ("SPPI" criterion). Interest received, exchange rate profit or loss and impairments are recognized in profit or loss. Other net profit or loss is recognized in OCI. Upon de-recognition, all cumulative gains or losses are then recognized in net earnings.
- Equity investments that are not held for trading can be measured FVTOCI. The Group can make an irrevocable election in that respect for each individual investment. Dividend income is then recognized in the profit or loss unless it clearly corresponds to a partial repayment of the initial investment cost. Other profit or loss is recognized in OCI and never reclassified as profit or loss.

***Financial assets measured at fair value through profit and loss***

All financial assets that are not designated as measured at amortized cost or as FVTOCI are measured as FVTOCI. The net profit or loss, including interest or dividend income, is recognized as profit or loss.

The Atari Group has reclassified its non-consolidated equity stakes and unhedged derivative instruments on April 1, 2018 as follows :

| (M€) | April 01, 2018 IFRS 9 | March 31, 2018 IAS 39 | |
|---|---|---|---|
| **Financial assets measured at fair value through OCI** | **3,0** | **3,0** | **Assets held for sale** |
| Non-consolidated equity | 3,0 | 3,0 | Non-consolidated equity |
| **Financial assets measured at fair value through profit & loss** | **1,7** | **1,7** | **Unhedged derivatives** |
| Exercisable stock warrants | 1,7 | 1,7 | Exercisable stock warrants |
| **Financial assets measured at amortized cost** | **0,2** | **0,2** | **Other financial assets** |
| Deposits and loans | 0,2 | 0,2 | Deposits and loans |
| **Total** | **4,9** | **4,9** | |

**FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OCI**

They mainly consist of:

- Kizzang securities: Kizzang is a company that offers a new model of online casino games offering jackpots in real money without a down payment. At the end of the 2016-2017 financial year and in the context of a license agreement, Atari received Kizzang shares recorded for €1.9 million in available-for-sale assets and Kizzang stock options recorded for €0.1 million.
- Short Shot securities: during the 2017-2018 financial year, the Group strengthened its casino gaming initiative by taking a 10% stake in Short Shot, for an amount of €0.4 million, which is developing a product for Latin America, and obtaining a 10-year license to use Kizzang technology in Africa and in some key countries of Europe in a localized version.
- LGBT Media securities: in April 2017, the Group sold the Pridefest game to LGBT Media, and invested $30,000, all in exchange for a 22% stake in LGBT Media, a US company that develops an application for the LGBTQ community. The LGBT Media stake was recorded for €0.4 million.
- Infinity Network Limited ("INL") securities: in February 2018, Atari granted a license to INL for the development of a blockchain platform. Atari received, in addition to guaranteed income related to the use of the platform and a share of the profits linked to the sales of tokens, the crypto-currency that will be used to make this platform work, 15% of INL's capital and voting rights.

**FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS**

They mainly consist of:

- Stock warrants from Roam, an innovative company specializing in audio accessories. Under a license agreement entered into in the course of the 2016-2017 financial year, Atari received Roam stock warrants recorded for €0.6 million in unhedged derivatives. Atari has also acquired an additional 10% stock option exercisable, for 10 years and based on a valuation of $20 million, at Atari's sole discretion and at any time, particularly in the event of a change of control of Roam. The marketing of Roam products has been pushed back one year, there are no factors that could challenge the initial fair value.
- Convertible promissory notes for €1 million, issued by Bayside Games, Inc., a company that develops tournament games, giving access to approximately 15% of the capital of this company. These convertible bonds were received during the year in exchange for a license agreement granted by the Group.
- Kizzang stock options recorded for €0.1 million.

**FINANCIAL ASSETS MEASURED AT AMORTIZED COST**

- They are essentially comprised of loans and paid deposits and guarantees

## 4.2. Balance Sheet Information

Financial instruments consist of financial assets, financial liabilities, and derivatives. Financial instruments are presented under different headings of the balance sheet (non-current financial assets, trade accounts receivable, trade accounts payable, financial debts, etc.). The following table presents the breakdown for current financial assets and financial liabilities according to the different balance sheet headings and their breakdown by maturity.

| As at September 30, 2018 (M€) | Net value | Schedule | | |
|---|---|---|---|---|
| | | < 1 year | Between 1 & 5 years | > 5 years |
| Trade receivables | 6,5 | 3,9 | 2,3 | 0,4 |
| Other current assets | 0,5 | 0,5 | - | - |
| Cash and cash equivalents | 8,8 | 8,8 | - | - |
| **FINANCIAL ASSETS** | **15,8** | **13,2** | **2,3** | **0,4** |
| Non current finacial liabilities | 0,6 | - | 0,6 | - |
| Trade payables | 5,4 | 5,1 | 0,3 | - |
| Other current liabilities | 4,6 | 3,7 | 0,4 | 0,5 |
| **FINANCIAL LIABILITIES** | **10,7** | **8,8** | **1,3** | **0,5** |

Unaccrued interest was not included in the repayment schedules.

## NOTE 5 – INVENTORIES

As of September 30, 2018, inventory amounts to nearly €0.2 million and corresponds to the Speaker Hats in stock on that date. As of March 31, 2018, the amount of inventory was at the same level.

## NOTE 6 – TRADE RECEIVABLES

As of September 30, 2018, as was the case as of March 31, 2018, the balance of trade receivables corresponds to receivables from distributors, collected with a delay of 30 to 60 days, as well as receivables relating to licenses with maturities greater than one year.

"Trade receivables", after deducting sales returns and other future trade discounts, is analyzed as follows:

| (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Clients gross value | 7,0 | 4,4 |
| Provision for impairment | (0,5) | (0,5) |
| **Total** | **6,5** | 3,9 |

IFRS 9 requires to account for expected credit losses on trade receivables. The Group has thus completed a review of its trade receivables based on an analysis of the country risk and the default probability of the counterparties. This review did not result in any material impact on the financial position of the Group.

## NOTE 7 – SHAREHOLDERS' EQUITY

As of September 30, 2018, shareholders' equity is made up 255,679,056 fully paid-up common shares with a nominal value of €0.01 each.

As of March 31, 2018, shareholders' equity is made up of 241,468,996 fully paid-up common shares with a nominal value of €0.01 each.

All shares are of the same class and may be held, at the option of the holder, in the form of Identifiable Bearer Securities (*Titres au Porteur Identifiable*, TPI) or registered shares. Each share entitles the holder to one vote on each of the resolutions submitted to the shareholders. A double voting right is attached to all the existing paid-up shares held by the same shareholder for a minimum of two years, as well as to any shares subsequently acquired by the same shareholder through the exercise of the rights attached to these registered shares.

The table below shows the changes in equity over the period ended September 30, 2018:

| | |
|---|---|
| **Equity as at March 31, 2018 (M€)** | **13.8** |
| Restatement IFRS 15 | (1.0) |
| **Equity as at March 31, 2018 restated IFRS 15 (M€)** | **12.8** |
| Net income | 1.8 |
| Capital increase | 7.4 |
| Movement in treasury shares | 0.4 |
| Share-based payments | 0.3 |
| Other variations | 0.4 |
| **Equity as at September 30, 2018 (M€)** | **23.1** |

Changes over the period are mainly attributable to the result for the period and the capital increase.

***IFRS 15 restatement :***

As indicated in note 1.2 Change in Methodology, on January 1, 2018 the Group applied for the first time IFRS 15 – *Revenue from Contracts with Customers*. This replaces IAS 18 – *Revenue*, as well as its related interpretations.

The main change introduced by this new standard for the Group's activities concerns revenue associated with the sale of intellectual property licenses.

The Group has elected to apply the new standard retrospectively only to contracts which were not completed as of April 1, 2018, while accounting for the cumulative effect of the initial application on the date of the first application by adjusting the opening balance of shareholder's equity on April 1, 2018.

### 7.1. Stock Options

The Company may grant stock options to its executives and senior management, as well as to other employees, for their contribution to the Group's performance. At the grant date, the exercise price of the fixed option shall be close to the price at which the Company's shares are exchanged. The options granted generally have a life of eight years and an acquisition period of between zero and three years.

As of September 30, 2018, three stock option plans are in effect:

- Plan No. 23 approved by the General Meeting of September 30, 2014 for 7,497,528 stock options;
- Plan No. 24 approved by the General Meeting of September 30, 2016 for 8,552,472 stock options;
- Plan No. 25 approved by the General Meeting of September 29, 2017 for 10,000,000 stock options, 8,255,000 granted as of September 30, 2018.

As of September 30, 2018, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 8.51% of the Company's share capital at that date. The main characteristics of all outstanding Atari stock options are summarized in the table below.

| Option plan in effect | Plan N°23-1 | Plan N°23-2 | Plan N°23-3 | Plan N°23-4 |
|---|---|---|---|---|
| Date of Shareholders' Meeting | September 30, 2014 | | | |
| Date of Board of Directors Meeting | May 9, 2014 | June 29, 2015 | Jan. 4, 2016 | Jan. 27, 2016 |
| Number of Stock Options granted | 4 575 000 | 433 000 | 144 000 | 2 345 528 |
| *Of which to the Top Executive Management and Board of Directors* | *4 000 000* | | | *1 650 000* |
| Expiration date of stock option | Oct. 29, 2022 | August 31, 2023 | Jan. 3, 2024 | May 31, 2024 |
| Exercise price of stock options (in euros) (1) | 0,20 € | 0,20 € | 0,16 € | 0,17 € |
| Vesting of stock options granted | 1/3 per year | 1/3 per year | 1/3 per year | 1/3 per year |
| | | | | |
| Stock options granted during FY 2014/2015 | 4 575 000 | - | - | - |
| Stock options granted during FY 2015/2016 | - | 469 139 | 144 000 | - |
| Stock options granted during FY 2016/2017 | - | - | - | 2 378 528 |
| Stock options granted during FY 2017/2018 | - | - | - | - |
| Stock options cancelled during FY 2017/2018 | - | (36 139) | - | (33 000) |
| Stock options exercised between Apr. 1, 2018 and Sept. 30,2018 | (192 308) | (210 059) | - | (72 349) |
| **Total number of stock options outstanding on March 31,2018** | **4 382 692** | **222 941** | **144 000** | **2 273 179** |

*(1) The subscription price of the options is determined without discount or premium in relation to the weighted average market price of the last twenty trading days prior to the allocation of the options.*

| Option plan in effect | Plan N°24-1 | Plan N°24-2 | Plan N°24-3 |
|---|---|---|---|
| Date of Shareholders' Meeting | September 30, 2016 | | |
| Date of Board of Directors Meeting | July 12, 2017 | October 20, 2017 | January 15, 2018 |
| Number of Stock Options granted | 5 935 805 | 316 667 | 2 300 000 |
| *Of which to the Top Executive Management and Board of Directors* | *3 680 000* | | |
| Expiration date of stock option | July 11, 2025 | October 19, 2025 | January 14, 2026 |
| Exercise price of stock options (in euros) (1) | 0,280 € | 0,350 € | 0,458 € |
| Vesting of stock options granted | 1/3 per year | 1/3 per year | 1/3 per year |
| | | | |
| Stock options granted during FY 2017/2018 | 5 935 805 | 950 000 | 2 300 000 |
| Stock options cancelleded during FY 2017/2018 | - | (633 333) | - |
| Stock options exercised between Apr. 1, 2018 and Sept. 30,2018 | (91 875) | - | - |
| Stock options cancelled between Apr. 1, 2018 and Sept. 30,2018 | - | - | (2 100 000) |
| **Total number of stock options outstanding on March 31,2018** | **5 843 930** | **316 667** | **200 000** |

*(1) The subscription price of the options is determined without discount or premium in relation to the weighted average market price of the last twenty trading days prior to the allocation of the options.*

| Option plan in effect | Plan N°25-1 | Plan N°25-2 |
|---|---|---|
| Date of Shareholders' Meeting | September 29, 2017 | |
| Date of Board of Directors Meeting | July 16, 2018 | July 16, 2018 |
| Number of Stock Options granted | 5 935 805 | 316 667 |
| *Of which to the Top Executive Management and Board of Directors* | *3 680 000* | |
| Expiration date of stock option | July 31, 2026 | July 31, 2026 |
| Exercise price of stock options (in euros) (1) | 0,280 € | 0,350 € |
| Vesting of stock options granted | 1/3 per year | 1/3 per year |
| | | |
| Stock options granted between Apr. 1, 2018 and Sept. 30,2018 | 6 255 000 | 2 000 000 |
| Stock options cancelleded during FY 2017/2018 | - | - |
| **Total number of stock options outstanding on March 31,2018** | **6 255 000** | **2 000 000** |

*(1) The subscription price of the options is determined without discount or premium in relation to the weighted average market price of the last twenty trading days prior to the allocation of the options.*

### 7.2. Fair Value of Options Granted During the Period

In accordance with the requirements of IFRS 2 "Share-based Payment", stock subscription or purchase options granted to employees are recognized in the consolidated accounts as they are acquired and in accordance with the following methods: the fair value of the options granted, estimated to be the fair value of the services rendered by the employees in consideration for the options received, are determined at the grant date. The fair value of the stock options is determined using the Black-Scholes model. This model makes it possible to take into account the characteristics of the plan (exercise price, exercise period), market data at the time of allocation (risk-free rate, stock price, volatility, expected dividends) and a behavioral assumption of the beneficiaries, such as whether they will exercise of the options before the end of the exercise period.

Subsequent changes in the fair value of the instrument are not considered

The expense recognized as of September 30, 2018 is €0.3 million.

### 7.3. Stock Warrants

As part of the agreement reached with Alden on July 12, 2016, Atari had set up a loan of €2.0 million taken by Ker Ventures (holding controlled by Frédéric Chesnais) and €0.5 million taken out by Alexandre Zyngier, administrator. On July 7, 2016, the Board of Directors granted, as compensation in addition to the loaned sums, 4,117,647 stock warrants for Ker Ventures and 1,029,412 stock warrants for Alexandre Zyngier. These stock warrants (also known by their French acronym BSA, from *bon de souscription d'actions*) are exercisable at any time for 5 years with a non-discounted subscription price of €0.17. The fair value of the stock warrants is determined using the Black-Scholes model.

As of September 30 2018, taking into account this partial exercise of stock warrants, Ker Ventures still holds 1,731,057 warrants, with Alexandre Zyngier holding 1,029,412 warrants. The potential dilution of all the warrants would be 1.09% based on the capital as of September 30, 2018.

## NOTE 8 – DEBT

The Group's net cash position amounts to €8.1 million and is presented as follows :

| (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| OCEANEs 2003-2020 | (0,6) | (0,6) |
| Gross Financial debt | (0,6) | (0,6) |
| Cash and equivalents | 8,8 | 3,1 |
| Net cash | 8,1 | 2,5 |

The gross financial debt consists of the Oceane 2003-2009 with a maturity date of April 1, 2020.

#### *2003-2009 OCEANE BONDS, NOW THE 2003-2020 OCEANE BONDS*

On December 23, 2003, the Company issued 16,487,489 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2003-2020 OCEANE Bonds") with a par value of €7, amounting to €124.30 million in principal.

On September 29, 2006, the General Meeting of the holders of 2003-2009 OCEANE Bonds amended these OCEANE bonds as follows:

- Change of the maturity date from April 1, 2009 to April 1, 2020
- Loss by holders of OCEANE bonds of the option to convert and/or exchange their debt securities into/for new or existing Atari shares
- Change in the nominal interest rate from the initial 4% to 0.1%
- Deletion of Article 2.5.10 of the issuance agreement entitled "Early Payability of 2020 OCEANE

Bonds in the Event of Default"

Since April 1, 2009, the holders of 2003-2020 OCEANE Bonds no longer have a dilutive effect on the share capital of the Company. As of September 30, 2018, 82,906 2003-2020 OCEANE Bonds remain outstanding.

## NOTE 9 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other liabilities break down as follows:

| (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Other non-current liabilities | - | - |
| **Other non-current liabilities** | **-** | - |
| Trade payables | **5,4** | 5,4 |
| Current tax liabilities | **-** | - |
| Short-term provisions | **0,1** | 0,4 |
| Other current liabilities | **4,6** | 2,0 |
| **Other current liabilities** | **10,1** | 7,8 |

As of September 30, 2018 the line « Other current liabilities » includes mainly the advances received from pre-orders of the Atari VCS (€1.9 million) and deferred income from licenses (€1.1 million).

## NOTE 10 – REVENUE FROM ORDINARY ACTIVITIES & SEGMENT INFORMATION

IFRS 8 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

Management considers that analyzing its revenue by geographic area or by platform is not relevant to or indicative of its operating activity. Similarly, the segment information concerning the Group's assets and liabilities is no longer used by management as an analytical tool, and there is, therefore, no reason to present this information. In light of the establishment of 4 business units, the Group is evaluating the feasibility of producing segment information starting in the financial year 2019-2020.

As of September 30, 2018, Atari achieved consolidated revenue of €10.8 million, compared to €8.5 million for the same period last year—an increase of 27% at current exchange rates and 31% at constant exchange rates.

***IFRS 15 restatement :***

As indicated in note 1.2 Change in Methodology, on January 1, 2018 the Group applied for the first time IFRS 15 – *Revenue from Contracts with Customers*. This replaces IAS 19 – *Revenue*, as well as its related interpretations.

The main change introduced by this new standard for the Group's activities concerns revenue associated with the sale of intellectual property licenses.

The Group has elected to apply the new standard retrospectively only to contracts which were not completed as of April 1, 2018, while accounting for the cumulative effect of the initial application on the date of the first application by adjusting the opening balance of shareholder's equity on April 1, 2018.

Certain license agreements are now recognized as an access right spread over time. The revenue impact for the period ended September 30, 2018 of contracts that were not completed on April 1, 2018 amounts to €0.1 million.

## NOTE 11 – OTHER OPERATING INCOME AND EXPENSES

As of September 30, 2018, other operating income and expenses are not significant, amounting to -€0.2 million. For the period ended September 30, 2017 they amounted to +€0.1 million.

## NOTE 12 – OPERATING EXPENSES BY NATURE

The table below summarizes the nature of the current operating expenses in accordance with the information required by IAS 1.104:

| **(M€)** | **Sept. 30, 2018** | Sept. 30, 2017 |
|---|---|---|
| Personnel costs | **(1,1)** | (0,6) |
| Depreciation, amortization and provisions | **(1,4)** | (1,0) |
| Other income and expenses | **(0,6)** | (0,6) |
| **Research and development expenses** | **(3,1)** | (2,2) |
| Personnel costs | **(0,1)** | (0,3) |
| Depreciation, amortization and provisions | **-** | - |
| Other income and expenses | **(1,4)** | (1,6) |
| **Marketing and selling expenses** | **(1,5)** | (1,9) |
| Personnel costs & Director fees | **(0,7)** | (0,8) |
| Depreciation, amortization and provisions | **(0,0)** | (0,0) |
| Other income and expenses | **(1,0)** | (0,9) |
| **General and administrative expenses** | **(1,7)** | (1,7) |
| Personnel costs | **-** | - |
| Depreciation, amortization and provisions | **0,2** | (0,4) |
| Other income and expenses | **0,3** | 0,0 |
| **Other operating income (expenses)** | **0,5** | (0,4) |

## NOTE 13 – NET FINANCIAL INCOME (EXPENSE)

| **(M€)** | **Sept. 30, 2018** | Sept. 30, 2017 |
|---|---|---|
| Interest on bond debt | **-** | (0,1) |
| Other | **(0,0)** | (0,0) |
| **Cost of debt** | **(0,0)** | (0,1) |
| Foreign exchange result | **0,0** | (0,1) |
| Financial income | **-** | 0,0 |
| Financial expenses | **-** | (0,0) |
| Other | **-** | (0,0) |
| **Other financial income (expense)** | **0,0** | (0,1) |
| **Net financial income (expense)** | **(0,0)** | (0,2) |

As of September 30, 2018, the cost of debt is 0, other financial income and expenses are not material.

# NOTE 14 – INCOME TAX

## 14.1. Analysis of the tax charge

Given its results and deferred tax losses, the Group recorded a tax expense for its US entities in an amount of €159K. The amount of tax loss carry forwards charge to income in the financial year ended March 31, 2018 was $2.5 million for the US entities and €0.7 million for the French entities.

## 14.2. Analysis of deferred tax assets

Since July 1, 1995, Atari SA has opted for the tax integration regime under the Group made up of the Company and its French subsidiaries. As of September 30, 2018, the Group's deferrable tax losses amounted to €733 million.

In France, deferred tax assets on unrealized tax losses stand at €245 million as of September 30, 2018, subject to the usual restrictions on their use, or approximately €0.96 per existing share as of September 30, 2018, excluding treasury shares.

In the United States, tax authorities have confirmed almost $600 million in tax loss carry forwards representing potential tax savings of $200 million, subject to the usual restrictions on their use, or approximately $0.78 per existing share as of September 30, 2018, excluding treasury shares.

In France, tax losses can be carried forward for an unlimited period up to an amount of €1 million plus 50% of the taxable profit. In the United States, since the "Trump Act" of December 15, 2017, they can be carried forward without limitation of time or amount.

The Group recognizes a deferred tax asset based on the profit forecasts of the French entities for the two following financial years. These earnings forecasts are linked to (i) the management fee agreements in place with the US subsidiaries, (ii) the forecast activity of the French subsidiary Atari Europe, and (iii) the prospective license agreements that may be entered into in France. In view of these profit forecasts for the current and the next two financial years, the Group maintains a deferred tax asset of €0.5 million on the balance sheet. The restatements linked to the first application of IFRS 15 have resulted in the recognition of an additional deferred tax asset of €0.3 million.

In the United States no deferred tax asset was recognized in the accounts for the period ended on September 30, 2018. Given the significant tax savings realized in the US entities for the financial year ended March 31, 2018, the Group is currently evaluating the deferred tax asset to be recognized in the accounts for the financial year ended March 31, 2019.

## NOTE 15 – PROVISIONS FOR RISKS & CHARGES AND CONTINGENT LIABILITIES

In the normal course of business, Group companies may be involved in a number of legal, arbitral, administrative and tax proceedings.

Changes in provisions for risks and charges are presented below.

| Provisions for contingencies & losses (M€) | April 1,2018 | Accruals | Reversals | September 30, 2018 |
|---|---|---|---|---|
| Retirement allowances | 0,0 | - | - | 0,0 |
| Other | 0,0 | 0,0 | - | 0,0 |
| **Non-current** | **0,0** | **0,0** | **-** | **0,0** |
| Litigations | 0,4 | - | (0,3) | 0,1 |
| Other | 0,0 | - | (0,0) | - |
| **Current** | **0,4** | **-** | **(0,3)** | **0,1** |
| **Total provisions** | **0,4** | **0,0** | **(0,3)** | **0,1** |

The settlement of the Raynal litigation, which occurred in September 2018, has led to a write-back of the provision of €0.3 million that had been made in the past.

## NOTE 16 – OFF–BALANCE SHEET COMMITMENTS

### 16.1. Commitments given

No security or guarantee has been granted to third parties.
Simple operating lease expenses for the 2017-2018 financial year amounted to €0.3 million.

### 16.2. Commitments received

Commitments received mainly consist of the commitment made by Infinity Networks Limited, pursuant to the blockchain license agreement, to pay to Atari SA, for the period 2021–2037, a minimum amount of between $11.5 million and $12.2 million depending on the amount of funds raised.

## NOTE 17 – RELATED-PARTY TRANSACTIONS

### 17.1. Regulated Agreements

No new regulated agreements were entered into between April 1, 2018 and the date of this update of the Reference Document.

An agreement approved in a previous financial year continued to have effect:

- Three-year group licensing agreement with Batuta Capital Advisor LLC (owned by Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the period amounts to €44K.

### 17.2. Executive Compensation and Benefits

The following tables include compensation and benefits of any kind due and/or paid to corporate officers by the company in which they are appointed as directors, in connection with such appointment by the company and by the controlled companies within the meaning of Article L233-16 of the French Commercial Code.

Since February 1, 2013, Frédéric Chesnais has taken on the role of Chief Executive Officer of the

Group and also serves as Chairman of the Board of Directors.

### ANNUAL FIXED COMPENSATION

On May 13, 2014, on the recommendation of the Nomination and Compensation Committee, the Board of Directors approved the terms and conditions for compensation of the Chairman of the Board of Directors and Chief Executive Officer of Atari SA to the tune of €1,000 (gross monthly fee) and of $1,000 per month for Atari Inc.

The Board of Directors, also on the recommendation of the Nomination and Compensation Committee, has set, in respect of the operating functions exercised in the Group's US subsidiaries, a fixed annual compensation equivalent to an annual gross salary of €288,000. This sum is paid in the United States, in US dollars, at the historical exchange rate of the day on which the latter was determined, and has not changed since 2013. This corresponds to a monthly salary of €24,000, which is an overall cost for the company of $46,500 per month. This sum ($46,500 per month) is paid to Frédéric Chesnais, who pays himself in the United States all social security and pension costs and other employee or employer contributions. For the 2018-2019 financial year, the fixed remuneration is renewed in the same amount.

### VARIABLE COMPENSATION / OPTIONS

Variable compensation policy for the 2018-2019 financial year (principles and criteria for determining, distributing and awarding compensation)

For the 2018-2019 financial year, fixed compensation was renewed in the same way, the terms and conditions for the award of variable compensation were also renewed in the same proportions, including the additional bonus relating to the amounts received by Atari for its share of profits on tokens, while adding the criterion of growth in recurring net earnings per share that takes into account all items in the income statement.

### DIRECTOR'S FEES

In respect of the 2018-2019 financial year, Mr. Frédéric Chesnais is entitled to directors' fees under the same conditions as all other directors.

The following tables include compensation and benefits of any kind due and/or paid to corporate officers by the company in which they are appointed as directors, in connection with such appointment by the company and by the controlled companies within the meaning of Article L233-16 of the French Commercial Code.

**Table 1 – Executive corporate officer compensation (excluding social security contributions):**

| Frédéric Chesnais - CEO | September 30, 2018 | | | | September 30, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount due | | Amount paid | | Amount due | | Amount paid | |
| *(amounts in K€)* | Atari SA | Subs. | Atari SA | Subs. | Atari SA | Subs. | Atari SA | Subs. |
| Fixed compensation | 6 | 156 | 12 | 156 | 6 | 156 | - | 106 |
| Variable compensation | 9 | 202 | - | 88 | - | - | - | - |
| Exceptional compensation | 9 | 202 | 9 | 202 | - | - | - | - |
| Director's fees | 10 | - | - | - | 10 | - | - | - |
| **TOTAL** | **33** | **559** | **21** | **446** | **16** | **156** | **-** | **106** |

Frédéric Chesnais is not entitled, in the event of termination of his employment contract and/or directorship, to gross severance pay.

As mentioned above, Frédéric Chesnais himself pays the United States for all social security and pension costs and other employee or employer contributions, amounts paid to him by American companies.

**Table 2 - Compensation of Non-executive Corporate Officers:**

| *(Net amounts in K€)* | September 30, 2018 | | September 30, 2017 | |
|---|---|---|---|---|
| | Director's fees | Other compensation | Director's fees | Other compensation |
| Alexandre Zyngier | 10 | 13 | 10 | 13 |
| Erick Euvrard | 10 | - | 10 | - |
| Alyssa Padia Walles | 10 | - | 10 | - |
| **TOTAL** | **30** | **13** | **30** | **13** |

The payment of director's fees for the 2017-2018 financial year was submitted to the vote of the General Meeting and was made in October 2018. As of September 30, 2018 the director's fees are provisioned in the accounts in an amount corresponding to 50% of their total for the last financial year.

**Table 3 - Stock Options Granted During the Financial Year to Each Executive Corporate Officer by the Issuer and by Any Other Group Company:**

On July 31, 2018 4,000,000 stock options were granted to Mr. Frédéric Chesnais as part of the stock option plan No. 25. These options with an exercise price of €0.386 vest annually in three installments and can be exercised over a maximum period of 8 years.

| *Name of the Corporate Officer* | N° and date of the plan | Nature of the options (purchase or subscription) | Valuation of the options according to the method used for consolidated financial statements | Number of stock options granted | Exercise price | Exercise period |
|---|---|---|---|---|---|---|
| Frédéric Chesnais | Plan 25-1<br>July 31, 2018 | Purchase option | 1 120 000 | 4 000 000 | 0,386 € | 8 years |
| **TOTAL** | | | **1 120 000** | **4 000 000** | | |

## NOTE 18 – SUBSEQUENT EVENTS

**Business activity**

- ***Atari Games*** : Release of mobile games, notably *Citytopia, Days of Doom*, *Food Truck Frenzy* and *Ninja Golf ;* settlement agreement with a t-shirt manufacturer (contribution of $1.2 million for Atari), 3 other procedures are ongoing and should be resolved during the financial year 2019-2020.
- ***Atari Casino*** **:** The agreements signed and our investments should start seeing the first contribution in the calendar year 2019.
- ***Atari VCS :*** Very good level of pre-orders and continuation of work for shipment during the 2019-2020 financial year with a contribution to the results for the years 2019-2020 and thereafter.
- ***Atari Partners :*** High selectivity of projects. The blockchain platform project with Infinity Network Limited ("INL") is still in development phase. Our ambition is to create a platform that will allow contributors to be remunerated for their work. The ongoing stages for INL are the continued search for partnerships and funding, leveraging the expertise of Anthony di Iorio, and the platform design work. This is a long-term project, which will be subject to regular updates.

**Other significant events**

- November 2018 : Admission to the Nasdaq International Program

**The objective of the Atari Group for 2018/2019 is continued profitable growth. In light of the results of the first semester, the Group reiterates this objective.**

## 6. SEMI-ANNUAL ACTIVITY REPORT (SIX MONTHS ENDED SEPTEMBER 30, 2018)

### 6.1. Environment

Atari (the "Company" or the "Group") is a French company whose securities are listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

Atari (www.atari.com) is an interactive entertainment production company that manages an intellectual property portfolio focused on the Atari brand, Atari Classics games and licenses such as RollerCoaster Tycoon. The company has 4 main business lines: (i) video games ("**Atari Games**") make up the Group's DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production and licensing activities, (ii) the regulated online casino games within **Atari Casino**, a company dedicated to this business, (iii) the Group's new console **Atari VCS**, and (iv) **Atari Partners**, the Group's investment activities in technology companies.

The Company's business model is based on directly or indirectly monetizing its rights, in the broadest possible sense. Direct monetization includes revenue earned from game played on mobile, PC, online, console, or multimedia platforms. Such direct monetization also includes the final sale of rights under a regular arbitrage policy concerning the Company's intellectual property portfolio. Indirect monetization covers licensing agreements granted to third parties, who are then responsible for manufacturing and producing products or applications in exchange for royalties paid to Atari, under multi-year contracts. In general, any transaction concerning such rights, whatever their legal nature, is considered part of the Company's current business activity and contributes to its revenue and/or current operating income.

### 6.2. Analysis of Consolidated Financial Statements

#### 6.2.1. Condensed consolidated income statement

| (M€) | Sept. 30, 2018 | | Sept. 30, 2017 | | Variation | |
|---|---|---|---|---|---|---|
| Revenue | **10,8** | **100%** | 8,5 | 100% | **2,3** | **27%** |
| Cost of goods sold | **(2,7)** | **-25%** | (1,1) | -14% | **(1,5)** | **135%** |
| **GROSS MARGIN** | **8,1** | **75%** | 7,3 | 86% | **0,7** | **10%** |
| Research and development expenses | **(3,1)** | **-29%** | (2,2) | -26% | **(0,9)** | **42%** |
| Marketing and selling expenses | **(1,5)** | **-14%** | (1,9) | -22% | **0,4** | **-19%** |
| General and administrative expenses | **(1,7)** | **-16%** | (1,7) | -20% | **(0,0)** | **1%** |
| Other operating income (expenses) | **0,5** | **5%** | (0,4) | -4% | **0,9** | **-229%** |
| **CURRENT OPERATING INCOME (LOSS)** | **2,2** | **20%** | 1,2 | 14% | **1,0** | **87%** |

***Note**: The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

- **Consolidated Revenue**

For the first six months ended September 30, 2018, the Atari Group recorded €10.8 million in revenue, compared to €8.5 million euros for the same half of the previous financial year. Growth is 31% at constant exchange rates and 27% at current exchange rates.

The pace of sales for the first half of the year mainly reflects

- The good performance of the entire video game catalog, particularly RollerCoaster Tycoon Touch;
- The very strong growth of Atari Flashback hardware products;
- The very strong growth in licensing activities.

***IFRS 15 restatement:***

As indicated in note 1.2 Change in Methodology, on January 1, 2018 the Group applied for the first time IFRS 15 – *Revenue from Contracts with Customers*. This replaces IAS 19 – *Revenue*, as well as its related interpretations.

The main change introduced by this new standard for the Group's activities concerns revenue associated with the sale of intellectual property licenses.

The Group has elected to apply the new standard retrospectively only to contracts which were not completed as of April 1, 2018, while accounting for the cumulative effect of the initial application on the date of the first application by adjusting the opening balance of shareholder's equity on April 1, 2018.

Certain license agreements are now recognized as an access right spread over time. The revenue impact for the period ended September 30, 2018 of contracts that were not completed on April 1, 2018 amounts to €0.1 million.

- **Gross Margin**

The good performance of the business is reflected in a gross margin increase of 10%. It amounts to €8.1 million and represents 75% of turnover.

- **Research and development expenses**

The Group favors the Atari and RollerCoaster Tycoon franchises, with a strong focus on mobile platforms and simulation/strategy games.

- **Marketing and selling expenses**

Marketing and selling expenses amounted to €1.5 million for the first half of the 2018/2019 financial year. As of September 30, 2017, they amounted to €1.9 million. The decrease is attributable to the optimization of RollerCoaster Tycoon Touch's marketing expenses and the existence of launch costs in the prior period.

- **General and administrative expenses**

General and administrative expenses were stable at €1.7 million as of September 30, 2018, compared to €1.7 million as of September 30, 2017. This amount reflects the focus on maintaining a low fixed cost base.

- **Other income and operating expenses**

As of September 30, 2018, other net operating income amounted to +€0.5 million, a contribution resulting from the sale of the *Alone in the Dark* and *Act of War* franchises to THQ Nordic. As of September 30, 2017, other net operating income amounted to -€0.4 million and corresponded to write-downs of receivables to cover a possible risk of non-collection.

- **Current operating income**

The Atari Group generated a current operating profit of €2.2 million in the first half of 2018/2019, compared to a profit of €1.2 million in the first half of 2017/2018. As of September 30, 2018, this operating profit represents 20% of turnover compared with 14% in the previous year.

## OTHER INCOME STATEMENT ITEMS

| (M€) | Sept. 30, 2018 | | Sept. 30, 2017 | | Variation | |
|---|---|---|---|---|---|---|
| **CURRENT OPERATING INCOME (LOSS)** | **2,2** | **20%** | 1,2 | 14% | **1,0** | **87%** |
| Other income (expense) | **(0,2)** | **-2%** | 0,1 | 1% | **(0,3)** | -338% |
| **OPERATING INCOME (LOSS)** | **2,0** | **18,2%** | **1,3** | **15,0%** | **0,7** | **54,4%** |
| Cost of debt | **(0,0)** | **-0,1%** | (0,1) | **-0,9%** | **0,1** | **-78,5%** |
| Other financial income (expense) | **0,0** | **0,1%** | (0,1) | **-1,0%** | **0,1** | **-113,2%** |
| Income tax | **(0,2)** | **-1,8%** | - | **-** | **(0,2)** | |
| **NET INCOME (LOSS)** | **1,8** | **16,4%** | 1,1 | **13,1%** | **0,7** | **59,2%** |
| Minority interests | (0,0) | **0,0%** | 0,0 | 0,0 | **(0,0)** | |
| **NET INCOME GROUP SHARE** | **1,8** | **16,4%** | 1,1 | **13,1%** | **0,7** | **59,6%** |

***Note**: The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

- **Other non operating income and expenses**

As of September 30, 2018, and as of September 30, 2017, other operating income and expenses are not significant.

- **Operating income**

Operating income for the first half of 2018/2019 showed a profit of €2.0 million, compared to a profit of €1.3 million in the first half of 2017/2018 representing an increase of more than 54%.

- **Cost of debt**

The cost of financial debt is nil given the net cash position of the Atari Group.

- **Income tax**

Given its results and tax loss carry forwards, the Group recorded a tax expense limited to 159 K€ for its US entities.

In France, deferred tax assets on tax loss carry forwards not recognized as of September 30, 2018 are in the order of €245 million subject to the usual restrictions on their use, i.e. approximately €0.96 per existing share as of September 30, 2018, excluding treasury shares.

In the United States, tax loss carry forwards amount to nearly $600 million, representing a potential tax saving in the order of $200 million subject to the usual restrictions in their use, or approximately $0.78 per existing share as of September 30, 2018, excluding treasury shares.

The amount of tax loss carry forwards charged to income for the year ended March 31, 2018 amounted to $2.5 million for US entities and €0.7 million for French entities.

- **Net income (Group share)**

The net result for the first half of 2018/2019 showed a profit of €1.8 million euros, without any non-recurring items, an improvement of nearly 60% on the profit generated for the period ended September 30, 2017 which showed a profit of €1.1 million.

- **Segment Information**

Management considers that analyzing its revenue by geographic area or by platform is not relevant to or indicative of its operating activity. Similarly, the segment information concerning the Group's assets and liabilities is no longer used by management as an analytical tool, and there is, therefore, no reason to present this information. In light of the establishment of 4 business units, the Group is evaluating the feasibility of producing segment information starting in the financial year 2019-2020.

### 6.2.2. Consolidated Balance sheet

| ASSETS (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Intangible assets | **11,7** | 9,2 |
| Property, plant and equipment | **0,0** | 0,0 |
| Non-current financial assets | **5,2** | 4,9 |
| Deferred tax assets | **0,9** | 0,5 |
| **Non-current assets** | **17,8** | 14,6 |
| Inventories | **0,2** | 0,2 |
| Trade receivables | **6,5** | 3,9 |
| Current tax assets | **0,0** | 0,0 |
| Other current assets | **0,5** | 0,4 |
| Cash and cash equivalents | **8,8** | 3,1 |
| **Current assets** | **16,0** | 7,6 |
| **Total assets** | **33,8** | 22,2 |

| EQUITY & LIABILITIES (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Capital stock | **2,6** | 2,4 |
| Share premium | **7,9** | 11,6 |
| Consolidated reserves | **10,9** | (2,5) |
| Net Income (Group share) | **1,8** | 2,3 |
| **Shareholders' equity** | **23,1** | 13,8 |
| Minority interests | **(0,0)** | (0,0) |
| **Total equity** | **23,1** | 13,8 |
| Provisions for non-current contingencies and losses | **0,0** | 0,0 |
| Non-current financial liabilities | **0,6** | 0,6 |
| Other non-current liabilities | **-** | - |
| **Non-current liabilities** | **0,7** | 0,7 |
| Provisions for current contingencies and losses | **0,1** | 0,4 |
| Current financial liabilities | **-** | - |
| Trade payables | **5,4** | 5,4 |
| Other current liabilities | **4,6** | 2,0 |
| **Current liabilities** | **10,1** | 7,8 |
| **Total equity and liabilities** | **33,8** | 22,2 |

***Note****: The Statutory Auditor's limited examination report on the half-year accounts of September 30, 2018 (see p. 44) is issued with reservations.*

- **Intangible Fixed Assets**

As of September 30, 2018, intangible fixed assets break down as follows:

| Gross value (M€) | Developments in progress | Licenses | Other | Total |
|---|---|---|---|---|
| **March 31, 2018** | **14,1** | **0,2** | **-** | **14,3** |
| Acquisitions | 3,3 | | | 3,3 |
| Disposals / Decrease | (1,3) | | | (1,3) |
| Other changes | 0,9 | 0,0 | | 0,9 |
| **Sept. 30, 2018** | **17,0** | **0,2** | **-** | **17,2** |

| Amortization (M€) | Developments in progress | Licenses | Other | Total |
|---|---|---|---|---|
| **March 31, 2018** | **(5,0)** | **(0,1)** | **-** | **(5,1)** |
| Acquisitions | (1,4) | (0,0) | | (1,4) |
| Disposals / Decrease | 1,3 | | | 1,3 |
| Other changes | (0,3) | (0,0) | | (0,3) |
| **Sept. 30, 2018** | **(5,4)** | **(0,1)** | **-** | **(5,5)** |

| Net value (M€) | Developments in progress | Licenses | Other | Total |
|---|---|---|---|---|
| **March 31, 2018** | **9,1** | **0,1** | **-** | **9,2** |
| **Sept. 30, 2018** | **11,6** | **0,1** | **-** | **11,7** |

Games research and development expenses are capitalized in the balance sheet when the criteria provided for in IAS 38 are met.

Licenses are rights acquired from third-party publishers.

- **Non current financial assets**

Non-current financial assets break down as follows as of September 30, 2018:

| (M€) | Sept. 30, 2018 | March 31, 2018 |
|---|---|---|
| Financial assets measured at fair value through OCI | **3,2** | 3,1 |
| Financial assets measured at fair value through profit & loss | **1,8** | 1,6 |
| Financial assets measured at amortized cost | **0,2** | 0,2 |
| **Non-current financial assets** | **5,2** | 4,9 |

For the first half of its financial year 2018/2019, the Atari Group has applied the new accounting standard IFRS 9 – *Financial Instruments*, which came into effect for financial years beginning after January 1, 2018.

The IFRS 9 standard includes three segments on the accounting treatment for financial instruments, recognition and measurement, impairment and general hedge accounting. The Group has completed its analysis of its financial position and the new classification and measurement method has no material impact on the Group's accounts.

- **Shareholders' Equity**

The table below shows the changes in equity over the period ended September 30, 2018:

| | |
|---|---|
| **Equity as at March 31, 2018 (M€)** | **13,8** |
| Restatement IFRS 15 | (1,0) |
| **Equity as at March 31, 2018 restated IFRS 15 (M€)** | **12,8** |
| Net income | 1,8 |
| Capital increase | 7,4 |
| Movement in treasury shares | 0,4 |
| Share-based payments | 0,3 |
| Other variations | 0,4 |
| **Equity as at September 30, 2018 (M€)** | **23,1** |

Changes over the period are mainly attributable to the result for the period and the capital increase.

***IFRS 15 restatement :***

The Group applied for the first time IFRS 15 – *Revenue from Contracts with Customers*. This replaces IAS 19 – *Revenue*, as well as its related interpretations.

The main change introduced by this new standard for the Group's activities concerns revenue associated with the sale of intellectual property licenses.

The Group has elected to apply the new standard retrospectively only to contracts which were not completed as of April 1, 2018, while accounting for the cumulative effect of the initial application on the date of the first application by adjusting the opening balance of shareholder's equity on April 1, 2018.

- **Net cash position / (Net debt)**

As of September 30, 2018, the Group shows a positive net cash position of €8.1 million. The net cash position is broken down in the table below:

| **(M€)** | **Sept. 30, 2018** | March 31, 2018 |
|---|---|---|
| OCEANEs 2003-2020 | **(0,6)** | (0,6) |
| **Gross Financial debt** | **(0,6)** | (0,6) |
| Cash and equivalents | **8,8** | 3,1 |
| **Net cash** | **8,1** | 2,5 |

The gross financial debt consists of the Oceane 2003-2009 with a maturity date of April 1, 2020.

- **Other Balance Sheet Items**

The working capital requirement (current assets less current liabilities, excluding interest-bearing current assets and liabilities and assets and liabilities held for sale) is €(2.9) million as of September 30, 2018.

### 6.2.3. Consolidated Cash flows

As of September 30, 2018, net cash position stood at €8.1 million, compared to €2.5 million as of March 31, 2018.

The cash flow statements prepared by the Company for the six-month periods ended September 30, 2018 and September 30, 2017 are shown below:

| (M€) | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| **Net cash (used)/generated in operating activities** | **2,1** | 2,8 |
| of which continuing operations | 2,1 | 2,8 |
| **Net cash (used)/generated in investing activities** | **(3,3)** | (3,1) |
| of which continuing operations | (3,3) | (3,1) |
| of which intangible assets and fixed assets | (3,3) | (3,1) |
| **Net cash provided (used in) by financing activities** | **7,3** | 0,2 |
| of which continuing operations | 7,3 | 0,2 |
| of which interest paid | - | - |
| **Other cah flows** | **(0,5)** | 0,1 |
| | | |
| **Net change in cash and cash equivalent** | **5,7** | (0,0) |

The €1.2 million decrease in the working capital requirement, combined with net cash provided by operating activities of €3.4 million, allowed the business to generate a net cash flow of €2.1 million. Financing activities generated €7.3 million. Funds were primarily used during the period for investments in games. The change in net cash for the period is +€5.7 million.

## 6.3. UPDATED INFORMATION ON RISK FACTORS

The Company has reviewed the risks that could have a material adverse effect on its business, financial position or results (or its ability to achieve its objectives) and considers that there are no significant risks beyond those presented below and those presented in its Reference Document. These risks are, as of the date of filing of this update of the Reference Document, those the Company believes that, were they to materialize, could have a significant adverse effect on the Atari Group, its business, its financial situation, its results, or its prospects. Investors are invited to consider these risks before deciding, as the case may be, to acquire or subscribe for securities of the Company.

### 6.3.1. Liquidity Risk, Risks Associated with a Going Concern, and Risks Associated with Operating Losses

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments. Information on the going concern assumption and indebtedness is presented in Notes 1.3 and 8 to the consolidated financial statements as of September 30, 2018.

The cash flow statements prepared by the Company for the six-month periods ended September 30, 2018 and September 30, 2017 are shown below:

| (M€) | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| **Net cash (used)/generated in operating activities** | **2,1** | 2,8 |
| of which continuing operations | 2,1 | 2,8 |
| **Net cash (used)/generated in investing activities** | **(3,3)** | (3,1) |
| of which continuing operations | (3,3) | (3,1) |
| of which intangible assets and fixed assets | (3,3) | (3,1) |
| **Net cash provided (used in) by financing activities** | **7,3** | 0,2 |
| of which continuing operations | 7,3 | 0,2 |
| of which interest paid | - | - |
| **Other cah flows** | **(0,5)** | 0,1 |
| | | |
| **Net change in cash and cash equivalent** | **5,7** | (0,0) |

In recent years, the Group has significantly improved its financial position:

- As of March 31, 2016, shareholders' equity (Group share) amounted to -€10.6 million. At the same date, the Group's net debt amounted to €13.3 million.
- As of March 31, 2017, shareholders' equity (Group share) amounted to +€7.4 million. At the same date, the Group's net debt amounted to €0.9 million.
- As of March 31, 2018, shareholders' equity (Group share) amounted to +€13.8 million. At the same date, the Group's net cash position amounted to €2.5 million.
- As of September 30, 2018, shareholders' equity (Group share) amounted to +€23.1 million. At the same date, the Group's net cash position amounted to €8.1 million..

Gross financial debt amounts to €0.6 million and relates to the 2003-2020 Océane Bonds, which were restructured and mature in April 2020.

### 6.3.2. Risks associated with the Company's accounts

#### (a) Risk management

The parent company is responsible for risk management according to the context of the financial markets and the procedures established by management. Foreign exchange transactions are carried out according to local laws and access to the financial markets. Subsidiaries may enter into contracts directly with local banks under the supervision of the parent company Atari SA and in accordance with the Group's procedures and policies.

The Group's consolidated financial statements are presented in euros. Assets, liabilities, income and expenses that would initially be recorded in currencies other than the euro are translated into euros at the applicable exchange rate before they are included in the Group's consolidated financial statements. If the euro appreciates against any other currency, the value in euros of the Group's assets, liabilities, income and expenses initially denominated in another currency decreases. The opposite is true if the euro depreciates. As a result, changes in the exchange rate of the euro may have an effect on the value in euros of the Group's assets, liabilities, income and expenses outside the eurozone, even if their value remains unchanged in their original currency. The most significant foreign exchange risk relates to the revenue and profit of US subsidiaries that initially record their transactions in USD and to the Group's intangible assets denominated in USD.

The table below shows the company's exposure to the US dollar:

| (in USD million) | Sept 30, 2018 | Sept 30, 2017 |
|---|---|---|
| Total current assets | 5,0 | 8,2 |
| Total Liabilities | (8,4) | (9,2) |
| **Net** | **(3,4)** | (1,0) |
| Off-balance-sheet commitments | - | - |
| **Net position** | **(3,4)** | (1,0) |

(b) Interest-rate Risk

The Group does not have a dynamic risk management policy concerning its interest rate risk because the debt consists solely of fixed-income securities, i.e the Océane bonds.

### 6.3.3. Risks associated with potential dilution

The Company has issued certain dilutive securities, as described in the section entitled "Information on the Potential Dilution of the Company's Capital" of this document. The dilution that may result from the exercise of all these dilutive securities is 9.61% as of September 31, 2018. Thus, a shareholder who holds, as of September 30, 2018, 1% of the capital of the Company, would potentially see his/her stake reduced to 0.91% if all these dilutive securities were exercised, and would be unable to maintain his/her shareholding percentage.

### 6.3.4. Risks associated with licensing

The RollerCoaster Tycoon license accounted for approximately 50% of revenue in 2017/2018 and for 42% of revenue for the first half of the financial year 2018/2019; it expires in 2022. In any case, the Group is working to launch new franchises. At this stage, the Group considers that the loss of a license (by non-renewal or termination of contract) such as RollerCoaster Tycoon could, on its own, have a significant impact on its business or result. In addition, the simultaneous loss of several licenses could significantly affect the Group's financial position, business, or result, since such losses would not be offset by new licenses having the same economic impact.

The Group's business also depends in part on licenses to use consoles (hardware) granted by console manufacturers. These licenses, granted for three years on average, allow for developing and operating of products on a proprietary medium (Xbox One, PS4, iPhone, etc.). These agreements also provide the Group with a guarantee against legal action that third parties could bring directly against the manufacturers because of these products. This warranty covers the content, marketing, or sale of such products and covers infringements of intellectual property rights held by third parties. However, no hardware license is required for products edited on the PC format.

### 6.3.5. Risks associated with the video game industry

These risks are described on pages 27 to 29 of the 2017/2018 Reference Document.

### 6.3.6. Risks related to new business sectors

The Atari Group further expanding into new activities, including online casino games, multimedia production and blockchain projects. Insofar as possible, the Group seeks to grow via partnerships in order to accelerate its acquisition of expertise and to share the risks involved. Nevertheless, these new business lines, which differ from the video game sector, entail a higher level of risk for the Atari Group insofar as it is necessary to acquire new expertise and build strong positions in a new sector, which could lead to higher losses in the early stages of an investment. Growth in these new sectors requires a particular analysis of revenue potential and the contractual risk taken on, and there is a risk that, during the start-up phase, such projections by Group will not be as accurate as desired.

### 6.3.7. Risks related to the achievement of objectives

There is still uncertainty inherent in the achievement of objectives, the operating budget and the financing plan, which may be greater in these new areas, and the valuation of Group assets—in particular where it concerns capitalized productions (games, TV shows) or investments—and liabilities may be affected where assumptions fail to materialize.

## 6.4. OUTLOOK FOR THE 2018/2019 FINANCIAL YEAR

The Group reiterates its objectives for the 2018/2019 financial year, which will end on March 31, 2019. For this financial year, the Group set itself the objectives of growing the business, improving profitability and cash generation, all within a seasonality similar to that of the 2017/2018 financial year.

As of this date, the Group confirms its objectives, which remain subject to an inherent uncertainty in the realization of the operating budget and the financing plan.

**The second half of the year will be marked by several important projects, in particular:**

***Atari Games*** :

- Continued success of *RollerCoaster Tycoon Touch*, with restaurant attractions (Jonathan Foodgod), *Halloween* events and new water parks;
- *RollerCoaster Tycoon Joyride* for PlayStation 4 has been approved in Europe and the United States by Sony®. The digital version was released on October 26, 2018 in Europe (distributor : Bigben Interactive). The digital and physical versions were released on December 13, 2018 in the United States (distributor : AtGames). This game offers Virtual Reality features.
- Launch of the mobile game *Citytopia :* this original simulation game using the RollerCoaster Tycoon Touch engine was released in Australia and New Zealand in December 2018 as planned and is launched gradually, country by country;
- *Food Truck Frenzy*, a mobile game developed in partnership with Jonathan Foodgod, is currently being reviewed by the latter and will be released gradually over the coming weeks ;
- *Days of Doom :* developed in partnership with Phosphor Studios, this is one of the first survival games on mobile platforms. It was released as a private beta and is scheduled for worldwide release on February 19, 2019 as planned. This game will allow players to manage a vulnerable town in a zombie-infested world, strengthening their defenses to survive the onslaught of increasingly powerful hordes of zombies ;
- *Ninja Golf* : this game developed in partnership with Alpha Dog Studios will be released worldwide on February 26, 2019; it is based on famous original Atari game which manages to combine touch-based golf with endless running beat'em up elements;
- *RollerCoaster Tycoon Adventures* for Nintendo Switch® is the first version of the franchise on this flagship platform. The game was released in November 2018 in the first European countries (distributor : Bigben Interactive) and was released in the US during the week of December 10, 2018 (distributor : AtGames).
- Positive impact of a settlement agreement with a US company ($1.1 million earnings contribution), it being noted that the Atari Group has initiated proceedings against 3 other similar companies.

***Atari Casino***:

- Continued development of this new activity for which the Group is in the process of acquiring expertise ;
- Priority to investments and partnerships.

***Atari VCS***:

- Establishment of distribution channels and operations ;
- Atari VCS has no impact on the 2018-2019 financial year ended March 31, 2019, and will contribute starting in the 2019-2020 fiscal year.

***Atari Partners***:

- Continued work on the blockchain platform. This platform project, whose long-term vision and strategic importance for the Group are undeniable, remains in the short-term subject to recent changes in the economic and financial environment of the blockchain industry as well as the evolution of the regulatory environment ;
- Very selective review of partnership opportunities.

***

## 7. STATUTORY AUDITORS' REPORT ON THE 2018-2019 SEMI-ANNUAL FINANCIAL REPORT

**JLS PARTNER**
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75007 PARIS

**DELOITTE & ASSOCIES**
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92908 Paris-La Défense Cedex

# ATARI

Société Anonyme
78 rue Taitbout
75009 PARIS

# Statutory Auditors' Report on Interim Financial Reporting

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ATARI for the period from April 1, 2018 to September 30, 2018,
- the verification of the information presented in the half-yearly management report.

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.

## 1. Qualified conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical. 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. Accordingly, we do not express an audit opinion.

*Measurement of Infinity Networks Limited's Shares and other current liabilities*

In February 2018, Atari granted Infinity Networks Limited a license of the Atari brand to develop a blockchain entertainment platform. Shares of Infinity Networks Limited, representing 15% of its capital and voting rights, were issued to Atari as partial compensation for the contract and were thus recorded as revenue as of March 31, 2018 for the amount of their value on the date of the contract. They are recognized in the consolidated balance sheet for an amount of €406k as of September 30, 2018, unchanged from March 31, 2018.

The fair value of the shares of Infinity Networks Limited on that date was based on a valuation report prepared by a merchant bank specialized in the field of entertainment and media. This report does not include a technical and financial analysis of the entertainment platform project carried out by Infinity Networks Limited—a company created for this purpose—which was at this stage its only business project. Also, our exchanges with the merchant bank did not allow us to collect evidence that we believe is sufficient to justify the valuation retained in the consolidated financial statements as of March 31, 2018. This situation lead us to issue a qualified opinion in our report on the consolidated financial statements for the year ended March 31, 2018. As of 30 September, 2018, we have not received additional information that could contribute to justify the measurement of the shares of Infinity Networks Limited.

The first application of IFRS 15 has resulted in a restatement of the revenue that was recognised at the time of the signing of the contract with Infinity Networks Limited, the counterparty for the fair value of the shares of Infinity Networks Limited. Taking into account this restatement, the reserves would be decreased by €10k and other current liabilities would be decreased by €396k in the condensed half-yearly consolidated financial statements as of September 30, 2018.

Those matters already lead us to express a qualified opinion in our report on the consolidated financial statements for the year ended March 31, 2018.

Based on our review, with the exception of the matter described in the preceding paragraph, 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 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

Without affecting the conclusion expressed above, we draw your attention on the impacts of the changes resulting from the first application of IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments detailed in the notes 1.1. ‟ Principles applied to the semi-annual Financial Statements ‟ and 1.2 ‟ Change in Methodology ‟.

## 2. Specific Verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. Except for the effect of the matters described in the first part of this report, we have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris, December 24, 2018

The Statutory Auditors

| JLS PARTNER | DELOITTE & ASSOCIÉS |
|---|---|
| Julien Wajsport | Benoit Pimont |

## 8. COMPANY INFORMATION

### SHARE CAPITAL

As of September 30, 2018, subscribed and fully paid up capital amounted to €2,556,790.56 divided into 255,679,056 shares with a par value of €0.01.

### BREAKDOWN OF CAPITAL AND VOTING RIGHTS

To the best of the Company's knowledge, as of September 30, 2018, the distribution of capital and voting rights was as follows:

| Ownership | September 30,2018 | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | % | Theoretical voting rights | % | Exercisable voting rights | % |
| Ker Ventures, LLC (1) | 47 065 781 | 18,41% | 47 065 781 | 18,40% | 47 065 781 | 18,43% |
| Mr Alexandre Zyngier | 9 519 540 | 3,72% | 9 519 540 | 3,72% | 9 519 540 | 3,73% |
| Arbevel | 7 057 222 | 2,76% | 7 057 222 | 2,76% | 7 057 222 | 2,76% |
| Treasury shares | 435 135 | 0,17% | 435 135 | 0,17% | 0 | 0,00% |
| Public (2) | 191 601 378 | 74,94% | 191 704 216 | 74,95% | 191 704 216 | 75,08% |
| **Total** | **255 679 056** | **100,00%** | **255 781 894** | **100,00%** | **255 346 759** | **100,00%** |

*(1) Ker Ventures : holding company owned by Frédéric Chesnais, Company CEO.*
*(1) As of September 30, 2018, 102 838 shares have double voting rights.*

To the best of the Company's knowledge, as of March 31, 2018, the distribution of capital and voting rights was as follows:

| Ownership | March 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | % | Theoretical voting rights | % | Exercisable voting rights | % |
| Ker Ventures, LLC (1) | 47 065 781 | 19,49% | 47 065 781 | 19,49% | 47 065 781 | 19,67% |
| Mr Alexandre Zyngier | 7 701 540 | 3,19% | 7 701 540 | 3,19% | 7 701 540 | 3,22% |
| Arbevel | 6 485 933 | 2,69% | 6 485 933 | 2,69% | 6 485 933 | 2,71% |
| Treasury shares | 2 264 924 | 0,94% | 2 264 924 | 0,94% | 0 | 0,00% |
| Public (2) | 177 950 818 | 73,70% | 178 013 709 | 73,70% | 178 013 709 | 74,40% |
| **Total** | **241 468 996** | **100,00%** | **241 531 887** | **100,00%** | **239 266 963** | **100,00%** |

*(2) Ker Ventures : holding company owned by Frédéric Chesnais, Company CEO.*
*(3) As of March 31, 2018, 62 891 shares have double voting rights.*

Registered shares may benefit from a double voting right if held for least 2 years. At the date of this document, the shares held Ker Ventures cannot claim double voting rights.

To the best of the Company's knowledge, as of September 30, 2017, there are no shareholders other than those listed in the table above who directly, indirectly or jointly hold 5% or more of the capital or voting rights.

As of September 30, 2018, Ker Ventures holds 18.41% of the capital and 18.43% of the voting rights exercisable at the meeting. The existence of independent directors and the regular operation of corporate governance bodies protect the company against any improper exercise of company control.

## CHANGES IN SHARE CAPITAL

The following table presents the changes in the share capital of the Company over the last three years up to September 30, 2018:

| Financial year | Type of transaction | Number of shares | Cumulative number of shares | Nominal value of the share | Share premium | Total capital stock (in €) |
|---|---|---|---|---|---|---|
| **As at 03/31/2016** | | | **183 185 574** | **0,01 €** | **407 472 085 €** | **1 831 856 €** |
| 2016/2017 | Capital increase | 47 223 181 | | 0,01 € | 7 481 080 € | 472 232 € |
| 2016/2017 | Allocation of past losses | | | | -407 472 085 € | |
| **As at 03/31/2017** | | | **230 408 755** | **0,01 €** | **7 481 080 €** | **2 304 088 €** |
| 2017/2018 | Conversion of OCEANE bon | 11 060 241 | | 0,01 € | 4 094 869 € | 110 602 € |
| **As at 03/31/2018** | | | **241 468 996** | **0,01 €** | **11 575 949 €** | **2 414 690 €** |
| 2018/2019 | Capital increase | 14 210 060 | | 0,01 € | 7 234 506 € | 142 101 € |
| 2018/2019 | Allocation prior losses | | | | -10 934 092 € | |
| **Au 09/30/2018** | | | **255 679 056** | **0,01 €** | **7 876 363 €** | **2 556 791 €** |

## SHARE REPURCHASE PROGRAMS

The General Shareholders’ Meeting, which met on September 29, 2017, authorized in its 9th resolution, for a period of 18 months, treasury stock transactions for up to 10% of the shares comprising the capital of the company. The same resolution was renewed in identical form by the General Shareholders’ Meeting held on September 28, 2018 in its 9th resolution.

## INFORMATION ON THE DILUTION OF THE CAPITAL OF THE COMPANY FOLLOWING TRANSACTIONS ON ITS POTENTIAL CAPITAL

Data as of September 30, 2018 and after adjusting the allocation ratios:

| Issue date | Number outstanding on Sept 30, 2018 | Exercise price | Identity of holders | Maturity | Number of shares for which securities can be exercised | Potential dilution (% of the capital stock) |
|---|---|---|---|---|---|---|
| **Stock options** | | | | | | |
| 10/30/14 | 4 000 000 | 0,200 € | Chesnais | 10/30/22 | 4 056 000 | 1,59% |
| 06/01/16 | 1 650 000 | 0,170 € | Chesnais | 05/31/24 | 1 673 100 | 0,65% |
| 07/12/17 | 3 680 000 | 0,280 € | Chesnais | 07/11/25 | 3 698 400 | 1,45% |
| 07/31/18 | 4 000 000 | 0,386 € | Chesnais | 07/30/26 | 4 000 000 | 1,56% |
| 10/30/14 | 382 692 | 0,200 € | Persons referred to in sections L225-177 et 180 of the Commercial Code | 10/30/22 | 388 050 | 0,15% |
| 09/01/15 | 222 941 | 0,200 € | | 08/31/23 | 226 062 | 0,09% |
| 01/04/16 | 144 000 | 0,160 € | | 01/03/24 | 146 016 | 0,06% |
| 06/01/16 | 623 179 | 0,170 € | | 05/31/24 | 631 903 | 0,25% |
| 07/12/17 | 2 163 929 | 0,280 € | | 07/11/25 | 2 174 749 | 0,85% |
| 10/20/17 | 316 667 | 0,350 € | | 10/19/25 | 318 250 | 0,12% |
| 01/15/18 | 200 000 | 0,458 € | | 01/14/26 | 200 000 | 0,08% |
| 07/31/18 | 2 255 000 | 0,386 € | | 07/30/26 | 2 255 000 | 0,88% |
| 07/31/18 | 2 000 000 | 1,000 € | | 07/30/26 | 2 000 000 | 0,78% |
| ***Sub-total*** | ***21 638 408*** | | | | ***21 767 530*** | ***8,51%*** |
| **Warrants** | | | | | | |
| 07/07/16 | 1 731 057 | 0,170 € | Ker Ventures | 07/31/21 | 1 755 291 | 0,69% |
| 07/07/16 | 1 029 412 | 0,170 € | Alex Zyngier | 07/31/21 | 1 043 823 | 0,41% |
| ***Sub-total*** | ***2 760 469*** | | | | ***2 799 114*** | ***1,09%*** |
| **Total** | | | | | **24 566 644** | **9,61%** |

## TRANSACTIONS CARRIED OUT BY THE COMPANY IN ITS OWN SECURITIES

During the six months ended September 30, 2018, Atari SA carried out the following transfers of Atari stock in connection with the sale of shares:

| FY 2018 - 2019 | Average rate | Number of shares |
|---|---|---|
| **1. Sales of shares** | | |
| April 2018 | 0,180 € | 1 818 000 |
| May 2018 | 0,518 € | 11 789 |
| June 2018 | | - |
| July 2018 | | - |
| August 2018 | | - |
| September 2018 | | - |
| **Total sales of shares** | | **1 829 789** |
| **2. Share purchases** | | |
| N/A | | - |
| **Total share purchases** | | **-** |

As of September 30, 2018, treasury shares represented 0.17% of the share capital

## TRANSACTIONS CARRIED OUT IN SECURITIES AND/OR FINANCIAL INSTRUMENTS BY CORPORATE OFFICERS

**In Atari shares—ISIN code: FR0010478248**

| Name<br>Position on the transaction date | Type of transaction | Transaction date | Number of shares traded | Unit price | Transaction amount |
|---|---|---|---|---|---|
| **Batuta Capital Advisor**<br>Company controled by A. Zyngier | Services Agreement paid by shares | 04/16/2018 | 1 818 000 | 0,180 € | 326 460 € |

## MARKET FOR THE COMPANY'S SECURITIES

Securities management: CACEIS Corporate Trust, 14 rue Rouget de L'Isle, 92130 ISSY LES MOULINEAUX.
Telephone: +33(0)1.57.78.00.00

Stock Exchange: Euronext Paris—Compartment C
Included in indices: Next Economy, CAC All shares
Reuter code : ATARI.PA
Bloomberg code : ATA:FP
ISIN code : FR0010478248

| Period | Monthly highs and lows | | Trading volume | Capital traded in the month |
|---|---|---|---|---|
| | High | Low | | |
| **2018** | | | | |
| Septembre | 0,439 € | 0,377 € | 38 061 793 | 15 366 251 € |
| Aout | 0,496 € | 0,436 € | 27 542 894 | 12 666 756 € |
| Juillet | 0,549 € | 0,418 € | 50 164 821 | 24 570 386 € |
| June | 0,672 € | 0,510 € | 48 826 883 | 28 399 283 € |
| May | 0,714 € | 0,554 € | 65 956 958 | 40 677 007 € |
| April | 0,700 € | 0,602 € | 42 989 693 | 27 774 962 € |
| March | 0,809 € | 0,612 € | 120 096 518 | 86 589 413 € |
| February | 0,948 € | 0,448 € | 356 576 307 | 254 434 714 € |
| January | 0,604 € | 0,367 € | 157 230 481 | 78 201 435 € |
| **2017** | | | | |
| December | 0,37 € | 0,31 € | 23 994 944 | 8 098 115 € |
| November | 0,42 € | 0,35 € | 32 132 041 | 12 252 663 € |
| October | 0,38 € | 0,35 € | 18 252 267 | 6 624 722 € |
| September | 0,40 € | 0,34 € | 22 783 727 | 8 452 024 € |
| August | 0,39 € | 0,34 € | 21 358 897 | 7 795 178 € |
| July | 0,43 € | 0,28 € | 101 396 925 | 36 934 957 € |
| June | 0,36 € | 0,21 € | 102 130 071 | 30 358 089 € |
| May | 0,25 € | 0,20 € | 23 734 271 | 5 382 954 € |
| April | 0,21 € | 0,19 € | 9 756 571 | 1 955 479 € |
| March | 0,22 € | 0,20 € | 8 961 242 | 1 861 288 € |
| February | 0,22 € | 0,20 € | 17 608 786 | 3 675 343 € |
| January | 0,25 € | 0,20 € | 45 564 832 | 10 536 303 € |
| **2016** | | | | |
| December | 0,24 € | 0,18 € | 36 445 874 | 7 486 766 € |
| November | 0,21 € | 0,18 € | 13 926 225 | 2 630 455 € |
| October | 0,25 € | 0,19 € | 17 394 166 | 3 803 890 € |
| September | 0,24 € | 0,21 € | 14 396 503 | 3 258 590 € |
| August | 0,25 € | 0,18 € | 23 587 031 | 5 097 977 € |
| July | 0,21 € | 0,17 € | 20 751 381 | 3 985 009 € |
| June | 0,19 € | 0,15 € | 8 364 211 | 1 444 571 € |
| May | 0,20 € | 0,18 € | 5 483 411 | 1 025 533 € |
| April | 0,19 € | 0,17 € | 4 680 163 | 842 493 € |
| March | 0,22 € | 0,17 € | 24 387 707 | 4 689 215 € |
| February | 0,19 € | 0,14 € | 14 435 504 | 2 266 718 € |
| January | 0,24 € | 0,16 € | 48 124 148 | 9 790 240 € |

*(Source : Euronext)*

# 9. CORPORATE GOVERNANCE

## ADMINISTRATIVE, MANAGEMENT AND CONTROL BODIES

### Board of Directors

The General Meeting of the Company held on September 28, 2018 has renewed the board mandate of Mr. Alexandre Zyngier for a term of three years.

The Board of Directors does not include a member elected by the employees.

The members of the Board of Directors are:

- Frédéric Chesnais, Chairman and Chief Executive Officer, non-independent director
- Isabelle Andres, independent director
- Erick Euvrard, independent director
- Alyssa Padia-Walles, independent director
- Alexandre Zyngier, non-independent director

In addition, Mr. Frank Dangeard sits as an unpaid observer.

### Directorships Held and Functions Performed by the Members of the Administrative Bodies

**Frédéric CHESNAIS** : Mr. Chesnais is a graduate of the Institute of Political Studies Paris, and has a degree in Finance and Law. He began his career as a financial advisor and practiced as a lawyer specializing in mergers and acquisitions. He then worked for Lazard Bank from 1995 to 2000. From 2001 to 2007, he was a member of the Atari Group's management team, first as Group Chief Operating Officer and Chief Financial Officer, then as Chief Executive Officer of Atari Interactive. In 2007, he left Atari to create his own video game company. In 2013, he became the largest shareholder of the Atari Group by purchasing Atari shares then held by BlueBay. He is currently Chairman and CEO of the Atari Group.

**Isabelle Andres :** A graduate of HEC and the Paris Nanterre University (Bachelor in Psychology), Ms. Andres has built a 20-year career in the digital, media, and entertainment sectors. She began her career in radio (Lagardère Group, now known as Radio-France), then in the audiovisual production sector (TéléImages—ZodiacMedia Group). In 2009, she joined the Betclic Everest Group (online gambling) as Deputy Chief Financial Officer and then Group Chief Executive Officer from 2013 to 2017. She is now Chief Executive Officer of the Alchimie Group, an aggregator and distributor of digital content (videos, games) on web and mobile platforms.

**Erick EUVRARD** : A graduate of ESSEC, Mr. EUVRARD began his career at Arthur Andersen where he participated in the growing their Restructuring practice. He then joined Lucien Deveaux in the takeover of the Bidermann Group, whose turnaround he led before launching an Internet start-up that he sold in 2002. That is when he took over LBO Gigastore, a non-food discount brand, which he managed until its sale in 2008. Since then he manages a consulting firm specializing in periods of change, and co-leads a training group.

**Alyssa Padia WALLES** : A graduate of the University of Southern California and Chairman of Amplitude Consulting, Ms. Walles has significant experience in the media field. She is involved in developing and managing companies, sales, brand promotion, and the creation and implementation of international marketing campaigns in interactive entertainment. Ms. Walles is also a mentor on behalf of the USC Marshall School of Business.

**Alexandre ZYNGIER** : A graduate of the University of Campinas, Brazil in Chemical Engineering, Mr. Zyngier holds an MBA in Finance from the University of Chicago. He began his career as Technical Director at Procter & Gamble and then as a consultant for McKinsey & Co. He has worked at CRT Capital Group LLC, then Goldman Sachs & Co, and Deutsche Bank. From 2009 to 2013, he served as Portfolio Manager for Alden Global Capital. Mr. Zyngier is a founding partner at Batuta Capital Advisors LLC, where he works with a select group of companies and credit/equity investors specializing in specific financings. He is also a director of GT Advanced Technologies Inc., a technology materials company, and AudioEye Inc., a provider of Internet access solutions for people with disabilities. In 2013, he became a major shareholder of the Atari Group by purchasing Atari shares then held by BlueBay.

## Directorships Held and Functions Performed by the Members of the Administrative Bodies

### Directorships Held and Functions Performed within the Atari Group

| Name | Main Function in the Group |
|---|---|
| **Frédéric Chesnais**<br>Renewed: 09/30/2016<br>Expiration: AGM/FY 2018-2019 | **CEO and Chairman of the Board:**<br>Atari SA (France)<br>**Member of the Nomination and Compensation Committee:**<br>Atari SA (France)<br>**CEO (United States) :**<br>California US Holdings Inc, Atari Inc, Atari Interactiv Inc, Atari Capital Partners LLC, AITD Productions LLC, Cubed Productions LLC, RCTO Productions LLC, Asteroids Productions LLC, Atari Casino LLC. |
| **Erick Euvrard**<br>Renewed: 09/30/2016<br>Expiration: AGM/FY 2018-2019 | **Director:**<br>Atari SA (France)<br>**Chairman of the Audit Committee:**<br>Atari SA (France) |
| **Alyssa Padia Walles**<br>Renewed: 09/29/2017<br>Expiration: AGM/FY 2019-2020 | **Director:**<br>Atari SA (France)<br>**Chairman of the Nomination and Compensation Committee:**<br>Atari SA (France) |
| **Alexandre Zyngier**<br>Renewed: 09/28/2018<br>Expiration: AGM/FY 2020-2021 | **Director:**<br>Atari SA (France)<br>**Member of the Audit Committee:**<br>Atari SA (France) |
| **Isabelle Andres**<br>Appointeded: 09/29/2017<br>Expiration: AGM/FY 2019-2020 | **Director:**<br>Atari SA (France)<br>**Member of the Nomination and Compensation Committee:**<br>Atari SA (France) |

### Main Directorships Held and Functions Performed outside the Atari Group

| Name | Main position currently held outside the Group |
|---|---|
| **Frédéric Chesnais** | **General Manager:**<br>Ker Ventures, LLC (United States)<br>OP Productions, LLC (United States)<br>**Director (designated by Atari SA) :**<br>Infinity Network Limited (Gibraltar) |
| **Erick Euvrard** | **Director general:**<br>Keatis : investment holding (France)<br>**Manager director:**<br>Quadrature: consulting firm (France) |
| **Alyssa Padia Walles** | **CEO:**<br>Amplitude Consulting Inc. (United States) |
| **Alexandre Zyngier** | **Director:**<br>Torchlight Energy Resources Inc (United States)<br>**Founding partner:**<br>Batuta Capital Advisors LLC (United States) |
| **Isabelle Andres** | **CEO:**<br>SAS Karina Square<br>**Director general:**<br>Groupe Alchimie (France)<br>**Independant Director:**<br>Bet-at-home.com (Germany) |

**Previous Directorships Held and Functions Performed over the Last Five Years outside the Atari Group**

| Names | Expired mandates or functions in the previous five years outside the Group Atari |
|---|---|
| **Alexandre Zyngier** | **Manager:**<br>Alden Global Capital LLC (United States) 2009-2013<br>**Chairman of the board:**<br>Vertis Communications Inc (United States)<br>**Director:**<br>Island One Resorts (United States)<br>**Chairman of the Shareholders' Committee:**<br>Idearc Creditors (United States) |
| **Isabelle Andres** | **Manager director:**<br>SARL Mangas Gambling Engineering (France)<br>**Group managing Director:**<br>Betclic Everest Group (France) |

## REGULATED AGREEMENTS

No new regulated agreements were entered into between April 1, 2018 and the date of this update of the Reference Document.

An agreement approved in a previous financial year continued to have effect:

- Three-year group licensing agreement with Batuta Capital Advisor LLC (owned by Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the period amounts to €44K.

## 10. CROSS-REFERENCE TABLE

This cross-reference table contains the main headings provided for by the European Commission Regulation (EC) No. 809/2004 of 29 April 2004 (the "Regulation") and refers to the pages of this update of the Reference Document and, where applicable, to the pages of the Reference Document where the information relating to each of these headings is.
(NA = non applicable)

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