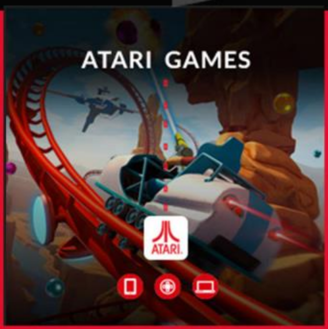
So much more than video games



ANNUAL FINANCIAL REPORT
REFERENCE DOCUMENT

2017
2018

ANNUAL FINANCIAL REPORT
REFERENCE DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS

This Reference Document was filed with the Autorité des marchés financiers ("AMF") on September 7, 2018, under number D.18 0803, in accordance with Article 212-13 IV of the AMF's General Regulations. It may be used to support a financial transaction if it is supplemented by a short-form prospectus approved by the AMF.

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

In accordance with Article 28 of the European Commission Regulation (EC) No. 809/2004, the following information is included by reference in this Reference Document:

- The consolidated financial statements and the Statutory Auditors' report relating thereto for the year ended March 31, 2017, as presented in the Reference Document filed on August 3, 2017 under number D.17-823 on pages 41 to 76.
- The consolidated financial statements and the Statutory Auditors' report relating thereto for the year ended March 31, 2016, as presented in the Reference Document filed on August 4, 2016 under number D.16-0776 on pages 38 to 72.

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018

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.

SUMMARY

GENERAL PRESENTATION

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 3 main development 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, as well as the regulated online casino games within Atari Casino (a company dedicated to this business); (ii) the Group's new console Atari VCS; and (iii) the new Blockchain business.

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 profit.

KEY FIGURES

Sales amounted to €18 million for the year ended March 31, 2018, up 16.6% at current exchange rates and up 23.6% at constant exchange rates compared to the previous year.

The following table presents the Group's key figures. The financial statements are presented in accordance with IFRS.

(M€)	March 31, 2018	March 31, 2017 Excluding Alden	March 31, 2017 Published	March 31, 2016
Revenue	**18,0**	15,4	15,4	11,9
Current operating income	**2,3**	1,9	1,9	1,4
Operating income (loss)	**2,5**	1,4	8,5	0,0
Net income (loss)	**2,3**	0,5	7,7	(0,1)
Total assets	**22,2**	20,0	20,0	1,6
Shareholders' equity	**13,8**	7,4	7,4	(10,6)
Net cash (net debt)	**2,5**	(0,9)	(0,9)	(13,3)
Cash and cash equivalents	**3,1**	1,1	1,1	1,2
Number of employees	**19**	18	18	14

Notes:

- As of March 31, 2017, the Atari Group recorded a non-recurring income of €7.1 million on the Alden debt redemption, thus impacting the Operating Income and the Net Income, which ultimately amounted to €8.5 million and €7.7 million, respectively.

  To allow for a comparison between income statements from different periods, the income statement as of March 31, 2017 as presented excludes the impact of the Alden transaction. The Alden transaction had no impact on current operating profit as of March 31, 201, nor on the 2018 financial statements.

- The Statutory Auditors' report on the financial statements for the 2017-2018 financial year on page 74 is issued with reservations.

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 as part of its three top development 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, as well as the regulated online casino games within Atari Casino (a company dedicated to this business); (ii) the Group's new console Atari VCS; and (iii) the new Blockchain business.

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

HISTORY

Atari Inc., a pioneer in the video game industry, was founded 1972.

Infogrames Entertainment ("Infogrames"), a French video game development company was founded in 1983 and first listed on the Paris Stock Exchange in 1993.

In 2000, Infogrames Entertainment acquired the Atari brand from the Hasbro Group.

In May 2009, Infogrames Entertainment changed its name to Atari.

In early 2013, the US subsidiaries (the "US Subsidiaries") were placed in court-supervised receivership (the "Chapter 11 Proceedings"). In February, the BlueBay funds sold their stakes to Ker Ventures, LLC (a holding company owned by Frédéric Chesnais) and Alden Capital Group. Frédéric Chesnais was appointed Chairman of the Board and Chief Executive Officer.

By immediately granting a loan of €250,000 to Atari SA, Ker Ventures (holding company owned by Frédéric Chesnais) prevented the initiation of a safeguard procedure for Atari SA and its subsidiary Atari Europe SAS. The procedure had been solicited by the former management team.

In September 2013, Atari SA filed a reorganization plan for US Subsidiaries, personally guaranteed by Frédéric Chesnais. This plan was approved by the US Court and, on December 24, 2013, the US Subsidiaries exited the Chapter 11 Proceedings.

Since then, the business has returned to growth and profitability, and the Atari Group is now completely debt free.

THE INTERACTIVE ENTERTAINMENT MARKET

THE MARKET FOR MOBILE GAMES, ON SMARTPHONES AND TABLETS

Mobile games are video games that are played on mobile phones, smartphones, tablets, portable multimedia devices, excluding any game played only on dedicated portable consoles.

The mobile market is benefiting from the fast penetration rate of smartphones (mainly devices running iOS and Android). The tablet market also benefits from a fast and high penetration rate.

The rapid expansion of these smartphones has generated and has benefited from the success of "apps," small specialized programs that may be downloaded to mobile devices.

ONLINE GAMES AND CONSOLE GAMES

The Atari Group has prioritized the monetization of online games and no longer distributes physical boxes. The boxes are now distributed by partners.

The online games segment covers several types of games, from "casual" to "hardcore" games, and uses all types of platforms, from personal computers (PCs) to consoles (via Microsoft Xbox Live, Sony PlayStation Network). An Internet connection is required at the time of download, and sometimes also during the game phase.

These games can either be paid at the time of download, or free but then, in most cases, with options to make payments via microtransactions as and when the game progresses.

The revenue from online games is thus generated by the following sources:

- Game downloads
- Microtransactions, which consist of offering additional content or virtual goods to players who already have a free or paid game (most often, new features or access to additional zones or levels)
- Online advertising
- Subscriptions, usually monthly or quarterly
- Billing by the minute
- Trial offers.

BUSINESS

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 Atari Group's main business consists of: (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, as well as the regulated online casino games within Atari Casino (a company dedicated to this business); (ii) the Group's new console Atari VCS; and (iii) the new Blockchain business. 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 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 profit.

FRANCHISING/LICENSING

The activities of the Atari Group have enabled it to acquire or manage a large portfolio of intellectual property assets. The Group also licenses some of its intellectual property assets.

The Atari Group can, therefore, find itself in one of two situations: (i) as a licensee and in the obligation to pay royalties to the licensor; (ii) as a licensor and being remunerated as such. In both cases, the structures of the licensing agreements are relatively similar.

The licensor's remuneration consists of a fixed fee and/or a proportional charge based generally on a percentage of the sales made. The licensor may negotiate advances on licensing fees payable in installments spread over the entire term of the contract, which is effectively a guaranteed minimum income. Advances are then deducted from the amount of the remuneration due, so that the licensee is able to recover the equivalent of the advances paid before being required to pay additional remuneration.

Content licenses and support licenses have a number of ethical, graphic, and technical requirements. The publishing and the commercial release of the product are in fact subject to the preliminary approval of the right-holder or the media manufacturer.

MATERIAL CONTRACTS OF THE GROUP

The material contracts of the Group are the following:

LICENSING AGREEMENTS

The Group holds the license to the game RollerCoaster Tycoon. This license has been granted until June 30, 2022 by Chris Sawyer, the owner of the rights to this franchise.

AGREEMENTS 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' 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.

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 reach users via these platforms. The Atari Group must comply with the terms and conditions applicable to application developers. Such terms and conditions define how theses platforms work, and how they are promoted and distributed. Such terms and conditions may be modified at the sole discretion of the platform owners. In addition, the Group is dependent on the functionalities of these platforms.

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 Reference 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.

INVESTMENT PROJECTS

The Group's investments are still in a recovery phase. The amounts for the last three financial years break down as follows:

R&D expenditures	**March 31, 2018**		March 31, 2017		March 31, 2016	
(in M€)	**Amounts**	**% revenues**	Amounts	% revenues	Amounts	% revenues
Capitalized R&D	**5,6**	**31,2%**	4,3	27,9%	3,8	31,6%
Other R&D expenditures*	**4,9**	**27,5%**	3,8	24,8%	3,3	27,3%
Total R&D expenditures	**10,6**	**58,7%**	8,1	52,7%	7,0	59,0%

(*) This heading mainly includes the operational cost of the studios, the pre-production on the developments initiated, the organization costs of the publishing department, the cost of any project whose technical feasibility could not be demonstrated as well as provisions for game amortization.

The Group's research and development expenses for the year ended and prior years are detailed in the "Board of Directors' Report on Group Management" in section 2.1.

The video game business requires significant investments in development, covering average periods of 12 to 24 months, which must be funded from own funds. In addition, the success of new licenses launched is not always assured. For these reasons, positive shareholders' equity and positive net cash flows generated by the business are essential to guarantee the funding for regular investments, as well as to cope with the risks linked to the success or failure upon release of the games without jeopardizing the Group's future.

FUTURE PROSPECTS

This information is provided in the section "Board of Directors' Report on Group Management" in section 13 "Future Prospects for the Company."

RISK FACTORS

In the exercise of its activities, the Group faces risks that could have a material adverse effect on the Company, its business, its financial position and/or its results. The main risks identified by the Company are described in section 8 of the "Board of Directors' Report on Group Management," without this list being considered exhaustive because other risks, which are not yet identified or may be considered insignificant by Atari as of the filing date of this Reference Document, could also have a material adverse effect. Investors should take such risks into consideration before deciding to subscribe for or acquire the Company's shares.

At the date of filing of this Reference Document, except for the risks mentioned in section 8 of the "Board of Directors' Report on Group Management," the Company is not aware of any specific risks likely to have a material impact on its business.

MEASURES IMPLEMENTED TO SECURE THE BUSINESS

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

In order to minimize the risks described above, the Group uses procedures to formalize and obtain legal and technical approval for all stages of production and marketing of a product. Specialized lawyers manage, oversee, and acquire intellectual property rights for the Group. The Group also works with law firms renowned for their know-how in this area and uses intellectual property monitoring services. The Group is registering the brands and copyrights of its products in the countries it deems necessary, mainly in Europe, the United States, and other major countries.

We have a pragmatic approach in the fight against piracy based on the identified risks and the relevant territories. For example, the Group works with online monitoring companies to combat piracy and the counterfeiting of its products. The Group uses specialized companies to combat the illegal downloading of its products and links its products to software designed to prevent the making of illegal copies.

The Group does not register patents for its games and is not dependent on any particular patent.

SUPPLIER DEFICIENCIES

The Group seeks to reduce the risk of supply shortages by diversifying its manufacturing sources. In the case of products for PC's, this risk is limited due to the large number of manufacturing companies available around the world and the responsiveness of these companies. The Group does not control the risk of manufacturing products published on proprietary media (e.g., Sony, Microsoft) because console manufacturers maintain control of the manufacturing process and timeline. In addition, the Group's future strategy of expanding its online operations is likely to reduce this potential risk.

INSURANCE

The Group benefits from global coverage in the areas of property damage, business interruption and operating, professional, and intellectual property liability. The Group also takes out directors and officers liability insurance. In general, the Group's business does not present any extraordinary risks, except for possible supplier deficiency or the consequences of the massive withdrawal of a game. In order to take into account the specificities of different countries' markets, policies taken out at the local level (and in particular in North America) are supplemented by a global program.

The table below summarizes the levels of protection put in place for the main policies.

Policy	Amounts
Business liability Property damage Business interruption	Per occurrence limit is $1 million Annual aggregate limit is $1 million
Error & omissions/Media Security & Privacy	$1 million
Directors and Officers Liability	Ceiling of $10 million
Key Personnel Insurance	$5 million

The total amount of insurance premiums expensed on behalf of Atari and on behalf of its subsidiaries on the above policies for the year ended March 31, 2018 is €0.2 million.

NON-RECURRING EVENTS AND LITIGATION

In the normal course of business, Group companies may be involved in various court, arbitration, administrative, and tax proceedings. The settlement of these proceedings should not have a significant impact on the Company's financial statements.

The material legal risks faced by the Group are presented in this Reference Document under the heading "Legal risks" of the "Management Report."

HUMAN RESOURCES AND PERSONNEL

As at March 31, 2018, the Group's workforce was 19, up from 18 as at March 31, 2017.

Employee information relating to the Group's French companies is included in section 9 "Employee information" of the "Board of Directors' Report on Group Management."

GROUP PREMISES

The Company's headquarters are based in Paris, 78 rue Taitbout, 75009 Paris (France), as well as the European distribution subsidiary Atari Europe. The US subsidiaries have their offices based in New York (USA).

For the 2017/2018 and 2016/2017 financial years, the Group's annual rental expenses amounted to approximately €0.3 million.

SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AS OF MARCH 31, 2018

Atari SA
Listed Company
France

ATARI BLOCKCHAINS

Non-consolidated investments :
- Infinity Network Limited : 15%
- Bayside Games : 15%

ATARI GAMES

Atari Interactive Inc
Licensing - Owns the brand
United States - 100%

Atari Games Corp & Subs. (*)
Production
United States - 100%

Atari Europe SAS
Publishing - EU Distribution
France - 100%

Atari Inc (**)
Publishing - US Distribution
United States - 100%

Atari Casino, LLC
Casino
United States s - 100%

ATARI VCS

Atari Gamebox LLC (***)
Production
United States - 100%

Atari Connect LLC (***)
Production
United States - 100%

(*) Owned via California US Holdings, an intermediate holding company
Atari Games has subsidiaries dedicated to the production of specific games and multimedia

(**) Owned via California US Holdings, an intermediate holding company

(***) Owned via Atari Games Corp, an intermediate holding company

See also Note 30 to the consolidated financial statements for consolidated companies.

MANAGEMENT REPORT

YEAR ENDED MARCH 31, 2018

BOARD OF DIRECTORS' REPORT ON GROUP MANAGEMENT

1. ENVIRONMENT AND HIGHLIGHTS OF THE PERIOD

1.1. ECONOMIC ENVIRONMENT

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's top development lines are: (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, as well as the regulated online casino games within Atari Casino (a company dedicated to this business); (ii) the Group's new console Atari VCS; and (iii) the new Blockchain business.

1.2. HIGHLIGHTS OF PERIOD

The highlights of the period are:

- **Continued growth of RollerCoaster Tycoon Touch on mobiles:**
  This game has now been downloaded over 15 million times and is played every day by nearly 175,000 players. New content is constantly added to the game and the Group is working to launch new attractions, including a series of restaurants in collaboration with Jonathan Foodgod, made famous by his contributions to reality TV series around the Kardashian family and who has a following of nearly 3 million fans.
- **RollerCoaster Tycoon license extended to 2022.**
- **Progression of the traditional licensing activities:**
  The Atari Flashback, for example, which remains a regular source of royalties for the Group.
- **Trademark License Agreement with Infinity Networks Limited ("INL"):**
  Development of an Atari blockchain platform. For this platform, which intends to profit from the brand's considerable appeal, Atari received 15% of INL's capital with a right to 17.5% of the profits, and will receive various royalties over the term of the license agreement. Atari recorded €1.1 million in revenue in the consolidated financial statements as follows: (i) €0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) €0.7 million corresponding to the short-term portion (50%) of the guaranteed minimum of €1.3 million provided for in the INL license agreement. As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). This amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.
- **Games license Agreement with Bayside Games to develop skill-based gaming in tournament and "player vs. player" modes, offering real monetary rewards where permitted by regulation:**
  Blockchain technology will allow this platform to benefit, in the long term, from the latest innovations in terms of security. As consideration for this license, Atari received on March 31, 2018 bonds convertible into shares representing nearly 15% of Bayside Games's capital, and will receive royalties with a guaranteed minimum.

- **Multimedia business:**
As part of its multimedia business, Atari has committed to purchasing advertising space ($1.6 million as of February 28, 2018). No space had been used as of September 30, 2017, and a provision for the purchase obligation had not been recorded as of September 30, 2017 given the resale potential of these spaces. As of March 31, 2018, Atari has recorded a provision for the cost of the spaces used for $0.35 million, and the cost of canceling the balance of the said contracts for $0.35 million.

- **Issuance and early redemption of 2017-2022 Océane Bonds:**
In November 2017, issuance of €2.6 million in Océane Bonds maturing in April 2022, early redemption by way of conversion into shares in March 2018.

- **Early redemption of 2015-2020 Océane Bonds:**
In February 2018, early redemption, by way of conversion into shares, for €1.2m, of the 2015-2020 Océane Bonds maturing in April 2020.

1.3. SUBSEQUENTS EVENTS

The following events occurred after March 31, 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.

- **Launch on May 29, 2018 of Atari VCS pre-orders on the Indiegogo website:**
To date, more than 10,000 units have been pre-ordered for more than $2.9 million, with delivery scheduled for mid-2019. Pre-orders are therefore aimed primarily at the heart of our target—the traditional Atari community—and will be followed by an expanded marketing campaign over the coming years and the launch of a website.

2. ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONDENSED CONSOLIDATED INCOME STATEMENT

(M€)	March 31, 2018	March 31, 2017 Excluding Alden	March 31, 2017 Published
Revenue	**18,0**	15,4	15,4
Cost of goods sold	**(2,2)**	(3,9)	(3,9)
GROSS MARGIN	**15,8**	11,5	11,5
Research and development expenses	**(4,9)**	(3,8)	(3,8)
Marketing and selling expenses	**(4,5)**	(2,0)	(2,0)
General and administrative expenses	**(3,8)**	(4,1)	(4,1)
Other operating income (expense)	**(0,3)**	0,3	0,3
CURRENT OPERATING INCOME (LOSS)	**2,3**	1,9	1,9
Restructuring costs	**-**	-	-
Other income (expense)	**0,2**	(0,5)	6,6
OPERATING INCOME (LOSS)	**2,5**	1,4	8,5

Notes :

- As of March 31, 2017, the Atari Group recorded a non-recurring income of €7.1 million on the Alden debt redemption, thus impacting the Operating Income and the Net Income, which ultimately amounted to €8.5 million and €7.7 million, respectively.

  To allow for a comparison between income statements from different periods, the income statement as of March 31, 2017 as presented excludes the impact of the Alden transaction. The Alden transaction had no impact on current operating income as of March 31, 201, nor on the 2018 financial statements.

- The Statutory Auditors’ report on the financial statements for the 2017-2018 financial year on page 74 is issued with reservations.

The year saw no change in the scope of consolidation, with the exception of the creation of two new subsidiaries in the United States and the exit, with no impact on the income statement, of the dormant subsidiaries in the United Kingdom and Switzerland.

Revenue

As of March 31, 2018, Atari achieved consolidated revenue of €18.0 million, compared to €15.4 million for the last financial year—an increase of 23.6% at constant exchange rates and 16.6% at the current exchange rate.
The entire catalog and the licensing business contributed significantly to the increase in sales. Sales include revenues from the RollerCoaster Tycoon Touch games and royalties from the Atari Flashback. For the blockchain license, Atari benefits from guaranteed income related to the use of the platform and a share in the profits linked to the sales of tokens. Guaranteed income will only contribute in future years. As of March 31, 2018, total revenue of €1.1 million was recorded in the accounts as follows: (i) €0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) €0.7 million corresponding to the short-term portion (50%) of the guaranteed minimum of €1.3 million provided for in the INL license agreement. As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). This amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

Gross Margin

The increase in the gross margin rate to 87.9% of revenue, compared to 74.5% for the previous year, is, as in the previous year, due to the change in the product mix.

Research and Development Expenses

Research and development expenses amounted to €4.9 million, compared to €3.8 million for the previous financial year. Their increase, net of amounts recorded as intangible assets in progress, reflects a revival of production.

Marketing and Sales Expenses

Marketing and sales expenses amounted to €4.5 million compared to €2.0 million in the previous financial year, reflecting the progress of RollerCoaster Tycoon Touch. This change was already present by September 30, 2017.

General and Administrative Expenses

General and administrative expenses decreased slightly from one period to the next, amounting to €3.8 million compared to €4.1 million for the previous financial year.

Other Operating Income and Expenses

Other operating income and expenses amounted to €(0.3) million and correspond to a series of non-material transactions.

Current Operating Income

During the period, the Group confirmed its objective of profitable growth and thus recorded a current operating income of €2.3 million for the year ended March 31, 2018 compared to €1.9 million for the year ended March 31, 2017—an increase of 23.7%.

Other Non-current Operating Income and Expenses

Other non-current operating income and expenses amounted to €0.2 million and mainly correspond to changes in provisions.

Operating Income

Operating income for the year ended March 31, 2018 amounted to €2.5 million, compared with an operating income of €1.4 million excluding Alden for the year ended March 31, 2017. The published operating income included the gain on the Alden loan redemption of €7.1 million.

OTHER INCOME STATEMENT ITEMS

(M€)	March 31, 2018	March 31, 2017 Excluding Alden	March 31, 2017 Published
OPERATING INCOME (LOSS)	**2,5**	1,4	8,5
Cost of debt	**(0,2)**	(0,8)	(0,8)
Other financial income (expense)	**(0,1)**	(0,0)	(0,0)
Income tax	**-**	(0,0)	(0,0)
PROFIT FROM CONTINUING OPERATONS	**2,3**	0,5	7,7
Profi (loss) from discontinued operations	0,0	-	-
NET INCOME FOR THE YEAR	**2,3**	**0,5**	**7,7**

Cost of Debt

The cost of debt amounted to €0.2 million and corresponds to the latest interest charges on the Océane Bonds.

Other Financial Income and Expenses

Other financial income and expenses for the 2017/2018 financial year are not material and mainly concern exchange gains and losses. Minority interests are not material.

Income Tax

As of March 31, 2018, the Group's deferrable tax losses are approximately €733 million in France and close to $600 million in the United States.

As of March 31, 2018, the consolidated taxable income for French companies amounts to nearly €0.7 million before deduction of the deferred tax loss. Such deduction of the deferred loss from taxable income as of March 31, 2018 resulted in tax savings of around €0.2 million.

Minority Interests

Minority interests are not material.

Net income—Group share

In the end, the Group share of the consolidated net income for the year ended March 31, 2018 is a profit of €2.3 million euros, compared to a profit of €7.7 million (including Alden) for the year ended March 31, 2017.

2.2. CONTRIBUTION BY SEGMENT

As of March 31, 2018, and as of March 31, 2017, management considers that analyzing its revenue by geographic area or by platform is not relevant to or indicative of its operating activity.

2.3. CONSOLIDATED BALANCE SHEET

SIMPLIFIED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018 AND MARCH 31, 2017

ASSETS (M€)	**March 31, 2018**	March 31, 2017
Intangible assets	**9,2**	6,9
Property, plant and equipment	**0,0**	0,0
Non-current financial assets	**4,9**	3,0
Deferred tax assets	**0,5**	0,5
Non-current assets	**14,6**	10,5
Inventories	**0,2**	-
Trade receivables	**3,9**	7,3
Current tax assets	**0,0**	-
Other current assets	**0,4**	0,7
Cash and cash equivalents	**3,1**	1,1
Assets held for sale	**-**	0,4
Current assets	**7,6**	9,6
Total assets	**22,2**	20,0

EQUITY & LIABILITIES (M€)	**March 31, 2018**	March 31, 2017
Capital stock	**2,4**	2,3
Share premium	**11,6**	7,5
Consolidated reserves	**(2,5)**	(10,1)
Net income (loss) Group share	**2,3**	7,7
Shareholders' equity	**13,8**	7,4
Minority interests	**(0,0)**	0,0
Total equity	**13,8**	7,4
Provisions for non-current contingencies and losses	**0,0**	0,3
Non-current financial liabilities	**0,6**	2,0
Deferred tax liabilities	**-**	-
Other non-current liabilities	**-**	0,0
Non-current liabilities	**0,7**	2,3
Provisions for current contingencies and losses	**0,4**	0,4
Current financial liabilities	**-**	-
Trade payables	**5,4**	6,3
Current tax liabilities	**-**	0,0
Other current liabilities	**2,0**	3,6
Current liabilities	**7,8**	10,3
Total equity and liabilities	**22,2**	20,0

Notes : The Statutory Auditors' report on the financial statements for the 2017-2018 financial year on page 74 is issued with reservations.

Shareholders' Equity

Consolidated shareholders' equity amounted to €13.8 million as of March 31, 2018, a significant improvement compared to €7.4 million on March 31, 2017. The table below shows the changes in shareholders' equity during the period (in millions of euros):

Total shareholders' equity as at March 31, 2017 (M€)	7,4
Net Income	2,3
Capital increase	4,2
Movement in treasury shares	(0,0)
Currency exchange rate variations	(0,1)
Total shareholders' equity as at March 31, 2018 (M€)	**13,8**

Net Cash

As of March 31, 2018, the Group's net cash stood at €2.5 million euros, compared to net debt of €0.9 million on March 31, 2017. Cash and cash equivalents stood at €3.1 million euros, compared to €1.1 million on March 31, 2017.

Net cash is defined as cash and cash equivalents less short-term and long-term debt and is calculated as follows:

(M€)	March 31, 2018	March 31, 2017
Cash and cash equivalents	**3,1**	1,1
Non-current financial liabilities	**(0,6)**	(2,0)
Current financial liabilities	**-**	-
Net cash (net debt)	**2,5**	(0,9)

Net debt is broken down in the table below:

(M€)	March 31, 2018	March 31, 2017
OCEANEs 2003-2020	**(0,6)**	(0,6)
OCEANEs 2015-2020	**-**	(1,4)
Gross Financial debt	**(0,6)**	(2,0)
Cash and equivalents	**3,1**	1,1
Net Cash (net debt)	**2,5**	(0,9)

Other Balance Sheet Items

Intangible Assets

Intangible assets mainly relate to the costs of producing TV shows and the RollerCoaster Tycoon World, RollerCoaster Tycoon Touch, Alone in the Dark: Illumination, and Asteroids games, as well as games under development. Expenses thus capitalized as of 31 March 2018 represent an amount of €14.1 million in gross value and €9.1 million in net value.

Other non-current financial assets

Other non-current financial assets are broken down as follows:

(M€)	March 31, 2018	March 31,2017
Assets held for sale	**3,0**	2,0
Unhedged derivatives	**1,7**	0,7
Other financial assets	**0,2**	0,2
Non-current financial assets	**4,9**	3,0

The working capital requirement (which corresponds to current assets less current liabilities, excluding short-term liabilities carrying interest and assets and liabilities held for sale) is -€3.5 million as of 31 March 2018, compared to -€2.2 million for the previous financial year. Other non-current liabilities (including non-current provisions) are not material.

2.4. CONSOLIDATED CASH FLOWS

Cash and cash equivalents amounted to €3.1 million as of March 31, 2018, compared to €1.1 million at the end of the previous financial year.

The cash flow statements for the years ended March 31, 2018 and March 31, 2017 are summarized as follows:

(M€)	March 31, 2018	March 31, 2017
Net cash (used)/generated in operating activities	**4,3**	3,1
of which continuing operations	4,3	3,1
Net cash (used)/generated in investing activities	**(5,7)**	(6,7)
of which continuing operations	(5,7)	(6,7)
of which intangible assets and fixed assets	(5,7)	(6,7)
Net cash provided (used in) by financing activities	**3,5**	3,4
of which continuing operations	3,5	3,4
of which interest paid	(0,0)	(0,2)
Other cah flows	**0,0**	0,1
Net change in cash and cash equivalent	**2,0**	(0,1)

The €0.9 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 €4.3 million. Financing activities generated €3.5 million. Funds were primarily used during the period for investments in games and financial assets and for multimedia production. The change in net cash for the period is +€2.0 million.

3. PARENT COMPANY BUSINESS AND FINANCIAL RESULTS (ATARI SA)

3.1. ACTIVITY OF ATARI SA

The French company Atari SA (the "Company") is the parent company, host of the Atari Group. It derives most of its revenue (excluding financial income) from services rendered to its subsidiaries (general management, financial and legal management, cash management, information systems, general resources, etc.) and this revenue is eliminated in the consolidated financial statements. Its level of activity is therefore in no way representative of the Group's activity.

During the year, it also recorded €1.7 million in license revenue related to the blockchain license granted to Infinity Networks Limited, as follows: (i) € 0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) €1.3 million corresponding to the guaranteed minimum provided for in the INL license agreement (the asset amount of which was impaired by 50%) As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). Furthermore, this amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

The highlights of the year are described in paragraph 1 of the notes to the individual financial statements as of March 31, 2018.

3.2. COMMENTS ON THE FINANCIAL STATEMENTS OF ATARI SA

The annual financial statements have been prepared in accordance with the requirements of the ANC Regulation 2016-07 of November 4, 2016 of the French Accounting Standards Authority, approved by the Decree of December 26, 2016. The accounting rules and methods applied are identical to those of the previous year. The notes recall the accounting principles applied by the Company and give details on the main balance sheet and income statement items, and their evolution. As of March 31, 2018, the balance sheet total amounted to €17.6 million, with positive shareholders' equity of €4.0 million.

The Statutory Auditors' report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

Fixed assets amount to €13.8 million as of today, essentially corresponding to the value of financial fixed assets. The Company's net cash position amounted to €1.8 million compared to a net debt of €1.2 million as of March 31, 2017. A breakdown of borrowings and financial debt as well as net financial indebtedness can be found in the notes to the individual financial statements. No debt is collateralized.

In application of the provisions of Article L.441-6-1 of the French Commercial Code, the information relating to the payment terms of suppliers and customers is as follows:

A/ Unpaid invoices overdue as of the financial year-end:

- Invoices received and not yet paid: 0
- Invoices issued and not yet paid: 0

B/ Invoices excluded from A/ relating to debts and disputed claims:

- Number of invoices excluded: 1
- Total amount: €21,000

C/ Reference payment terms used:

- Suppliers:

  Contractual payment terms France: net 15 days to net 60 days / International: variable

  Legal payment terms in France: Net 60 days / International: variable

- Customers:

  Contractual payment terms France: net 0 to net 90 days / International: variable

  Legal payment terms in France: Net 60 days / International: variable

The operating profit as of March 31, 2018 was a gain of €771 K, compared to a gain of €832 K as of March 31, 2017.

Net financial income amounts to +€16,936 K, compared to +€1,909 K in the previous financial year. It is mainly due to reversals of provisions on securities and receivables related to "dormant" subsidiaries, which were liquidated.

The current profit before tax amounts accordingly to +€17,707 K against +€1,909 K in the previous financial year.

Net extraordinary income amounts to +€16,270 K, compared to -€178 K in the previous financial year. It is mainly composed of the gross value of the shares of "dormant" subsidiaries, which were liquidated.

Net income before tax amounts to +€1,437 K compared to +€1,731 K in the previous financial year.

Due to the use of its unrealized tax losses, the corporate income tax is €0 K, compared to €14 K in the previous financial year.

The net income after tax amounts accordingly to +€1,437 K against +€1,717 K in the previous financial year.

4. ACTIVITIES AND RESULTS OF SUBSIDIARIES

The table below shows the activity of the Group's main subsidiaries, after elimination of intra-Group transactions:

(M€)	Revenue	Net Income
ATARI INC	4,6	(1,3)
ATARI INTERACTIVE	3,2	2,7
CALIFORNIA US HOLDINGS (including subs.)	8,4	1,1
ATARI EUROPE	0,3	(0,1)

5. MAJOR SHAREHOLDERS

5.1. SHARE OWNERSHIP AND VOTING RIGHTS

As of March 31, 2018, subscribed and fully paid up capital of the Company amounted to €2,414,689.96 divided into 241,468,996 shares with a par value of €0.01. As of March 31, 2018, the number of voting rights attached to the Company's shares was 239,266,963.

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

Ownership	March 31, 2018					
	Number of shares	%	Theoretical voting right	%	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%**

(1) Ker Ventures: the holding company owned by Frédéric Chesnais, Company Chairman and CEO.
(2) 62,891 shares have double voting rights.

To the best of the Company's knowledge, as of March 31, 2017, the breakdown of capital and voting rights was as follows:

Ownership	March 31, 2017					
	Number of shares	%	Theoretical voting right	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	44 691 156	19,40%	44 691 156	19,31%	44 691 156	19,63%
Mr Alexandre Zyngier	10 119 906	4,39%	10 119 906	4,37%	10 119 906	4,45%
Arbevel	14 831 973	6,44%	14 831 973	6,41%	14 831 973	6,52%
Treasury shares	3 865 494	1,68%	3 865 494	1,67%	0	0,00%
Public (2)	156 900 226	68,10%	157 968 405	68,24%	157 968 405	69,40%
Total	**230 408 755**	**100,00%**	**231 476 934**	**100,00%**	**227 611 440**	**100,00%**

(1) Ker Ventures: the holding company owned by Frédéric Chesnais, Company Chairman and CEO.
(2) 1,068,179 shares have double voting rights.

Registered shares may benefit from a double voting right if held for least 2 years. As of the date of this document, 16,363,758 shares held by Ker Ventures and 1,874,573 shares held by Frédéric Chesnais are registered, but part of them cannot claim double voting rights until March 2019.

To the best of the Company's knowledge, there are no other shareholders directly, indirectly or jointly holding 5% or more of the Company's issued capital or voting rights.

As of March 31, 2018, Ker Ventures holds 19.49% of the Company's shares and 19.67% of the exercisable voting rights. The existence of independent directors and the regular operation of corporate governance bodies protect the company against any improper exercise of company control.

5.2. CHANGES IN SHAREHOLDING DURING THE PERIOD

Pursuant to the provisions of its Articles of Incorporation providing for the declaration of any holding of more than 2% of the capital or voting rights, the Company was informed during the financial year that Moneta Asset Management exceeded, and then fell back under, the 2% threshold.

5.3. TRADING BY THE COMPANY IN ITS OWN STOCK

Treasury Shares

As of March 31, 2018, the Company held a total of 2,264,924 treasury shares (0.94% of the share capital).

Liquidity Contract

No liquidity contract is in place to date.

5.4. SHARE BUYBACK PROGRAM

The General Shareholders' Meeting of September 29, 2017, authorized in its ninth resolution, for a period of 18 months, the purchase of Company shares by the Board for up to 10% of the shares comprising the capital of the company.

5.5. STATEMENT OF EMPLOYEE SHAREHOLDINGS

As of March 31, 2018, employees did not hold any share in the Company's capital through the Company Savings Plan.

6. APPROPRIATION OF THE NET RESULT

The following will be proposed at the next General Shareholders' Meeting:

- Allocating Atari SA's profit for the year under review, amounting to €1.4 million, to "Retained earnings", which will go from [an accumulated deficit of] -€12.4 million to -€10.9 million
- Allocating the accumulated deficit of €10.9 million to the issue premium, in order to clear the negative balance. The share premium is thus reduced from €11.6 million to €0.6 million.

6.1. DIVIDENDS FOR THE LAST THREE FINANCIAL YEARS

The Company has not distributed dividends in the last 3 years and we do not contemplate proposing dividend payments for the 2018/2019 financial year.

6.2. NON-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 quater of the French General Tax Code we specify that the financial statements for the past financial year do not include non-tax-deductible expenses.

7. STOCK OPTION PLANS / STOCK OPTIONS

For each plan, the exercise price is set by the Board of Directors on the day the options are awarded. It corresponds to an average of the stock market prices preceding the date of the Board of Directors' meeting, with or without a discount. The options expire after a period of eight years from the date of their definitive free award.

RETENTION OBLIGATIONS APPLICABLE TO CORPORATE OFFICERS

In accordance with the regulations in force, the Board of Directors has adopted retention rules applicable to the Chief Executive Officer and the Chairman of the Board since the 2007/2008 financial year. The Board has decided that the Chief Executive Officer and the Chairman of the Board should retain, for the duration of their appointment, at least 15% of the shares acquired following the exercise of these stock options.

SUMMARY OF THE MAIN CHARACTERISTICS OF THE OPTION PLANS

The Company may award stock options to its executives and senior management, as well as to other employees, for their contribution to the Group's performance. At the award date, the exercise price of the fixed option shall be close to the price at which the Company's shares are exchanged. The options awarded generally have a life of eight years and a vesting period of 0-3 years.

As of March 31, 2018, two stock option plans are in effect:

- Plan No. 23 approved by the Shareholders' Meeting of September 30, 2014 for 8,804,000 stock options
- Plan No. 24 approved by the Shareholders' Meeting of September 30, 2016 for 9,261,320 stock options

As of March 31, 2018, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 6.70 % of the Company's share capital at that date. The main characteristics of all outstanding Atari stock options are summarized in the two tables 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
Number of stock options granted during FY 2014/2015	5 104 000			
Number of stock options granted during FY 2015/2016		433 000	144 000	
Number of stock options granted during FY 2016/2017				2 378 528
Number of stock options granted during FY 2017/2018	-			
Number of stock options cancelleded during FY 2017/2018	(529 000)			(33 000)
Total number of stock options outstanding on March 31,2018	**4 575 000**	**433 000**	**144 000**	**2 345 528**

(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 award 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	11-juil-25	19-oct-25	14-janv-26
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
Number of stock options granted during FY 2017/2018	5 935 805	950 000	2 300 000
Number of stock options cancelleded during FY 2017/2018		(633 333)	
Total number of stock options outstanding on March 31,2018	**5 935 805**	**316 667**	**2 300 000**

(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 award of the options.

STOCK OPTIONS GRANTED TO ATARI'S CORPORATE OFFICERS DURING THE 2017/2018 FINANCIAL YEAR AND OPTIONS EXERCISED BY THEM

Stock Options Granted to Each Executive Corporate Officer by the Issuer or by Any Other Group Company:

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

In January 2017, as announced, Atari replaced these warrants with new warrants exercisable in new shares in the same quantities and under the same terms as the warrants issued on July 12, 2016. However, as the shares delivered in the event of the exercise of these new warrants are new shares, the exercise of these new warrants will therefore lead to additional dilution. Concurrently with this new issue of warrants, Ker Ventures and Alexandre Zyngier have relinquished the old warrants awarded in July 2016, which are in effect canceled.

In March 2018, Ker Ventures exercised 2,386,590 stock warrants by paying the sum of €0.17 per warrant exercised, in exchange for the creation of 2,420,000 new Atari SA shares.
As of March 31, 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 1.16% based on the capital as of March 31, 2018.

Stock Options Exercised during the Financial Year by Each Executive Corporate Officer:

No subscription option has been exercised in the last three financial years.

STOCK OPTIONS AWARDED BY THE COMPANY AND ITS SUBSIDIARIES TO EMPLOYEES, AND OPTIONS EXCERCISED BY THE LATTER

During the year, the Company awarded 4,872,472 stock options to Company employees who are not corporate officers.

No subscription option has been exercised in the last three financial years.

BOARD OF DIRECTORS' SPECIAL REPORT ON THE STOCK OPTIONS TO THE COMBINED GENERAL MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS AS OF MARCH 31, 2018

(Drawn up in accordance with Article L. 225-184 of the French Commercial Code)

Dear Shareholders,

In the context of our General Meeting, and in accordance with Article L. 225-184 of the French Commercial Code, we inform you in this report of the transactions covered by Articles L. 225-177 to L 225-186 of the French Commercial Code relating to stock options.

We inform you that, during the period, the Company granted 8,552,472 stock options.

Pursuant to Article L. 225-184 of the French Commercial Code, we also detail in this special report personal information on the definitive free shares granted and on the exercise of stock options by corporate officers and those who have received the most significant definitive free grants.

1. Stock Options Granted by the Company to Each of its Corporate Officers

During the year, 3,680,000 stock options were granted to Frédéric Chesnais.

2. Stock Options Granted by the Company's Subsidiaries to Each of the Company's Corporate Officers

During the year, no stock options were granted to corporate officers or directors of the Company by one of its subsidiaries.

3. Shares Subscribed for or Purchased by Corporate Officers through the Exercise of Stock Options Granted by the Company or its Subsidiaries

In March 2018, Ker Ventures (controlled by Frédéric Chesnais) exercised 2,386,590 stock warrants by paying the sum of €0.17 per warrant exercised, in exchange for the creation of 2,420,000 new Atari SA shares.

4. Stock Options Granted by the Company and its Subsidiaries to Employees

During the year, no options were exercised by employees and 4,872,472 options were granted to Group employees.

5. Shares acquired by Company employees through the exercise of stock options granted by the Company or its subsidiaries to the ten Company employees, other than corporate officers, who subscribed the largest number of options

During the period, no shares were subscribed by employees of the Company through the exercise of stock options granted by the Company or its subsidiaries.

Paris, September 5, 2018 - The Board of Directors

FINANCIAL RISKS

For more information on financial risks, refer to Note 25 to the Consolidated Financial Statements. "Market Risk Management."

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 in time. Information on the going concern assumption and indebtedness is presented in Notes 2.1 and 2 to the consolidated financial statements included in this Reference Document.

The cash flow statements prepared by the Company in recent years show the following trends:

(M€)	March 31, 2018	March 31, 2017
Net cash (used)/generated in operating activities	**4,3**	3,1
of which continuing operations	4,3	3,1
Net cash (used)/generated in investing activities	**(5,7)**	(6,7)
of which continuing operations	(5,7)	(6,7)
of which intangible assets and fixed assets	(5,7)	(6,7)
Net cash provided (used in) by financing activities	**3,5**	3,4
of which continuing operations	3,5	3,4
of which interest paid	(0,0)	(0,2)
Other cah flows	**0,0**	0,1
Net change in cash and cash equivalent	**2,0**	(0,1)

Since the 2012/2013 financial year, the Group has implemented a program for massive deleveraging and replenishment of equity. As of March 31, 2018, net cash and shareholders' equity had become positive. Thus:

- As of March 31, 2013, shareholders' equity (Group share) amounted to -€34.9 million. At the same date, net debt amounted to €31.4 million and the Group did not have drawdown capacity on its credit facility
- As of March 31, 2014, shareholders' equity (Group share) amounted to -€31.3 million. At the same date, the net debt amounted to €24.8 million.
- As of March 31, 2015, shareholders' equity (Group share) amounted to -€13.1 million. At the same date, the net debt amounted to €11.0 million.
- As of March 31, 2016, shareholders' equity (Group share) amounted to -€10.6 million. At the same date, the 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 net debt amounted to €0.9 million.
- As of March 31, 2018, shareholders' equity (Group share) amounted to +13.8 million. On the same date, net cash amounted to €2.5 million. Gross financial debt amounted to €0.6 million and relates to the 2003-2020 Océane Bonds, which were restructured and mature in April 2020.

For the 2018/2019 financial year, the Group favors growth, improved profitability, with seasonality similar to that of the 2017/2018 financial year, and cash generation.

Risks Associated with the Realization of the Guarantees Granted by the Group

No security or guarantee has been granted to third parties.

Risks Associated with the Group's Ability to distribute dividends

The Company does not intend to distribute dividends in the last financial year ended and has not distributed dividends in the two previous years. Moreover, it does not contemplate any distributions in the near future.

RISKS ASSOCIATED WITH THE COMPANY'S ACCOUNTS

Foreign Exchange Risk—Interest-rate Risk

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 and in accordance with the Group's procedures and policies.

For foreign exchange risks related to the financing of subsidiaries, they are concentrated at the level of the parent company and, where appropriate, specific hedges are put in place according to the financing strategies envisaged. As of March 31, 2018, the Group has not implemented a currency hedging policy on these amounts.

Each of the main currency zones (euro, US dollar) is overall balanced between cash inflows and disbursements. For this reason, the Group has not implemented a currency hedging policy on its commercial operations.

Nevertheless, since the Group's consolidated financial statements are presented in euros, the assets, liabilities, income, and expenses that are initially recorded in currencies other than the euro must then be 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 will decrease. 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 critical foreign exchange risk relates to the revenue and result of subsidiaries that record their transactions in USD and to the Group's intangible assets and purchased goodwill denominated in USD.

An unfavorable change in the euro/dollar exchange rate would not have a significant impact on the overall currency position. As an indication, a 1% unfavorable variation of the US dollar against the euro would result, on the basis of the financial statements dated March 31, 2018, in a variation of -€0.2 million of the consolidated revenue, with almost no impact on the consolidated net income of the Group.

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

(in USD million)	**March 31, 2018**	March 31, 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)

Interest-rate Risk

The Group no longer has a variable rate loan.

Credit Risk

The global distribution of the Group's customers and the business risk management procedures have ensured there is no excessive concentration of credit risk.

RISKS ASSOCIATED WITH POTENTIAL DILUTION

The Company has issued 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 instruments is 7.86% as of March 31, 2018. Thus, a shareholder who holds, as of March 31, 2018, 1.0% of the capital of the Company, would potentially see his/her stake reduced to 0.93 % if all these dilutive securities were exercised, and would be unable to maintain his/her shareholding percentage.

RISKS ASSOCIATED WITH LICENSING

The RollerCoaster Tycoon license accounted for approximately 50% of revenue in 2017/2018 and expires in 2022 given the renewal obtained in May 2017. 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.

RISKS ASSOCIATED WITH THE VIDEO GAME INDUSTRY

Risk of a Change of Business Model

Atari is evolving towards a new business model centered on mobile and online games promoting the Atari brand and Atari's intellectual property, rather than games sold in boxes in supermarkets or via specialized networks. Atari derives most of its revenue from the mobile gaming activities of Apple's iOS and Google's Android platforms, and if Atari is unable to maintain good relationships with these two companies, or if Apple's App Store, Google's Play Store, or Amazon's App Store are unavailable for a significant period of time, Atari's business would suffer.

The Atari team continues to develop a more effective monetization of mobile and online games through microtransactions (using the best-known "freemium" business model), advertising, and paid downloads.

In order to increase the revenue generated by digital activities, Atari needs to increase the number of users playing its games and keep them longer for more efficient monetization. To attract and retain players, Atari must allocate its creative and development resources to the creation of captivating content. One of the challenges of the freemium business model is to gain users' loyalty after initial game downloads, and Atari may not be able to increase the average play time of its players. If Atari fails to increase the number of active users, if the rates at which it attracts and retains players do not increase, or if the average amount spent by players declines, Atari's financial position will suffer.

In addition, users' preferences are constantly changing and are often unpredictable. Sales could suffer if Atari fails to develop and publish new digital games accepted by the market or if Atari fails to direct users' interest to its games rather than to other forms of entertainment to which consumers have access.

Risks Related to New Platforms

Thanks to the change of strategy in recent years, the Group is no longer dependent on console manufacturers.

Atari's new strategy, focused on digital games (mobile and online), involves a significant development of new titles for smartphones, tablets, and online content. If Atari cannot generate the revenue and gross margins contemplated in the budget for these games, the Group's financial position, revenue, and operating profit will suffer.

For Atari's success, management believes that the company needs to publish more mobile games, which are widely appreciated and have a great commercial success on smartphones and tablets platforms, succeed at monetizing games, but also significantly increase the number of users of Atari games and their average play time. Atari's efforts to increase revenue from smartphone and tablet games may not be successful or, even if they are, the time it takes to draw significant revenue from them may be longer than expected. The risks inherent in these games for smartphones and tablets are due to the changing nature of platforms such as Apple's App Store and Google's Play Store. Because of this, it's hard for Atari to accurately forecast sales. In addition, the direct nature of sales on these digital storefronts significantly increases competition. It also makes promoting Atari games more difficult.

Some of our competitors may have more resources to invest in the development and publishing of these digital games, which makes competition fiercer. In addition, this can lead to lower marketing opportunities on these platforms, complicating coordinated marketing efforts. Finally, price sensitivity is increased due to the changing nature of the mobile and digital markets.

Risks Associated with the Lifetime and Success of the Games

The main risks intrinsic to the business of video game publisher concern the lifetime of a given game and the change in technologies. In a highly competitive interactive leisure market that is increasingly focused on "hits," the Company's financial position and outlook depend on its ability to regularly offer new titles that can meet players' expectations and obtain commercial successes from these products and in particular from these flagship products. The commercial success of games depends on the reception of the public, which is not always predictable.

Beyond all the creative and technical means implemented to optimize the quality of each game launched, Atari seeks to protect itself against this risk by offering a balanced and diversified range of products combining original titles with own franchises.

Risks Associated With Dependency on a Limited Number of Games and Delayed Release of Key Games

Although the Company pays particular attention to the quality of its games, it is nevertheless exposed to a risk of dependency related to the fact that it releases a small number of games, which correspond to a large portion of its business.

In addition, the Group's desire to revitalize its publishing plan depends in part on the release of a limited number of "key" franchises.

The Group mainly outsources its development projects to independent developers hired via contract, who may not be able to release the game on schedule or who may be forced to suspend production. In addition, the Group may not find suitable developers for certain games, or the developers' level of competence may be insufficient to obtain the quality necessary for a game to succeed. The developer may also experience financial difficulties, change key members of its team, or face any other difficulty that may cause significant delays or the abandonment of a game.

Although the Group carefully chooses its external developers and the rigor of their production processes, the risk of delayed or even canceled games cannot be totally eliminated. The delayed release of major games or their abandonment could have a material adverse effect on the Group's financial position. In order to reduce these risks, the Company is seeking to increase internal technical expertise by hiring key personnel (in the areas of technology, art, production, and design) and strengthening its internal development capabilities in the field of mobile games.

Risks Associated with the Seasonality of the Business

The traditional video game industry sold in stores is exposed to strong seasonal variations in business which translate into a high level of activity in the second half of the year and more particularly in the third quarter of the year with the Christmas period. This phenomenon, which varies in intensity, is likely to affect the Group's interim results and annual results.

The following table shows the breakdown of revenue by six-month period over the past two years.

(M€)		1st half (april - september)	2nd half (october - march)	TOTAL
FY 2017/2018	**Amount**	**8,3**	**9,7**	**18,0**
	% of total revenues	46,0%	54,0%	100,0%
FY 2016/2017	**Amount**	**6,1**	**9,3**	**15,4**
	% of total revenues	39,8%	60,2%	100,0%

Risks Associated with Customer Dependency and Withdrawal from Sale

The transition to the digital segment, whose business model is based on advertising, microtransactions, the sale of mobile games, or a direct subscription by the end customer, will significantly reduce the Group's risk related to dependence on customers and the risk of withdrawal from sale. For the 2017-2018 financial year, Apple is the Group's largest customer and accounts for 24% of the Group's pre-tax revenue; the top five and ten customers represent respectively 64% and 79 % of the Group's pre-tax revenue.

Risks Associated with Changes in Video Game Regulations

The Group's business is not subject to any particular regulation and does not require administrative authorizations, except for regulations specific to certain countries regulating games of chance with real money. However, if the public perception of video games, and action games in particular, changed for the worse, it could lead to a more restrictive regulatory landscape for product classification and distribution.

RISKS ASSOCIATED WITH PIRACY

We take a pragmatic approach in the fight against piracy based on the identified risks and the relevant territories. In France and the rest of Europe, Atari works closely with the anti-piracy unit set up by the French National Video Game Association (Syndicat National des Jeux Vidéo, SNJV) and the customs department.

The Company works with US Customs as part of its anti-piracy mission.

In addition, the Group uses specialized companies to combat the illegal downloading of its products and links its products to software designed to prevent the making of illegal copies. Thus, the Group works with an online monitoring company to combat piracy and the counterfeiting of its products.

RISKS ASSOCIATED WITH DATA SECURITY

Legislation and regulations relating to the confidentiality and security of personal data are constantly changing and if Atari does not comply with them, or gives the impression of not complying with them, its business could suffer.

The Group is subject to the laws of France, the United States, and other countries relating to the confidentiality and security of personal data that Atari collects from its users; these laws are evolving and should keep on changing for some time.

The US government, including the Federal Trade Commission and the Department of Commerce, has announced that it is examining whether it is necessary to put in place more extensive regulations on the collection of information about consumer behavior on the Internet, and the European Union has implemented the GDPR. Different governments and consumer associations are also calling for new regulations and changes in industry practices. If Atari does not comply with the laws and regulations relating to the confidentiality of personal data or if its practices in this area were to be questioned by a consumer, even without ground, this could damage the reputation of the Group and operating profit could suffer.

The Company makes its privacy policy and terms of service available at www.atari.com. In these documents, Atari describes its practices in the use, transmission and disclosure of information it collects on its users. Any non-compliance by Atari with its privacy policy, service conditions, or laws and regulations relating to the confidentiality of personal data may result in legal action against the Company by public authorities, which could be detrimental to Atari's business. Moreover, the interpretation of data protection legislation and its application to the mobile or online video game sector is often unclear. There is a risk that these laws may be interpreted and applied in a contradictory manner from one state to another, from one country to another or from one region to another, and based on an interpretation that does not correspond to the practices in force in the Company. The Company may have to incur additional costs and modify its business practices to comply with these various obligations. Finally, if Atari fails to adequately protect the confidential information of its users, the latter may lose confidence in its services and this could adversely affect the Group's business.

LEGAL RISKS

In the normal course of business, Group companies may be involved in a number of legal, arbitral, administrative and tax proceedings. The material legal risks to which the Group is exposed are presented below.

Apart from the disputes referred to in this document, to the Company's best knowledge, no proceedings have been brought by a government, and there are no judicial or arbitral proceedings, including any ongoing proceedings or threat of action that could have a significant impact on the Group's financial position and profitability or that have had such an impact in the last twelve months.

On the other hand, with regard to certain disputes, the Company has been able to estimate the potential risk and has, therefore, made provisions where necessary.

Main Disputes to which the Group is Party

Dispute between a Former Employee and the Company

During a previous financial year, a significant dispute arose between the Company and a former employee of the Group who claimed to have co-authored one of the Group's main franchises. The plaintiff is seeking monetary and non-monetary damages arising from the allegedly illegal distribution by the Group of games based on this universe. The lawsuit is for approximately €17 million. At this stage of the proceedings, the Company categorically denies the plaintiff's status of author and/or co-author, and considers the latter's claims as unfounded on the merits and on their amount. The respective submissions of the parties have been lodged with the competent courts. On September 8, 2016, the Court of First Instance of Lyon rendered a provisional judgment refusing certain requests and ordering an expert opinion on certain aspects of the case. The expert's assignment was cut short as the plaintiff did not pay the advance on costs requested by it. The plaintiff has since increased his claims to €25 million and the procedure is still ongoing.

RISKS ASSOCIATED WITH THE LOSS OF THE BRAND

The Company changed its corporate name in 2006, abandoning the "Infogrames" brand in favor of the well-known ATARI brand for all of the Group's global sales operations. The ATARI brand is a synonym for video games worldwide, in all languages, it enjoys an incredible reputation, and is in and of itself the Group's most important intellectual property asset. As such, it is relatively coveted by other market operators who may be able to express their interest in an acquisition for a transfer price that may be essential for the Group's development. As part of the auction process that took place in 2013 in the United States, Atari SA managed to maintain control of the brand through its wholly-owned subsidiary Atari Interactive, Inc. A loss of the brand would have directly resulted in (i) a change of corporate name for the company, (ii) a significant loss of reputation that could have materially impacted commercial activity, (iii) and a substantial reduction in the Group's value.

RISKS ASSOCIATED WITH THE REGULATORY ENVIRONMENT OF THE GROUP

The Atari Group, like any game publisher, must comply with many national regulations on the content of games and the protection of consumer rights. Failure to comply with these regulations may have a negative impact on sales (delayed launching or withdrawal of products from the market for example) and on customer loyalty (loss of the players attentive to the respect of their rights and risks of complaints filed with consumer associations and administrative authorities).
The Atari Group makes sure that it complies with the regulations that apply to it on consumer protection, particularly with regard to informing the consumer about the rules of use and the content of games, by referring to age ratings defined either by the Pan European Game Information (PEGI) classification in Europe or by the Entertainment Software Rating Board (ESRB) classification in the United States. Finally, as regards the insertion of advertising within the games, the Group ensures compliance with the sector’s regulations.

RISKS ASSOCIATED WITH TO HUMAN RESOURCES

Risk Related to the Departure of Key Personnel

In the event of the departure of key personnel, the Group may encounter difficulties in replacing them and its activities may be slowed down. Similarly, its financial position, results, or ability to achieve its objectives could be affected. The Group has a key personnel insurance policy as well as an “Executive Liability" insurance policy.

Risk Associated with Hiring Needs

The success of the Group is largely due to the performance of the technical teams and their management. Like most players in the video games sector, the Group faces difficulties in hiring personnel with specialized and experienced technical skills. The success of its growth strategy will depend on its ability to retain its talent and attract new talent as the long restructuring period the Group has faced has put a strain on a number of its assets and skills. The performance risks arising from these considerations are likely to have an impact on the implementation of the relaunch plan and the financial position of the Group.

RISKS ASSOCIATED WITH THE ENVIRONMENT

The Group’s business consists of publishing and distributing leisure software. This activity has no significant direct impact on the environment. The Group subcontracts all manufacturing and distribution of media (CDs, cartridges, etc.) to third parties.

RISKS ASSOCIATED WITH EQUITY PARTICIPATIONS

As part of its licensing business, the Group may receive unlisted securities in consideration for a brand and/or gaming license. These securities are valued at their fair value. Given their lack of liquidity, these securities are more difficult to value and dispose of than listed shares. Their value is also more sensitive to significant and rapid variations, as these companies are generally start-ups operating in high-growth industries and are most often in the fundraising phase. The risk of default or impairment of these investments is accordingly higher, given their characteristics.

RISKS RELATED TO NEW BUSINESS SECTORS

The Atari Group is 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 the Group will not be as accurate as desired.

RISKS ASSOCIATED WITH THE ACHIEVEMENT OF OBJECTIVES

More generally, there is still uncertainty inherent in the achievement of objectives, of 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.

OTHER SPECIFIC RISKS

With the exception of the above risks, the Company is not aware of any specific risks likely to have a material impact on its business.

MEASURES IMPLEMENTED TO SECURE THE BUSINESS

This information is provided in the "General Presentation" section of the Reference Document.

EXCEPTIONAL EVENTS AND DISPUTES

This information is provided in the "General Presentation" section of the Reference Document.

9. INFORMATION CONCERNING THE WORKFORCE

The following information is published pursuant to French Law No. 2001-420 of May 15, 2001, on new economic regulations.

The scope of this report includes the entities of the Economic and Social Unit (*Unité Economique et Sociale*, UES) Atari, i.e. the holding company Atari SA, and Atari Europe SAS and excluding corporate officers.

At the end of the financial year, the aforementioned French entities employed a total of one manager.

ORGANIZATION, WORKING TIME, AND ABSENTEISM

Working hours within the French entities of the UES are divided into fixed periods where the presence of employees is mandatory and in variable ranges allowing a great flexibility for personal organization, for people reporting their time. For the independent managers, the working time is based on a maximum number of working days in the year. The average weekly working time is 35 hours, according to the agreement in force within the UES. The figures on absenteeism are no longer relevant because of the small number of employees still employed in France.

Workforce External to the Company

The Company relies on outside labor only for the maintenance of its premises.

Compensation

The annual gross payroll (excluding corporate officers and trainees) for all French subsidiaries comprising the UES is €0.2 million in calendar 2017, compared to €0.2 million in 2016. The Company does not pay overtime to its employees. These are recovered and take the form of compensatory time off due to the 35-hour agreement.

Health and Safety

The number of work and commuting accidents affecting the Group's French entities is extremely low. No accidents at work and no commuting accidents have been reported since January 1, 2011. No occupational diseases were reported during the same period.

Training

The percentage spent on training was less than 1% of payroll in the 2017 calendar year.

INFORMATION CONCERNING EMPLOYEE PROFIT SHARING

Employee Profit-sharing Agreement

An employee profit-sharing agreement was entered into on December 15, 1999. It concerns the Group's French companies. The sums allocated to employees are calculated according to the legal calculation formula for their shareholding and are distributed among the employees of the French companies of the UES. This profit-sharing agreement includes the possibility for employees to pay the sums allocated to Group's Company Savings Plan (see below). As of March 31, 2018, no amount has been provisioned for employee profit sharing.

In addition, on May 13, 2014, the Board of Directors set up a bonus plan based on the operating profit of subsidiary Atari Capital Partners. Employees will be eligible if the projects generate a positive operating result. This plan has since expired.

Employee Savings Plan (*Plan d'épargne entreprise*, PEE)

An employee savings plan was set up for employees of the Group's French entities on December 15, 1999. It may receive the sums paid to employees in the context of the Group's profit-sharing agreement as well as voluntary payments by employees within the limits provided by law.

No shares have been offered to employees since the financial year ended March 31, 2006.

The sums paid into the Employee Savings Plan are invested, at the employee's choice, (1) in an FCPE (company mutual fund) exclusively composed of money market products, (2) in diversified mutual funds (International Equities/Bonds), or (3) in a solidarity fund, in accordance with the French law of August 4, 2008.

10. INTERNAL CONTROL

Internal control is a process implemented by the Chief Executive Officer and the officers, under the control of the Board of Directors, to provide reasonable assurance as to the achievement of the following objectives:

- The proper functioning of the Company's internal processes
- The realization and optimization of operations
- The reliability of financial transactions
- Compliance with applicable laws and regulations

One of the objectives of the internal control system is to prevent and control the risks arising from the Company's business and the risks of errors or fraud, particularly in accounting and financial matters. Like any control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

Given the restructuring of the Group, the above rules have been applied to a reduced whole. All teams are limited in size, which may represent a risk of segregation of duties.

11. INVESTMENT POLICY—RESEARCH AND DEVELOPMENT

Information at Group level is given in the "General presentation—Investment policy" section of the Reference Document. The Group does not perform pure research.

12. SUBSEQUENT EVENTS

This information on subsequent events is presented in Note 28 to the consolidated financial statements.

13. COMPANY PROSPECTS

For the 2018-2019 financial year, The Atari Group has set itself three short-term operational objectives:

- Expand the gaming portfolio, preferably through organic growth or acquisitions, depending on opportunities
- Continue the expansion of the Atari VCS, given the high level of pre-orders
- Develop additional blockchain applications that blend entertainment and digital technology (online casino games in particular).

These objectives include, directly or via licensing:

- **Video games:** Continually add new content in RollerCoaster Tycoon Touch, which has exceeded 15 million downloads; launch a “Match 3”-type game with Jonathan Foodgod; release RollerCoaster Tycoon Adventures for Nintendo Switch
- **Casino:** Expand products and their geographical distribution
- **Multimedia:** Co-productions in the United States, based on a successful test launch of *Codebreaker* in Europe
- **Atari VCS:** Continue pre-orders and set up distribution channels
- **Blockchain:** Development of new applications, alone or in partnership.

For FY2018-2019, the financial objective is to increase profitability, with enhancing the value of the intellectual property portfolio as the key priority.

14. RESULTS AND OTHER CHARACTERISTIC ELEMENTS OF ATARI SA IN THE LAST FIVE FINANCIAL YEARS

	Nature of information	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
I	**Share capital at end of period (en €)**					
a)	Share capital at end of period (en €)	487 215	1 708 132	1 831 856	2 304 088	2 414 691
b)	Number of shares outstanding	48 721 472	170 813 236	183 185 574	230 408 755	241 469 096
c)	Cumulative number of preferred shares (without voting rights) outstanding	-	-	-	-	-
d)	Maximum number of shares to be issued	125 578 537	22 810 576	8 985 338	16 623 190	18 985 342
	on conversion of bonds	*124 269 385*	*16 397 424*	*3 359 866*	*3 353 771*	-
	on exercise of stock options	*1 309 152*	*6 413 152*	*5 625 472*	*8 076 036*	*16 186 228*
	on exercise of warrants	-	-	-	*5 193 383*	*2 799 114*
	on grants of free shares	-	-	-	-	-
	Other	-	-	-	-	-
II	**Operations, income for the period (in €)**					
a)	Net revenue before tax	1 147 162	144 603	1 422 025	2 009 304	2 000 169
b)	Net income before tax, depreciation, amortization and provisions	(227 228 215)	(16 223 711)	299 782	825 083	(20 338 126)
c)	Income tax	-	(709 124)	-	14 262	-
d)	Employees' share of profit for the period (charge for the period)	-	-	-	-	-
e)	Net income after tax, depreciation, amortization and provisions	(6 099 079)	739 061	1 774 321	1 717 313	1 436 842
f)	Dividend paid	-	-	-	-	-
III	**Income (Loss) per share (in €)**					
a)	Net income after tax, but before depreciation, amortization and provisions	(4,66)	(0,10)	0,00	0,00	(0,08)
b)	Net income after tax,depreciation, amortization and provisions	(0,13)	0,00	0,01	0,01	0,01
c)	Dividend per share	-	-	-	-	-
IV	**Workforce**					
a)	Average number of employee during th	4	3	3	3	3
b)	Salary expense for the period	482 934	261 008	387 542	336 767	271 731
c)	Amounts paid for social benefits (social security, social welfare, etc.)	242 805	131 606	251 349	170 013	172 512

www.atari.com

French *société anonyme* (corporation) with capital of €2,414,689.96
Corporate headquarters: 78 rue Taitbout 75009 PARIS – France
RCS Paris 341 699 106

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED MARCH 31, 2018

SUMMARY

CONSOLIDATED INCOME STATEMENT

(M€)		**March 31, 2018**	March 31, 2017
Revenue	*Note 15*	**18,0**	15,4
Cost of goods sold		**(2,2)**	(3,9)
GROSS MARGIN		**15,8**	11,5
Research and development expenses	*Note 16*	**(4,9)**	(3,8)
Marketing and selling expenses		**(4,5)**	(2,0)
General and administrative expenses		**(3,8)**	(4,1)
Other operating income (expense)	*Note 17*	**(0,3)**	0,3
CURRENT OPERATING INCOME (LOSS)		**2,3**	1,9
Restructuring costs	*Note 18*	**-**	-
Other income (expense)	*Note 19*	**0,2**	6,6
OPERATING INCOME (LOSS)		**2,5**	8,5
Cost of debt	*Note 21*	**(0,2)**	(0,8)
Other financial income (expense)	*Note 21*	**(0,1)**	(0,0)
Income tax	*Note 22*	**-**	(0,0)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**2,3**	7,7
Net income (loss) from discontinued operations	*Note 23*	0,0	-
NET INCOME (LOSS) FOR THE YEAR		**2,3**	7,7
Group share		**2,3**	7,7
Minority interests		**(0,0)**	(0,0)
Basic earnings per share (in euro)	*Note 2.26*	**0,010**	0,038
Diluted earnings per share (in euro)	*Note 2.26*	**0,009**	0,035
Basic earnings per share (in euro) excluding Alden		**0,010**	0,003
Diluted earnings per share (in euro) excluding Alden		**0,009**	0,003

Note: The Statutory Auditors' report on the financial statements for the 2017-2018 financial year on page 74 is issued with reservations.

The following notes are an integral part of the consolidated financial statements.

(M€)	**March 31, 2018**	March 31, 2017
GROUP CONSOLIDATED NET RESULT	**2,3**	7,7
Elements dirrectly incurred in net equity:		
Translation adjustments	0,2	0,4
Total result directly recognised in equity	0,2	0,4
GLOBAL RESULT	**2,5**	8,1
Of which: Group	2,5	8,1
Of which: Minority interests	0,0	(0,0)

CONSOLIDATED BALANCE SHEET

ASSETS (M€)		March 31, 2018	March 31, 2017
Intangible assets	*Note 4*	**9,2**	6,9
Property, plant and equipment	*Note 5*	**0,0**	0,0
Non-current financial assets	*Note 6*	**4,9**	3,0
Deferred tax assets	*Note 22*	**0,5**	0,5
Non-current assets		**14,6**	10,5
Inventories	*Note 7*	**0,2**	-
Trade receivables	*Note 8*	**3,9**	7,3
Current tax assets		**0,0**	-
Other current assets	*Note 9*	**0,4**	0,7
Cash and cash equivalents	*Note 10*	**3,1**	1,1
Assets held for sale	*Note 23*	**-**	0,4
Current assets		**7,6**	9,6
Total assets		**22,2**	20,0

EQUITY & LIABILITIES (M€)		March 31, 2018	March 31, 2017
Capital stock		**2,4**	2,3
Share premium		**11,6**	7,5
Consolidated reserves		**(2,5)**	(10,1)
Net income (loss) Group share		**2,3**	7,7
Shareholders' equity	*Note 11*	**13,8**	7,4
Minority interests		**(0,0)**	0,0
Total equity		**13,8**	7,4
Provisions for non-current contingencies and losses	*Note 12*	**0,0**	0,3
Non-current financial liabilities	*Note 13*	**0,6**	2,0
Deferred tax liabilities		**-**	-
Other non-current liabilities	*Note 14*	**-**	0,0
Non-current liabilities		**0,7**	2,3
Provisions for current contingencies and losses	*Note 12*	**0,4**	0,4
Current financial liabilities	*Note 13*	**-**	-
Trade payables	*Note 14*	**5,4**	6,3
Current tax liabilities		**-**	0,0
Other current liabilities	*Note 14*	**2,0**	3,6
Current liabilities		**7,8**	10,3
Total equity and liabilities		**22,2**	20,0

Note: The Statutory Auditors’ report on the financial statements for the 2017-2018 financial year on page 74 is issued with reservations.

The following notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOWS

(M€)	March 31, 2018	March 31, 2017
Net income (loss) for the year	**2,3**	7,7
Non cash expenses and revenue		
Charges to (reversals of) depreciation, amortization and provisions for non current assets	**2,0**	1,3
Cost of (revenue from) stock options and related benefits	**0,4**	0,3
Losses (gains) on disposals of intangible assets and property, plant and equipment	**0,1**	(0,0)
Others	**(1,4)**	(7,1)
Cost of debt	**0,2**	0,3
Income taxes (deferred and current)	**-**	-
CASH FLOW BEFORE NET COST OF DEBT AND TAXES	**3,4**	2,5
Income taxes paid	**-**	
Changes in working capital		
Inventories	**(0,2)**	-
Trade receivables	**3,4**	(1,4)
Trade payables	**(0,8)**	1,5
Other current assets and liabilities	**(1,7)**	0,5
NET CASH USED IN OPERATING ACTIVITIES	**4,3**	3,1
Purchases of / additions to :		
Intangible assets	**(5,3)**	(3,9)
Property, Plant & equipment	**(0,0)**	(0,0)
Non current financials assets	**(0,4)**	(2,8)
Disposals / repayments of :		
Intangible assets	**-**	-
Property, Plant & equipment	**-**	0,0
Non current financials assets	**-**	-
NET CASH USED IN INVESTING ACTIVITIES	**(5,7)**	(6,7)
Net funds raised from :		
Share issues	**0,4**	7,9
Issue of Oceane bonds	**2,6**	
Changes in treasury shares	**0,8**	1,1
Net funds disbursed for :		
Interest and other financial charges	**(0,0)**	(0,2)
Debt repayment	**(0,0)**	(8,5)
Changes in loans or other financial items	**0**	3,2
Other cash flows from financing activities	**(0,3)**	0,0
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	**3,5**	3,4
Impact of changes in exchange rates	**0,0**	0,1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,0**	(0,1)

(M€)	March 31, 2018	March 31, 2017
Net opening cash balance	**1,1**	1,2
Net closing cash balance	**3,1**	1,1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,0**	(0,1)
Net closing cash balance		
Cash and cash equivalents	**3,1**	1,1
Bank overdrafts (including current financial debts)	**-**	-

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

(M€)	Capital	Share premium	Treasury shares	Consolidated reserves	Cumulative translation adjustments	Shareholders equity	Minority interests	Total equity
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**

GROUP PRESENTATION

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 3 main development 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, as well as the regulated online casino games within Atari Casino (a company dedicated to this business); (ii) the Group's new console Atari VCS; and (iii) the new Blockchain business.

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 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 profit.

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

NOTE 1 – HIGHLIGHTS OF THE PERIOD

The highlights of the period were the following:

- **Continued growth of RollerCoaster Tycoon Touch on mobiles:**
  This game has now been downloaded over 15 million times and is played every day by nearly 175,000 players. New content is constantly added to the game and the Group is working to launch new attractions, including a series of restaurants in collaboration with Jonathan Foodgod, made famous by his contributions to reality TV series around the Kardashian family and who has a following of nearly 3 million fans.

- **RollerCoaster Tycoon license extended to 2022.**

- **Progress of our traditional licensing business:**
  The Atari Flashback, for example, which remains a regular source of royalties for the Group.

- **Brand licensed out to Infinity Networks Limited ("INL"):**
  Development of an Atari blockchain platform. In consideration for this platform, which intends to profit from the brand's considerable appeal, Atari received 15% of INL's capital with a right to 17.5% of the profits, and will receive various royalties over the term of the license agreement. Atari recorded €1.1 million in revenue in the consolidated financial statements as follows: (i) € 0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) € 0.7 million corresponding to the short-term portion (50%) of the guaranteed minimum of €1.3 million provided for in the INL license agreement. As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). Furthermore, this amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

- **Games licensed out to Bayside Games to develop games of skill in tournament and "player vs. player" modes, offering real monetary compensation where permitted by regulation:**
  Blockchain technology will allow this platform to benefit, in the long term, from the latest innovations in terms of security. In consideration for this license, Atari received on March 31, 2018 bonds convertible into shares entitling to nearly 15% of Bayside Games's capital, and will receive royalties with a guaranteed minimum.

- **Multimedia business:**
  As part of its multimedia business, Atari has committed to purchasing advertising space ($1.6 million as of February 28, 2018). No space had been used as of September 30, 2017, and a provision for the purchase obligation had not been recorded as of September 30, 2017 given the resale potential of these spaces. As of March 31, 2018, Atari has recorded a provision for the the cost of the spaces used for $0.35 million, and the cost of canceling the balance of the said contracts for $0.35 million.

- **Issuance and early redemption of 2017-2022 Océane Bonds:**
  In November 2017, issuance of €2.6 million in Océane Bonds maturing in April 2022, early redemption by way of conversion into shares in March 2018.

- **Early redemption of 2015-2020 Océane Bonds:**
  In February 2018, early redemption, by way of conversion into shares, of €1.2m of the 2015-2020 Océane Bonds maturing in April 2020.

NOTE 2 - ACCOUNTING RULES AND METHODS

2.1. GENERAL PRINCIPLES

Atari's consolidated financial statements have been prepared in accordance with IFRS (standards and interpretations) as adopted in the European Union and mandatory from April 1, 2017, with the exception of the new rules and interpretations whose application is not mandatory for the 2017/2018 financial year.

The accounting principles and valuation methods are the same as those used for the financial statements dated March 31, 2017, as presented in the Reference Document filed on August 3, 2017 under number D 17-823.

The denomination currency of the consolidated financial statements and the notes thereto is the euro. The consolidated financial statements have been approved by the Board of Directors on September 5, 2018. They will be submitted to the Annual General Shareholders' Meeting for approval.

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, 2018, the debt had been repaid in full and shareholders' equity had moved into positive territory. Thus:

- As of March 31, 2013, shareholders' equity (Group share) amounted to -€34.9 million. At the same date, net debt amounted to €31.4 million and the Group did not have drawdown capacity on its credit facility
- As of March 31, 2014, shareholders' equity (Group share) amounted to -€31.3 million. At the same date, the net debt amounted to €24.8 million.
- As of March 31, 2015, shareholders' equity (Group share) amounted to -€13.1 million. At the same date, the net debt amounted to €11.0 million.
- As of March 31, 2016, shareholders' equity (Group share) amounted to -€10.2 million. At the same date, the 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 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 net cash amounted to +€2.5 million.

For the 2018/2019 financial year, the Group favors growth, improved profitability, with seasonality similar to that of the 2017/2018 financial year, and cash generation.

In April 2018, the Company also carried out a capital increase of €7.5 million, and the Group raised more than $2.9 million in Atari VCS pre-orders.

Considering these elements, and the cash projections over the next 12 months, the Atari Group closed the accounts as of March 31, 2018, retaining the principle of going concern.

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

Preparation of the Financial Statements

The condensed consolidated financial statements of the Group as of March 31, 2018 have been prepared:

- in accordance with IAS/IFRS and their interpretations, as adopted 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 IFRS as published by the IASB

- Applying the same principles and accounting methods as those applied as of March 31, 2017.

The Group has chosen not to apply in advance the standards, amendments and interpretations adopted or not yet adopted by the European Union, but that it could have applied in advance, and that will come into effect after March 31, 2018. These are mainly the following standards and amendments:

- IFRS 9—Financial Instruments, issued by the IASB in July 2014 and adopted by the EU on November 29, 2016, will replace IAS 39—Financial Instruments, as from January 1, 2018. This new standard defines new principles for the classification and valuation of financial instruments, impairment of financial assets due to credit risk, and hedge accounting. With the exception of hedge accounting, retrospective application is required when transitioning, but comparative information is not required. For hedge accounting, the application is generally prospective with some limited exceptions. The Group will adopt this new standard as of April 1, 2018.

- IFRS 15—Revenue from Contracts with Customers, adopted by the EU on October 29, 2016, will replace IAS 18—Revenue and IAS 11—Construction Contracts and its related interpretations. Its scope covers all contracts with customers, except for leases (rental and sublease income), financial instruments (interest income) and insurance contracts, which are covered by other standards. IFRS 15 provides a single five-step model for revenue recognition. It introduces new concepts and principles in the area of income recognition, including the identification of performance obligations or the allocation of the transaction price for multi-element contracts. It also includes new requirements for information in appendices.

- IFRS 16—Leases, which will replace IAS 17 and its related interpretations. The standard removes the current distinction between simple operating leases and financial leases and requires the recognition of an asset (the right to use the leased asset) and a financial liability representative of discounted future lease payments for substantially all leases. Rent expenses will be replaced by an amortization expense and a financial interest expense.

- Amendments to IFRS 2—Clarifications of classification and measurement of share-based payment transactions. These amendments are prospective. They specify the accounting treatment of the following issues: (i) the effects of the vesting conditions on the valuation of a cash-settled share-based payment; (ii) share-based payments subject to withholding tax: such a plan is fully qualified as equity-settled (including withholding tax) if, in the absence of such withholding tax, the plan had been exclusively settled by handing over equity instruments; (iii) modification of a plan that would no longer be cash-settled by equity-settled: the transaction must be re-valued by reference to the fair value of the equity instruments awarded on the modification date, the old debt is derecognized and the difference between these two values is recognized in the income statement.

- Interpretation of IFRIC 22—Foreign Currency Transactions and Advance Consideration This interpretation is retrospective or prospective. This is an interpretation of IAS 21—The Effects of Changes in Foreign Exchange Rates. It specifies the exchange rate to be used when an advance payment has been made.

We are currently analyzing the impact the application of these standards will have on the Group's financial statements. The application of IFRS 15—Revenue from Contracts with Customers as from of April 1, 2018 could have a material impact on the Group's consolidated financial statements.

The treatment of the Infinity Networks Limited contract in accordance with IFRS 15, which will be applied by Atari from April 1, 2018, is currently being analyzed for the purpose of determining whether the related revenues are to be spread over the term the contract or not.

The Group's consolidated financial statements have been prepared on the basis of historical cost, with the exception of derivative instruments and financial assets held for trading or classified as available-for-sale, which are measured at fair value.

2.2. CONSOLIDATION METHODS

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.

Scope of Consolidation

The year saw no change in the scope of consolidation, with the exception of the creation of two new subsidiaries in the United States and the exit, with no impact on the income statement, of the dormant subsidiaries in the United Kingdom and Switzerland.

2.3. INTERNAL TRANSACTIONS

All transactions between the integrated companies and the internal results of the consolidated entity are eliminated.

2.4. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate prevailing on the transaction date. On the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates prevailing at the balance sheet date. All differences are recorded in profit or loss for the period, except for differences on foreign currency borrowings that constitute a hedge of the net investment in a foreign entity. These are directly charged to equity until the outflow of the net investment.

Foreign exchange differences resulting from the translation of net investments in foreign subsidiaries are recognized directly in equity.

2.5. CONVERSION OF THE INDIVIDUAL FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The operating currency of foreign affiliates is the local currency in effect.

Assets and liabilities of foreign subsidiaries are translated at the exchange rate recorded at the balance sheet date. The items in their income statement are translated at the average rate for the period. The resulting translation difference is recognized directly in shareholders' equity under "Translation differences," for the Group's share and under "Minority Interests" for the portion attributable to third parties. This difference impacts the result only when the company is sold or removed from the scope of consolidation.

The exchange rates of the main currencies used by the Group are as follows:

	March 31, 2018		March 31, 2017	
In euros	Closing rate	Average rate	Closing rate	Average rate
USD	**1,2321**	**1,1711**	1,0691	1,0975
GBP	**0,8749**	**0,8826**	0,8555	0,8413

2.6. NON-CURRENT ASSETS HELD FOR SALE & DISCONTINUED OPERATIONS

A fixed asset, or a group of assets and liabilities, is held for sale when its book value will be recovered mainly through a sale and not through continued use. For this to be the case, the asset must be available for immediate sale and its sale must be highly likely. These assets or groups of assets are presented separately from other assets or groups of assets, under "Assets Held for Sale" on the balance sheet if they are significant. These assets or groups of assets are measured at the lower of either the book value or the estimated sale price, net of costs related to the disposal.

A discontinued operation is defined as a component of the undertaking that is either disposed of or classified as assets held for sale, which:

- Represents an activity or a geographical area that is significant for the Group
- Is part of an overall plan for the sale of a business or geographical area that is significant for the Group
- Or is a significant subsidiary acquired solely for the purpose of resale

The income and cash flow statement items relating to these discontinued operations are included in the consolidated financial statements for all periods presented.

2.7. 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.

2.8. OTHER INTANGIBLE FIXED ASSETS

Intangible fixed assets mainly include items such as acquired management software and license rights, brands, and video game development fees.

Atari did not capitalize the financial interest incurred during the acquisition period of the intangible assets, as the impact was not material to the Group's consolidated financial statements.

Licenses

Licenses for the right to use intellectual property are recognized as intangible fixed assets from the date of signature of the contract when no significant obligation is expected from the lessor; the capitalized amount corresponds to the discounted sum of the annual minimum fees stipulated in the contract. Amounts paid above guaranteed minimums are expensed.

These licenses are amortized from their execution date using the highest rate of either the contractual rate applied to the units sold or the linear rate based on the life of the license. The amortization expense is recorded in "Cost of Sales."

The Group regularly checks the recoverable amount of the amounts capitalized and conducts an impairment test, as described in paragraph 2.10, as soon as indicators of impairment appear. An impairment is, if necessary, recorded under "Cost of Sales" if the game to which this license is attached has been marketed, and under "Research and Development Expenses" if not.

Video Game Development Costs

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 in which 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 March 31, 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 on how significant this deviation is, the depreciation/amortization plan is accelerated or the asset is depreciated/amortized in full.

Ongoing development 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 since the 2016/2017 financial year.

For certain products that are difficult to launch, depreciation/amortization over a shorter period is applied and the Group carries out an analysis of projected cash flows.

At the end of the financial year, 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.

Other Intangible Fixed Assets

Other intangible assets include identifiable intangible assets arising from acquisitions (e.g., brands, game catalogs) and software acquired for internal use (e.g., accounting software). With the exception of brands, these fixed assets are amortized under “General and Administrative Expenses” or “Research and Development Expenses” on a straight-line basis over a period that cannot exceed their estimated useful lives (between 1 and 4 years).

2.9. TANGIBLE FIXED ASSETS

Tangible fixed assets are accounted for under the cost method at their acquisition value less depreciation and impairment. Depreciation is calculated using the straight-line method over the estimated useful life of the assets concerned. Improvements on rented property are depreciated over their estimated useful life or over the term of the lease if the latter is shorter. The term of the lease takes into account the possible renewal periods. Land is not depreciated.

The estimated useful lives of the fixed assets are as follows:

- Computer equipment: 1 to 3 years
- Furniture and fixtures and other equipment: 3 to 10 years

2.10. IMPAIRMENT TEST

The Group regularly performs impairment tests on its assets: Goodwill, intangible fixed assets, and tangible fixed assets. For tangible fixed assets and intangible fixed assets with a fixed useful life, this impairment test is performed as soon as indicators of impairment are observable.

These tests consist of comparing the net book value of the assets with their recoverable value, which corresponds to the higher of either their fair value less sale costs or their value in use, estimated by the net present value of the future cash flows generated by their use.

When the fair value of an intangible fixed asset (excluding goodwill) or a tangible fixed asset is assessed during a financial year and the recoverable amount exceeds the book value of the asset, any impairment losses recognized in prior years are recorded in the result.

For goodwill and other intangible fixed assets with an undetermined useful life and intangible fixed assets in progress, an impairment test is systematically performed each year on the basis of the highest of the following values and each time an indicator of impairment is observed:

- Updated projection of future operating cash flows over 4 years and of a residual value
- Net selling price if there is an active market

When the selling price net of disposal costs cannot be determined reliably, the book value of the fixed assets is compared to the net present value of future cash flows excluding financial expenses but after tax.

The residual value results from the discounting to infinity of a normative cash flow determined on the basis of the cash flow of the last year of the business plan to which a long-term growth rate has been applied. The rate used to discount cash flows corresponds to the Group’s average cost of capital.

In the event that the annual impairment test reveals a recoverable value that is lower than the net book value, an impairment is recognized to reduce the book value of the fixed assets or goodwill to their fair value.

Impairment losses recognized on goodwill are never recorded in the result.

2.11. OTHER NON-CURRENT FINANCIAL ASSETS

Other financial assets consist of securities of non-consolidated companies, investments in related companies, derivative instruments not designated as hedges, deposits, and loans.

Treasury shares held by the parent company or one of its integrated subsidiaries are presented as a deduction from consolidated shareholders’ equity at their acquisition value or their entry value in the consolidated balance sheet. Gains or losses realized on the sale of these shares are eliminated from the consolidated income statement and charged to consolidated shareholders’ equity.

Available-for-sale assets are measured at fair value and changes in fair value are recognized in “Other comprehensive income” until the asset is sold, cashed, or otherwise disposed of or until it is demonstrated that the asset has lost value in a prolonged or significant manner. In these cases, the profit or loss previously recorded in “Other comprehensive income” is transferred to the profit or loss.

Derivative instruments not designated as hedges are initially recorded at fair value; attributable transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value and the resulting changes are recognized in profit or loss for the period.

2.12. INVENTORIES

When inventories are recognized, they are valued using the FIFO (first in, first out) method. Their gross value includes the purchase price plus incidental purchase costs. Financial expenses are excluded from the value of inventories. A provision for depreciation/amortization is recognized in order to reduce the value of inventories to their net realizable value when their probable market value is lower than their cost price. This depreciation/amortization is recorded under "Cost of Sales" in the consolidated income statement.

2.13. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at their fair value, which generally corresponds to their nominal value. Loans considered doubtful are subject to provisions for impairment determined according to their risk of non-recovery.

Under IAS 39, trade receivables collection programs are not deconsolidated and are therefore maintained in receivables and short-term indebtedness when the risks and rewards of trade receivables are not transferred in substance to financing institutions.

2.14. CASH AND CASH EQUIVALENTS

In accordance with IAS 7—Statement of Cash Flows, the cash and cash equivalents shown in the consolidated cash flow statement include cash (cash on hand and demand deposits) and cash equivalents (highly liquid, short-term investments that are easily convertible into a known amount of cash and which are subject to a negligible risk of change in value).

Investments with an original maturity of more than three months with no early exit option are excluded from cash and cash equivalents.

2.15. SHARE-BASED PAYMENTS

The Group makes share-based payments, paid in equity instruments in the form of stock options or free share awards.

Share-based payments, paid in equity instruments, are measured at fair value at the award date (excluding non-market conditions). The recognized cumulative expense is based on the fair value at the award date and the estimated number of shares that will ultimately be vested (taking into account the effect of non-market vesting conditions). It is recorded, throughout the vesting period, in current operating profit with a direct contra entry in equity.

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. The total net expense recorded in the income statement for the year amounted to €0.4 million.

2.16. MINORITY INTERESTS

In the consolidated statement of financial position in equity, non-controlling shareholdings must be presented separately from the interest of the parent company's owners. Comprehensive net income must be attributed to the owners of the parent company and to non-controlling interests, even if this results in a negative balance for non-controlling interests.

2.17. PROVISIONS

A provision is recorded when there is an obligation (legal or implicit) towards a third party, resulting from past events, the measurement of which can be reliably estimated and which will probably result in an outflow of resources in favor of this third party without at least equivalent compensation expected from it. If the amount or timing cannot be reliably estimated then it is a contingent liability that is an off–balance sheet commitment.

2.18. PROVISIONS FOR RETIREMENT AND SIMILAR BENEFITS

Defined Contribution Plans

In accordance with the laws and practices in force in each country, the Group's subsidiaries take on commitments related to pension plans, life and disability insurance plans, the coverage of active employees' medical expenses and other plans concerning social benefits In the case of commitments taken on exclusively under a defined contribution plan, the Group recognizes the related expenses as and when the contributions are due.

The Group recognizes the contributions to be paid as an expense under operating costs, when they are incurred, depending on the beneficiaries of the plan.

Defined Benefit Plans

Estimates of the Group's defined retirement benefit obligations are calculated annually, in accordance with IAS 19R, using the projected unit credit method. This method takes into account, based on actuarial assumptions, the probable duration of the employee's future service, future compensation level, life expectancy, discount rate, and the personnel turnover rate.

The amount provisioned for retirement and similar obligations corresponds to the present value of the defined benefit obligation. The actuarial gains and losses resulting from the change in the value of the discounted defined benefit obligation include, on the one hand, the effects of the differences between the previous actuarial assumptions and the realized actuarial assumptions, and, on the other hand, the effects of changes in actuarial assumptions. Actuarial gains and losses are fully recognized in equity.

2.19. FINANCIAL LIABILITIES AND INSTRUMENTS

Financial liabilities include bonds and other borrowings, finance lease debts, and trade accounts payable.

Bond Debts and Other Borrowings

Bond and other interest-bearing borrowings are initially recognized at fair value of the consideration received, which is the cost, net of expenses directly attributable to the issuance of the debt. These financial liabilities are then measured at amortized cost using the effective interest method. This interest rate corresponds to the internal rate of return that allows discounting the series of expected cash flows over the life of the loan.

Trade Accounts Payable

Trade accounts payable are initially recognized at fair value, which in most cases corresponds to their nominal value, and subsequently measured at amortized cost.

2.20. REVENUE RECOGNITION

In accordance with IAS 18—Revenue, net revenue is recognized after deducting:

- Some commercial incentives such as commercial cooperation fees
- Certain discounts granted for early payments.

Revenue from Physical Games Software

It is recognized at the date of delivery of the products to customers, with a provision recorded as a reduction in sales for estimated returns for the net amount of the sale.

Revenue from Online, Mobiles, and Social Games

Atari derives its revenue from the sale of online games, and games on smartphones and tablets using Apple's iOS App Store, Google's Android, Facebook. The Group records its revenue by reporting to the relevant month the revenue reported by distributors or agents for the same period.

For each contract entered into, Atari examines the characteristics in order to determine whether it is appropriate to recognize the gross or net revenue of the services rendered by platforms such as Steam or Apple:

- Liability in the transaction
- Storage risk
- Freedom to determine the price
- Determination of the specifications of the product
- Credit risk

On the basis of these criteria, and in accordance with IAS 18, all revenue is measured at the fair value of the consideration received or receivable, net of VAT and other taxes and net of distribution costs.

Licensing

Under certain licensing agreements, licensees are allowed to make copies of the game software in exchange for a guaranteed minimum fee. This fee is recognized under revenue when the Atari Group has fulfilled all its material obligations under the said contract, and no later than the date of delivery of the original or first copy of the software if such an obligation exists, which may occur when the contract is signed or at a later date (for example when Atari delivers certain source codes). Supplemental income from sales exceeding the number of copies covered by the guaranteed minimum royalty is recognized under revenue and when sales are made and reported to the licensor.

In general, the non-refundable amounts received, or whose payment is guaranteed, in connection with a license agreement without a major obligation incumbent on the Group are included in the revenue.

2.21. RESEARCH AND DEVELOPMENT EXPENSES

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

1) That it is technically feasible to complete the intangible fixed asset for commissioning or sale.
2) That the company intends to complete the intangible fixed asset and commission or sell it.
3) That the company is able to commission the intangible fixed asset or sell it.

4) That this intangible fixed asset can generate future economic benefits.

5) That the company has adequate technical, financial, and other resources available to fully develop and commission or sell the intangible fixed asset.

6) That the company is able to reliably estimate the expenditures attributable to the intangible fixed asset during its development.

Research and development expenses that do not meet these criteria are recognized as expenses in the year in which they are incurred.

In addition, the Group has benefited in previous years and will continue to benefit indirectly from research tax credits, particularly in France or Canada (Province of Quebec), which are part of the current video game business. In accordance with IAS 20, these credits, when recognized, are recorded as a reduction of research and development expenses. Given the multi-year nature of investment cycles and their recurring nature, these credits are recognized when the relevant bodies approve them. These tax assets may therefore relate to expenses incurred in previous years.

2.22. MARKETING AND SALES EXPENSES

Advertising and user acquisition costs for mobile and online games are expensed as and when they are incurred and included in the "Marketing and Sales Expenses" item of the consolidated income statement.

2.23. CURRENT OPERATING INCOME AND OPERATING INCOME

Current operating income is comprised of gross margin less current operating expenses. Current operating expenses include research and development costs, marketing and sales expenses, general and administrative expenses, and share-based payment costs.

Operating income corresponds to current operating income after taking into account:

- Gains and losses on disposals of assets other than intellectual property rights
- Restructuring costs
- Impairment on goodwill or negative goodwill
- Impact of litigation and other non-recurrent items

2.24. FINANCIAL INCOME AND EXPENSES

Cost of Debt

Net financial debt consists of all current and non-current financial borrowings and debts, less cash and cash equivalents. The cost of net financial debt is comprised of expenses and income generated by the components of net financial debt during the period, including related net income from interest rate and currency hedging. The net cost of debt includes the following items, among others:

- Interest expense and income on consolidated net debt, consisting of bonds, the debt portion of hybrid instruments, other financial liabilities (including debt on finance leases) and cash and cash equivalents
- Other fees paid to banks on financial transactions

Other Financial Income and Expenses

The item "Other Financial Income and Expenses" includes the following items:

- Dividends received from non-consolidated shareholdings
- The effect of discounting provisions
- Foreign exchange net income

2.25. TAXES

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 March 31, 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 March 31, 2018, subject to the usual restrictions on their use, or approximately €1.02 per existing share as of March 31, 2018, excluding treasury shares.

In the United States, tax authorities have confirmed almost $600 million in tax losses carried forward representing potential tax savings of $200 million, subject to the usual restrictions on their use, or approximately $0.84 per existing share as of March 31, 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.

Deferred taxes are determined on the basis of the tax rates of the tax regulations in force on the balance sheet date, and are expected to be applied when the relevant deferred tax asset is realized or the deferred tax liability is paid. Deferred tax assets are capitalized on the balance sheet to the extent that it is probable that future taxable profit will be available, which will enable the company to offset temporary differences or tax loss carryforwards.

2.26. 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, less treasury shares, if any.

Number of shares used to calculate earnings per share: 228,943,237

▪ Number of shares as of April 1, 2017:	230,408,755
▪ Number of new shares on a pro rata temporis basis:	799,406
▪ Minus treasury shares:	-2,264,924
Weighted average number of shares outstanding:	**228,943,237**

Diluted earnings per share are calculated by dividing the restated Group share of earnings 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: 247,928,578

▪ Weighted average number of shares outstanding:	228,943,237
▪ Exercise of stock options Plan No. 23:	7,602,493
▪ Exercise of stock options Plan No. 24:	8,583,734
▪ Exercise of stock warrants:	2,799,114
Weighted average number of shares outstanding plus number of potential dilutive shares:	**247,928,578**

NOTE 3 - GOODWILL

Goodwill acquired in accordance with IAS 21 and generated in a group of companies is allocated as of the acquisition by the corresponding Cash Generating Units (CGUs).

The continuous business activity generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The company has not recognized any goodwill.

NOTE 4 - INTANGIBLE FIXED ASSETS

As of March 31, 2018, intangible fixed assets break down as follows:

Gross value (M€)	Developments in progress	Licenses	Total
March 31, 2016	**6,3**	**0,1**	**6,5**
Acquisitions	3,9	0,0	3,9
Disposals / Decrease	(0,4)		(0,4)
Other changes	0,4	0,0	0,4
March 31, 2017	**10,2**	**0,2**	**10,4**
Acquisitions	5,3		5,3
Disposals / Decrease	(0,1)		(0,1)
Other changes	(1,3)	(0,0)	(1,4)
March 31, 2018	**14,1**	**0,2**	**14,3**

Amortization & provisions for impairment value (M€)	Developments in progress	Licenses	Total
March 31, 2016	**(1,5)**	**(0,0)**	**(1,5)**
Charges to amortization	(1,8)	(0,0)	(1,9)
Disposals / Decrease			-
Other changes	(0,1)	(0,0)	(0,1)
March 31, 2017	**(3,4)**	**(0,0)**	**(3,5)**
Charges to amortization	(2,1)	(0,0)	(2,1)
Disposals / Decrease			-
Other changes	0,5	0,0	0,5
March 31, 2018	**(5,0)**	**(0,1)**	**(5,1)**

Net value (M€)	Developments in progress	Licenses	Total
March 31, 2017	**6,8**	**0,2**	**6,9**
March 31, 2018	**9,1**	**0,1**	**9,2**

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 in which 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 March 31, 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.

For certain products that are difficult to launch, depreciation/amortization over a shorter period is applied and the Group carries out an analysis of projected cash flows.

At the end of the financial year, 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.

Licenses

Licenses are rights acquired from third-party publishers.

At the end of the financial year, 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 5 - TANGIBLE FIXED ASSETS

As as of March 31, 2018 and March 31, 2017, the net value of these fixed assets is virtually nil.

NOTE 6 - FINANCIAL INSTRUMENTS

6.1 NON-CURRENT FINANCIAL INSTRUMENTS

Non-current financial assets break down as follows as of March 31, 2018:

(M€)	March 31, 2018	March 31,2017
Assets held for sale	**3,0**	2,0
Unhedged derivatives	**1,7**	0,7
Other financial assets	**0,2**	0,2
Non-current financial assets	**4,9**	3,0

ASSETS HELD FOR SALE

Assets held for sale are measured at fair value and changes in fair value are recognized in "Other comprehensive income" until the asset is sold, cashed, or otherwise disposed of or until it is demonstrated that the asset has lost value in a prolonged or significant manner. In these cases, the profit or loss previously recorded in "Other comprehensive income" is transferred to the profit or loss.

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 in non-hedging derivatives.
- 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. The value of this stake was assessed on the basis of valuation by independent third-party expert Bond Lane, a US merchant bank with extensive experience in the entertainment and blockchains fields. Certain valuation methods have been excluded because of their inapplicability or inappropriateness given the circumstances of this company and/or this activity, and others have been retained. Thus, Bond Lane avoids the more traditional methods (comparable companies, comparable transactions, discounted cash flows). Bond Lane uses less traditional methods that are better adapted to the company's circumstances, in particular the net asset value and the distributable cash method. Bond Lane also incorporates qualitative criteria, in particular the team's experience, as well as the team members' reputation and the Atari brand awareness. Bond Lane's valuation was carried out on the execution date of the license agreement, i.e., February 6, 2018 (date of signature of the license, with the conditions precedent for the entry into force of the license being met on March 29, 2018) and on June 30, 2018. As of February 6, 2018, Bond Lane determines a minimum valuation threshold given the characteristic features of INL (interest in blockchains, team experience, Atari brand awareness), and estimates that the value is at least $500,000. On June 30, 2018, Bond Lane first analyzed INL's available cash position and obtained a range of $358,000–$425,000 for these computational factors based on the selected exchange rate averages and the chosen method. In a second step, and as is customary in

valuations, Bond Lane applied a premium to take into account the qualitative elements, including the team's experience, its reputation, and the brand awareness. Bond Lane thus determined a value of $500,000 as of June 30, 2018, reflecting a premium of between 17.6% and 39.7% for the qualitative elements as of date.

UNHEDGED DERIVATIVES

Derivative instruments not designated as hedges are initially recorded at fair value; attributable transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value and the resulting changes are recognized in profit or loss for the period.

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.

6.2 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.

Aa at March 31, 2018 (M€)	Net Value	Schedule		
		Less than 1 year	Between 1 & 5 years	More than 5 years
Trade accounts receivables	3,9	3,9	-	-
Other current assets	0,4	0,4	-	-
Cash and cash equivalent	3,1	3,1	-	-
FINANCIAL ASSETS	**7,4**	**7,4**	**-**	**-**
Non-current financial liabilities	0,6	-	0,6	-
Trade accounts payable	5,4	5,4	-	-
Other current liabilities	2,0	2,0	-	-
FINANCIAL LIABILITIES	**8,1**	**7,4**	**0,6**	**-**

Unaccrued interest was not included in the repayment schedules.

NOTE 7 - INVENTORIES

As of March 31, 2018, the amount of inventory amounts to nearly €0.2 million euros and corresponds to the Speaker Hats in stock on date. As of March 31, 2017, the Group did not maintain inventories.

NOTE 8 - TRADE ACCOUNTS RECEIVABLE

As of March 31, 2018, and March 31, 2017, the balance of trade accounts receivable corresponds to receivables from distributors, collected with a delay of 30 to 60 days, to which receivables relating to online casino licenses are added.

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

(M€)	March 31, 2018	March 31,2017
Trade receivables	4,4	8,2
Provisions for impairment in value	(0,5)	(0,8)
Trade receivables net value	**3,9**	7,3

The €4.4 million included under "Trade accounts receivable—Gross" includes €0.7 million corresponding to the fraction deemed recoverable (50%) of the guaranteed minimum of €1.3 million set out in the Infinity Networks Limited license agreement.

Loans considered doubtful are subject to provisions for impairment determined according to their risk of non-recovery. The limited number of customers enables the Company to regularly review trade receivables. When a payment delay is noted, an analysis is carried out, notably concerning the age of the receivable, the customer's financial position, the possibility of negotiating a payment plan, guarantees received and possibly credit insurance to determine the recoverable amount. Any difference between the book value and the recoverable value is recorded under current operating profit via an allowance for provisions. Impairment is considered final when the receivable itself is considered to be permanently irrecoverable and is then recognized as a loss. These analyses led to the recognition of a €0.5 million impairment, of which €0.3 million was allocated to a customer managed by the French subsidiary Atari Europe and € 0.2 million to a customer managed by the US subsidiaries.

NOTE 9 - OTHER CURRENT ASSETS

Other current assets break down as follows:

(M€)	March 31, 2018	March 31,2017
Receivables from employees	0,0	0,0
Prepaid and recoverable taxes	0,1	0,3
Prepaid expenses	0,2	0,2
Other	0,0	0,1
Other current assets	**0,4**	0,7

Prepaid and recoverable taxes essentially correspond to VAT receivables.

Prepaid expenses correspond to operating expenses related to the following year.

NOTE 10 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents shown in the consolidated cash flow statement include (i) cash (cash on hand and demand deposits) of €3.1 million and (ii) cash equivalents (highly liquid, short-term investments that are easily convertible into a known amount of cash and which are subject to a negligible risk of change in value) measured at the market value on the balance sheet date.

(M€)	March 31, 2018	March 31,2017
Cash (Cash on hand and demand deposits)	**3,1**	1,1
Cash equivalents (Highly liquid, short-term investments)	**-**	-
Cash and cah equivalents	**3,1**	1,1

NOTE 11 - SHAREHOLDERS' EQUITY

11.1 CAPITAL

Common Shares

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.

As of March 31, 2017, shareholders' equity was made up of 230.408.755 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.

Changes over the current and prior financial year are as follows:

	March 31, 2018	March 31,2017
Shares outstanding at the the beginning of the period	**230 408 755**	183 185 574
Share issues		47 223 181
Conversion of OCEANE convertible bonds	**8 640 241**	-
Exercise of stock warrants	**2 420 000**	-
Shares outstanding at the the end of the period	**241 468 996**	230 408 755

Conversion/redemption of OCEANE Bonds:

During February and March 2018, the 2015-2020 and 2017-2022 OCEANE Bonds were redeemed in advance.

Exercise of stock warrants:

In February 2018, Ker Ventures exercised the stock warrants resulting in the creation of 2,420,000 new shares.

Dividends

The Board of Directors may propose the distribution of dividends to the shareholders of the Company up to the full amount of profit and distributable reserves of the company. These distributions are made upon the decision of the shareholders of the Company meeting at a General Meeting. The Group has not made dividend payments for the past three years.

11.2 TREASURY SHARES

As of March 31, 2018, the Company held a total of 2,264,924 treasury shares (0.94% of the share capital).

11.3. ATARI SA STOCK OPTION PLAN

The Board of Directors' meeting of Wednesday, July 12, 2017 proposed to award options to subscribe for or purchase common shares of the Company to the executives, directors, and certain employees of the Group for a total not exceeding the amount set out in Article L 225-182 of the French Commercial Code; the exercise price of these options may not be less than 95% of the average price of the common shares of the Company during the 20 trading days immediately preceding the date on which the options were awarded. These options are acquired annually by third parties by their beneficiaries under certain conditions and can be exercised for a maximum period of 8 years. The General Shareholders' Meeting held on September 30, 2016 approved in its 17th resolution this award within the limit of 10% of the share capital for a period of 38 months from the date of said meeting.

During the 2016-2017 financial year, 2,378,528 stock options were awarded.

During the 2017-2018 financial year, 8,552,472 stock options were awarded.

The main characteristics of all outstanding Atari stock options are summarized in the two tables 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
Number of stock options granted during FY 2014/2015	5 104 000			
Number of stock options granted during FY 2015/2016		433 000	144 000	
Number of stock options granted during FY 2016/2017				2 378 528
Number of stock options granted during FY 2017/2018	-			
Number of stock options cancelled during FY 2017/2018	(529 000)			(33 000)
Total number of stock options outstanding on March 31,2018	**4 575 000**	**433 000**	**144 000**	**2 345 528**

(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	11-juil-25	19-oct-25	14-janv-26
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
Number of stock options granted during FY 2017/2018	5 935 805	950 000	2 300 000
Number of stock options cancelled during FY 2017/2018		(633 333)	
Total number of stock options outstanding on March 31,2018	**5 935 805**	**316 667**	**2 300 000**

(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.

NOTE 12 - PROVISIONS FOR CONTINGENCIES AND LOSSES - CURRENT / NON-CURRENT

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 contingencies and losses are presented below.

Provisions for contingencies and losses (M€)	At April 1, 2017	Charges	Reversals	At March 31, 2018
Pension liabilities	0,0	-	-	0,0
Commercial litigation	0,3	-	(0,3)	-
Other	0,0	-	(0,0)	0,0
Non-current	**0,3**	**-**	**(0,3)**	**0,0**
Litigations	0,4	-	-	0,4
Other	0,0	-	-	0,0
Current	**0,4**	**-**	**-**	**0,4**
Total provisions	**0,7**	**-**	**(0,3)**	**0,4**

Provisions for contingencies and losses mainly reflect the risks incurred in the dispute between a former employee and the Company on whether the employee co-authored one of the Group's franchises.

Apart from this dispute, to the Company's best knowledge, no proceedings have been brought by a government, and there are no judicial or arbitral proceedings, including any ongoing proceedings or threat of action that could have a significant impact on the Group's and/or the Company's financial position and profitability or that have had such an impact in the last six months.

The Atari Group and Frontier Developments were engaged in legal proceedings in the Commercial Division of the New York State Supreme Court. Initiated by Frontier, this procedure ended with a settlement between the two groups, resulting in a provision reversal of €0.3 million.

NOTE 13 - DEBT

13.1 DEBT ANALYSIS BY TYPE

The Group's financial debt can be presented as follows:

(M€)	Océanes 2003 - 2020	Océanes 2015 - 2020	Océanes 2017 - 2022	Total
Current				-
Non-current	0,6	1,4		2,0
Debt as at March 31, 2017	**0,6**	**1,4**		**2,0**
New borrowings			2,6	2,6
Repayments		(1,2)	(2,6)	(3,7)
Change in accrued interest payable		(0,2)		(0,2)
Debt as at March 31, 2018	**0,6**	**-**		**0,6**
Current				-
Non-current	0,6	-		0,6

2003-2009 OCEANE BONDS, NOW THE 2003-2020 OCEANE BONDS (ISIN: FR0010033839)

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. These bonds, which initially matured on April 1, 2009, bore interest at 4% per annum. Each bond could initially be converted into an Atari share.

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 as from April 1, 2009 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 Repayment of 2020 OCEANE Bonds in the Event of Default"

Since April 1, 2009, the holders of 2003-2020 OCEANE Bonds may no longer subscribe for, exchange, or buy Atari shares. The 2003-2020 OCEANE Bonds no longer have a dilutive effect on the share capital of the Company from that date.

As of March 31, 2018, 82,906 2003-2020 OCEANE Bonds remain outstanding, with maturity on April 1, 2020.

2015-2020 OCEANE Bonds (ISIN FR0012395663)

In February 2015, the Company issued 14,213,455 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2015-2020 OCEANE Bonds") with a par value of €0.35, amounting to €4.97 million in principal. These are bullet bonds that bear interest at a rate of 7.5% per annum. Each bond can be converted into an Atari share. This issue was the subject of a prospectus that received AMF registration number 15-035 on January 23, 2015.

Given the evolution of the share price, the Company decided to exercise the early redemption option provided for in the issuance contract.

On March 5, 2018, all outstanding 2015-2020 OCEANE bonds were redeemed in advance by the issuance of Atari, SA shares.

2017-2022 OCEANE Bonds (ISIN FR0013284452)

In October 2017, the Company issued 5,494,327 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2017-2022 OCEANE Bonds") with a par value of €0.47, amounting to €2.6 million in principal. These are bullet bonds that bear interest at a rate of 5.5 % per annum, payable semi-annually. It was possible to convert each bond into an Atari share. This issue was the subject of a prospectus that received AMF registration number 17-520 on September 28, 2017.

Given the evolution of the share price, the Company decided to exercise the early redemption option provided for in the issuance contract.

On March 28, 2018, all outstanding 2017-2022 OCEANE bonds were redeemed in advance by the issuance of Atari, SA shares.

13.2 DEBT ANALYSIS BY INTEREST RATE (FIXED - FLOATING)

As of March 31, 2018, as well as of the previous financial year-end, debt liabilities consist solely of bond issues.

NOTE 14 - OTHER CURRENT AND NON-CURRENT LIABILITIES

Other liabilities break down as follows:

(M€)	March 31, 2018	March 31,2017
Other non-current liabilities	-	0,0
Other non-current liabilities	**-**	0,0
Trade payables	**5,4**	6,3
Tax liabilities	**-**	-
Other	**2,0**	3,6
Other current liabilities	**7,4**	9,9

NOTE 15 - SEGMENT INFORMATION - REVENUE

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.

As of March 31, 2018, Atari achieved a consolidated revenue of €18.0 million, compared to €15.4 million for the last financial year—an increase of 16.6% at the current exchange rate and 23.6% at constant exchange rates.

The total figure is made up mainly of revenue from two games, RollerCoaster Tycoon Touch released in late February 2017 and Atari Vault for PC released in March 2016, as well as the online casino business. These products represent more than 50% of the Atari Group's revenue for the financial year. The entire catalog and licensing activities contributed significantly to the growth in revenue, particularly with leading technology companies, combining royalty payments with free warrants.

It also includes €1.1 million in license revenue related to the blockchain license granted to Infinity Networks Limited. It is broken down as follows: (i) € 0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) € 0.7 million corresponding to the short-term portion (50%) of the guaranteed minimum of €1.3 million provided for in the INL license agreement. As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). This amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

The treatment of this contract in accordance with IFRS 15, which will be applied by Atari from April 1, 2018, is currently being analyzed for the purpose of determining whether the related revenues are to be spread over the term of the contract or not.

The Statutory Auditors' report on the financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

NOTE 16 - RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are analyzed as follows:

(M€)	March 31, 2018	March 31,2017
R&D expenditures	**8,3**	5,8
R&D capitalized	**(5,6)**	(3,8)
Amortization	**2,2**	1,8
Research and development expenses	**4,9**	3,8

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

As of March 31, 2018, other operating income and expenses amounted to -€0.3 million, essentially corresponding to related impairment losses and legal fees.

As of March 31, 2017, other operating income and expenses amounted to +€0.3 million and correspond to the net proceeds from the sale of the future rights to the Test Drive Unlimited license, less operating management expenses.

NOTE 18 - RESTRUCTURING COSTS

As of March 31, 2018, as in the previous year, no restructuring costs were recorded.

NOTE 19 - OTHER INCOME AND EXPENSES

As of March 31, 2018, other income and expenses amounted to €0.2 million and mainly correspond to reversals of provisions for risks that had become irrelevant.

As of March 31, 2017, other income and expenses amounted, on a net basis, to €6.6 million and included a €7.1 million gain realized on the redemption of the Alden loan.

NOTE 20 – 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€)	March 31, 2018	March 31,2017
Personnel costs (1)	**(1,5)**	(0,8)
Depreciation, amortization and provisions	**(2,2)**	(1,9)
Other income and expenses	**(1,2)**	(1,2)
Research and development expenses	**(4,9)**	(3,8)
Personnel costs (2)	**(0,5)**	(0,6)
Depreciation, amortization and provisions	**-**	-
Other income and expenses	**(4,0)**	(1,4)
Marketing and selling expenses	**(4,5)**	(2,0)
Personnel costs & Director fees (3)	**(2,3)**	(2,1)
Depreciation, amortization and provisions	**(0,0)**	(0,0)
Other income and expenses	**(1,5)**	(2,1)
General and administrative expenses	**(3,8)**	(4,1)
Personnel costs	**-**	-
Depreciation, amortization and provisions	**0,3**	(0,7)
Other income and expenses	**(0,6)**	1,0
Other operating income (expenses)	**(0,3)**	0,3

(1) Including €0.2 million for the valuation of stock options
(2) Including €0.0 million for the valuation of stock options
(3) Including €0.2 million for the valuation of stock options

NOTE 21 - NET FINANCIAL INCOME (EXPENSE)

(M€)	March 31, 2018	March 31,2017
Interest on bond debt	**(0,1)**	(0,1)
Interest Alden loan		(0,0)
Interest on Alden Loan Repayment Loans		(0,4)
Other	**(0,1)**	(0,2)
Cost of debt	**(0,2)**	(0,8)
Foreign exchange result	**(0,1)**	(0,0)
Financial income	**0,0**	0,0
Financial expenses	**(0,1)**	-
Other	**-**	-
Other financial income (expense)	**(0,1)**	(0,0)
Net financial income (expense)	**(0,3)**	(0,8)

As of March 31, 2018, the cost of the debt is related to the interest and expenses of the Océane Bonds, which were fully redeemed at the end of the year.

As of March 31, 2017, the cost of debt amounted to €0.8 million, corresponding in particular to the last payments on the Alden loan redeemed in July 2016 and the financing of this redemption.

Other financial income and expenses as of March 31, 2018 and March 31, 2017 are non-material.

NOTE 22 - INCOME TAX

22.1. ANALYSIS OF THE TAX CHARGE

Given its results and deferred tax loss, the Group did not record a tax expense for the period ended March 31, 2018.

22.2. ANALYSIS OF DIFFERENT TAXES

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 March 31, 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 March 31, 2018, subject to the usual restrictions on their use, or approximately €1.02 per existing share as of March 31, 2018, excluding treasury shares. As of that same date, the consolidated taxable income for French companies amounts to nearly €0.7 million before deduction of the deferred tax loss. Such deduction of the deferred loss from taxable income as of March 31, 2018 resulted in tax savings of around €0.2 million.

In the United States, tax authorities have confirmed almost $600 million in tax losses carried forward representing potential tax savings of $200 million, subject to the usual restrictions on their use, or approximately $0.84 per existing share as of March 31, 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. Deferred tax assets not recognized on other temporary differences are not significant.

NOTE 23 - DISCONTINUED OPERATIONS

23.1. NET INCOME FROM DISCONTINUED OPERATIONS

For the 2017/2018 financial year, there are no discontinued activities.

For the 2016/2017 financial year, there are no discontinued activities.

23.2. ASSETS AND LIABILITIES HELD FOR SALE

As of March 31, 2018, there are no assets or liabilities held for sale.

As of March 31, 2017, the development costs of the PrideFest game, which was sold in April 2017, had been reclassified from intangible fixed assets to assets held for sale.

NOTE 24 - OFF–BALANCE SHEET COMMITMENTS

24.1. 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.

24.2. 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 25 - MARKET RISK MANAGEMENT

The holding 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 holding company Atari SA and in accordance with the Group's procedures and policies.

25.1. FOREIGN EXCHANGE RISKS

For foreign exchange risks related to the financing of subsidiaries, they are concentrated at the level of the parent company and, where appropriate, specific hedges are put in place according to the financing strategies envisaged. As of March 31, 2018, the Group has not implemented a currency hedging policy on all of these amounts, as it relates to long-term financing of the Group's US operations.

Each of the main currency zones (euro, US dollar) is overall balanced between cash inflows and disbursements. For this reason, the Group has not implemented a currency hedging policy on its commercial operations.

Nevertheless, since the Group's consolidated financial statements presented in euros, the assets, liabilities, income, and expenses that are initially recorded in currencies other than the euro must be 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 will decrease. 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.

An unfavorable change in the euro/dollar exchange rate would not have a significant impact on the overall currency position. As an indication, a 1% unfavorable variation of the USD against the euro would result, on the basis of the accounts dated March 31, 2018, in:

- A variation of -€0.2 million in consolidated sales
- Virtually no variation in the consolidated net income of the Group

25.2. INTEREST-RATE RISKS

The Group does not have a policy of dynamic management of its interest rate risk. As of March 31, 2018, as in the previous year, debt liabilities consist solely of bond issues.

25.3. CREDIT RISKS

In the digital market, customers are few but with a global distribution. The Company considers that, given the quality of the counterparties, counterparty risk on digital sales is limited. Moreover, the business risk management procedures have ensured there is no excessive concentration of credit risk.
The geographical breakdown of trade receivables as of March 31, 2018 is as follows:

- United States customers: €3.26 million
- Gibraltar customers: €0.65 million
- UK customers: €0.25 million
- European customers: €0.17 million
- Customers in other countries: €0.07 million

TOTAL CUSTOMERS: €4.40 million

NOTE 26 – PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" a provision is recognized when the Group has a present (legal or constructive) obligation to a third party that is likely to cause an outflow of resources in favor of such third party, without at least equivalent compensation expected from it and when a reliable estimate of the amount can be made. The share of a provision for less than one year is recorded as current, the balance as non-current.

Apart from the disputes referred to in this document, and for which provisions have been recorded, to the Company's best knowledge no proceedings have been brought by a government, and there are no judicial or arbitral proceedings, including any ongoing proceedings or threat of action that could have a significant impact on the Group's financial position and profitability or that have had such an impact in the last twelve months.

The provisions essentially cover:

26.1 DISPUTE BETWEEN A FORMER EMPLOYEE AND THE COMPANY

During a previous financial year, a significant dispute arose between the Company and a former employee of the Group who claimed to have co-authored of one of the Group's main franchises. The plaintiff is seeking monetary and non-monetary damages arising from the allegedly illegal distribution by the Group of games based on this universe. The lawsuit is for approximately €17 million. At this stage of the proceedings, the Company categorically denies that the plaintiff's status of author and/or co-author, and considers the latter's claims as unfounded on the merits and on their amount. The respective submissions of the parties have been lodged with the competent courts. On September 8, 2016, the Court of First Instance of Lyon rendered a provisional judgment refusing certain requests and ordering an expert opinion on certain aspects of the case. The expert's assignment was cut short as the plaintiff did not pay the advance on costs requested by it. The plaintiff has since increased its claims to €25 million and the procedure is still ongoing.

26.2 LITIGATION CONCERNING A DEVELOPMENT AND DISTRIBUTION AGREEMENT

Atari Interactive and Frontier Developments were engaged in legal proceedings in the Commercial Division of the New York State Supreme Court. Initiated by Frontier, this procedure ended with a settlement between the two groups, it being specified that this agreement had no impact on the accounts given the existing provisions.

NOTE 27—RELATED-PARTY TRANSACTIONS

27.1 REGULATED AGREEMENTS

During the year, one regulated agreement was submitted for prior authorization by the Company's Board of Directors in accordance with Articles L. 225-38 *et seq.* of the French Commercial Code relating to regulated agreements. This agreement was never implemented and became obsolete on March 29, 2018.

- Frédéric Chesnais' profit-sharing agreement relating to sales of tokens made by Infinity Networks Limited ("INL"). The Atari brand license agreement entered into by the company with INL, for a period of 20 years from February 6, 2018, with a view to developing a blockchain platform sets out that, over this period, Atari shall be entitled to a share of profits related to sales of tokens, the crypto-currency that will be used by INL to operate this platform. The agreement also provided for 10% of the share of the profit payable to Atari to be allocated directly to Frédéric Chesnais as part of his variable compensation. For simplification purposes, Mr. Chesnais renounced the direct allocation of this incentive in a letter dated March 29, 2018 and countersigned by INL and Atari. This agreement, authorized by the Board of Directors on December 21, 2017, is therefore obsolete and was never implemented.

In addition, an agreement approved in a previous financial year continued to have effect:

- Three-year contract for the Group's licensing activities, until September 30, 2018, with Batuta Capital Advisor LLC (Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the year is €91 K.

27.2 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. This compensation was confirmed at the Board of Directors meeting of May 24, 2017.

VARIABLE COMPENSATION/OPTIONS

<u>Payments for the 2016-2017 financial year</u>

As of March 31, 2017, Frédéric Chesnais had not received any variable compensation since joining the Atari Group in 2013.

On May 24, 2017, to cover the entire period from April 1, 2013 to March 31, 2017, i.e., four years, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, awarded a one-time overall payment of approximately 18 months' compensation, payable 50% in cash and 50% in Company shares subject to a 2-year lock-up agreement. Reported on an annual basis over four years, such variable compensation represents approximately 35% of the annual compensation. This compensation was approved by the General Meeting of September 29, 2017 and was paid during the 2017-2018 financial year.

During the 2016-2017 financial year, he was awarded 3,680,000 stock options at a unit exercise price of €0.28, as long-term incentive under the stock option plan enacted by the General Shareholders' Meeting of September 30, 2014.

Variable compensation for the 2017-2018 financial year

On July 12, 2017, the Board of Directors decided, on the recommendation of the Nomination and Compensation Committee, to set up an annual discretionary bonus, as of April 1, 2017, which could represent (except in exceptional circumstances) between 50% and 125% of the annual fixed compensation thus paid and incorporating the following elements: level of revenue, EBITDA margin, cash generation, changes in stock prices, as well as various objective criteria related to the activity. In addition, making use of the delegation of authority granted by the General Meeting, the Board of Directors reserves the right to grant stock options as part of an option plan.

In accordance with the compensation policy approved at the General Shareholders' Meeting of September 29, 2017, on July 16, 2018, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, and after the Audit Committee ascertained the compliance of the financial elements, set the variable compensation at 90% of the total annual fixed compensation.

In addition, on December 21, 2017, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, added an additional profit-sharing criterion by awarding an additional bonus equal to 10% of the amounts received by Atari for its share of the profits on token sales under the trademark license agreement with Infinity Network Limited. Such profit-sharing, for which a €65,000 provision was recorded, did not result in any payment and can only be paid after Atari has received its share of the profits on token sales.

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 2017/2018 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 - Corporate officer compensation (excluding social security contributions):

Frédéric Chesnais - CEO	FY 2017/2018				FY 2016/2017			
	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	12	300	12	300	12	300	12	300
Variable compensation	27	362	-	-	-	-	-	-
Exceptional compensation			8	412	8	412	-	-
Director's fees	20	-	20	-	20	-	20	-
TOTAL	**59**	**662**	**40**	**712**	**40**	**712**	**32**	**300**

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. The total cost for the Group, equivalent to a gross salary including employer and employee contributions, is €503,000 for the fixed compensation component, €505,000 for the variable compensation component due as of March 31, 2018, and €38,000 in directors' fees.

Table 2 - Compensation of Non-executive Corporate Officers:

(Net amounts in K€)	FY 2017/2018		FY 2016/2017	
	Director's fees	Other compensation	Director's fees	Other compensation
Alexandre Zyngier	20	30	20	30
Erick Euvrard	20	-	20	-
Isabelle Andres	20			
Alyssa Padia Walles	20	-	20	-
TOTAL	**80**	**30**	**60**	**30**

The payment of directors' fees for the 2017-2018 financial year is submitted to the vote of the General Meeting.

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

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 24-1 July 12, 2017	Purchase option	552 000	3 680 000	0,28 €	8 years
TOTAL			**552 000**	**3 680 000**		

NOTE 28 - SUBSEQUENT EVENTS

The following events occurred after March 31, 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.
- **Launch on May 29, 2018 of Atari VCS pre-orders on the Indiegogo website:**
  To date, more than 10,000 units have been pre-ordered for more than $2.9 million, with delivery scheduled for mid-2019. Pre-orders are therefore aimed primarily at the heart of our target—the traditional Atari community—and will be followed by an expanded marketing campaign over the coming years and the launch of a website.

NOTE 29 - STATUTORY AUDITORS' FEES

The fees for the financial years ended March 31, 2018 and March 31, 2017 in respect of the statutory audit of the annual financial statements and the audit of the consolidated financial statements are below.

Amounts in K€	FY 2017 / 2018					
	Deloitte	%	JLS Partners	%	Patrick Soussana Audit	%
Statutory audit (certification, review of statutory and consolidated accounts)						
- ATARI SA	**49**	33,2%	**26**	100,0%	**-**	0,0%
- Fully-consolidated subsidiaires	**68**	46,3%	**-**		**8**	100,0%
Other services (1)						
- ATARI SA	**30**	20,4%	**-**	0,0%	**-**	0,0%
- Fully-consolidated subsidiaires		0,0%	**-**		**-**	0,0%
TOTAL	**147**	100,0%	**26**	100,0%	**8**	100,0%

(1) Services other than the certification of the accounts entrusted to the Statutory Auditors this year mainly consisted of additional audit procedures in the context of issues and certificates.

Amounts in K€	FY 2016 / 2017					
	Deloitte	%	JLS Partners	%	Patrick Soussana Audit	%
Statutory audit (certification, review of statutory and consolidated accounts)						
- ATARI SA	**65**	55,6%	**35**	100,0%	**-**	0,0%
- Fully-consolidated subsidiaires	**40**	34,2%			**8**	80,0%
Other services (1)						
- ATARI SA	**12**	10,3%		0,0%	**-**	0,0%
- Fully-consolidated subsidiaires					**2**	20,0%
TOTAL	**117**	100,0%	**35**	100,0%	**10**	100,0%

(2) Services other than the certification of the accounts entrusted to the Statutory Auditors this year mainly consisted of additional audit procedures in the context of issues and certificates.

NOTE 30 - CONSOLIDATED COMPANIES

Company	Fiscal year end	Country	% control		% interest	
			03/31/2018	03/31/2017	03/31/2018	03/31/2017
Active subsidiairies						
Atari Europe S.A.S.	March 31	France	100,00	100,00	100,00	100,00
California US Holdings Inc.	March 31	Etats Unis	100,00	100,00	100,00	100,00
Atari Inc.	March 31	Etats Unis	100,00	100,00	100,00	100,00
Atari Interactive Inc	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Atatri Studios Inc	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Atari Games Corp	March 31	Etats-Unis	100,00	100,00	100,00	100,00
AITD Productions LLC	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Cubed Productions LLC	March 31	Etats-Unis	90,72	90,72	90,72	90,72
RCTO Productions LLC	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Atari Connect LLC	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Atari Casino LLC	March 31	Etats-Unis	100,00	100,00	100,00	100,00
Atari Gamebox LLC	March 31	Etats-Unis	100,00		100,00	
Atari Game Partners Corp	March 31	Etats-Unis	100,00		100,00	
Inactive and undergoing liquidation						
Atari Japan KK	March 31	Japon	100,00	100,00	100,00	100,00
Infogrames Entertainment GmbH	March 31	Allemagne	100,00	100,00	100,00	100,00
Infogrames Interactive Gmbh	March 31	Allemagne	100,00	100,00	100,00	100,00

During the 2017-2018 financial year:

- Two new subsidiaries were created in the United States: Atari Gamebox LLC and Atari Game Partners Corp
- Atari Media Productions Inc has changed its name to Atari Studios Inc
- Atari Capital Partners Corp has changed its name to Atari Games Corp
- Asteroids Productions LLC has changed its name to Atari Connect LLC
- All the UK subsidiaries, which have no activity and are in the process of being liquidated, have been definitively liquidated without any impact on the income statement
- The Swiss subsidiary, which has no activity and is in the process of being liquidated, has been definitively liquidated without any impact on the income statement

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2018

To the General Shareholders' Meeting of ATARI

Qualified opinion

In compliance with the engagement entrusted to us by your general shareholders' meeting, we have audited the accompanying consolidated financial statements of Atari for the financial year ended March 31, 2018.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at March 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
The audit opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis for the qualified opinion

Reason for the reservations

As stated in Note 1 "Highlights of the Period" to the consolidated financial statements, Atari granted Infinity Networks Limited a license of the Atari brand to develop a blockchain entertainment platform. In respect of this contract, Atari recorded in its consolidated financial statements:

- Revenue of €406k corresponding to the value, at the date the contract was entered into, of a 15% stake in the shares of Infinity Networks Limited awarded to Atari as partial compensation for the contract
- Revenue and a trade receivable of €649k corresponding to the short-term portion (50%) of the guaranteed minimum of €1.3M set out in the license agreement.

Measurement of Infinity Networks Limited's Shares and of the Corresponding Revenue

Note 6.1 "Non-current financial instruments" to the consolidated financial statements describes the terms and conditions that have been adopted for the fair value of Infinity Networks Limited shares, 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 is 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 fair value of the 15% stake in the Infinity Networks Limited shares and the associated revenue used, amounting to €406k as of March 31, 2018.

Measurement of the Receivable towards Infinity Networks Limited and of the Revenue Corresponding to the Guaranteed Minimum

The short-term portion (50%) of the guaranteed minimum of €1.3 million that Atari deemed recoverable and therefore recorded as revenue corresponds to a partial settlement of €304k obtained at the beginning of August 2018 and an amount of $350k for which amendments also signed in early August 2018 provide for a settlement before March 31, 2019.

Infinity Networks Limited is a newly incorporated company operating in a risky sector whose development and sustainability will largely depend on fundraising tied to the issuance of a virtual currency, which is inherently uncertain. In this context, we consider that the recoverable portion of the receivable towards Infinity Networks Limited should be limited to the amounts already received, i.e., €304k, and not €649k recorded in Atari's accounts. Trade receivables as of March 31, 2018 are thus overestimated by €345k (and impairment provisions thus underestimated by the same amount), corresponding to an overstatement of net income and shareholders' equity of €345k.

Auditing frameworks

We conducted our audit in accordance with the professional standards applicable in France and in accordance with the provisions of Regulation (EU) No 537/2014. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the section "Statutory Auditors' responsibilities for the Audit of the Consolidated Financial Statements" of this report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments—Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, except the matters described in the "Basis for Qualified Opinion", we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Going Concern
(Note 2.1 to the consolidated financial statements)

<u>*Risk identified*</u>

The ATARI Group has, in the past, experienced significant financial difficulties as a result of major losses that led to massive debt up until 2016.

At the end of March 2018, the Atari Group had €3.1 million in cash. The group does not have lines of credit or borrowing capacity with banks. The group finances its activities via self-financing and financial market transactions.

The publishing of video games is a sector that requires significant amounts of investment and the success of the games over time is difficult to predict. Given this limited visibility on the business, the assessment of Atari's ability to finance and, therefore, continue its activities for a period of 12 months from the end of the financial year is largely based on its cash flow forecasts. The preparation of these cash flow forecasts involves significant management's judgments concerning, in particular, activity assumptions subject to a high degree of uncertainty.

In this context, we considered the going concern assumption as a key audit matter.

<u>*Our answer*</u>

We examined the preparation process and the internal control framework surrounding the calculation of the twelve-month cash flow forecasts prepared by the management. We also met with management to understand and assess the key assumptions underlying the cash flow forecasts.

We compared the actual cash position at the end of March 2018 with the cash forecasts for the previous year.

We analyzed the twelve-month cash flow forecasts and carried out the following verification procedures:

- reconciliation of cash shown in the forecast with the last available cash position
- analysis of the consistency of revenue forecasts with past performance, market prospects, reviews of video game specialists published in professional journals and available sales statistics

- assessment of the margin rates in relation to past amounts realized and the positioning of cash flows corresponding to the main deadlines identified

We conducted sensitivity tests by reducing the management's assumptions about revenue, in order to assess Atari's ability to meet its commitments even if the business activity were significantly below expectations.

We assessed whether the paragraph "Going Concern" in Note 2.1 to the consolidated financial statements adequately describes the current position of the Group.

Recognition of Revenue on License Sales
(Note 2.20 to the consolidated financial statements)

Risk identified

A significant portion of Atari's business is related to the sale of licenses to third parties who are responsible for the manufacturing and distribution of products or applications in exchange for payment of royalties to Atari.

Revenue corresponding to guaranteed minimums on license sales contracts is recognized when the Atari Group has fulfilled all its performance obligations.

Revenue is an important performance indicator and the verification of the correct recognition of license revenue under the applicable accounting standards and under the contract terms, which are sometimes complex, requires particular attention.

In addition, we have, in the past, identified significant revenue adjustments for certain license agreements.

For these reasons, we considered the recognition of revenue on license sales as a key audit matter.

Our answer

Given a relatively limited number of contracts, our audit approach to the recognition of revenue on license sales is based on detailed tests.

We have, therefore:

- selected the contracts contributing to revenue for the financial year using the sampling method in monetary units
- analyzed the terms of these contracts and, based on them, assessed whether the corresponding revenue was recognized in accordance with IAS 18—Revenue
- assessed the recoverability of the receivables, which is a necessary condition in accordance with IAS 18 to recognize the amounts under revenue

Finally, we verified that the paragraph "License sales" of note 2.20 "Revenue Recognition" to the consolidated financial statements gives appropriate information on the Group's license sales recognition.

Measurement of the Recoverable Value of Video Game Development Costs
(Notes 2.8 and 4 to the consolidated financial statements)

Risk identified

As of March 31, 2018, the net book value of video game developments recorded as assets was €7.5 million, compared to a balance sheet total of €22.2 million.

At each year-end, or more frequently in the event of an indication of impairment, the Group ensures that the net book value of these assets does not exceed their recoverable value, by means of impairment tests. The methods used to perform these tests are presented in note 4 to the consolidated financial statements.

We have considered impairment testing of video game development costs as a key audit matter due to their significance in the Group financial statements and given the fact that the judgment required by management to determine their recoverable amount is based on an estimate of discounted cash flows expected from the sale of games, and the difficulty of forecasting sales in the video game industry. This estimate requires the use of assumptions, including sales volumes and costs related to distribution and marketing, whose outcome is inherently uncertain

Our answer

Our work included:

- reconciling the book value of the tested development costs with that in the consolidated financial statements
- becoming familiarized with and assessing the reasonableness of the data and assumptions used by the Management to carry out the impairment tests, including projected video game revenue and direct costs, with interviews with the Management
- analyzing of the consistency of forecasts with past performance, market prospects, reviews of video game specialists published in professional journals and available sales statistics Lastly, we examined the appropriateness of the information provided in Note 4 to the consolidated financial statements.

Litigation
(Notes 2.17, 12 and 26 to the consolidated financial statements)

Risk identified

The Group conducts various activities in many countries requiring it to comply with the regulatory framework in force in these countries. In this context, the Group's activities induce risks, litigation or contentious situations within the subsidiaries, leading the Group to review the risks that could have a significant effect on its business and financial position. The Group is involved in a number of legal and arbitration proceedings and litigations.

As stated in Note 2.17 to the consolidated financial statements, the group records a provision in relation to these litigations whenever a resource outflow is deemed probable and can be reliably estimated. Otherwise, a description of the litigation and of the significant risks incurred is presented in Note 26 "Contingent liabilities" to the consolidated financial statements.

We considered this matter as a key audit matter considering:

- the level of judgment required by the Management to assess the risk corresponding to the legal, regulatory, contractual and implicit obligations to which the Group is subject
- the uncertainty about the outcome of the proceedings initiated
- and, therefore, the potentially significant impact on consolidated profits and equity if these estimates were to vary.

Our answer
We have taken note of (i) the procedures put in place by the group to identify and list all the litigation initiated against it that may have a significant effect on its business and financial position, (ii) the Group's analysis of the risks arising therefrom, and (iii) the corresponding documentation.

We corroborated, where applicable, the Group's analysis with the written confirmations received from the Group's external consultants.

We assessed the principal risks identified and reviewed the reasonableness of the risk assessment made by Management.

Finally, we also verified the appropriateness of the information provided in the notes to the consolidated financial statements, in particular those detailed in notes 2.17 (Provisions) and 26 (Provisions and Contingent Liabilities).

Specific Verification

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

Except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, we have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements Appointment of Statutory Auditors

Statutory Auditors

We were appointed as statutory auditors of ATARI by the General Shareholders' Meeting held on October 1993 for Deloitte & Associés and held on September 30, 2016 for JLS Partner.

As at March 31, 2018, Deloitte & Associés was in the 26th year of total uninterrupted engagement and JLS Partner was in the 2nd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risks management systems and, and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities Relating for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris, September 6, 2018

The Statutory Auditors

DELOITTE & ASSOCIES	GUILLAUME VILLARD
JLS PARTNERS	JULIEN WAJSBORT

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French *société anonyme* (corporation) with capital of €2,414,689.96
Corporate headquarters: 78 rue Taitbout 75009 PARIS – France
RCS Paris 341 699 106

ATARI SA ANNUAL FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED MARCH 31, 2018

1. BALANCE SHEET

ASSETS (K€)		March 31, 2018	March 31, 2017
Intangible assets	*Note 3*	**-**	-
Property, plant and equipment	*Note 3*	**2**	2
Financial assets	*Note 4*	**13 835**	13 467
Total fixed assets		**13 837**	13 469
Down payments and advances made		**-**	-
Trade receivables	*Note 5*	**847**	834
Other receivables	*Note 6*	**57**	33
Cash and cash equivalents	*Note 7*	**2 400**	823
Total current assets		**3 303**	1 691
Accruals	*Note 8*	**419**	1 425
Total assets		**17 559**	16 585

EQUITY & LIABILITIES (K€)		31.03.2018	31.03.2017
Capital stock		**2 415**	2 304
Share premium		**11 576**	7 481
Legal reserve		**946**	946
Retained earnings		**(12 371)**	(14 088)
Net income (loss) for the year		**1 437**	1 717
Equity	*Note 9*	**4 003**	(1 639)
Provisions for contingencies and losses	Note 10	**11 521**	12 899
Bond debt	*Note 11*	**625**	1 981
Bank debt		**-**	-
Other financial liabilities	*Note 12*	**481**	1 674
Trade payables	*Note 13*	**405**	342
Operating liabilities	*Note 13*	**525**	718
Liabilities		**2 036**	4 715
Accruals	*Note 8*	**-**	610
Total shareholders' equity and liabilities		**17 559**	16 585

The Statutory Auditors’ report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

2. INCOME STATEMENT

(K€)		March 31, 2018	March 31, 2017
Revenue	*Note 14*	**2 649**	2 009
Other income	*Note 14*	**11**	178
Operating revenue		**2 660**	2 287
Other purchases and expenses	*Note 15*	**(583)**	(796)
Taxes		**(15)**	(9)
Payroll expenses	*Note 16*	**(534)**	(507)
Other expenses	*Note 16*	**(99)**	(136)
Depreciation, amortization and provisions	*Note 17*	**(659)**	(6)
Operating expenses		**(1 889)**	(1 455)
Operating income		**771**	832
Financial income	*Note 18*	**23 671**	18 617
Financial expense	*Note 18*	**(6 735)**	(17 540)
Net Financial income and expense		**16 936**	1 077
Current income before taxes		**17 707**	1 909
Non-recurring income	*Note 19*	**655**	124
Non-recurring expenses	*Note 19*	**(16 925)**	(302)
Non-recurring income and expense		**(16 270)**	(178)
Income Tax	*Note 20*	**-**	(14)
Net income (loss) for the Year		**1 437**	1 717

The Statutory Auditors' report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of Atari's (the "Company") financial statements for the year ended March 31, 2018 with a balance sheet total of €13.8 million and the income statement, presented in list form, showing a profit of €1.4 million.

The individual financial statements for the financial year ended March 31, 2018 and March 31, 2017 have a duration of 12 months.

1. HIGHLIGHTS

Highlights of the 2017/2018 financial year:

The highlights of the period are:

- **Brand licensed out to Infinity Networks Limited ("INL"):**
  Development of an Atari blockchain platform. For this platform, which intends to profit from the brand's considerable appeal, Atari received 15% of INL's capital with a right to 17.5% of the profits, and will receive various royalties over the term of the license agreement. Atari SA recorded €1.7 million in revenue in the individual financial statements as follows: (i) € 0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) €1.3 million corresponding the guaranteed minimum provided for in the INL license agreement (the asset amount of which was impaired by 50%) As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the remaining balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). This amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

- **Issuance and early redemption of 2017-2022 Océane Bonds:**
  In November 2017, issuance of €2.6 million in Océane Bonds maturing in April 2022, early redemption by way of conversion into shares in March 2018.

- **Early redemption of 2015-2020 Océane Bonds:**
  In February 2018, early redemption, by way of conversion into shares, of €1.2m of the 2015-2020 Océane Bonds maturing in April 2020.

2. ACCOUNTING PRINCIPLES AND METHODS

2.1. Principles Used in Preparing the Financial Statements

Atari's financial statements have been prepared in accordance with French legal and regulatory provisions. They comply in particular with the provisions of Regulation 2016-07 of the French Accounting Standards Authority. And in particular with due respect to the principles of prudence, lawfulness, true and fair view, permanence of the methods from one period to another, and independence of reporting periods.

Assessment of the Going Concern Principle

As of March 31, 2018, the Company had a positive net cash position of €1.3 million and in April 2018 it carried out a capital increase for € 7.5 million.

Considering these elements, and the cash projections over the next 12 months, Atari SA closed the accounts as of March 31, 2018, retaining the principle of going concern.

2.2. Accounting Principles

The basic method used to value the items recorded in the accounts is the historical cost method.

The main methods used are:

- **Intangible and tangible fixed assets**

Intangible and tangible fixed assets are valued at their acquisition cost (purchase price plus incidental costs). The depreciation/amortization period depends on the nature of the fixed assets:

- Software 1 to 3 years
- Material and tools 1 to 4 years
- Fixtures and fittings 10 years
- Furniture 2 to 10 years

Tangible fixed assets are depreciated on a straight-line basis.

- **Financial Assets**

The gross value of equity securities is the historical cost of acquisition of these securities, including the costs directly attributable to the acquisition.

A provision for impairment is made when the recoverable amount is less than the asset's entry value. The recoverable value is assessed on the basis of various criteria, including those used when acquiring a stake (in particular the market multiples criterion), the market value, the profitability outlook based on the discounted cash flow forecasts and revalued equity.

If necessary, when the recoverable amount is negative, in addition to the impairment of the securities, the other assets held are impaired and, if necessary, a provision for risks is recorded.

- **Receivables**

Receivables are valued at their nominal value. A provision for impairment is made when the inventory amount is less than the asset's gross book value.

- **Foreign Currency Transactions**

Expenses and income in foreign currencies are recorded at their exchange value at the date of the transaction. Foreign currency debt, receivables, and cash equivalents are shown in the balance sheet at their exchange value at the end of the financial year. The difference resulting from the discounting of debts and receivables in foreign currencies at the latter price is recorded in the balance sheet under "Translation differences."

Unrealized foreign exchange losses are subject to a provision for risks.

- **Bond issue costs, premiums, discounts and redemptions**

Borrowings are recorded at their issue value. Issue and redemption fees and premiums are recognized under "Adjustment accounts" in assets and amortized in financial net income over the life of the debt. When the borrowings are repaid by the creation of new shares, the costs are recorded as an issue premium.

- **Stock Options**

Stock options are recognized when the options are exercised as a capital increase for an amount equal to the subscription price paid by their holders. The difference between the subscription price and the par value of the share is, where applicable, a share premium.

- **Provisions**

A provision is recorded when there is an obligation (legal or implicit) towards a third party, resulting from past events, the measurement of which can be reliably estimated and which will probably result in an outflow of resources in favor of this third party without at least equivalent compensation expected from it. If the amount and/or timing cannot be reliably estimated then it is a contingent liability that is an off–balance sheet commitment.

- **License revenue**

The non-refundable amounts received, or whose payment is guaranteed, in connection with a license agreement without a major obligation incumbent on the Group are included in the revenue.

- **Tax Consolidation**

Atari and Atari Europe opted for the tax integration regime. Under the terms of the agreement concluded, each subsidiary calculates its tax expense as if it were not consolidated. The tax savings resulting from the use of the tax losses of the consolidated subsidiaries are immediately recognized in the income statement by Atari and are not subsequently reversed into cash. When the subsidiaries become profitable again, Atari bears, if necessary, an additional tax expense due to the deficits of its subsidiaries that it has already deducted. Atari SA is the head of the Tax Consolidation Group composed of Atari SA and Atari Europe SAS.

- **Use of Estimates**

The preparation of the individual financial statements in accordance with generally accepted accounting principles requires taking into account estimates and assumptions made by the management of the Company and affecting the amounts of assets and liabilities appearing in the balance sheet, the amounts of contingent assets and contingent liabilities, as well as the amounts of income and expenses in the income statement and the cash flow forecasts underlying the going concern principle. It is possible that the final amounts will differ from the estimates and assumptions used.

3. INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets did not change significantly during the year:

3.1. Intangible Fixed Assets

(K€)	March 31, 2017	Acquisitions / Depreciation	Disposals / Reversals	March 31, 2018
Software	1	-	-	1
Other intangible assts	-	-	-	-
Total gross value	**1**	**-**	**-**	**1**
Total amortization	**(1)**	**-**	**-**	**(1)**
Total net value	**-**	**-**	**-**	**-**

3.2. Tangible Fixed Assets

(K€)	March 31, 2017	Acquisitions / Depreciation	Disposals / Reversals	March 31, 2018
General fixtures and fittings	-	-	-	-
Office equipment and computers	2	1		3
Total gross value	**2**	**1**	**-**	**3**
Total amortization	**(0)**	**(0)**		**(1)**
Total net value	**2**	**0**	**-**	**2**

4. FINANCIAL FIXED ASSETS

4.1. Changes in financial assets

(K€)	March 31, 2017	Increases	Decreases	Currency impact	March 31, 2018
Investments in subs. and associates	822 908	406	(19 519)		803 794
receivables from subs. and associates	13 292	4 504	(3 675)	(1 036)	13 085
Accrued interest on receivables	169	290	(289)		170
Atari Europe Loan	5 215	237			5 452
Other fixed assets	408	167	(144)		431
Total gross value	**841 992**	**5 603**	**(23 627)**	**(1 036)**	**822 932**
Provisions	**(828 525)**	**(1 449)**	**20 595**	**283**	**(809 096)**
Total net value	**13 467**	**4 153**	**(3 033)**	**(753)**	**13 835**

The change in equity securities mainly corresponds to:

- The acquisition of a stake in Infinity Network Limited ("INL") stock: 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. The value of this stake was assessed on the basis of valuation by independent third-party expert Bond Lane, a US merchant bank with extensive experience in the entertainment and blockchains fields. Certain valuation methods have been excluded because of their inapplicability or inappropriateness given the circumstances of this company and/or this activity, and others have been retained. Thus, Bond Lane avoids the more traditional methods (comparable companies, comparable transactions, discounted cash flows). Bond Lane uses less traditional methods that are better adapted to the company's circumstances, in particular the net asset value and the distributable cash method. Bond Lane also incorporates qualitative criteria, in particular the team's experience, as well as the team members' reputation and the Atari brand awareness. Bond Lane's valuation was carried out on the execution date of the license agreement, i.e., February 6, 2018 (date of signature of the license, with the conditions precedent for the entry into force of the license being met on March 29, 2018) and on June 30, 2018. As of February 6, 2018, Bond Lane determines a minimum valuation threshold given the characteristic features of INL (interest in blockchains, team experience, Atari brand awareness), and estimates that the value is at least $500,000. On June 30, 2018, Bond Lane first analyzed INL's available cash position and obtained a range of $358,000–$425,000 for these computational factors based on the selected exchange rate averages and the chosen method. In a second step, and as is customary in valuations, Bond Lane applied a premium to take into account the qualitative elements, including the team's experience, its reputation, and the brand awareness. Bond Lane thus determined a value of $500,000 as of June 30, 2018, reflecting a premium of between 17.6% and 39.7% for the qualitative elements as of date.

  The Statutory Auditors' report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

- The transfer of of the Kizzang shares, worth €1.1 million, to its subsidiary Atari Casino.
- The transfer of Atari Game Corp (formerly Atari Capital Partners), worth € 1.5 million, to its subsidiary California US Holdings.
- The exit of dormant companies, with a gross value of €19.9 million, which were liquidated. The value of these investments was impaired at 100%, and a corresponding reversal of provisions was recorded.

The change in receivables from subsidiaries mainly corresponds to:

- Shareholder loans granted to wholly-owned subsidiaries: Atari Interactive for €3.3 million and Atari Europe for €1.2 million.
- Abandonment of receivables amounting to € 3.7 million from a UK subsidiary that has been liquidated. This receivable had been fully provisioned, and a corresponding provision reversal was recorded.

The "Atari Europe Loan" corresponds to the value of redemption by Atari SA of the former "Alden Loan" plus the capitalization of the annual interest.

Movements related to other financial assets correspond to the sale of treasury shares held by the Company. As of March 31, 2018, the Company holds 2,264,924 treasury shares, representing 0.94% of the Company's share capital.

4.2. Provision for Impairment of Financial Assets

(K€)	March 31, 2017	Increases	Decreases	Currency impact	March 31, 2018
Investments in subs. and associates	816 294	47	(16 920)		799 422
receivables from subs. and associates	7 015	1 165	(3 675)	(283)	4 223
Accrued interest on receivables	-				-
Atari Europe Loan	5 215	237			5 452
Other fixed assets	-				-
Total provisions	**828 525**	**1 449**	**(20 595)**	**(283)**	**809 096**

Provisions for loans and receivables relate to Atari Europe.

Reversals of provisions for equity securities and receivables related to equity investments relate to securities and receivables from dormant subsidiaries that have been liquidated.

5. TRADE ACCOUNTS RECEIVABLE

(K€)	March 31, 2018			March, 31 2017
	Gross	Impairment	Net	Net
External	1 420	(649)	771	-
Intra-group	106	(30)	76	794
Accrued	-	-	-	40
Total net value	**1 526**	**(679)**	**847**	834

As of March 31, 2018, non-Group trade accounts receivable amounted to €1,298,000 due to the guaranteed minimum owed by Infinity Networks Limited ("INL") and provided for in the license agreement. The portion payable in more than one year, i.e., € 649,000, was, as a precautionary measure, subject to an impairment provision. The receivables on Atari Europe were the subject of a provision for impairment in full of their amount excluding taxes, i.e., €30,000.

The Statutory Auditors' report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

6. OTHER RECEIVABLES

(K€)	March 31, 2018	March 31, 2017
Corporate income tax	-	-
Sales taxes	54	31
Other receivables	3	-
Total	**57**	31

All these receivables have a maturity of less than one year.

7. CASH

(K€)	March 31, 2018	March 31, 2017
Marketable securities	-	-
Cash	2 391	823
Total	**2 391**	823

8. ACCRUALS

(K€)	March 31, 2018	March 31, 2017
Prepaid expenses	40	52
Bond issue costs	-	28
Unrealized foreign exchange losses	379	1 345
Total accruals (assets)	**419**	1 425

(K€)	March 31, 2018	March 31, 2017
Deffered revenue	-	-
Unrealized foreign exchange gains	-	610
Total accruals (liabilities)	**-**	610

Prepaid expenses concern operating expenses (insurance, royalties).

Translation differences between assets and liabilities relate to the discounting of receivables and debts denominated in foreign currencies.

9. SHAREHOLDERS' EQUITY

(K€)	Number of shares	Capital stock	Other paid in capital	Legal reserve	Retained earnings	Profit (Loss)	Total
Shareholders' equity 03/31/2017	**230 408 755**	**2 304**	**7 481**	**946**	**(14 088)**	**1 717**	**(1 639)**
Conversion / Redemption OCEANE	8 640 241	86	3 713				3 800
Exercise of warrants	2 420 000	24	382				406
Appropriation of 2017 Profit					1 717	(1 717)	-
Profit (loss) for the year ended 03/31/2018						1 437	1 437
Shareholders' equity 03/31/2018	**241 468 996**	**2 415**	**11 576**	**946**	**(12 371)**	**1 437**	**4 003**

9.1. Common Shares

As of March 31, 2017, shareholders' equity is made up of 230,408,755 fully paid-up common shares with a par value of €0.01.

As of March 31, 2018, shareholders' equity is made up of 241.468.996 fully paid-up common shares with a par value of €0.01.

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.

9.2. Atari Stock Option Plan

As of March 31, 2018, two stock option plans are in effect:

- Plan No. 23 approved by the General Meeting of September 30, 2014 and granted in previous years, for 7,497,528 stock options, including 5,650,000 for Frédéric Chesnais
- Plan No. 24 approved by the General Meeting of September 30, 2016 and granted in the course of the 2017-2018 financial year, for 8,552,472 stock options, including 3,680,000 for Frédéric Chesnais

As of March 31, 2018, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 6.70 % of the Company's share capital at that date.

9.3. Company Savings Plan (*Plan d'épargne entreprise*, PEE)

No new Company Savings Plan was implemented during the year or the previous year.

9.4. Award of Rights to Performance Shares

The performance shares were all cancelled because of the departure of the employees or the non-respect of the performance criteria.

10. PROVISIONS FOR CONTINGENCIES AND LOSSES

(K€)	March 31, 2017	Additions	Reversal		March 31, 2018
			utilized	surplus	
Provisions for exchange rate	1 345		(965)		379
Provisions for losses on investments in subsidiaries	11 495			(413)	11 082
Other provisions	60				60
Total	**12 899**	**-**	**(965)**	**(413)**	**11 521**
o/w operating					
o/w financing		-	(965)	(413)	
o/w non-recurring					

As a result of the liquidation of the UK and Swiss subsidiaries, provisions for exchange risks on related receivables have been reversed. As of March 31, 2018, provisions for exchange risk amounted to €0.4 million, compared to €1.3 million at the end of the previous year.

The provisions for risks with respect to subsidiaries correspond to the amount of the negative net position of Atari Europe.

11. BOND DEBT

Position as of March 31, 2018

(K€)	OCEANES 2003-2020
% convertible / exchangeable bonds	99,50%
Number of bonds outstanding	82 906
Face value	580
Redemption premium	45
Total	**625**
o/w due to less than one year	
o/w due in more than one year	625

2003-2020 OCEANE BONDS (FORMERLY THE 2003-2009 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. These bonds, which initially matured on April 1, 2009, bore interest at 4% per annum. Each bond could initially be converted into an Atari share.

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 as from April 1, 2009 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 Repayment of 2020 OCEANE Bonds in the Event of Default"

Since April 1, 2009, the holders of 2003-2020 OCEANE Bonds may no longer subscribe for, exchange, or buy Atari shares. These OCEANE Bonds no longer have a dilutive effect on the share capital of the Company from that date.

As of March 31, 2018, 82,906 2003-2020 OCEANE Bonds remain outstanding.

2015-2020 OCEANE Bonds (ISIN FR0012395663)

In February 2015, the Company issued 14,213,455 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2015-2020 OCEANE Bonds") with a par value of €0.35, amounting to €4.97 million in principal. These are bullet bonds that bear interest at a rate of 7.5% per annum. Each bond can be converted into an Atari share. This issue was the subject of a prospectus that received AMF registration number 15-035 on January 23, 2015.

Given the evolution of the share price, the Company decided to exercise the early redemption option provided for in the issuance contract.

On March 5, 2018, all outstanding 2015-2020 OCEANE bonds were redeemed in advance by the issuance of Atari, SA shares.

2017-2022 OCEANE Bonds (ISIN FR0013284452)

In October 2017, the Company issued 5,494,327 bonds convertible into or exchangeable for new or existing shares (hereinafter, the "2017-2022 OCEANE Bonds") with a par value of €0.47, amounting to €2.6 million in principal. These are bullet bonds that bear interest at a rate of 5.5 % per annum, payable semi-annually. It was possible to convert each bond into an Atari share. This issue was the subject of a prospectus that received AMF registration number 17-520 on September 28, 2017.

Given the evolution of the share price, the Company decided to exercise the early redemption option provided for in the issuance contract.

On March 28, 2018, all outstanding 2017-2022 OCEANE bonds were redeemed in advance by the issuance of Atari, SA shares.

12. OTHER FINANCIAL LIABILITIES

(K€)	**March 31, 2018**	March 31, 2017
Accrued interest on bond debt	**-**	-
Bank overdrafts	**-**	-
Accrued interest on bond debt	**-**	-
Liabilities to Group subsidiaries	**481**	1 674
Other	**-**	-
Total other financial liabilities	**481**	1 674
o/w due in more than one year	*481*	*1 674*
o/w due in less than one year		

13. OPERATING LIABILITIES

(K€)	**March 31, 2018**	March 31, 2017
Trade payables	**405**	342
Personnel	**199**	103
Employee benefits	**106**	116
Corporate income tax	**38**	266
Other liabilities	**182**	231
Total operating liabilities	**930**	1 057

All operating debts have a maturity of less than one year.

14. OPERATING REVENUE

The operating revenue breaks down as follows:

(K€)	**March 31, 2018**	March 31, 2017
Revenue	**2 649**	2 009
Other operating income	**11**	178
Reversal of operationg provisions	**-**	100
Total operating revenue	**2 660**	2 286

Revenues consist mainly of licensing and re-invoicing of products to Group companies.

During the year, Atari granted a license to Infinity Networks (Limited) (“INL”) for the development of a blockchain platform. Atari received 15% of the capital and voting rights of INL, with an additional right to 2% of INL’s net future profits. In addition, and still under this license, Atari benefits from guaranteed income related to the use of the platform and a share of the profits linked to sales of tokens, the crypto-currency that will be used to operate this platform.

As of March 31, 2018, only the valuation of the 15% stake in INL and the guaranteed minimum linked to tokens sales were retained, for a total revenue of €1.7 million, broken down as follows: (i) € 0.4 million corresponding to INL securities as valued by Bond Lane, an independent US merchant bank; (ii) €1.3 million corresponding to the guaranteed minimum provided for in the INL license agreement (the asset amount of which was impaired by 50%)

As of the date of this Document, taking into account the amounts of receipts since the end of the financial year, the balance of the INL guaranteed minimum shown in the books is €0.3 million maturing on March 31, 2019 (i.e., a 70% reduction of the residual value of said guaranteed minimum). This amount was recorded as revenue in the financial statements as of March 31, 2018 because Atari no longer has an obligation to ensure a specific result for INL in future years.

The Statutory Auditors' report on the individual financial statements for the 2017-2018 financial year on page 99 is issued with reservations.

15. OTHER PURCHASES AND EXPENSES

"Other Purchases and Expenses" are broken down as follows:

(K€)	**March 31, 2018**	March 31, 2017
Purchases not included in inventories	**5**	4
Rents (including services and maintenance charges)	**71**	71
Cleaning, maintenant and repairs	**9**	8
Insurance	**13**	17
Fees	**320**	458
Advertising, publications, public relations	**50**	87
Travel, assignements and entertainment	**25**	39
Postage and communications	**3**	12
Bank charges and securities fee	**73**	99
Directors'fee (gross amount)	**99**	136
Other expenses	**14**	2
Total other purchases and expenses	**682**	932

The decrease in fees is related to the services of lawyers and counsel involved in the dispute with Alden.

16. PERSONNEL COSTS

The average workforce employed during the last two years was 2 executives.

The compensation paid by the company to the members of the Board of Directors for the financial year ended March 31, 2018 amounts to €28,000, gross, including €16,000 in variable compensation.

Directors' fees, including changes in provisions, amounted to €99,000.

17. REVERSALS AND DEPRECIATION/AMORTIZATION AND OPERATING PROVISIONS

(K€)	March 31, 2018	March 31, 2017
Provisions for contingencies and losses		100
Provisions for the impairment of current assets		
Total reversals	**-**	100
Depreciation and amortization:		
- Intangible assets		
- Tangible assets	**0**	0
Amortization of expenses attribuate to several periods	**10**	6
Provisions for contingencies and losses	**-**	-
Provisions for the impairment of current assets		
Total depreciation and amortization	**10**	6

18. NET FINANCIAL INCOME AND EXPENSE

(K€)	March 31, 2018	March 31, 2017
Financial income		
- Foreign exchange gain	**48**	5
- Dividend		-
- Interests income	**338**	282
- Reversals of provisions and expense transfers	**23 263**	18 325
- Other financial income	**16**	5
- Proceeds from the sale of securities	**7**	-
Total financial income	**23 671**	18 617
Financial expenses		
- Foreign exchange losses	**(1 463)**	(21)
- Interests expense	**(120)**	(208)
- Depreciation, amortization and provisions	**(1 478)**	(17 312)
- Other financial expenses	**(3 675)**	-
Total financial expenses	**(6 735)**	(17 540)
Net financial income and expense	**16 936**	1 077

- Financial income for the year ended March 31, 2018 mainly includes:
  - a reversal of provisions on securities of companies liquidated, for an amount of €16,920,000
  - a reversal of the provisions on receivables attached to the investments in the subsidiaries liquidated, for an amount of €3,986,000
  - a reversal of provision on an Atari Europe trade receivable, for an amount of €978,000
  - a reversal of provision for foreign exchange risk, for €965,000
- Financial net income for the financial year ended March 31, 2017 included a €5,640,000 reversal of Atari Europe's provision for negative shareholders' equity, and a reversal of Atari Europe's provisions for related receivables of €10,765,000.
- Financial expenses for the year ended March 31, 2018 mainly include:
  - A foreign exchange loss of €1,463,000 mainly related to the write-off of a receivable from a UK company that has been liquidated. This foreign exchange loss is partly covered by a reversal of provisions on foreign exchange risk

  - The provision for advances and interest on the loan to Atari Europe in the amount of €1,402,000
  - The write-off of the receivable related to investment in a subsidiary that has been liquidated, for an amount of €3,675,000.

- Financial expenses for the year ended March 31, 2017 mainly include:
  - The provision for foreign exchange losses of €344,000
  - The provision for impairment of loans to subsidiaries due to exchange rate fluctuations for €147,000
  - The impairment provision for Atari Europe shares for €11,605,000.
  - The impairment provision for the "Atari Europe Loan" for €5,215,000.

19. NON-RECURRING INCOME AND EXPENSES

(K€)	March 31, 2018	March 31, 2017
Non-recurring income		
- Operating activities	**-**	-
- Investing activities	**655**	124
- Amortization and provisions		
Total non-recurring expenses	**655**	124
Non-recurring expenses		
- Operating activities	**(1)**	-
- Investing activities	**16 924**	(302)
- Amortization and provisions	**-**	-
Total non-recurring expenses	**16 923**	(302)
Non-recurring income and expense	**17 577**	(178)

As of March 31, 2018, non-recurring income consisted of the gain on the Atari Games Corp shares transferred to the California US Holding subsidiary for €138,000 and the profits on disposals of treasury shares for €517,000.

As of March 31, 2018, non-recurring expenses correspond to the gross value of the shares of "dormant" subsidiaries liquidated.

As of March 31, 2017, non-recurring income and expenses mainly correspond to the result of treasury share transactions.

20. CORPORATE INCOME TAX AND PROFIT SHARING

Since July 1, 1995, Atari SA has opted for the tax consolidation regime under the Group made up of the Company and Atari Europe SAS. As of March 31, 2018, the Groups deferrable tax losses amounted to €733 million.

The potential future tax savings as of March 31, 2018 amounted to €245 million, representing a value of €1.04 per share, excluding treasury shares, comprising the share capital as of March 31, 2018.

As of March 31, 2018, the consolidated taxable income corresponds to a €0.7 million profit before deduction of the deferred tax loss. Such deduction of the deferred loss from taxable income results in tax savings of around €0.2 million.

To the extent that the company has significant tax losses, the distribution of the tax between current and extraordinary income is irrelevant.

21. STATEMENT OF ACCRUED INCOME AND EXPENSES

21.1. Statement of accrued Expenses

(K€)	March 31, 2018	March 31, 2017
Financial debt - accrued interests	-	193
Trade payables - pending invoices	252	156
Tax and employee-related liabilities:	-	-
- Provision for bonuses, paid leave, working time credits	184	105
- Other employee benefits payable	74	43
- Tax liabilities	1	12
- Other employee benefits payable	162	163
Total accrued expenses	**672**	672

21.2. Statement of accrued Income

(K€)	March 31, 2018	March 31, 2017
Financial assets - acrrued interests	170	169
Trade receivables -pending invoices	-	40
Other receivables -accrued income	-	-
Total accrued income	**170**	209

Interest accrued as of March 31, 2017 relates to interest on the "Atari Europe Loan."

22. OFF–BALANCE SHEET COMMITMENTS

22.1. Commitments Given

22.1.1 Guarantees granted by Atari

No security or guarantee has been granted to third parties.

22.1.2. Simple Lease Commitments

The company entered into a lease agreement for its Paris headquarters for a renewable period of 3 years, effective June 15, 2010. The annual rent is approximately €60,000.

22.1.3. Leasing Contracts

There are no significant lease arrangements.

22.1.4. Retirement Lump Sum Payments

Given the reduced workforce of the Company, the commitments relating to retirement lump sum payments are insignificant.

22.2. 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 2021–2037, a minimum amount of between $11.5 million and $12.2 million depending on the amount of funds raised.

23. LITIGATIONS

In the normal course of business, Group companies may be involved in a number of legal, arbitral, administrative, and tax proceedings. Although the final outcome of these proceedings cannot be presumed with certainty, the Group believes that the resulting obligations should not have a significant impact on its financial position and consolidated results.

Litigation between a Former Employee and the Company

During a previous financial year, a significant dispute arose between the Company and a former employee of the Group who claimed to have co-authored of one of the Group's main franchises. The plaintiff is seeking monetary and non-monetary damages arising from the allegedly illegal distribution by the Group of games based on this universe. The lawsuit is for approximately €17 million. At this stage of the proceedings, the Company categorically denies that the plaintiff's status of author and/or co-author, and considers the latter's claims as unfounded on the merits and on their amount. The respective submissions of the parties have been lodged with the competent courts. On September 8, 2016, the Court of First Instance of Lyon rendered a provisional judgment refusing certain requests and ordering an expert opinion on certain aspects of the case. The expert's assignment was cut short as the plaintiff did not pay the advance on costs requested by it. The plaintiff has since increased its claims to €25 million and the procedure is still ongoing.

24. CONSOLIDATING COMPANIES

The Company publishes consolidated financial statements.

25. REGULATED AGREEMENTS AND RELATED-PARTY TRANSACTIONS

During the year, one regulated agreement was submitted for prior authorization by the Company's Board of Directors in accordance with Articles L. 225-38 *et seq.* of the French Commercial Code relating to regulated agreements. This agreement was never implemented and became obsolete on March 29, 2018.

- Frédéric Chesnais' profit-sharing agreement relating to sales of tokens made by Infinity Networks Limited ("INL"). The Atari brand license agreement entered into by the company with INL, for a period of 20 years from February 6, 2018, with a view to developing a blockchain platform sets out that, over this period, Atari shall be entitled to a share of profits related to sales of tokens, the crypto-currency that will be used by INL to operate this platform. The agreement also provided for 10% of the share of the profit payable to Atari to be allocated directly to Frédéric Chesnais as part of his variable compensation. For simplification purposes, Mr. Chesnais renounced the direct allocation of this incentive in a letter dated March 29, 2018 and countersigned by INL and Atari. This agreement, authorized by the Board of Directors on December 21, 2017, is therefore obsolete and was never implemented.

26. SUBSIDIARIES AND ASSOCIATES

Amounts in K€	Capital stock	Shareholders' equity (excluding capital)	Ownership interest (%)	Carrying amount of securities held:		Loans and avances outstanding	Revuenue for the last fiscal year	Profit (loss) for the last fiscal year	Notes
				Gross	Net				
A Subsidiairies (more than 50%-owned)									
Atari Europe SAS	200	(18 929)	100%	325 870	-	7 617	262	441	
California US Holdings Inc.	-	2 022	100%	429 370	-	-	-	(6)	
Atari Inc	-	5 661	100%	3 224	3 224	-	4 597	503	
Atari Interactive Inc.	-	3 329	100%	43 618	-	8 862	3 175	2 693	
Infogrames Interactive Gmbh	26	455	100%	189	-	-	-	-	(a)
Atari Japan KK	274	(2 384)	100%	328	-	2 058	-	-	(a)
B Investments (ownership interest of between 10% and 50%)									
Infinity Network Limited				405	405				Created in Feb. 2018

(a) Dormant companies.

For subsidiaries and holdings whose individual accounts are kept in a currency other than the euro, the amounts indicated in the table above have been determined:

- In respect of capital and shareholders' equity, at the exchange rate at the closing date of the financial year to which they relate
- In respect of net revenue and net income, on the basis of the average exchange rate for the year to which they relate

27. SUBSEQUENT EVENTS

- **€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.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended March 31, 2018.

To the General Shareholders' Meeting of ATARI

Qualfied Opinion

In compliance with the engagement entrusted to us by your general shareholders' meeting, we have audited the accompanying financial statements of ATARI for the financial year ended March 31, 2018.

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion" section of our report, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the ATARI as at March 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee

Basis for Qualified Opinion

As stated in Note 1 "Highlights of the Period" to the Annual Financial Statements, Atari granted Infinity Networks Limited a license of the Atari brand to develop a blockchain entertainment platform. In respect of this contract, Atari recorded in its annual financial statements:

- Revenue of €406k corresponding to the value, at the date the contract was entered into, of a 15% stake in the shares of Infinity Networks Limited awarded to Atari as partial compensation for the contract
- Revenue and a customer receivable of €1,298k corresponding to the guaranteed minimum provided for in the license agreement, as well as an impairment provision of €649k in order to reduce the net book value of the receivable to its short-term fraction (50%), i.e., €649k.

Measurement of Infinity Networks Limited's Shares and of the Corresponding Revenue

Note 4 "Financial Fixed Assets" to the annual financial statements specifies the terms and conditions that have been adopted for the fair value of Infinity Networks Limited shares, 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 is 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 fair value of the 15% stake in the Infinity Networks Limited shares and the associated revenue used, amounting to €406k as of March 31, 2018.

Measurement of the Receivable towards Infinity Networks Limited Related to the Guaranteed Minimum

The net book value of the Infinity Networks Limited receivable (of €649k), corresponding to the fraction of the guaranteed minimum of €1.3m that Atari deemed recoverable (50%), corresponds to a partial settlement of €304k obtained at the beginning of August 2018 and an amount of $350k for which amendments also signed in early August 2018 provide for a settlement before March 31, 2019. Infinity Networks Limited is a newly incorporated company operating in a risky sector whose development and sustainability will largely depend on fundraising tied to the issuance of a virtual currency, which is inherently uncertain. In this context, we consider that the recoverable portion of the receivable towards Infinity Networks Limited should be limited to the amounts already received, i.e., €304k, and not €649k recorded in Atari's accounts. Trade receivables as of March 31, 2018 are thus overestimated by €345k (and impairment provisions thus underestimated by the same amount), corresponding to an overstatement of net income and shareholders' equity of €345k

Audit framework

We conducted our audit in accordance with the professional standards applicable in France and in accordance with the provisions of Regulation (EU) No 537/2014. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the section "Statutory Auditors' responsibilities for the Audit of the Annual Financial Statements" of this report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of the assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, except the matters described in the section "Basis for Qualified Opinion", we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Going Concern

(Note 2.1 to the annual financial statements)

Risk identified

At the end of March 2018, the Atari Group had €3.1 million in cash. The group does not have lines of credit or borrowing capacity with banks. The group finances its activities via self-financing and financial market transactions.
The publishing of video games is a sector that requires significant amounts of investment and the success of the games over time is difficult to predict. Given this limited visibility into the business, making cash forecasts is often complex.
In this context, we considered the going concern assumption as a key audit matter.

Our answer

We the end of March 2018, the Atari Group had €3.1 million in cash. The group does not have lines of credit or borrowing capacity with banks. The group finances its activities via self-financing and financial market transactions.

The publishing of video games is a sector that requires significant amounts of investment and the success of the games over time is difficult to predict. Given this limited visibility into the business, making cash forecasts is often complex.

In this context, we considered the going concern assumption as a key audit matter.

- reconciliation of cash shown in the file with the last available cash position
- ▪ verification of the projected revenue's consistency with the revenue history for the games already launched
- ▪ checking of the arithmetical consistency of the file, the margin rate and the positioning of the cash flows corresponding to the main deadlines identified.

We conducted sensitivity tests by reducing the Management's assumptions about revenue, in order to assess the ability to meet its commitments even if the business activity were significantly below expectations.

We have verified whether the paragraph "Going Concern" in Note 2.1 to the annual financial statements adequately describes the current position of the Company.

Measurement of Atari Inc's equity securities (Note 2.2 "Accounting Principles" and Note 4 "Financial Fixed Assets" to the annual financial statements)

(Note 2.2 "Accounting Principles" and Note 4 "Financial Fixed Assets" to the annual financial statements)

Risk identified

Equity securities appear on the balance sheet as of March 31, 2018 for a net amount of €3.2 million and correspond to the shares of the subsidiary ATARI INC. They are recorded on their acquisition date at the acquisition cost and impaired on the basis of their value in use representing what the company would agree to disburse in order to obtain them if it had to acquire them.

As indicated in Note 2.2 "Financial Fixed Assets" to the financial statements, the value in use is estimated by management based on, among other things, the value of shareholders' equity measured at the financial year-end, of the entities concerned and their profitability outlook based on discounted cash flow forecasts

Our answer

Our assessment of the measurement of the equity securities is based on the process put in place by the Company to determine the value in use of the equity securities.

Our work included:

- for measurements based on the share of net worth, verifying the consistency of the shares retained by the Company with the financial statements of the entities
- for estimates based on forecast elements:
  - obtaining the entity's cash flow forecasts and reconciling them with the group's forecasts
  - analyzing the consistency of the assumptions used with those of the Group and the entity's performance history and backing up, among others through discussions with Management, future growth prospects

We have also verified the appropriateness of the information presented in the paragraph "Financial Fixed Assets" in Note 2.2 and in Note 4 to the annual financial statements.

Specific Verification

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in other documents provided to shareholders on the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' Management Report and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on Corporate Governance

We certify that the Board of Directors's report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

In application of the law, we inform you that the management report does not include all the labour, environmental and social information provided for in Article L. 225-102-1 of the French Commercial Code and that an independent third party has not been appointed to verify the labour environmental and social information.

Report on Other Legal and Regulatory Requirements

Appointment of Statutory Auditors

We were appointed as statutory auditors of ATARI by the General Shareholders' Meeting held on October 1993 for Deloitte & Associés and held on September 30, 2016 for JLS Partner.

As of at March 31, 2018, Deloitte & Associés was in the 26th year of total uninterrupted engagement and JLS Partner was in the 2nd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements

Objectives and audit approach

It Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon and Paris, September 6, 2018

The Statutory Auditors

DELOITTE & ASSOCIES	GUILLAUME VILLARD
JLS PARTNERS	JULIEN WAJSBORT

GENERAL INFORMATION CONCERNING THE COMPANY

NAME AND REGISTERED (ARTICLES 3 & 4 OF THE ARTICLES OF INCORPORATION)

Atari SA

Corporate headquarters: 78 rue Taitbout, 75009 Paris - France

Telephone: + 33 (0) 800 814 850

LEGAL FORM AND GOVERNING LAW (ARTICLE 1 OF THE ARTICLES OF INCORPORATION)

French *société anonyme* (corporation) with a Board of Directors governed by Articles L. 210-1 et seq. of the French Commercial Code.

The Company is governed by French law.

DATE OF INCORPORATION AND CORPORATE LIFE (ARTICLE 5 OF THE ARTICLES OF INCORPORATION)

The Company was incorporated on July 15, 1987 for a term of 99 years from its registration in the Trade and Companies Register, i.e., until July 15, 2086, except in the case of extension or early dissolution.

CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF INCORPORATION)

The Company's purpose, in France and abroad, consists of, directly or indirectly:

- The design, production, editing, and distribution of all multimedia and audiovisual products and works, particularly for entertainment, whatever the form and especially in the form of software, the processing of data or content—whether interactive or not—on any medium and through any current or future mode of communication.
- The purchase, sale, supply, and more generally the distribution of all products and services in connection with the above purpose.
- The creation, acquisition, use, and management of intellectual and industrial property rights or other real or personal rights, in particular by way of assignment, licensing, patents, trademarks, or other rights of use.
- The acquisition, the search for partnerships and the acquisition of participating interests, whatever the form and especially by way of creation, issue, subscription, contribution, in any activity directly or indirectly related to the purpose above or to the products and themes developed by the Company.
- And, more generally, any transactions of any kind directly or indirectly related to the above purpose or to any similar or related purposes that may facilitate the Company's development.

TRADE AND COMPANIES REGISTER

PARIS B 341 699 106, APE/NAF Code: 5829C.

PLACES WHERE THE LEGAL DOCUMENTS CAN BE CONSULTED

Company's registered office.

FISCAL YEAR (ARTICLE 6 OF THE ARTICLES OF INCORPORATION)

The fiscal year of the Company begins on April 1 and ends on March 31 of each year.

FUNCTIONING OF THE BOARD OF DIRECTORS (ARTICLE 14 & 15 OF THE ARTICLES OF INCORPORATION)

The Company is governed by a Board of Directors composed of at least 3 members and at most 18 members, subject to the exemption provided for by the French Commercial Code in the event of a merger.

Directors are appointed or reappointed by the Ordinary General Shareholders' Meeting for a period of three years.

The Board of Directors appoints a Chairperson from among its natural person members. The Chairperson represents the Board of Directors and chairs the Board. He or she organizes and directs the work of the Board of Directors, which he or she reports to the General Meeting. The Chairperson ensures the proper functioning of the Company’s bodies and ensures in particular that the directors are able to fulfill their mission.

The Board of Directors meets as often as the interests of the Company require. Board meetings are convened by the Chairperson. Directors, constituting at least one third of the members of the Council, may request the Chairperson to convene the Council, indicating the agenda of the meeting, if it has not met for more than two months. If necessary, the Chief Executive Officer may request the Chairperson to convene the Board of Directors for a specific agenda.

Decisions are taken by a majority vote of the members present or represented, each director having one vote. In the event of a tie, the Chairperson has the casting vote.

The internal regulations and the committees of the Board of Directors are described in the report of the Chairperson of the Board of Directors provided for in Article L. 225-37 of the French Commercial Code.

MODE OF MANAGEMENT (ARTICLE 16 OF THE ARTICLES OF INCORPORATION)

The General Shareholders' Meeting of December 17, 2001 approved an amendment to Article 16 of the Company’s Articles of Association to take into account the provisions of Article L. 225-51-1 of the French Commercial Code providing for the choice between two methods of exercising the General Management.

Upon the decision of the Board of Directors, acting by a majority of the members present or represented, the Chairperson or another natural person appointed by the Board of Directors who holds the title of Chief Executive Officer is responsible for the General Management of the Company. The Board of Directors chooses between the two methods of exercising the General Management and the option chosen by the Board of Directors is taken for a duration that cannot be less than one year.

RIGHTS ATTACHED TO SHARES (ARTICLE 11 OF THE ARTICLES OF INCORPORATION)

In addition to the voting rights attributed to it by law, each share entitles the holder to a share of the profits and corporate assets proportionate to the percentage of capital that it represents.

The General Meeting of October 26, 1993 decided to grant, pursuant to Article L. 225-123 of the French Commercial Code (formerly Article 175 of the Law of 24 July 1966), a double voting right with respect to the right conferred other shares in proportion to the share of capital they represent. This right is conferred, on the one hand, on all fully paid-up shares, for which there will be proof of registration to a holder’s name, for at least two years, in the name of the same shareholder and, on the other hand, to all the shares from these same securities. The two-year period runs from the date on which these securities are registered, irrespective of the date of acquisition.

In the event of an increase in capital by capitalization of reserves, profits, or issue premiums, the double voting right is conferred, as soon as they are issued, on registered shares awarded free of charge to a shareholder on the basis of old shares for which it is entitled to this right. The Articles of Incorporation do not contain any conditions relating to the shareholder’s nationality in order to benefit from this double voting right.

Any share converted to bearer form or whose ownership is transferred shall lose the double voting right. Nevertheless, the transfer as a result of succession, liquidation of community of property between spouses, or donation inter vivos in favor of a spouse or a relative entitled to succeed, shall result in no loss of the acquired right and shall not interrupt the deadlines provided for in Article L. 225-123 of the French Commercial Code.

The merger of the Company has no effect on the double voting right that may be exercised in the acquiring company, if its articles of incorporation have established it.

Equal treatment will be applied to all the shares making up the share capital, as regards the tax charges.

Whenever it is necessary to own several old shares to exercise any right, in the event of an exchange or award giving entitlement to new securities against the surrender of several old shares, individual securities or a number of securities less than required will not give any rights to the holder with respect to the Company. The shareholders have to make it their personal case to accumulate the necessary number of shares.

APPROPRIATION OF EARNINGS (ARTICLES 24 & 25 OF THE ARTICLES OF INCORPORATION)

Net income for each year, after deduction of general expenses and other expenses of the Company, including all amortization/depreciation and provisions, constitutes net profits and losses for the year.

On the profits of the exercise, less any previous losses, the following are deducted:

- First, at least five per cent for the legal reserve fund, a deduction that ceases to be compulsory when the fund has reached one-tenth of the capital, but which is once again required if, for any reason whatsoever, this quota is no longer attained.
- Then, all other sums to be held in reserve under the law.

The balance, plus the retained earnings, constitutes the distributable income that is available to the General Meeting to be allocated to the shares as a dividend, allocated to all reserve accounts, or carried forward.

The General Meeting may, in addition, decide to distribute sums taken from the reserves at its disposal. In this case, the decision expressly indicates the items from which the sums are taken.

The payment of dividends is made at the date and at the place fixed by the General Meeting or, failing that, by the Board of Directors, within a maximum of nine months after the end of the financial year.

The Board of Directors may, before the approval of the accounts for the financial year, distribute one or more interim dividends. The Ordinary General Meeting deciding on the financial statements for the financial year may award to each shareholder, for all or part of the dividend or down-payments made available for distribution, an option between a payment in cash and a payment in shares.

Any dividends that have not been collected within five years from the date of payment are prescribed in accordance with the law.

CHANGE IN THE RIGHTS OF SHAREHOLDERS (ARTICLE 21 OF THE ARTICLES OF INCORPORATION)

The Extraordinary General Meeting is competent to make any amendments to the Articles of Incorporation authorized by law. However, it cannot increase shareholder commitments, except by unanimous shareholder decision.

SHAREHOLDERS’ MEETINGS (ARTICLES 19, 20 & 21 OF THE ARTICLES OF INCORPORATION)

Convocation and Participation in the Meetings

General Meetings of the Company are convened in accordance with the law and are made up of all the shareholders whose shares are paid up, regardless of the number of shares owned by each of them at the time of the meetings. Meetings are convened at least fifteen days in advance for the first notification to attend and at least six days in advance for the second notification to attend, by a notice inserted in a newspaper authorized to receive legal announcements in the department of the corporate headquarters or by simple letter addressed to the last known domicile of each shareholder.

Each share entitles to one vote. There is no clause restricting shareholder participation in Meetings:

- For the registered shareholders, their participation depends on the registration of their shares on the Company's registers with the Company's account-holding institution no later than three business days before the date of the Meeting.
- For holders of bearer shares, their participation depends on the accounting registration of their shares, to their name, no later than three business days before the date of the Meeting, in their securities account held by their banker or financial intermediary. The accounting registration of their securities must be recorded by a stock certificate issued by an authorized intermediary.

All shareholders may attend the General Meeting:

- Registered shareholders must request an admission card from the Company's account-holding institution at least five days before the Meeting. The account-holding institution will send this document directly to them.
- Holders of bearer shares must make this request to their financial intermediary. The latter will send this request to the Company's account-holding institution (accompanied by a certificate of registration in an account, confirmed no later than three business days before the date of the Meeting). Shareholders will receive their admission card by mail.
- Shareholders may only be represented by another shareholder or by their spouse. The powers of attorney, drawn up in accordance with the requirements of the regulations in force, must be addressed:
    - As concerns registered shareholders, to the account-holding institution
    - As concerns holders of bearer shares, to the financial intermediary of the shareholder who will transmit them to the Company's account-holding institution at least one day before the Meeting, together with a stock certificate.

All shareholders may vote by correspondence by means of a form sent to them free of charge, at their request, by the institution in charge of managing the Company's securities. The form must be returned to their financial intermediary, or to the account-holding institution in the case of registered shareholders, at least three calendar days before the Meeting. A stock certificate issued by the financial intermediary must be attached to the mail voting form.

The Board of Directors will always have the option of refusing mail voting or access to the Meeting to any shareholder or representative who fails to comply with statutory and regulatory requirements. Shareholders may participate in General Meetings by videoconference or by electronic means of communication under conditions defined by decree.

Quorum and Majority Rules

The Ordinary General Meeting is regularly convened and deliberates validly when it gathers at least one fifth of the shares with voting rights. If this quorum is not reached, a new Assembly shall be held at least six days after the first. The deliberations taken in this second meeting are valid whatever the fraction of the capital represented, but they can only relate to all or part of the agenda of the first meeting.

The decisions of the Ordinary General Meeting are taken by a majority of the votes of the shareholders present, voting by correspondence, or represented.

The Extraordinary Shareholders' Meeting is regularly convened and deliberates validly if the shareholders present or represented have at least, on first convocation, a quarter and, on second convocation, one-fifth of the shares with voting rights; in the absence of the latter quorum, the second Meeting may be rescheduled at a date not exceeding two months later than the date of its meeting, subject to the exceptions provided by law.

Decisions of the Extraordinary General Meeting are taken by a two-thirds majority of the votes of the shareholders present, voting by correspondence, or represented.

IDENTIFICATION OF SHAREHOLDERS (ARTICLE 10 OF THE ARTICLES OF INCORPORATION)

The General Shareholders' Meeting of December 17, 2001 approved an amendment to the Company's Articles of Incorporation to take into account Article L. 228-3-3 of the French Commercial Code, which provides that the failure to comply with provisions allowing the identification the owners of the securities shall be sanctioned either by the deprivation of the right to vote or by the suspension or deprivation of the right to a dividend.

REPORTING THRESHOLDS (ARTICLE 10 OF THE ARTICLES OF INCORPORATION)

In accordance with the seventeenth resolution adopted by the General Shareholders' Meeting on December 16, 1999, Article 10 of the Company's Articles of Association provides that any natural or legal person, acting alone or in concert, who holds or ceases to hold , directly or indirectly, at least 2% of the capital or voting rights of the Company, or any multiple of this percentage, is required to inform the Company by registered letter with acknowledgment of receipt addressed to the corporate headquarters within five trading days from the crossing of each of these thresholds, and also to indicate the number of shares that it holds thus giving access to the share capital in the future, and the number of voting rights that are attached. Mutual fund management companies are required to make this disclosure for all of the Company's shares held by the funds they manage. Failure to comply with this obligation is sanctioned, upon request, as recorded in the minutes of the General Meeting, by one or more shareholders holding at least 5% of the capital or voting rights of the Company, by the deprivation of the voting rights attached to the shares exceeding the fraction that should have been declared as of the said Meeting and for any Meeting which would meet until the expiration of a period of two years following the date on which the notification legally done.

CHANGE IN CAPITAL (ARTICLE 9 OF THE ARTICLES OF INCORPORATION)

The share capital of the Company may only be changed under the conditions provided for by the legal or regulatory provisions in force. No provision of the Articles of Incorporation provides for conditions than those of the law with regard to the modification of the Company's share capital.

GENERAL INFORMATION CONCERNING THE COMPANY'S SHARE CAPITAL

CHANGE IN CAPITAL AND VOTING RIGHTS

Any change in the share capital or the rights attached to the securities that comprise it is subject only to legal requirements, as the Articles of Incorporation do not contain specific provisions thereon.

SHARE CAPITAL

As of March 31, 2018, subscribed and fully paid up capital amounted to €2,414,689.96 divided into 241.468.996 shares with a par value of €0.01.

AUTHORIZED CAPITAL

It will be proposed, at the General Meeting convened to approve the financial statements for the financial year ended Monday, March 31, 2018, to renew the authorizations to increase the capital by issuing shares or securities giving access to the Company's share capital.

SECURITIES CARRYING ACCESS TO CAPITAL

FINANCIAL INSTRUMENTS GIVING ACCESS TO CAPITAL

Stock Subscription Option and stock Purchase Option Plans

As of March 31, 2016, the total number of stock options under all the existing plans give entitlement to 5,625,472 shares and represent 3.07% of the capital as of the same date.

As of March 31, 2017, the total number of stock options under all the existing plans give entitlement to 8,076,036 shares and represent 3.51% of the capital as of the same date.

As of March 31, 2018, the total number of stock options under all the existing plans give entitlement to 16,186,228 shares and represent 6.70% of the capital as of the same date.

Acting under the authorizations granted by Extraordinary General Meetings, the Board of Directors has awarded certain of the Group's employees and corporate officers' options to subscribe for or purchase shares, the details of which are set out in the section "Management Report - Board of Directors' Report on Group Management - Summary of the main features of the option plans awarded" of this document.

INFORMATION CONCERNING THE POTENTIAL DILUTION OF THE COMPANY'S CAPITAL AS OF MARCH 31, 2018

Issue date	Number outstanding on March 31, 2018	Exercise price	Identity of holders	Maturity	Number of shares for which securities can be exercised	Potential dilution (% of the capital stock on March 31, 2018)
Stock options						
30/10/14	4 000 000	0,200 €	Chesnais	30/10/22	4 056 000	1,68%
01/06/16	1 650 000	0,170 €	Chesnais	31/05/24	1 673 100	0,69%
12/07/17	3 680 000	0,280 €	Chesnais	11/07/25	3 698 400	1,53%
30/10/14	575 000	0,200 €	Persons referred to in sections L225-177 et 180 of the Commercial Code	30/10/22	583 050	0,24%
01/09/15	433 000	0,200 €		31/08/23	439 062	0,18%
04/01/16	144 000	0,160 €		03/01/24	146 016	0,06%
01/06/16	695 528	0,170 €		31/05/24	705 265	0,29%
12/07/17	2 255 805	0,280 €		11/07/25	2 267 084	0,94%
20/10/17	316 667	0,350 €		19/10/25	318 250	0,13%
15/01/18	2 300 000	0,458 €		14/01/26	2 300 000	0,95%
Sub-total	***16 050 000***				***16 186 228***	***6,70%***
Warrants						
07/07/16	1 731 057	0,17 €	Ker Ventures	31/07/21	1 755 291	0,73%
07/07/16	1 029 412	0,17 €	Alex Zyngier	31/07/21	1 043 823	0,43%
Sub-total	***2 760 469***				***2 799 114***	***1,16%***
Total					**18 985 342**	**7,86%**

CHANGES IN COMPANY'S CAPITAL

The following table presents the changes in the Company's capital over the last three years up to March 31, 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 31/03/2015			**170 813 236**	**0,01 €**	**345 944 686 €**	**1 708 132 €**
2015/2016	Conversion of ORANE bonds	12 372 338		0,01 €	61 527 400 €	123 723 €
As at 31/03/2016			**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 31/03/2017			**230 408 755**	**0,01 €**	**7 481 080 €**	**2 304 088 €**
2017/2018	Conversion of OCEANE bonds	11 060 241		0,01 €	4 094 869 €	110 602 €
As at 31/03/2018			**241 468 996**	**0,01 €**	**11 575 949 €**	**2 414 690 €**

STOCK OWNERSHIP AND VOTING RIGHTS

To the best of the Company's knowledge, as of March 31, 2018, stock ownership 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%**

(1) Ker Ventures LLC, holding company owned by F. Chesnais.
(2) As of March 31, 2018, 62,891 shares have double voting rights.

CROSSING OF REPORTING THRESHOLDS DURING THE FINANCIAL YEAR

Pursuant to the provisions of its Articles of Incorporation providing for the declaration of any holding of more than 2% of the capital or voting rights, the Company was informed during the financial year that Moneta Asset Management exceeded, and then fell back under, the 2% threshold.

TRANSACTIONS CARRIED OUT BY THE COMPANY IN ITS OWN SECURITIES

During the financial year ended March 31, 2018, Atari SA and its subsidiary California US Holdings carried out the following transfers of Atari stock in connection with the purchase or sale of shares or bond conversions:

FY 2017 - 2018	Average rate	Number of shares
1. Sales of shares		
April 2017		-
May 2017		-
June 2017		-
July 2017	0,210 €	1 727 593
August 2017		-
September 2017		-
October 2017		-
November 2017		-
December 2017		-
January 2018		
February 2018	0,934 €	650 000
March 2018		-
Total sales of shares		**2 377 593**
2. Share purchases		
April 2017	0,20 €	832 733
Total share purchases		**832 733**
3. Bond conversions		
Conversions d'OCEANEs 2015-2020		29 364
Conversions d'OCEANEs 2017-2022		26 346
Total bond conversions		**55 710**

TRADING BY CORPORATE OFFICERS IN SHARES AND OTER SECURITIES DURING THE YEAR

- **In shares**

Name Position on the transaction date	Type of transaction	Transaction date	Number of shares traded	Unit price	Transaction amount
F. Chesnais C.E.O.	Bonus paid in shares	18/07/2017	1 727 593	0,210 €	362 795 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	15 to 19/02/2018	2 200 000	0,813 €	1 789 480 €
Ker Ventures LLC Holding company controled by F. Chesnais	Warrant exercise	15 to 19/02/2018	2 450 000	0,170 €	416 500 €
Ker Ventures LLC Holding company controled by F. Chesnais	Conversion OCEANE 2022	28/03/2018	427 032	Conversion Oceane in shares	
A. Zyngier Member of the Board of Directors	Sale	03/07/2017	-498 264	0,309 €	-153 764 €
A. Zyngier Member of the Board of Directors	Sale	07 to 14/09/2017	-1 135 157	0,373 €	-423 425 €
A. Zyngier Member of the Board of Directors	Sale	02 to 17/10/2017	-962 341	-0,365 €	351 468 €
A. Zyngier Member of the Board of Directors	Conversion OCEANE 2022	28/03/2018	102 396	Conversion Oceane in shares	

- **In 2015-2020 Océane Bonds**

Name Position on the transaction date	Type of transaction	Transaction date	Number of securities traded	Unit price	Transaction amount
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	17/10/2017	-30 000	0,41 €	-12 300 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	19/10/2017	-10 000	0,41 €	-4 100 €

- **In 2017-2022 Océane Bonds**

Name Position on the transaction date	Type of transaction	Transaction date	Number of securities traded	Unit price	Transaction amount
Ker Ventures LLC Holding company controled by F. Chesnais	Subscription at issuance	02/11/2017	851 532	0,47 €	400 220 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	10 to 22/11/2017	-337 000	0,48 €	-160 240 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	01 to 27/12/2017	-16 000	0,49 €	-7 840 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	05 to 22/01/2018	-39 500	0,53 €	-20 746 €
Ker Ventures LLC Holding company controled by F. Chesnais	Sale	01 to 30/01/2018	-32 000	0,70 €	-22 322 €
Ker Ventures LLC Holding company controled by F. Chesnais	Conversion	02/03/2018	-427 032	Conversion in shares	
A. Zyngier Member of the Board of Directors	Subscription at issuance	02/11/2017	106 383	0,47 €	50 000 €
A. Zyngier Member of the Board of Directors	Conversion	28/03/2018	-106 383	Conversion in shares	

CHANGES IN OWNERSHIP OVER THE LAST THREE FINANCIAL YEARS

The tables below show the changes in shareholding over the past three years in terms of the percentage of capital held and voting rights. The differences between the number of shares and the voting rights held are explained by the fact that the registered shares held for at least two years benefit from 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%**

(1) Ker Ventures LLC, holding company owned by F. Chesnais.
(2) As of March 31, 2018, 62,891 shares have double voting rights.

To the best of the Company's knowledge, as of March 31, 2017, the distribution of capital and voting rights was as follows:

Ownership	March 31, 2017					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	44 691 156	19,40%	44 691 156	19,31%	44 691 156	19,63%
Mr Alexandre Zyngier	10 119 906	4,39%	10 119 906	4,37%	10 119 906	4,45%
Arbevel	14 831 973	6,44%	14 831 973	6,41%	14 831 973	6,52%
Treasury shares	3 865 494	1,68%	3 865 494	1,67%	0	0,00%
Public (2)	156 900 226	68,10%	157 968 405	68,24%	157 968 405	69,40%
Total	**230 408 755**	**100,00%**	**231 476 934**	**100,00%**	**227 611 440**	**100,00%**

(1) Ker Ventures LLC, holding company owned by F. Chesnais.
(2) As of March 31, 2017, 1,068,179 shares have double voting rights.

To the best of the Company's knowledge, as of March 31, 2016, the distribution of capital and voting rights was as follows:

Ownership	March 31, 2016					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	39 877 179	21,77%	39 877 179	21,74%	39 877 179	22,88%
Mr Alexandre Zyngier	12 013 615	6,56%	12 013 615	6,55%	12 013 615	6,89%
Treasury shares	9 126 422	4,98%	9 126 422	4,98%	0	0,00%
Public (2)	122 168 358	66,69%	122 417 965	66,74%	122 417 965	70,23%
Total	**183 185 574**	**100,00%**	**183 435 181**	**100,00%**	**174 308 759**	**100,00%**

(1) Ker Ventures LLC, holding company owned by F. Chesnais.
(2) As of March 31, 2016, 249,607 shares have double voting rights.

SHAREHOLDERS' AGREEMENT

To the best of the Company's knowledge, there is no shareholders' agreement.

RELATED-PARTY TRANSACTIONS

These transactions with related parties are described in the notes to the consolidated and individual financial statements of Atari SA for the year ended March 31, 2018 and in the special report of the Statutory Auditors prepared in accordance with the provisions of article L.225-40. of the French Commercial Code and appearing below.

PLEDGES, GUARANTEES, AND SECURITY INTERESTS

No security or guarantee has been granted to third parties.

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

SHARES - ISIN CODE: FR0010478248

Stock Exchange: Euronext Paris—Compartment C
The share is eligible for the deferred settlement system (SRD Long)
The action is eligible for the PEA-PME savings plan
Included in indices: Next Economy, CAC All shares
Reuter code: ATARI.PA Bloomberg code: ATA:FP

Period	Monthly highs and lows		Trading volume	Capital traded in the month
	High	Low		
2018				
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)

2003-2020 OCEANE BONDS—ISIN CODE: FR0010032839

Period	Monthly highs and lows		Trading volume	Capital traded in the month
	High	Low		
2018				
March	6,50 €	6,08 €	100	629 €
February	6,30 €	5,90 €	3 740	22 672 €
January	-	-	-	-
2017				
December	5,70 €	5,16 €	210	1 086 €
November	-	-	-	-
October	5,70 €	5,70 €	15 000	85 500 €
August - September	-	-	-	-
July	5,70 €	5,70 €	1 200	6 840 €
June	5,50 €	4,71 €	2 867	14 155 €
May	5,46 €	5,26 €	2 650	14 310 €
April	3,91 €	3,91 €	500	1 955 €
March	3,91 €	3,91 €	500	1 955 €
January - February	-	-	-	-
2016				
December	3,85 €	3,85 €	675	2 599 €
November	3,86 €	3,86 €	200	772 €
October	3,85 €	3,63 €	800	3 036 €
September	3,78 €	3,68 €	2 467	9 279 €
August	3,98 €	3,98 €	867	3 451 €
July	3,97 €	3,97 €	2 396	9 512 €
January to June	-	-	-	-

(Source: Euronext)

DIVIDENDS

The Company has not, during the last five years, distributed dividends and the Board of Directors does not intend to propose any distribution for the last financial year closed.

CORPORATE GOVERNANCE REPORT

This corporate governance report has been drawn up in accordance with the provisions of Article L.225-37 of the French Commercial Code. It was approved by the Board of Directors in its deliberation of September 5, 2018. Its main purpose is to report on the organization and composition of the administrative, management and advisory bodies and the delegations of authority and powers granted to the Board of Directors of the Company.

CORPORATE GOVERNANCE CODE

At its meeting on March 16, 2017, the Company's Board of Directors decided to adopt the MiddleNext Corporate Governance Code of September 2016 for small and mid-caps (the "MiddleNext Code") as a reference code for the Company in terms of corporate governance, considering that it is the most suitable for its size and the structure of its shareholding. This code is available on the website of MiddleNext (www.middlenext.com).

The MiddleNext code contains points of vigilance which call to mind the questions that the Board of Directors must ask itself for the good functioning of the governance.

As of the date of publication of this report, the Company has not complied with all the recommendations of the MiddleNext Code. In accordance with the provisions of paragraph 7 of Article L. 225-37 of the French Commercial Code, this report specifies the provisions of the MiddleNext Code that have been rejected and explains the reasons why they were rejected.

Thus, the Company considers that it is not in conformity with the following recommendation:

- R10—Directors' compensation: the total amount of directors' fees is allocated to directors equally. Indeed, the company considers that, even if a director cannot participate in a meeting of the Board, his or her responsibility remains engaged. In addition, directors devote time to their duties outside the board.

ADMINISTRATIVE, MANAGEMENT AND CONTROL BODIES

GENERAL MANAGEMENT

The Company is a French *société anonyme* (corporation) with a Board of Directors. The functions of Chairman of the Board of Directors and Chief Executive Officer are not separated.

BOARD OF DIRECTORS

The Board of Directors is composed of five directors, 60% of whom are independent directors within the meaning of Recommendation No. 3 of the MiddleNext corporate governance code.

The members of the Board of Directors are:

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

Since April 1, 2016, Frank E. Dangeard has been a non-voting Board member (this is an unpaid position). The observer participates without a right vote in the meetings of the Board of Directors and has access to all the information like directors. He issues any opinion or observation he deems appropriate.
Directors are appointed the General Meeting for a period of three years.

Balanced Representation of Women and Men on the Board of Directors

The system set up by law, introducing a minimum representation threshold of 40% for members of the Board of Directors and the Supervisory Board of companies whose shares are admitted to trading on a regulated market, applies from 1 January 2017. The Board of Directors of the Company is made up of five members, including two women.

Ethics of the Directors

In accordance with Recommendation No. 1 of the MiddleNext Code, each director is made aware of the responsibilities incumbent on him or her at the time of his appointment and is encouraged to observe the rules of ethics relating to his or her directorship.

Directors must comply with the legal rules governing multiple directorships, inform the Board in the event of a conflict of interest occurring after obtaining a directorship, be diligent in attending Board and General Meeting meetings, and ensure that they have all the necessary information on the agenda of the Board meetings before making any decision.

Directors are required to respect confidential information given as such by the Chairman of the Board of Directors.

Conditions for Preparing and Organizing the Work of the Board of Directors

Article 14 of the Articles of Incorporation stipulates that the Board of Directors of the Company is composed of at least three and at most eighteen members, subject to an exemption provided for by the legal provisions. The Board of Directors does not have a director elected by the employees. The members of the Board of Directors have been chosen because of their recognized expertise in the areas of management, finance, and accounting, on the one hand, and of the interactive entertainment industry, on the other.

In accordance with the Company's Internal Regulations approved by the Board of Directors on Thursday, March 16, 2017, the Board of Directors has the broadest management powers to act in all circumstances for and on behalf of the Company. It defines the Company's general management policy and ensures that it is implemented, and, more generally, all important matters are referred to it in accordance with Recommendation No. 5 of the MiddleNext code. The Board of Directors approves the Company's strategic guidelines and ensures that they are implemented by senior management. In particular, the Board of Directors sets the thresholds for prior authorization necessary for the Chief Executive Officer (or other senior executives) to finalize and give effect to the main operations of the Company and approves the annual budget and the multi-year game publishing plan. The Board also approves any material changes to the Budget or publishing plan during the year.

In accordance with the law and the Internal Regulations of the Board, the directors have the necessary means to obtain all information essential to carry out an independent and critical analysis of the Group's business, its financial position, its results, and its prospects. The Board of Directors ensures that at least one-third of its members are independent directors. At the date of this document, the Board of Directors had three independent directors out of five members (i.e., 60%): Mr. Erick Euvrard, Ms. Alyssa Padia-Walles, and Ms. Isabelle Andres.

The Board of Directors of the Company met 18 times during the period from April 1, 2017 to March 31, 2018 with an average attendance rate of directors of 94%. All Board meetings were chaired by its Chairman. The secretary of the Board attended and, depending on the subjects discussed, so did the statutory auditors, the Group's managers or third-party experts.

The Board of Directors meets as often as the interests of the company require and at least four times a year in accordance with Recommendation No. 5 of the MiddleNext Code.

The Board of Directors also met several times in an "Executive Session" (excluding Frédéric Chesnais) to review the situation of the Company and the compensation of Frédéric Chesnais.

In accordance with Recommendation No. 6 of the MiddleNext Code, the Board of Directors is assisted by two standing committees: the Audit Committee and the Nomination and Compensation Committee.
Each committee shall meet as often as necessary, convened by its chairman or by at least half of its members, to examine any matter within its area of competence. Independent directors constitute at least half of the members of the committees. Each committee is chaired by an independent director appointed by the Board of Directors.

- The Audit Committee assists the Board of Directors in the review and audit of financial statements and the verification of the clarity and accuracy of information provided to shareholders and financial markets.

  As of March 31, 2018, the Audit Committee consists of two members. Erik Euvrard, independent director and Committee Chairman, and Alexandre Zyngier. During the 2017/2018 financial year, the Audit Committee met before the board of directors' meetings (the attendance rate was 100%) to handle accounting and financial matters.

- The Nomination and Compensation Committee assists the Board of Directors in its duty to oversee the Group's policy compensation (mainly executive compensation) and the award of stock options or free shares. The policy on compensation and benefits of all kinds granted to the Company's executive officers is in accordance with Recommendation No. 13 of the MiddleNext Code, the principles for determining remuneration meet the criteria of completeness, balance, benchmark, consistency, readability, measurement and transparency.

  As of March 31, 2018, the Nomination and Compensation Committee is composed of three members. Chaired by Alyssa Padia Walles, independent director, it also includes Isabelle Andres and Frédéric Chesnais. During the 2017/2018 financial year, the Nomination and Compensation Committee met four times (the attendance rate was 100%).

Limitation of the powers of the Chief Executive Officer

In accordance with Recommendation 4 of the MiddleNext Code, all documents and information necessary for the assignment of the directors have been communicated to them or made available in sufficient time prior to the meetings of the Board. In addition, each director may supplement his information on his own initiative, with the Chairman and Chief Executive Officer being permanently at the disposal of the Board of Directors to provide explanations and significant information.

At each Board meeting, the Chief Executive Officer reports on current operations and significant developments affecting the Company.

However, the Interior Regulations of the Board of Directors provide that the prior authorization of said Board is necessary for the following operations:

- The creation of joint ventures or the acquisition of activities worth more than €750,000, the acquisition of participating interests or activities or the signing of joint venture agreements whenever the operation involves more than €750,000
- The sale or disposal of activities or assets for more than €750,000 , the sale of any participating interest or activity involving more than €750,000
- Mergers or proposed mergers concerning the Company or, in general, all transactions involving the assignment or sale of all or substantially all of the assets of the Company
- In the event of litigation, the signing of any negotiated agreement or friendly settlement or the acceptance of a negotiated settlement, whenever the amount exceeds €750,000
- The granting of guarantees on the assets of the Company, whenever the guaranteed obligation or the value of the collateral is greater than €750,000
- The signing of any licensing or intellectual property agreement, whenever the amount involved is greater than €1 million

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 within the Atari Group during the 2017-2018 Financial Year

Name	Main Function in the Group
Frédéric Chesnais Renewed: 09/30/2016 Expiration: AGM/FY 2018-2019	**CEO and Chairman of the Board:** Atari SA (France) **Member of the Nomination and Compensation Committee:** Atari SA (France) **CEO (United States) :** 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 Renewed: 09/30/2016 Expiration: AGM/FY 2018-2019	**Director:** Atari SA (France) **Chairman of the Audit Committee:** Atari SA (France)
Alyssa Padia Walles Renewed: 09/29/2017 Expiration: AGM/FY 2019-2020	**Director:** Atari SA (France) **Chairman of the Nomination and Compensation Committee:** Atari SA (France)
Alexandre Zyngier Appointed: 09/30/2015 Expiration: AGM/FY 2017-2018	**Director:** Atari SA (France) **Member of the Audit Committee:** Atari SA (France)
Isabelle Andres Appointeded: 09/29/2017 Expiration: AGM/FY 2019-2020	**Director:** Atari SA (France) **Member of the Nomination and Compensation Committee:** 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:** Ker Ventures, LLC (United States) OP Productions, LLC (United States) **Director (designated by Atari SA) :** Infinity Network Limited (Gibraltar)
Erick Euvrard	**Director general:** Keatis : investment holding (France) **Manager director:** Quadrature: consulting firm (France)
Alyssa Padia Walles	**CEO:** Amplitude Consulting Inc. (United States)
Alexandre Zyngier	**Director:** Torchlight Energy Resources Inc (United States) **Founding partner:** Batuta Capital Advisors LLC (United States)
Isabelle Andres	**CEO:** SAS Karina Square **Director general:** Groupe Alchimie (France) **Independant Director:** Bet-at-home.com (Germany)

Alexandre Zyngier can also act through the Family Limited Partnership called “HZ Investments,” which in legal terms is like the legal entity of Mr. Alexandre Zyngier.

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:** Alden Global Capital LLC (United States) 2009-2013 **Chairman of the board:** Vertis Communications Inc (United States) **Director:** Island One Resorts (United States) **Chairman of the Shareholders' Committee:** Idearc Creditors (United States)
Isabelle Andres	**Manager director:** SARL Mangas Gambling Engineering (France) **Group managing Director:** Betclic Everest Group (France)

Convictions and Family Ties

To the best of the Company's knowledge, during the last five years, none of the members of the Administrative bodies:

- Has been convicted of fraud
- Has been associated with bankruptcy, receivership or liquidation
- Has been incriminated or officially sanctioned by any statutory or regulatory authority, including professional organizations
- Has been prevented by a court from acting as a member of an administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of an issuer

As of the date of this document, the directors are not related to each other.

Potential Conflicts of Interest

To the best of the Company's knowledge, there is no potential conflict of interest between their duties with respect to the Company and the private interests of any of the members of the Board of Directors of the Company.

Loans and Guarantees Granted

During the past financial year, no loans or guarantees were granted or made to members of the Board of Directors or management bodies.

COMPENSATION OF DIRECTORS AND CORPORATE OFFICERS

COMPENSATION OF CORPORATE OFFICERS

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

Compensation of the Chairman and Chief Executive Officer

Frédéric Chesnais

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 Appointments and Compensation Committee, the Board of Directors approved the terms and conditions for compensating 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 Appointments and Compensation Comment, 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. This compensation was confirmed at the Board of Directors meeting of May 24, 2017.

VARIABLE COMPENSATION/OPTIONS

Payments for the 2016-2017 financial year

As of March 31, 2017, Frédéric Chesnais had not received any variable compensation since joining the Atari Group in 2013.

On May 24, 2017, to cover the entire period from April 1, 2013 to March 31, 2017, i.e., four years, the Board of Directors, on the recommendation of the Appointment and Compensation Committee, awarded a one-time overall payment of approximately 18 months' compensation, payable 50% in cash and 50% in Company shares subject to a 2-year lock-up agreement. Reported on an annual basis over four years, such variable compensation represents approximately 35% of the annual compensation. This compensation was approved by the General Meeting of September 29, 2017 and was paid during the 2017-2018 financial year.

During the 2016-2017 financial year, he was awarded 3,680,000 stock options at a unit exercise price of €0.28, as long-term incentive under the stock option plan enacted by the General Shareholders' Meeting of September 30, 2014.

Variable compensation for the 2017-2018 financial year

On July 12, 2017, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to set up an annual discretionary bonus, as of April 1, 2017, which could represent (except in exceptional circumstances) between 50% and 125% of the annual fixed compensation thus paid and incorporating the following elements: level of revenue, EBITDA margin, cash generation, changes in stock prices, as well as various objective criteria related to the activity. In addition, making use of the delegation of authority granted by the General Meeting, the Board of Directors reserves the right to award stock options as part of an option plan.

On July 12, 2017, the Board of Directors decided, on the recommendation of the Appointments and Compensation Committee, to set up an annual discretionary bonus, as of April 1, 2017, which could represent (except in exceptional circumstances) between 50% and 125% of the annual fixed compensation thus paid and incorporating the following elements: level of revenue, EBITDA margin, cash generation, changes in stock prices, as well as various objective criteria related to the activity.

In addition, on December 21, 2017, the Board of Directors, on the recommendation of the Compensation Committee, added an additional profit-sharing criterion by awarding an additional bonus equal to 10% of the amounts received by Atari for its share of the profits on token sales under the trademark license agreement with Infinity Network Limited. Such profit-sharing, for which a €65,000 provision was recorded, did not result in any payment and can only be paid after Atari has received its share of the profits on token sales.

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 2017/2018 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	FY 2017/2018				FY 2016/2017			
	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	12	300	12	300	12	300	12	300
Variable compensation	27	362	-	-	-	-	-	-
Exceptionnal compensation			8	412	8	412	-	-
Director's fees	20	-	20	-	20	-	20	-
TOTAL	**59**	**662**	**40**	**712**	**40**	**712**	**32**	**300**

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. The total cost for the Group, equivalent to a gross salary including employer and employee contributions, is €503,000 for the fixed compensation component, €505,000 for the variable compensation component due as of March 31, 2018, and €38,000 in directors' fees.

Table 2 - Compensation of Non-executive Corporate Officers:

(Net amounts in K€)	FY 2017/2018		FY 2016/2017	
	Director's fees	Other compensation	Director's fees	Other compensation
Alexandre Zyngier	20	30	20	30
Erick Euvrard	20	-	20	-
Isabelle Andres	20			
Alyssa Padia Walles	20	-	20	-
TOTAL	**80**	**30**	**60**	**30**

The payment of directors' fees for the 2017-2018 financial year is submitted to the vote of the General Meeting.

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

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 24-1 July 12, 2017	Purchase option	552 000	3 680 000	0,28 €	8 years
TOTAL			**552 000**	**3 680 000**		

THE MANAGEMENT TEAM

As of the date of this document, the management team is composed as follows:

- Frédéric Chesnais - Chief Executive Officer
- Philippe Mularski - Chief Financial Officer
- Jean-Marcel Nicolaï - Chief Operating Officer of the Games Division
- Michael Arzt - Chief Operating Officer of the Atari VCS and Connected Objects Division
- Todd Shallbetter - *Chief Operating Officer* of Atari Inc., a distribution subsidiary

REGULATED AGREEMENTS

During the year, one regulated agreement was submitted for prior authorization by the Company's Board of Directors in accordance with Articles L. 225-38 *et seq.* of the French Commercial Code relating to regulated agreements. This agreement was never implemented and became obsolete on March 29, 2018.

- Frédéric Chesnais' profit-sharing agreement relating to sales of tokens made by Infinity Networks Limited ("INL"). The Atari brand license agreement entered into by the company with INL, for a period of 20 years from February 6, 2018, with a view to developing a blockchain platform sets out that, over this period, Atari shall be entitled to a share of profits related to sales of tokens, the crypto-currency that will be used by INL to operate this platform. The agreement also provided for 10% of the share of the profit payable to Atari to be allocated directly to Frédéric Chesnais as part of his variable compensation. For simplification purposes, Mr. Chesnais renounced the direct allocation of this incentive in a letter dated March 29, 2018 and countersigned by INL and Atari. This agreement, authorized by the Board of Directors on December 21, 2017, is therefore obsolete and was never implemented.

In addition, an agreement approved in a previous financial year continued to have effect:

- Three-year contract for the Group's licensing activities, until September 30, 2018, with Batuta Capital Advisor LLC (Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the year is €91,000.

SUMMARY TABLE OF THE DELEGATIONS CURRENTLY VALID GRANTED BY THE SHAREHOLDER'S GENERAL MEETING WITH REGARD TO AN INCREASE IN CAPITAL AND THEIR UTILIZATION

Nature of the Delegation of Authority	GM Date Resolution Reference	Duration Term	Maximum Nominal Amount of Capital Increase (€)	Use during the Past Period
Issuance of shares or securities giving access to the capital of the Company, with the maintenance of the preferential subscription right of the shareholders.	Sep 30, 2016 Resolution 12	26 months Nov 30, 2018	€30,000,000	Used
Award of Company stock subscription and/or purchase options	Sep 30, 2016 Resolution 17	38 months Nov 30, 2019	10% of the capital of the Company	Used
Reduction of share capital by cancellation of shares acquired as part of a buyback program	Sep 29, 2017 Resolution 10	18 months March 29, 2019	10% of the capital of the Company	Not used
Issuance of shares or securities giving access to the capital of the Company, with the maintenance of the preferential subscription right of the shareholders.	Sep 29, 2017 Resolution 11	26 months Nov 29, 2019	€30,000,000	Not used
Issuance of shares or securities giving access to the capital of the Company or giving right to the award of debt securities, with cancellation of the preferential subscription right of shareholders by way of public offer.	Sep 29, 2017 Resolution 12	26 months Nov 29, 2019	€30,000,000	Not used
Issue of Company securities, with cancellation of the preferential subscription right of the shareholders in favor of the members of a company savings plan.	Sep 29, 2017 Resolution 13	26 months Nov 29, 2019	€5,000,000	Not used

Nature of the Delegation of Authority	GM Date Resolution Reference	Duration Term	Maximum Nominal Amount of Capital Increase (€)	Use during the Past Period
Increase in the number of securities to be issued in the event of excess demand when launching an issue of securities referred to in Resolutions 11, 12, and 18, within the limit of 15% of the initial issue.	Sep 29, 2017 Resolution 14	26 months Nov 29, 2019	Option of additional award limited to 15% of the initial issue.	Not used
Issue of shares or securities giving access to the capital in consideration for contributions in kind granted to the Company, outside a securities exchange takeover bid	Sep 29, 2017 Resolution 15	26 months Nov 29, 2019	10% of the capital of the Company	Not used
Issue of shares or securities giving access to the capital in consideration for contributions in kind granted to the Company, as part of a securities exchange takeover bid	Sep 29, 2017 Resolution 16	26 months Nov 29, 2019	€50,000,000	Not used
Award of Company stock subscription and/or purchase options	Sep 30, 2016 Resolution 17	38 months Nov 30, 2020	10% of the capital of the Company	Not used
Authorization granted to the Board of Directors, in order to set the issue price of the shares or any securities giving access, immediately or in the future, to the capital in case of cancellation of the shareholders' preferential subscription right	Sep 29, 2017 Resolution 18	26 months Nov 29, 2019	10% of the capital of the Company	Not used
Issuance of ordinary shares or any securities giving access to the capital, with cancellation of the shareholders' preferential subscription right, by an offer referred to in paragraph II of Article L. 411-2 of the French Monetary and Financial Code.	Sep 29, 2017 Resolution 19	26 months Nov 29, 2019	20% of the capital of the Company	Not used
Capital increase by capitalization of reserves, profits or other capitalization would be allowed	Sep 29, 2017 Resolution 21	26 months Nov 29, 2019	-	Not used

OWNERSHIP STRUCTURE

BREAKDOWN OF CAPITAL AND VOTING RIGHTS

As of March 31, 2018, subscribed and fully paid up capital of the Company amounted to €2,414,689.96 divided into 241,468,996 shares with a par value of €0.01. As of March 31, 2018, the number of voting rights attached to the Company's shares was 239,266,963.

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%**

(1) Ker Ventures: the holding company owned by Frédéric Chesnais, Company Chairman and CEO.
(2) 62,891 shares have double voting rights.

To the best of the Company's knowledge, as of March 31, 2017, the distribution of capital and voting rights was as follows:

Ownership	March 31, 2017					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	44 691 156	19,40%	44 691 156	19,31%	44 691 156	19,63%
Mr Alexandre Zyngier	10 119 906	4,39%	10 119 906	4,37%	10 119 906	4,45%
Arbevel	14 831 973	6,44%	14 831 973	6,41%	14 831 973	6,52%
Treasury shares	3 865 494	1,68%	3 865 494	1,67%	0	0,00%
Public (2)	156 900 226	68,10%	157 968 405	68,24%	157 968 405	69,40%
Total	**230 408 755**	**100,00%**	**231 476 934**	**100,00%**	**227 611 440**	**100,00%**

(1) Ker Ventures: the holding company owned by Frédéric Chesnais, Company Chairman and CEO.
(2) 1,068,179 shares have double voting rights.

Registered shares may benefit from a double voting right if held for least 2 years. As of the date of this document, 16,363,758 shares held by Ker Ventures and 1,874,573 shares held by Frédéric Chesnais are registered, but part of them cannot claim double voting rights until March 2019.

To the best of the Company's knowledge, there are no other shareholders directly, indirectly or jointly holding 5% or more of the Company's issued capital or voting rights.

As of March 31, 2018, Ker Ventures holds 19.49% of the capital and 19.67% 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 DURING THE PERIOD IN THE HOLDING OF CAPITAL

Pursuant to the provisions of its Articles of Incorporation providing for the declaration of any holding of more than 2% of the capital or voting rights, the Company was informed during the financial year that Moneta Asset Management exceeded, and then fell back under, the 2% threshold.

TEXT OF DRAFT RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING

1. Approval of the annual financial statements for the year ended March 31, 2018 and discharge (*quitus*) given to the members of the Board of Directors
2. Approval of the consolidated financial statements for the year ended March 31, 2018
3. Allocation of income for the year ended March 31, 2018
4. Re-appointment of Alexandre Zyngier as director
5. Fixing of the amount of directors' fees
6. Agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code
7. Approval of the compensation components and benefits paid or awarded for the financial year ended March 31, 2018 to Frédéric Chesnais, Chairman and Chief Executive Officer
8. Approval of the principles and criteria for determining, distributing, and awarding the components of total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer
9. Authorization to be given to the Board of Directors to enable the Company to trade its own shares

Resolution 1: Approval of the annual financial statements for the year ended March 31, 2018 and discharge (*quitus*) given to the members of the Board of Directors

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, taking into consideration the Board of Directors' Management Report, the Statutory Auditors' reports, the annual financial statements of the Company, the income statement, balance sheet and notes, approves the financial statements for the year ended March 31, 2018, as presented to it, as well as the transactions reflected in these financial statements and summarized in these reports. It settles the net profit for the year at €1,436,841.87. In accordance with Article 223 quater of the French General Tax Code, the General Meeting notes the absence of expenses and charges referred to in Article 39-4 of the same Code. The General Meeting accordingly gives discharge (quitus) to the members of the Board of Directors for the management of the affairs of the Company during the said financial year.

Resolution 2: Approval of the consolidated financial statements for the year ended March 31, 2018

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having read the Board of Directors' Group Management Report, the Statutory Auditors' reports on the Group's individual and consolidated financial statements, approves the consolidated financial statements for the year ended March 31, 2018, as presented to it, as well as the transactions reflected in these financial statements and summarized in these reports.

Resolution 3: Allocation of income for the year ended March 31, 2018

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having read the Board of Directors' Management Report and the Statutory Auditors' Report, notes that the financial statements as of March 31, 2018 and approved by the present Meeting show a profit of €1,436,841.87 and decides, on the proposal of the Board of Directors:

- to allocate the aforementioned profit to "Retained Earnings", which goes from -€12,370,933.96 to -€10,934,092.09
- To allocate the accumulated deficit of €10,934,092.09 to the issue premium, which is thus reduced from €11,575,949.29 to €641,857.20.

Resolution 4: Re-appointment of Alexandre Zyngier as director

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having read the Board of Directors' report, and having noted that the Mr. Alexandre Zyngier's term of office expires at the end of this meeting, decides to re-appoint him for a period of three years. This term of office will expire at the end of the Ordinary General Meeting called to approve the financial statements for the year ending March 31, 2021.

Resolution 5: Fixing of the amount of directors' fees

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, having read the Board of Directors' report, decides to allocate a total amount of €100,000, net, of directors' fees to the members of the Board of Directors for the financial year ended March 31, 2018, to be apportioned by the Board of Directors among its members.

Resolution 6: Agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, after hearing the reading of the Statutory Auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code, takes note of the findings of this report and approves the agreements and commitments mentioned therein and the findings of that report.

Resolution 7: Approval of the compensation components and benefits paid or awarded for the financial year ended March 31, 2018 to Frédéric Chesnais, Chairman and Chief Executive Officer

The Shareholders' General Meeting, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, approves, pursuant to the provisions of article L.225-100, II of the French Commercial Code, the fixed, variable and exceptional components the total compensation and benefits of any kind paid or awarded to Frédéric Chesnais, as a result of his appointment as Chairman and Chief Executive Officer, for the financial year ended March 31, 2018, as presented in the Company's Reference Document and recalled in Board of Directors' corporate governance report referred to in Article L 225-37 of the French Commercial Code.

Resolution 8: Approval of the principles and criteria for determining, distributing, and awarding the components of total compensation and benefits of any kind to be awarded to the Chairman and Chief Executive Officer

The General Meeting, voting under the quorum and majority requirements for Ordinary General Meetings, in accordance with the provisions of the first paragraph of Article L.225-37-2 of the French Commercial Code, and having read Board of Directors' report provided for in Article L.225-37 of the French Commercial Code, approves the principles and criteria for determining, distributing, and awarding all the fixed, variable and exceptional components of total remuneration and benefits of all kinds to be awarded to the Chairman and Chief Executive Officer of the Company for the financial year ending on March 30, 2019, which were determined by the Board of Directors of the Company on the proposal of the Appointments and Compensation Committee, as presented in the Company's Reference Document and referred to in the corporate governance report referred to in Article L.225-37 of the French Commercial Code.

Resolution 9: Authorization to be given to the Board of Directors to enable the Company to trade its own shares

The General Meeting, voting under the quorum and majority requirements for Ordinary General Meetings , on the proposal of the Board of Directors, authorizes the Board of Directors, with powers of delegation under the legal conditions in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, and the General Regulations of the Autorité des Marchés Financiers (AMF), to trade the Company's shares on the stock market.

Shares may be purchased in order to:

1. Enable an investment services provider to drive the market for or the liquidity of the stock in the context of a liquidity contract in accordance with the code of ethics recognized by the Autorité des Marchés Financiers (Article L.225 -209 of the French Commercial Code amended by Law No. 2016-1691 of December 9, 2016 - Article 42)
2. Cancel shares repurchased as part of a share capital reduction not motivated by losses
3. Deliver shares (for exchange, payment or otherwise) in the context of external growth transactions, mergers, demergers or asset transfers, payment of benefits up to a limit of 5% of its capital as provided for in Article L.225-209, paragraph 6 of the French Commercial Code, with a view to minimizing the cost of acquisition or, more generally, improving the terms of a transaction, in accordance with the terms and conditions defined by the Autorité des marchés financiers
4. Deliver shares in connection with the exercise of rights attached to securities giving access, by any means, immediately or in the future, to shares of the Company, and perform all hedging transactions in proportion to the obligations of the Company (or of one of its subsidiaries) related to such securities, under the conditions laid down by the market authorities and when the Board of Directors, or the person acting by delegation of the Board of Directors, deems its appropriate.
5. Ensure the coverage of stock option plans and/or bonus share plans (or similar plans) in favor of employees and/or corporate officers of the group as well as all share allocations under a company or group savings plan (*plan d'épargne d'entreprise/groupe*, or similar plans), in respect of profit sharing and/or any other form of allocation of shares to employees and/or corporate officers of the group.
6. Award shares to employees in respect of their sharing in the proceeds of the expansion of the company, and to implement any company savings plan undertaken under the conditions provided for by law, in particular Articles L.3332-1 and following of the French Labor Code.

This program is also intended to allow the implementation of any market practice that may be accepted by the Autorité des marchés financiers, and more generally, the completion of any other transaction in compliance with the regulations in force.

In such a case, the Company will inform its shareholders by way of press release.

The maximum purchase price per share can not exceed €2.

The Board of Directors may, however, adjust the above-mentioned purchase price in the event it incorporates of premiums, reserves or profits, giving rise either to the increase in the par value of the shares or to the creation and the free allocation of shares, as well as in the case of a division of the par value of the share or of the consolidation of shares, or any other transaction modifying the par value of the share or relating to shareholders' equity, to take into account the impact of these transactions on the value of the share.

The maximum number of shares that may be acquired by the Company in the context of this resolution may not exceed the limit of 10% of the shares comprising the share capital (or 5% of the capital in the case of shares acquired by the Company for retention and subsequent delivery as payment or exchange in the context of a merger, demerger or transfer of assets), it being specified that when the shares are bough back to promote liquidity in the conditions defined by the General Regulation of the Autorité des marchés financiers, the number of shares taken into account for calculating the limit of ten per cent (10%) provided for in the first paragraph corresponds to the number of shares purchased, minus the number of shares resold during the authorization period.

The amount of funds that the Company may devote to the buyback of its own shares may not exceed fifty million euros (€50,000,000) and this buyback program may be operated by using available cash or by short-term or medium-term indebtedness or any other means of financing permitted by regulation.

Shares thus acquired may be retained, assigned and more generally transferred by any means and used for any purpose in accordance with the applicable regulations.

The acquisition, sale or transfer of the shares may be carried out at any time, including during a public offering period, within the limits authorized by the legal and regulatory provisions in force, and may be achieved by any means, on the market or over-the-counter, including by acquisition or sale of blocks (without limiting the share of the redemption program that may be realized by this means), by public offering to purchase or exchange, or by the use of options or other forward financial instruments traded on the market or over-the-counter, or by delivery of shares following the issue of securities giving access to the capital of the Company by conversion, exchange, redemption, exercise of a warrant or any other other way, either directly or indirectly through an investment service provider, under the conditions laid down by the market authorities and when the Board of Directors, or the person acting by delegation of the Board of Directors, deems it appropriate.

The General Meeting confers all powers on the Board of Directors, with powers of delegation under the legal conditions, to decide and implement the present authorization, to specify, if necessary, the conditions and approve the terms thereof, in order to carry out the purchase program, and, among other things, to place any stock exchange order, enter into any agreement, allocate or re-allocate the shares acquired for the purposes pursued in accordance with the applicable legal and regulatory conditions, set the terms and conditions under which the rights of the holders of securities or options will be insured, if applicable, in accordance with the legal, regulatory or contractual provisions, make any declarations to the Autorité des marchés financiers and any other competent authority and carry out all other formalities and, in general, do what is necessary.

The Board of Directors will inform the Shareholders' General Meeting every year of the transactions carried out in the context of this resolution in accordance with Article L.225-209 of the French Commercial Code.

The General Meeting acknowledges that this delegation cancels any previous delegation having the same purpose.

The Shareholders' Meeting also acknowledges that the Company must inform the Autorité des marchés financiers of the transactions carried out in accordance with the regulations in force.

This authorization is given for a maximum period of 18 months.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS - FINANCIAL YEAR ENDED MARCH 31, 2018

Year ended March 31, 2018

To the shareholders,

In our capacity as Statutory Auditors of your company, we present to you our report on regulated agreements and commitments.

It is our responsibility to communicate to you, on the basis of the information given to us, the characteristics and the essential terms and the reasons justifying the interest for the company of the agreements and commitments of which we have been informed or that we have discovered on the occasion of our assignment, without having to issue our opinion on their usefulness and their merits nor having to seek the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the interest involved in entering into these agreements and commitments with a view to their approval.

In addition, it is our responsibility, if applicable, to provide you with the information provided for in Article R.225-31 of the French Commercial Code relating to the implementation, during the past financial year, of agreements and commitments previously approved by the general meeting.

We have performed the due diligence that we have deemed necessary in light of the professional standards of the French National Company of Auditors relating to this engagement. These procedures consisted in verifying the consistency of the information given to us with the basic documents from which it came.

Agreements and Commitments Submitted to the Approval of the General Meeting

Agreements and Commitments Authorized during the Past Financial Year

With Infinity Networks Limited and Mr. Chesnais, Chief Executive Officer of Atari SA

Type and subject matter: Agreement concerning the direct payment of a bonus to Mr. Chesnais by Infinity Networks Limited (INL).

Terms: The Atari brand license agreement entered into by the company with Infinity Networks Limited, for a period of 20 years from February 6, 2018, with a view to developing a blockchain platform sets out that, over this period, Atari shall be entitled to a share of profits related to sales of tokens, the crypto-currency that will be used by INL to operate this platform.

The contract also sets out that 10% of the share of the profit shall be directly allocated by INL to Mr. Chesnais, as a bonus, and thus deducted from the share of the profit related to sales of tokens payable by INL to Atari. This agreement was authorized by the Board of Directors on December 21, 2017.

Given the difficulty of assessing the amount of this profit-sharing and its volatility, the Board of Directors considered that the best option was to express the bonus awarded to Mr. Chesnais for sales of tokens as a percentage of the tokens allocated to Atari.

By letter dated March 29, 2018 addressed to INL and Atari, Mr. Chesnais, however, renounced the direct bonus allocation by INL, with retroactive effect from February 6, 2018. The Board of Directors took note of this waiver at its meeting on July 5, 2018.

The agreement authorized by the Board of Directors on December 21, 2017 was, therefore, not applicable during the year ended March 31, 2018.

Agreements and Commitments Approved in Prior Years that Continued to be Performed during the Past Financial Year

Consulting Agreement with Batuta Capital Advisors LLC

Your Board of Directors has authorized, as of July 29, 2015, the signing of a consulting agreement between California US Holdings, a subsidiary of your company, and Batuta Capital Advisors, LLC, of which Mr. Alexandre Zyngier, director of Atari SA, is an executive. This contract provides for a set of consulting services to be provided to California US Holdings in order to facilitate the establishment of marketing partnerships, distribution agreements, licensing agreements, and, more generally, all commercial agreement which could enable the recovery, development, and growth of the Atari group. The compensation provided for this consulting agreement for a period of three years is 2,250,000 shares of your company to be acquired on a pro rata temporis basis, as and when the services are provided over time.

Person involved: Alexandre Zyngier, as director of Atari SA, a company controlling California US Holdings.

Impact on the accounts for the year: California US Holdings, a subsidiary of Atari SA, recorded a charge of $106,728.

Reasons for the interest of the agreement for the company: Your board of directors has justified this agreement by the fact that it is likely to contribute to the recovery, development, and growth of the group.

Paris and Lyon, September 6, 2018

The Statutory Auditors

DELOITTE & ASSOCIES	GUILLAUME VILLARD
JLS PARTNERS	JULIEN WAJSBORT

PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT AND THE ANNUAL FINANCIAL REPORT

PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Frédéric Chesnais, Chairman and Chief Executive Officer

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

“I certify, after taking all relevant, reasonable measures, that the information contained in this 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 management report on page 12 of this document presents a faithful representation of the evolution of the business, results, and financial position of the Company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties they face.

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 Reference Document, and that they have read this document in its entirety.

The historical financial information presented in the Reference Document has been the subject of reports by the statutory auditors, which contain reservations, appearing on page 74 for the consolidated financial statements and on page 99 for the individual financial statements.

September 6, 2018

Frédéric Chesnais,

Chairman and Chief Executive Officer of Atari SA

PARTIES RESPONSIBLE FOR AUDITING THE ACCOUNTS

STATUTORY AUDITORS

Deloitte & Associés

Member of the Regional Company of Statutory Auditors of Versailles
Represented by Guillaume Villard
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 2022.

JLS Partner

Member of the Regional Company of Statutory Auditors of Paris
Represented by Jacques Sultan
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.

ALTERNATE STATUTORY AUDITORS

B.E.A.S. SARL

6, Place de la Pyramide 92908 Paris La Défense Cedex
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.

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.

INFORMATION POLICY

PARTIES RESPONSIBLE FOR INVESTOR INFORMATION

Frédéric Chesnais - Tel.: + 33 (0) 1 83 64 61 57

Philippe Mularski - Tel.: + 33 (0) 1 83 64 61 57

INVESTOR RELATIONS

Philippe Mularski - Tel.: + 33 (0) 1 83 64 61 57 – E-mail : investisseurs@atari-sa.com

All information relating to the Company's business and financial position is available online at http://www.atari-investisseurs.fr

PROJECTED CALENDAR (FOR INFORMATION ONLY)

General Shareholders' Meeting: Friday, September 28, 2018

The date mentioned above is for information only and subject to change; to obtain the final date, the reader is invited to consult the website https://www.atari-investisseurs.fr/evenements

ANNUAL INFORMATION DOCUMENTS

The persons responsible for this Reference Document certify that, during the period of its validity, the following documents may be consulted by any person on the Company's website (www.atari-investisseurs.fr):

Under the heading "*Publications réglementées*" ("Regulated Information"):

- Annual Financial Reports/Reference Documents
- Semi-annual Financial Reports
- Securities Transactions

Under the heading "*Espace actionnaires*" ("Shareholders' corner"):

- Monthly information on capital and voting rights
- Information on share redemptions
- Description of share redemption programs

Under the heading "*Evénements*" ("Events"):

- General Meeting Documents for the last ten years
- Latest Articles of Incorporation

CROSS-REFERENCE TABLE FOR THE REFERENCE DOCUMENT

In order to facilitate the reading of this Reference Document, the cross-reference table presented below makes it possible to identify the main information provided for in Appendix 1 to European Commission Regulation No. 809/2004. (NA = not applicable)

CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of the Annual Financial Report, the following table organized by subject makes it possible to identify the main information provided for in Article L.451-1-2 of the French Monetary and Financial Code.

www.atari-investisseurs.fr

ATARI
78 rue Taitbout – 75009 PARIS - FRANCE