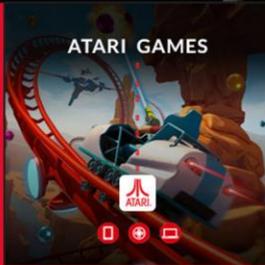




So much more than video games



ANNUAL FINANCIAL REPORT

2018
2019



ANNUAL FINANCIAL REPORT

Note:

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, 2018, as presented in the Reference Document filed on September 7, 2018 under number D.18-803 on pages 46 to 80.
- 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.

CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2019

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

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GENERAL OVERVIEW

PROFILE

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

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

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

KEY FIGURES

Sales amounted to €20.6 million for the year ended March 31, 2019, up 14.6% at current exchange rates and up 13.4% at constant exchange rates compared to the previous year.

The following table shows the Group's key figures. The accounts are presented in accordance with IFRS.

(M€)	March 31, 2019	March 31, 2018	March 31, 2017 Excluding Alden	March 31, 2017 Published
Revenue	20,6	18,0	15,4	15,4
Current operating income	3,1	2,3	1,9	1,9
Operating income (loss)	2,5	2,5	1,4	8,5
Net income (loss)	2,7	2,3	0,5	7,7
		-	-	-
Total assets	33,3	22,2	20,0	20,0
Shareholders' equity	22,3	13,8	7,4	7,4
Net cash (net debt)	7,8	2,5	(0,9)	(0,9)
Cash and cash equivalents	8,5	3,1	1,1	1,1
Number of employees	20	19	18	18

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.



STRATEGY

The Atari brand is known worldwide and is associated with Entertainment and Digital Technologies.

Atari's strategy is to develop, either directly or via licensing, content and applications that blend interactive entertainment, digital media and technological innovation, within its four main business lines:

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

The complementary nature of these business lines helps 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 acquired the Atari brand from the Hasbro Group.

In May 2009, Infogrames 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 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 the 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 ON TABLETS

Mobile games are video games that are played on mobile phones, smartphones, tablets, and 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 can 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, which are now being distributed by partners.

The online games segment covers several types of games, from “casual” to “hardcore”, 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
- Trial offers.

BUSINESS

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

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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 for the RollerCoaster Tycoon franchise. 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, Nintendo, and Microsoft) govern the relationship between the parties. These contracts allow the Company to use these console manufacturers' technology to develop and market products 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 and related logistics, and the payment terms and confidentiality obligations of the parties.

AGREEMENTS WITH MOBILE AND ONLINE PLATFORMS

The Atari Group uses mobile and online platforms such as iOS (Apple), Android (Google), Steam, EPIC, and Facebook to reach users via these platforms. The Atari Group must comply with the terms and conditions applicable to application developers which define the promotion, distribution, and operation of those platforms. Such terms and conditions may be modified at the sole discretion of the platform owners. Furthermore, 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 material contracts entered into by any Group companies in the two years preceding the date of this Annual Financial Report 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 POLICY

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 <i>(in M€)</i>	March 31, 2019		March 31, 2018		March 31, 2017	
	Amounts	% revenues	Amounts	% revenues	Amounts	% revenues
Capitalized R&D	6,5	31,5%	5,6	31,2%	4,3	27,9%
Other R&D expenditures*	7,4	35,9%	4,9	27,5%	3,8	24,8%
Total R&D expenditures	13,9	67,4%	10,6	58,7%	8,1	52,7%

(*) This item primarily includes the operational costs of the studios, pre-production on developments that have been started, the organizational costs of the publishing department, the cost of any project whose technical feasibility could not be demonstrate 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 course 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 Annual Financial Report, 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.

As of the date of this filing, 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 recognized for their expertise in this area and uses intellectual property monitoring services. The Group registers the brands and copyrights of its products in the countries it deems necessary, mainly in Europe, the United States, and other major countries.

Piracy is fought with a pragmatic approach, based on the risks identified and the territories involved. For these purposes, the Group works with online monitoring companies to combat piracy and counterfeiting of its products. The Group uses specialized companies to combat the illegal downloading of its products and includes software in its products designed to prevent illegal copying.



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. With respect to products published for PCs, this risk is limited due to the large number of manufacturers available worldwide and their responsiveness. 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. Furthermore, 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 a potential shortage from a supplier 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 its subsidiaries for the above policies for the year ended March 31, 2019 is €0.3 million.

NON-RECURRING EVENTS AND LITIGATION

In the normal course of their 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, 2019, the Group's workforce was 20, up from 19 as at March 31, 2018.

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

Since May 2019, the Company's headquarters are based at 25 rue Godot de Mauroy, 75009 Paris (France). The same is true for Atari Partners, SAS. The US subsidiaries are headquartered at 286



Madison Avenue, New York (United States).

For the 2018/2019 and 2017/2018 financial years, the Group's annual rental expenses amounted to approximately €0.3 million.

SIMPLIFIED ORGANIZATIONAL CHART OF THE GROUP AS OF MARCH 31, 2019

The simplified organizational chart below reflects the Group's main companies.

The subsidiaries are all 100% owned by Atari SA, either directly or indirectly through the intermediary holding companies Atari US Holdings, Inc. and Atari Games, Corp., except for an inactive subsidiary (Cubed Productions, LLC) that is 90% owned.

ATARI SA				
"ATARI GAMES"	<i>Atari Inc</i> (US)	<i>Atari Interactive Inc</i> (US)	<i>Atari Studios</i> (US)	<i>Atari Games Corp & subsidiaries</i> (US)
"ATARI VCS"	<i>Atari VCS LLC</i> (US)	<i>Atari Connect LLC</i> (US)		
"ATARI CASINO"	<i>Atari Casino LLC</i> (US)	<i>Atari Gaming Ltd</i> (Kenya)	<i>Atari Libéria Inc</i> (Liberia)	
"ATARI PARTNERS"	<i>Atari Partners SAS</i> (France)			

See also Note 2.3 of the consolidated accounts regarding the consolidation perimeter.



MANAGEMENT REPORT

FINANCIAL YEAR ENDED MARCH 31, 2019

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 has four main business lines: (i) video games ("Atari Games"), the Group's DNA, which includes, by extension, the monetization of such games via multiple channels, multimedia production, and licensing activities; (ii) the regulated online casino games within the dedicated company "Atari Casino"; (iii) the "Atari VCS", the Group's new console; and (iv) "Atari Partners" which covers investments in technology companies.

1.2. HIGHLIGHTS OF THE PERIOD

The highlights of the period are:

- **€7.5 million capital increase:**

The capital increase was completed in April 2018 through the issue of 13,636,364 new shares at the price of €0.55, share premium included, for a total amount of €7.5 million raised through a private placement.

- **Preorders for the Atari VCS launched on the website Indiegogo on May 29, 2018:**

Preorders exceeded US\$3 million, for more than 10,000 units.

- **Major growth in licensing business:**

Licensing business with Arcade 1 Up (arcade game cabinets for home use) and ATGames (Atari Flashback) experienced significant growth over the period.

- **Start of a licensing agreement with Animoca:**

The Group entered into its first licensing agreement with Animoca for the development of Non-Fungible Tokens (NFTs) in two Atari games, RollerCoaster Tycoon Touch and Goon Squad.

- **Brand licensing agreement renegotiated with Infinity Networks Limited:**

Atari, SA and Infinity Networks, Ltd ("INL") renegotiated the Atari Token brand license in March 2019, mainly as follows: (i) a \$170k contribution from Atari SA, raising its stake to 30%, (ii) reduction in the duration of the license to 10 years, (iii) replacement of the profit-sharing on token sales by a profit-sharing on platform sales with a quarterly minimum guarantee of \$125k beginning April 1, 2018; (iv) all amounts received for services rendered to be retained by Atari and INL (€304k in revenue for Atari SA over the financial year ended March 31, 2019), and (v) other minor contractual adjustments.

- **Settlement of the Raynal litigation:**

This litigation had been ongoing for 15 years, ending with the payment of €358K, the transfer of 39,250 treasury shares, and a participation in the franchise's future profits. The Atari Group also settled the litigation with Mr. Vachey regarding the game's music for €30K.

- **Alone in the Dark and Act of War franchises sold to THQ Nordic:**

These two franchises were sold for €735k.

- **Settlement of the Feargal Mac Conuladh litigation:**

This dispute that arose during the financial year with one of the consultants for the Atari VCS console was settled out-of-court and was fully provisioned as of March 31, 2019.

- **Depreciation of Kizzang shares**

During the 2016-2017 financial year, Atari acquired a minority stake in Kizzang valued at €2.0 million in exchange for a five-year Atari game license. In 2017-2018, Kizzang granted Atari a 10-year license to use patents and related assets, which are expected to be used by Atari Casino. This license, which has not been valued in the accounts, offers promising prospects. Up to two-thirds of the royalties due for this license may be paid in the form of Kizzang shares valued at their acquisition price. Thus, the value of the Kizzang shares can be considered an advance payment of royalties for the license. Because the Securities and Exchange Commission decided in early 2019 to bring a complaint against Kizzang's management for fraud, particularly in connection with raising funds from certain shareholders other than Atari, the Group opted to temporarily impair this minority stake, pending more specific information about the progress of the complaint and the company. In accordance with the IFRS 9 standard, this €2M depreciation was recognized as OCI ("Other Comprehensive Income") within shareholders' equity.

1.3. SUBSEQUENT EVENTS

The following events occurred after March 31, 2019:

- **Secondary listing in Stockholm:**

On April 25, 2019, Atari announced that its shares would begin trading on the Nasdaq First North segment in Stockholm, the stock exchange segment for growth companies in Nordic countries. No new shares were issued as part of this listing. As part of this process, Atari completed a retail offering of Swedish depositary receipts reserved for individuals in Sweden, Norway, Denmark, and Finland. The conditions, particularly a minimum float requirement, were met, and the listing began on April 25, 2019.

- **Change of address of headquarters:**

The company relocated its headquarters to 25 rue Godot de Mauroy 75009 Paris and entered into a new renewable nine-year lease that took effect on May 1, 2019. The annual rent including charges is about €69K.

- **Depreciation of Infinity Networks Limited ("INL") shares:**

As INL was late in paying the quarterly guaranteed minimum payment due in June 2019, Atari opted to recognize only actually paid amounts as revenue in the accounts closed on March 31, 2019. Given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, the company decided not to assign any value to these shares until those discussions are complete. In accordance with the IFRS 9 standard, this €0.7M depreciation was recognized as OCI ("Other Comprehensive Income") within shareholders' equity.

- **Distribution of the Atari VCS**

The Group entered into distribution agreements with Walmart and Gamestop in the United States.

2. ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONDENSED CONSOLIDATED INCOME STATEMENT

(M€)	March 31, 2019	March 31, 2018
Revenue	20,6	18,0
Cost of goods sold	(3,9)	(2,2)
GROSS MARGIN	16,7	15,8
Research and development expenses	(7,4)	(4,9)
Marketing and selling expenses	(3,7)	(4,5)
General and administrative expenses	(3,9)	(3,8)
Other operating income (expense)	1,4	(0,3)
CURRENT OPERATING INCOME (LOSS)	3,1	2,3
Other income (expense)	(0,6)	0,2
OPERATING INCOME (LOSS)	2,5	2,5

No changes to the consolidation perimeter occurred during the financial year, except for the creation of three new subsidiaries for the Atari Casino business.

Revenue

As of March 31, 2019, Atari achieved consolidated revenue of €20.6m, compared to €18.0m for the last financial year, an increase of 14.6% at constant exchange rates and 13.4% at current exchange rates.

The Atari Games business line continues to dominate, with strong performance in the games catalog and licensing, which strongly contributed to the Group's revenue. The top line was particularly bolstered by the various RollerCoaster Tycoon Touch versions (more than 23.5 million downloads) and royalties received from Arcade 1 Up and Atari Flashback products. Atari moreover continued developing the other business lines, to expand the long-term position of the Group into the video game, multimedia, and technology universe.

Regarding the license for the Atari Token granted to Infinity Networks Limited, Atari now holds 30% of the capital of INL. The license is now for 10 years, with an incentive based on revenue with a quarterly minimum guarantee. Given the volatility of these activities, Atari is only recognizing revenue when actually received from a cash standpoint, and does not value this investment on the balance sheet.

IFRS 15 restatement:

For the first time, the Group applied IFRS 15 – *Revenue from Contracts with Customers*. The latter has replaced IAS 18 – *Revenue*, and the corresponding interpretations.

The main change introduced by the new standard, with respect to the Group's business lines, concerns revenues associated with sales of brand licenses.

The Group has chosen to apply the new standard retrospectively only to those contracts that have not been completed as of April 1, 2018, while also accounting for the cumulative effect of the initial application on the date of first application as an adjustment to the opening balance of shareholder's equity on April 1, 2018.

Some licensing agreements are now recognized as an access right over time. The impact of recognition over time on revenue for the financial year of contracts that had not ended as of April 1, 2018 amounts to €0.1 million.

Gross Margin

The gross margin dropped to 81.1% of revenue compared to 87.9% during the prior financial year resulting from a change in the product mix favoring newer products whose margin will improve over time.

Research and Development Expenses

Research and development expenses rose to €7.4m versus €4.9m during the previous financial year, net of capitalization and amortization. This increase highlights the relaunch of production, and the mobilization of resources for the development of the business lines for the years to come.

Marketing and Sales Expenses

Marketing and sales expenses were €3.7m during the financial year 2018/2019. As of March 31, 2018, they were €4.5m. The drop resulted from a better return on marketing and selling expenses incurred for RollerCoaster Tycoon Touch and non-recurring expenses recorded during the prior financial year for the launch of products.

General and Administrative Expenses

General and administrative expenses were flat at €3.9m, versus €3.8m during the prior financial year. That consistency stems from the focus on keeping organizational costs low.

Other Operating Income and Expenses

As of March 31, 2019, net revenue from other operating income and expenses grew to €1.4m, resulting on the one hand from the sale of two non-core Atari franchises (Alone in the Dark and Act of War), and on the other hand from Atari benefiting from resolved litigation on piracy of its brand.

As of March 31, 2018, net revenue from other operating income and expenses was -€0.3m, due to an accrual for risk on an account receivable.

Current Operating Income

During the period, the Group achieved its goal of profitable growth and also recorded improved current operating income of €3.1m during the financial year ended March 31, 2019, versus €2.3m during the prior one ended March 31, 2018, i.e. a 35.7% increase.

Other Income and Expenses

Other income and expenses amounted to -€0.6m and corresponded to expenses, net of compensation and legal fees, for various litigations against Atari, which have now been resolved.

Operating Income

Operating income for the financial year ended March 31, 2019 amounted to €2.5m, stable over the previous financial year ended March 31, 2018.

OTHER INCOME STATEMENT ITEMS

(M€)	March 31, 2019	March 31, 2018
OPERATING INCOME (LOSS)	2,5	2,5
Cost of debt	(0,0)	(0,2)
Other financial income (expense)	(0,4)	(0,1)
Income tax	0,6	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	2,7	2,3
Net income (loss) from discontinued operations	-	0,0
NET INCOME (LOSS) FOR THE YEAR	2,7	2,3

Cost of Debt

The cost of debt is nil given the Atari Group's positive net cash position.

Other Financial Income and Expenses

Other financial income and expenses for the year amounted to -€0.2m capital loss on the sale of Short Shot shares (a planned online casino line), and a -€0.2m provision for impairment on Roam warrants.



Income Tax

As of March 31, 2019, the Group's tax loss carry-forwards were about €732 million in France and close to US\$650 million in the United States. In France, tax losses may be carried forward indefinitely. In the United States, losses incurred before January 1, 2018 can only be carried forward for 20 years, and as such, about \$340 million will expire at the end of the financial year 2019/2020.

As a result of the significant tax savings of the US entities, both during the financial year ended March 31, 2019 and during the previous financial year, which ended on March 31, 2018, the Group has decided to recognize a deferred tax asset for the US entities as their recovery is likely over the validity period of the deferred tax assets. The forecast period chosen to determine the recovery window is a two-year horizon. The Group therefore recognized a €1.7m deferred tax asset for the US entities.

The Group's tax loss carry-forwards in the United States come from Atari's historic operations in the United States over the period from 1999 to 2016, and are used in the Group's US tax consolidation. All of the US companies are fiscally consolidated, with the perimeter being determined by tax advisors. The method for determining the fiscal perimeter has been unchanged since the final exit from the Chapter 11 proceedings in June 2014. Nonetheless, there is still a risk that the tax authorities could at some future point question the balance of tax losses or their past utilization, whether due to how the consolidation perimeter was determined, how the tax was calculated, and/or the amount of losses that can be utilized. Given these circumstances, to cover any uncertainty, an amount of €0.6m was provisioned.

Minority Interests

The minority interests are not material.

Net Income - Group share

The consolidated net income Group share for the financial year rose to €2.7m, versus €2.3m for the previous financial year, an 20.6% increase.

2.2. CONTRIBUTIONS BY SEGMENT

As of March 31, 2019, and as of March 31, 2018, management considers that analyzing its revenue by geographical 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, 2019 AND MARCH 31, 2018

ASSETS (M€)	March 31, 2019	March 31, 2018
Intangible assets	13,5	9,2
Property, plant and equipment	0,0	0,0
Non-current financial assets	5,4	4,9
Deferred tax assets	2,0	0,5
Non-current assets	20,9	14,6
Inventories	0,2	0,2
Trade receivables	3,0	3,9
Current tax assets	0,0	0,0
Other current assets	0,7	0,4
Cash and cash equivalents	8,5	3,1
Assets held for sale	-	-
Current assets	12,4	7,6
Total assets	33,3	22,2

EQUITY & LIABILITIES (M€)	March 31, 2019	March 31, 2018
Capital stock	2,6	2,4
Share premium	8,0	11,6
Consolidated reserves	9,0	(2,5)
Net income (loss) Group share	2,7	2,3
Shareholders' equity	22,3	13,8
Minority interests	(0,0)	(0,0)
Total equity	22,2	13,8
Provisions for non-current contingencies and losses	0,7	0,0
Non-current financial liabilities	0,6	0,6
Deferred tax liabilities	-	-
Other non-current liabilities	0,2	-
Non-current liabilities	1,4	0,7
Provisions for current contingencies and losses	0,1	0,4
Current financial liabilities	0,1	-
Trade payables	5,3	5,4
Current tax liabilities	-	-
Other current liabilities	4,3	2,0
Current liabilities	9,7	7,8
Total equity and liabilities	33,3	22,2

Shareholders' Equity

Consolidated shareholders' equity rose to €22.2m as of March 31, 2019, a net improvement from €13.8m as of March 31, 2018. The table below shows the shareholders' equity variations during the financial year (in millions of euros):

Equity as at March 31, 2018 (M€)	13,8
Restatement IFRS 15	(1,1)
Equity as at March 31, 2018 restated IFRS 15 (M€)	12,7
Net income	2,7
Capital increase	7,5
Capital increase costs	(0,2)
Financial assets valued at fair value through other comprehensive income	(3,0)
Stock option expenses	0,8
Exercise of stock options	0,2
Movement in treasury shares	0,1
Currency fluctuations	1,3
Other variations	0,2
Equity as at March 31, 2019 (M€)	22,2

IFRS 15 restatement:

For the first time, the Group applied IFRS 15– *Revenue from Contracts with Customers*, which came into effect for financial years beginning on or after January 1, 2018. This standard has replaced IAS 18 – *Revenue*, as well as the corresponding interpretations.

The main change introduced by the new standard, with respect to the Group's business lines, concerns revenues associated with sales of brand licenses.

The Group has chosen to apply the new standard retrospectively only to those contracts that have not been completed as of April 1, 2018, while also accounting for the cumulative effect of the initial application on the date of first application as an adjustment to the opening balance of shareholder's equity on April 1, 2018.

Financial assets measured at fair value through OCI:

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

The main change introduced by the new standard concerns equity instruments that are not being held for trading purposes, which can be valued at fair value through OCI. The Group may irrevocably choose to apply this standard, considering each investment separately. In this case, dividend income is recognized in the profit or loss, while other profits and losses are recognized in OCI and are never reclassified as profit or loss. Consequently, the impairments recognized for the shares of Kizzang (€2m), Infinity Networks Limited (€0.7m) and LGBT (€0.3m) have been recognized in OCI.

Net Cash

As of March 31, 2019, the Group has a positive net cash position of €7.8m versus a net positive amount of €2.5m as of March 31, 2018. Cash and cash equivalents rose to €8.5m versus €3.1m as of March 31, 2018.

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

(M€)	March 31, 2019	March 31, 2018
Cash and cash equivalents	8,5	3,1
Non-current financial liabilities	(0,6)	(0,6)
Current financial liabilities	(0,1)	-
Net cash (net debt)	7,8	2,5

Net debt is broken down in the table below:

(M€)	March 31, 2019	March 31, 2018
OCEANEs 2003-2020	(0,6)	(0,6)
Commitments on financial instruments	(0,1)	-
Gross Financial debt	(0,7)	(0,6)
Cash and equivalents	8,5	3,1
Net Cash (net debt)	7,8	2,5

Intangible Assets

Intangible assets mainly relate to the production costs for the games RollerCoaster Tycoon World, RollerCoaster Tycoon Touch, games in development, the Atari VCS, and TV shows. The capitalized expenses as of March 31, 2019 represent an amount of €21.3m in gross value and €13.4m in net value.

Non-current financial assets

Non-current financial assets are broken down as follows:

(M€)	March 31, 2019	March 31, 2018
Financial assets measured at fair value through OCI	0,7	3,0
Financial assets measured at fair value through profit & loss	1,7	1,7
Financial assets measured at amortized cost	3,0	0,2
Non-current financial assets	5,4	4,9

IFRS 9 application:

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

This IFRS 9 standard includes three segments, on the accounting treatment for financial instruments, recognition and measurement, impairment and general hedge accounting. The Group has thus completed a review of its financial statements. This new classification and measurement method did not result in any material impact on the Group’s financial statements.

Other Balance Sheet Items

The working capital requirement (which corresponds to current assets less current liabilities, excluding short-term interest-bearing liabilities and assets and liabilities held for sale) is -€5.8m as of March 31, 2019, versus -€3.5m for the prior financial year. Other non-current liabilities (including non-current provisions) are not material.

2.4. CONSOLIDATED CASH FLOWS

Cash and cash equivalents amounted to €8.5m as of March 31, 2019, versus €3.1m at the end of the prior financial year.



The cash flows statements for the financial years ending March 31, 2019 and March 31, 2018 are summarized as follows:

(M€)	March 31, 2019	March 31, 2018
Net cash (used)/generated in operating activities	4,6	4,3
of which continuing operations	4,6	4,3
Net cash (used)/generated in investing activities	(7,2)	(5,7)
of which continuing operations	(7,2)	(5,7)
of which intangible assets and fixed assets	(7,1)	(5,7)
Net cash provided (used in) by financing activities	7,9	3,5
of which continuing operations	7,9	3,5
of which interest paid	-	(0,0)
Other cash flows	0,1	0,0
Net change in cash and cash equivalent	5,4	2,0

The €0.7m decrease in the working capital requirements combined with net cash provided by operating activities of €5.3m allowed the business to generate €4.6m of net cash flow. Financing activities generated €7.9m. Funds were primarily used during the period for investments in games, the Atari VCS production, and financial assets. The change in net cash for the period is +€5.4m.

3. PARENT COMPANY BUSINESS AND FINANCIAL RESULTS (ATARI S.A.)

3.1. ACTIVITY OF ATARI SA

The French company Atari S.A. (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. It also recognizes some licensing revenue, but its level of activity is therefore in no way representative of the Group's activity.

Atari, SA and Infinity Networks, Ltd ("INL") renegotiated the Atari Token brand license in March 2019, mainly as follows: (i) cancellation of the \$1.6m proceeds recorded during the prior financial year, (ii) a \$170k contribution from Atari SA, raising its stake to 30%, (iii) reduction in the duration of the license to 10 years, (iv) replacement of the profit-sharing on token sales by a profit-sharing on platform sales with a quarterly guaranteed minimum of \$125k beginning April 1, 2018; (v) all amounts received for services rendered to be retained by Atari and INL (€304k in revenue for Atari SA over the financial year ended March 31, 2019), and (vi) other minor contractual adjustments.

As INL was late in paying the quarterly guaranteed minimum payment due in June 2019, Atari opted to fully impair the receivables owed in the accounts closed on March 31, 2019. Furthermore, given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, Atari also decided not to assign any value to INL shares until those discussions are complete, thereby recognizing a depreciation of €0.7m.

The highlights of the year are described in paragraph 1 of the notes to the individual financial statements as of March 31, 2019.

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, 2019, the balance sheet total amounted to €24.1 million, with positive shareholders' equity of €10.6 million.

Net fixed assets amount to €16.7m, essentially corresponding to the value of financial fixed assets. The Company's net cash position amounted to €5.4 million, compared to €1.3m as of March 31, 2018. 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: 1

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

- Number of invoices excluded: 1
- Total amount: €21k

C. Reference payment terms used:

- Suppliers:
Contractual payment terms - France: net 15 days to net 60 days / International: variable
Statutory payment terms - France: net 60 days / International: variable
- Customers:
Contractual payment terms - France: net 0 to net 90 days / International: variable
Statutory payment terms - France: net 60 days / International: variable

Due to the cancellation of the INL revenue and the impairment of the receivables related to the new agreement, the operating income as of March 31, 2019 shows a €968k loss compared to a €771k profit as of March 31, 2018.

Net financial income amounts to +€139k compared to +€16,936k in the previous financial year, which had seen reversals of provisions on securities and receivables related to dormant subsidiaries, which were liquidated.

The current profit before tax amounts to -€830k compared to +€17,707k the previous financial year.

Net extraordinary income amounts to -€66k compared to -€16,270k the previous financial year, which had recorded as expenses the gross value of the shares of dormant subsidiaries, which were liquidated.

Net income before tax amounts to -€895k compared to +€1,437k the previous financial year.

Due to the use of its tax loss carry-forwards, the corporate income tax is zero, as in the previous financial year.

As a result, net income after tax amounts to -€895k compared to +€1,437k the previous financial year.

4. ACTIVITIES AND INCOME 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 INTERACTIVE	7,5	(6,5)
ATARI US HOLDINGS (including subs.)	9,4	1,0
ATARI PARTNERS	0,0	0,2

5. MAJOR SHAREHOLDER

5.1. SHARE OWNERSHIP AND VOTING RIGHTS

As of March 31, 2019, the Company's subscribed and fully paid-up capital totaled €2,561,092.60, divided into 256,109,260 shares with a par value of €0.01. As of March 31, 2019, the number of voting rights assigned to the Company's shares was 270,112,428.

To the best of the Company's knowledge, as of March 31, 2019, the breakdown of capital and voting rights was as follows:

Ownership	March 31, 2019					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	47 065 781	18,38%	61 156 519	22,62%	61 156 519	22,64%
Mr Alexandre Zyngier	9 951 540	3,89%	9 951 540	3,68%	9 951 540	3,68%
Arbevel	5 060 846	1,98%	5 060 846	1,87%	5 060 846	1,87%
Treasury shares	220 000	0,09%	220 000	0,08%	0	0,00%
Public (2)	193 811 093	75,68%	193 943 523	71,74%	193 943 523	71,80%
Total	256 109 260	100,00%	270 332 428	100,00%	270 112 428	100,00%

(1) Ker Ventures is the holding company owned by Frédéric Chesnais, Chairman and CEO of the Company. 14,090,738 shares have double voting rights.

(2) 132,430 shares have double voting rights.

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 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 is the holding company owned by Frédéric Chesnais, Chairman and CEO of the Company.

(2) 62,891 shares have double voting rights.

Registered shares may benefit from a double voting right if held for at least two years. As of March 31, 2019, 16,790,790 shares owned by Ker Ventures and 1,874,573 shares owned by Frédéric Chesnais are registered, for a total of 18,665,363 shares of which 14,090,738 are entitled to double voting rights before March 2019.

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

As of March 31, 2019, Ker Ventures and Frédéric Chesnais hold 18.38% of the capital and 22.62% of the exercisable voting rights. The existence of independent directors and the regular operation of

the 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 any person, whether acting alone or in concert, who begins to own or ceases to own, directly or indirectly at least 2% of the capital or voting rights of the Company, is required to inform the Company. During the financial year, the Company was not informed of any crossing of this threshold.

5.3. TRADING BY THE COMPANY IN ITS OWN STOCK

Treasury Shares

As of March 31, 2019, the Company held a total of 220,000 of its own shares (0.09% of the share capital).

Liquidity Contract

No liquidity contract is in place to date.

5.4. SHARE BUYBACK PROGRAM

The General Meeting of September 28, 2018, 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 SHARE OWNERSHIP

As of March 31, 2019, employees did not own any share in the Company's capital through a Company Savings Plan.

6. APPROPRIATION OF THE NET RESULT

At the next General Shareholders' Meeting, it will be proposed to allocate Atari S.A.'s loss for the financial year, equal to €895,347.13, to retained earnings, which will therefore go from €0.00 to €-895,347.13.

6.1. DIVIDENDS FOR THE LAST THREE FINANCIAL YEARS

The Company has not distributed dividends in the last three years and does not contemplate proposing any 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, 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 FOR 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 decided that the Chief Executive Officer and the Chairman of the Board should to 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 FEATURES 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. On the date of award, the exercise price set for the option shall be close to the price at which the Company's shares are trading. The options awarded generally have a life of eight years and a vesting period of 0-3 years.

As of March 31, 2019, three stock option plans are in effect:

- Plan No. 23 approved by the Shareholders' Meeting of September 30, 2014, awarded 7,493,938 subscription options net of cancellations;
- Plan No. 24 approved by the Shareholders' Meeting of September 30, 2014, awarded 5,588,773 subscription options net of cancellations;
- Plan No. 25 approved by the Shareholders' Meeting of September 29, 2017 for 10,000,000 stock options, of which 8,775,000 had been awarded as of March 31, 2019.

As of March 31, 2019, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 8.31% of the Company's share capital at that date. The main characteristics of all outstanding Atari stock options are summarized in the three 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	5 104 000	469 139	144 000	2 378 528
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>4 000 000</i>			<i>1 650 000</i>
Expiration date of stock option	Oct. 29, 2022	August 31, 2023	Jan. 3, 2024	May 31, 2024
Exercise price of stock options (in euros) (1)	0,20 €	0,20 €	0,16 €	0,17 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2014/2015	4 575 000	-	-	-
Stock options granted during FY 2015/2016	-	469 139	144 000	-
Stock options granted during FY 2016/2017	-	-	-	2 378 528
Stock options granted during FY 2017/2018	-	-	-	-
Stock options cancelled during FY 2017/2018	-	(36 139)	-	(33 000)
Stock options exercised during FY 2018/2019	(392 308)	(210 059)	-	(72 349)
Stock options cancelled during FY 2018/2019	(1 036)	(2 002)	-	(552)
Total number of stock options outstanding on March 31, 2019	4 181 657	220 939	144 000	2 272 627

(1) The exercise price of the options is determined based on the weighted average market price of the last twenty trading days prior to the award of the options, with or without a discount.

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
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 11, 2025	October 19, 2025	January 14, 2026
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,458 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2017/2018	5 935 805	950 000	2 300 000
Stock options cancelled during FY 2017/2018	-	(633 333)	-
Stock options exercised during FY 2018/2019	(318 147)	-	-
Stock options cancelled during FY 2018/2019	(247 032)	(316 667)	(2 100 000)
Total number of stock options outstanding on March 31, 2019	5 370 626	0	200 000

(1) The exercise price of the options is determined based on the weighted average market price of the last twenty trading days prior to the award of the options, with or without a discount.

Option plan in effect	Plan N°25-1	Plan N°25-2	Plan N°25-3
Date of Shareholders' Meeting	September 29, 2017		
Date of Board of Directors Meeting	July 16, 2018	July 16, 2018	
Number of Stock Options granted	5 935 805	316 667	370 000
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 31, 2026	July 31, 2026	January 17, 2027
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,270 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2018/2019	6 405 000	2 000 000	370 000
Stock options cancelled during FY 2018/2019	-	-	-
Total number of stock options outstanding on March 31, 2018	6 405 000	2 000 000	370 000

(1) The exercise price of the options is determined based on the weighted average market price of the last twenty trading days prior to the award of the options, with or without a discount, except for Plan #25-2 whose exercise price is one euro.

STOCK OPTIONS GRANTED TO ATARI'S CORPORATE OFFICERS DURING THE 2018/2019 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 February 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, 2019, 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, given the conversion ratios, would be 1.16% based on the capital as of March 31, 2019.

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

During the past three financial years, no options were exercised.

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

During the year, the Company awarded 4,775,000 stock options to Company employees who are not corporate officers.

During the financial year, 992,963 options were exercised by employees who are not corporate officers.

**BOARD OF DIRECTORS' SPECIAL REPORT ON THE STOCK OPTIONS TO THE COMBINED GENERAL MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS AS OF MARCH 31, 2019**

(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 8,775,000 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, 4,000,000 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

During the year, no stock options were exercised by corporate officers.

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

During the year, 4,775,000 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 year, 992,863 options were exercised by Group employees.

Paris, August 13, 2019 - The Board of Directors

8. RISKS RELATED TO THE ACTIVITY

FINANCIAL RISKS

For more information about financial risks, refer to Note 23 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 Annual Financial Report.

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

(M€)	March 31, 2019	March 31, 2018
Net cash (used)/generated in operating activities	4,6	4,3
of which continuing operations	4,6	4,3
Net cash (used)/generated in investing activities	(7,2)	(5,7)
of which continuing operations	(7,2)	(5,7)
of which intangible assets and fixed assets	(7,1)	(5,7)
Net cash provided (used in) by financing activities	7,9	3,5
of which continuing operations	7,9	3,5
of which interest paid	-	(0,0)
Other cash flows	0,1	0,0
Net change in cash and cash equivalent	5,4	2,0

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.
- As of March 31, 2019, shareholders' equity (Group share) amounted to +€22.2m. On that same date, the net cash position was equal to €7.8m. Gross financial debt amounted to €0.7 million, and mainly relates to the 2003-2020 Océane bonds, which were restructured and mature in April 2020.

For the 2019/2020 financial year, as with previous financial years, the financial goal remains the improvement of profitability, while maximizing the valuation of the brand and of the portfolio of games. It is noteworthy that for the first half of the upcoming financial year business and results will



be weaker than usual, as the efforts are focused on the second half of the year with the upcoming launch of the Atari VCS.

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 March 31, 2019 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. 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, 2019, 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, 2019	March 31, 2018
Total current assets	6,0	5,0
Total Liabilities	(10,1)	(8,4)
Net	(4,0)	(3,4)
Off-balance-sheet commitments	-	-
Net position	(4,0)	(3,4)

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 9.4% as of March 31, 2019. Thus, a shareholder who holds, as of March 31, 2019, 1.0% of the capital of the Company, would potentially see his/her stake reduced to 0.91% if all these dilutive securities were exercised, and would be unable to maintain his/her shareholding percentage.

RISKS ASSOCIATED WITH LICENSING

The RollerCoaster Tycoon license accounted for approximately 53% of revenue in 2018/2019 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 large retail stores or specialized chains. 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 2018/2019	Amount	11,0	9,6	20,6
	% of total revenues	53,3%	46,7%	100,0%
FY 2017/2018	Amount	8,3	9,7	18,0
	% of total revenues	46,0%	54,0%	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 2018-2019 financial year, AT Games is the Group's largest customer and accounts for 27% of the Group's net revenue; the top five and ten customers represent respectively 66% and 80% of the Group's net 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 RELATED TO PIRACY

Piracy is fought with a pragmatic approach, based on the risks identified and the territories involved. In France and in the rest of Europe, Atari works directly with the anti-piracy team set up in particular by SNJV (Syndicat National des Jeux Vidéo) and the customs service.

The Company works directly with American customs as part of their anti-piracy mission.

Furthermore, the Group enlists specialized companies in order to fight against the illegal downloading of its products and includes software in its products aimed at preventing illegal copying. The Company works in tandem with online monitoring companies to combat the piracy and infringement of its products.

RISKS RELATED TO 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 that it does not, its business might suffer.

The Group is subject to French, American, and other countries' legislation regarding the confidentiality and security of personal data that Atari collects from its users; those laws are constantly changing, and will continue to do so for some time.

The US government, particularly the Federal Trade Commission and Department Of Commerce, has announced that it is currently looking into whether there need to be more significant regulations on collecting information about consumers' behavior on the Internet, and the European Union has instituted the GDPR policy. Various governments and consumer groups are also calling for new regulations and changes in industry practices. If Atari does not comply with laws and regulations regarding the confidentiality of personal data or if its practices in that regard were to be found suspicious by consumers, even if those suspicions are unfounded, it could harm the Group's reputation, and operating income could suffer.



The Company publishes its privacy policy and terms and conditions of service on the website www.atari.com. In these documents, Atari describes its practices for using, transmitting, and disclosing information collected from its users. Any violation by Atari of its privacy policy, terms and conditions of service, or laws and regulations regarding the confidentiality of personal data could lead to legal proceedings against the Company, particularly by government agencies, which could harm Atari's business. Additionally, the interpretation of laws regarding data protection and their application in the mobile or online video game industry are often unclear. There is a risk that these laws could be interpreted and applied in a contradictory fashion from one state, country, or region to another, and that such an interpretation might not reflect the practices in effect within the Company. The Company might need to spend additional expenses and alter its business practices in order to comply with these various obligations. Finally, if Atari were unable to sufficiently protect its users' confidential information, they might lose confidence in its services, which could negatively affect the Group's business.

LEGAL RISKS

In the normal course of their business, Group companies may be involved in a number of legal, arbitral, administrative and tax proceedings. To the best of the Company's 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.

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 Annual Financial Report.

EXCEPTIONAL EVENTS AND DISPUTES

This information is provided in the "General Presentation" section of the Annual Financial Report.

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 Partners SAS and excluding corporate officers.

At the end of the financial year, the aforementioned French entities employed a total of three managers.

ORGANIZATION, WORKING TIME, AND ABSENTEEISM

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 €0.3 million in calendar 2018, compared to €0.2 million in 2017. 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 2018 calendar year.

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 & DEVELOPMENT

Information at Group level is given in the section “General Presentation - Investment Policy” of the Annual Financial Report. The Group does not perform pure research.

12. SUBSEQUENT EVENTS

This information on subsequent events is presented in Note 26 to the consolidated financial statements.

13. COMPANY PROSPECTS

For the 2019/2020 financial year, the Atari Group has set three operational goals:

- Expanding the games portfolio, preferably through organic growth, or through acquisitions depending on the opportunities;
- Launch the Atari VCS;
- Continuing development in the long run of applications at the intersection of entertainment and digital technology (particularly blockchain and online casinos).

For the 2019/2020 financial year, as with previous financial years, the financial goal remains the improvement of profitability, while maximizing the valuation of the brand and of the portfolio of games. It is noteworthy that for the first half of the upcoming financial year business and results will be weaker than usual, as the efforts are focused on the second half of the year with the upcoming launch of the Atari VCS.

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

Nature of information		FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019
I	Share capital at end of period (en €)					
a)	Share capital at end of period (en €)	1 708 132	1 831 856	2 304 088	2 414 691	2 561 093
b)	Number of shares outstanding	170 813 236	183 185 574	230 408 755	241 469 096	256 109 260
c)	Cumulative number of preferred shares (without voting rights) outstanding	-	-	-	-	-
d)	Maximum number of shares to be issued	22 810 576	8 985 338	16 623 190	18 985 342	24 086 286
	<i>on conversion of bonds</i>	16 397 424	3 359 866	3 353 771	-	-
	<i>on exercise of stock options</i>	6 413 152	5 625 472	8 076 036	16 186 228	21 287 169
	<i>on exercise of warrants</i>	-	-	5 193 383	2 799 114	2 799 117
	<i>on grants of free shares</i>	-	-	-	-	-
	<i>Other</i>	-	-	-	-	-
II	Operations, income for the period (in €)					
a)	Net revenue before tax	144 603	1 422 025	2 009 304	2 000 169	65 172
b)	Net income before tax, depreciation, amortization and provisions	(16 223 711)	299 782	825 083	(20 338 126)	(880 435)
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	739 061	1 774 321	1 717 313	1 436 842	(36 424)
f)	Dividend paid	-	-	-	-	-
III	Income (Loss) per share (in €)					
a)	Net income after tax, but before depreciation, amortization and provisions	(0,10)	0,00	0,00	(0,08)	(0,00)
b)	Net income after tax, depreciation, amortization and provisions	0,00	0,01	0,01	0,01	(0,00)
c)	Dividend per share	-	-	-	-	-
IV	Workforce					
a)	Average number of employee during the period	3	3	3	3	3
b)	Salary expense for the period	261 008	387 542	336 767	271 731	343 634
c)	Amounts paid for social benefits (social security, social welfare, etc.)	131 606	251 349	170 013	172 512	133 425



Société anonyme (public limited company) with capital of €2,561,092.60
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RCS Paris 341 699 106

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED MARCH 31, 2019

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CONSOLIDATED INCOME STATEMENT

(M€)		March 31, 2019	March 31, 2018
Revenue	Note 2.21	20,6	18,0
Cost of goods sold		(3,9)	(2,2)
GROSS MARGIN		16,7	15,8
Research and development expenses	Note 15	(7,4)	(4,9)
Marketing and selling expenses	Note 15	(3,7)	(4,5)
General and administrative expenses	Note 15	(3,9)	(3,8)
Other operating income (expense)	Note 16	1,4	(0,3)
CURRENT OPERATING INCOME (LOSS)		3,1	2,3
Restructuring costs			
Other income (expense)	Note 17	(0,6)	0,2
OPERATING INCOME (LOSS)		2,5	2,5
Cost of debt	Note 19	(0,0)	(0,2)
Other financial income (expense)	Note 19	(0,4)	(0,1)
Income tax	Note 20	0,6	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		2,7	2,3
Net income (loss) from discontinued operations	Note 21	-	0,0
NET INCOME (LOSS) FOR THE YEAR		2,7	2,3
Group share		2,7	2,3
Minority interests		0,0	(0,0)
Basic earnings per share (in euro)	Note 2.28	0,011	0,010
Diluted earnings per share (in euro)	Note 2.28	0,010	0,009

Note: The Auditors' report on the 2017/2018 financial statements were issued with qualification (see the report on page 74 of the Registration Document for 2017/2018)

(M€)	March 31, 2019	March 31, 2018
CONSOLIDATED NET INCOME	2,7	2,3
Elements directly incurred in net equity:		
Translation adjustments	1,3	0,2
Financial assets valued at fair value through the other comprehensive income	(3,0)	-
Other transactions	0,2	-
Total result directly recognised in equity	(1,5)	0,2
COMPREHENSIVE INCOME	1,2	2,5
Of which: Group	1,2	2,5
Of which: Minority interests	0,0	0,0

CONSOLIDATED BALANCE SHEET

ASSETS (M€)		March 31, 2019	March 31, 2018
Intangible assets	Note 3	13,5	9,2
Property, plant and equipment	Note 4	0,0	0,0
Non-current financial assets	Note 5	5,4	4,9
Deferred tax assets	Note 20.2	2,0	0,5
Non-current assets		20,9	14,6
Inventories	Note 6	0,2	0,2
Trade receivables	Note 7	3,0	3,9
Current tax assets		0,0	0,0
Other current assets	Note 8	0,7	0,4
Cash and cash equivalents	Note 9	8,5	3,1
Assets held for sale		-	-
Current assets		12,4	7,6
Total assets		33,3	22,2

EQUITY & LIABILITIES (M€)		March 31, 2019	March 31, 2018
Capital stock		2,6	2,4
Share premium		8,0	11,6
Consolidated reserves		9,0	(2,5)
Net income (loss) Group share		2,7	2,3
Shareholders' equity	Note 10	22,3	13,8
Minority interests		(0,0)	(0,0)
Total equity		22,2	13,8
Provisions for non-current contingencies and losses	Note 11	0,7	0,0
Non-current financial liabilities	Note 12	0,6	0,6
Deferred tax liabilities		-	-
Other non-current liabilities	Note 13	0,2	-
Non-current liabilities		1,4	0,7
Provisions for current contingencies and losses	Note 11	0,1	0,4
Current financial liabilities	Note 13	0,1	-
Trade payables	Note 13	5,3	5,4
Current tax liabilities		-	-
Other current liabilities	Note 13	4,3	2,0
Current liabilities		9,7	7,8
Total equity and liabilities		33,3	22,2

Note: The Auditors' report on the 2017/2018 financial statements were issued with qualification (see the report on page 74 of the Registration Document for 2017/2018)

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

CONSOLIDATED CASH FLOWS

Amounts in M€	31.03.2019	31.03.2018
Net income (loss) for the year	2,7	2,3
Non cash expenses and revenue	-	-
Charges to (reversals of) depreciation, amortization and provisions for non current assets	4,1	2,0
Cost of (revenue from) stock options and related benefits	0,8	0,4
Losses (gains) on disposals	0,2	0,1
Others	(1,1)	(1,4)
Cost of debt	-	0,2
Income taxes (deferred and current)	(1,3)	-
CASH FLOW BEFORE NET COST OF DEBT AND TAXES	5,4	3,4
Income taxes paid	-0,1	0,0
Changes in working capital		
Inventories	0,0	(0,2)
Trade receivables	0,6	3,4
Trade payables	(0,4)	(0,8)
Other current assets and liabilities	(0,9)	(1,7)
CASH FLOW FROM OPERATING ACTIVITIES	4,6	4,3
Purchases of / additions to :		
Intangible assets	(7,1)	(5,3)
Property, Plant & equipment	-	(0,0)
Non current financials assets	(0,3)	(0,4)
Disposals / repayments of :		
Intangible assets	-	-
Property, Plant & equipment	-	-
Non current financials assets	0,2	-
NET CASH USED IN INVESTING ACTIVITIES	-7,2	-5,7
Net funds raised from :		
Share issues	7,7	0,4
Issue of Oceane bonds	-	2,6
Changes in treasury shares	0,4	0,8
Net funds disbursed for :		
Interest and other financial charges	-	(0,0)
Debt repayment	-	(0,0)
Changes in loans or other financial items	0,0	(0,0)
Other cash flows from financing activities	(0,2)	(0,3)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	7,9	3,5
Impact of changes in exchange rates	0,1	0,0
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,4	2,0
Amounts in K€	31.03.2019	31.03.2018
Net opening cash balance	3,1	1,1
Net closing cash balance	8,5	3,1
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,4	2,0
Net closing cash balance		
Cash and cash equivalents	8,5	3,1
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
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
Comprehensive income				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)	0,6	-	0,4		0,4
Changes in the perimeter					(1,2)	(1,2)		(1,2)
Others changes	-	-	-	0,5	-	0,5		0,5
March 31, 2018	2,4	11,6	(0,1)	4,6	(4,7)	13,7	0,0	13,8
IFRS 15 restatement				(1,1)		(1,1)		(1,1)
March 31, 2018 restated IFRS15	2,4	11,6	(0,1)	3,5	(4,7)	12,7	0,0	12,7
Net income (loss) for the period				2,7		2,7	0,0	2,7
Translation adjustments					1,3	1,3	-	1,3
Other comprehensive income				(2,8)	-	(2,8)		(2,8)
Comprehensive income				(0,1)	1,3	1,2	0,0	1,2
Retained earnings allocation		(10,9)		10,9	-	-		-
Share issues	0,1	7,3	-	-	-	7,5		7,5
Treasury shares transactions	-	-	0,1	-	-	0,1		0,1
Others changes	-	-	-	0,8	-	0,8		0,8
March 31, 2019	2,6	8,0	(0,1)	15,2	(3,4)	22,2	0,0	22,2

GROUP PRESENTATION

Atari (the "Company" or the "Group") is a company under French law whose shares are traded on the Euronext Paris exchange, compartment C (ISIN code: FR0010478248, symbol: ATA).

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

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

NOTE 1 – HIGHLIGHTS OF THE PERIOD

The highlights of the period are:

- **€7.5 million capital increase:**

The capital increase was completed in April 2018 through the issue of 13,636,364 new shares at the price of €0.55, share premium included, for a total amount of €7.5 million raised through a private placement.

- **Preorders for the Atari VCS launched on the website Indiegogo on May 29, 2018:**

Preorders exceeded US\$3 million, for more than 10,000 units.

- **Major growth in licensing business:**

Licensing business with Arcade 1 Up (arcade game cabinets for home use) and ATGames (Atari Flashback) experienced significant growth over the period.

- **Start of a licensing agreement with Animoca:**

The Group entered into its first licensing agreement with Animoca for the development of Non-Fungible Tokens (NFTs) in two Atari games, RollerCoaster Tycoon Touch and Goon Squad.

- **Brand licensing agreement renegotiated with Infinity Networks Limited:**

Atari, SA and Infinity Networks, Ltd ("INL") renegotiated the Atari Token brand license in March 2019, mainly as follows: (i) a \$170k contribution from Atari SA, raising its stake to 30%, (ii) reduction in the duration of the license to 10 years, (iii) replacement of the profit-sharing on token sales by a profit-sharing on platform sales with a quarterly minimum guarantee of \$125k beginning April 1, 2018; (iv) all amounts received for services rendered to be retained by Atari and INL (€304k in revenue for Atari SA over the financial year ended March 31, 2019), and (v) other minor contractual adjustments.

In the previous financial year's consolidated financial statements, Atari had recognized €1.1m in licensing revenue, of which €0.4m was from the acquisition of securities representing 15% of INL's capital, and €0.7m was the short-term portion (50%) of the minimum guarantee of €1.3m set out in the licensing agreement. As of April 1, 2019, the first application of IFRS 15 led Atari to recognize the revenue from that brand license over time, and consequently, the receivables recognized as of March 31, 2018 were cancelled in return for an adjustment to the opening balance of shareholder's equity.

As INL was late in paying the quarterly guaranteed minimum payment due in June 2019, Atari opted to recognize only actually paid amounts as revenue in the accounts closed on March 31, 2019. Given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, the company decided not to assign any value to these shares until those discussions are complete. In accordance with the IFRS 9 standard, this €0.7M depreciation was recognized in OCI.

- **Settlement of the Raynal litigation:**

This litigation had been ongoing for 15 years, ending with the payment of €358K, the transfer of 39,250 treasury shares, and a participation in the franchise's future profits. The Atari Group also settled the litigation with Mr. Vachey regarding the game's music for €30K.

- **Alone in the Dark and Act of War franchises sold to THQ Nordic:**

These two franchises were sold for €735k.

- **Settlement of the Feargal Mac Conuladh litigation:**

This dispute that arose during the financial year with one of the consultants for the Atari VCS console was settled out-of-court and was fully provisioned as of March 31, 2019.

- **Depreciation of Kizzang shares**

During the 2016-2017 financial year, Atari acquired a minority stake in Kizzang valued at €2.0 million in exchange for a five-year Atari game license. In 2017-2018, Kizzang granted Atari a 10-year license to use patents and related assets, which are expected to be used by Atari Casino. This license, which has not been valued in the accounts, offers promising prospects. Up to two-

thirds of the royalties due for this license may be paid in the form of Kizzang shares valued at their acquisition price. Thus, the value of the Kizzang shares can be considered an advance payment of royalties for the license. Because the Securities and Exchange Commission decided in early 2019 to bring a complaint against Kizzang's management for fraud, particularly in connection with raising funds from certain shareholders other than Atari, the Group opted to temporarily impair this minority stake, pending more specific information about the progress of the complaint and the company. In accordance with the IFRS 9 standard, this €2M depreciation was recognized in OCI.

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, 2018, with the exception of the new rules and interpretations, whose application is not mandatory for the 2018/2019 financial year.

The Group's financial statements are presented in millions of euros with one decimal, unless otherwise indicated. Figures rounded to the nearest thousand euros may in some situations lead to minor discrepancies in the totals and subtotals of the tables.

The consolidated financial statements have been approved by the Board of Directors on August 13, 2019. 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 position amounted to +€2.5 million.
- As of March 31, 2019, shareholders' equity (Group share) amounted equal to +€22.2 million. At the same date, the net cash position amounted to €7.8 million.

For the 2019/2020 financial year, as with previous financial years, the financial goal remains the improvement of profitability, while maximizing the valuation of the brand and of the portfolio of games. It is noteworthy that for the first half of the upcoming financial year business and results will be weaker than usual, as the efforts are focused on the second half of the year with the upcoming launch of the Atari VCS.

Considering these elements, and the cash-flow projections for the next 12 months, the Atari Group closed the accounts as of March 31, 2019, 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, 2019 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, 2018, except for standards, amendments, and interpretations which applied for the first time to financial years beginning after April 1, 2018.

In particular, effective from April 1, 2018, the Atari Group has applied two new accounting standards, IFRS 9 and IFRS 15.

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

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

These changes are presented in more detail in note 2.2. Change in Methodology.

The Group has not opted to anticipate the application of the following standards, which will be required after April 1, 2019:

- **IFRS 16 – Leases**, applicable to financial years beginning after April 1, 2019;
- **IFRS 23 – Uncertainty over Income Tax Treatments**, applicable to financial years beginning after April 1, 2019.

IFRS 16—Leases, replaces the IAS 17 standard 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.

During the financial year ended March 31, 2019, the Group has analyzed the consequences of the first application of this standard on its consolidated financial statements. The decisions resulting from this analysis primarily concern the choice of transitional measures to be applied by the Group and the assessment of contracts that fall within the scope of IFRS 16. The Group plans to opt for the cumulative effect method, with an impact on shareholders' equity for the financial year beginning April 1, 2019, which will result in an asset (the right to use the leased asset) and a financial liability representative of discounted future lease payments to be recognized for substantially all leases. Lease expenses will be replaced by a straight-line amortization expense for "usage right" assets and a financial interest expense.

The Group plans to apply certain exemptions authorized by IFRS 16, notably not recognizing short-term leases (less than 12 months) and leases of low-value assets on the balance sheet. The assessment of the impact of the application of IFRS 16 for the financial year that just ended is currently being finalized. Most leases relate to real property, and the impacts will substantially depend on the assumptions used with respect to the duration of the commitments and discount rates.

2.2. CHANGE IN METHODOLOGY

IFRS 9

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

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

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

Under IFRS 9, all financial assets whose cash-flows are not solely represented by the payment of principal and interest have to be accounted for at fair value through profit or loss. If they are not being held for trading, equity instruments (shares and similar securities) may, irrevocably and line by line, be measured at fair value through equity without later being reclassified in profit and loss (only dividends received from those instruments must be recognized in profit and loss).

The note 5.1 "Non-current financial assets" presents the new classification adopted by the Group. IFRS 9 also requires accounting for expected credit losses on trade receivables. The Group has thus completed a review of its trade receivables based on an analysis of the country risk and the default probability of the counterparties. This review did not result in any material impact on the financial position of the Group.

IFRS 15

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

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

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

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

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

These licenses transfer to the customer:

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

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

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

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

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

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

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

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

ASSETS (M€)	March 31, 2018	IFRS 15	April 01, 2018
Deferred tax assets	14,6	0,3	0,8
Non-current assets	14,6	0,3	14,9
Trade receivables	3,9	(0,6)	3,3
Current assets	7,6	(0,6)	6,9
TOTAL ASSETS	22,2	(0,4)	21,9

EQUITY & LIABILITIES (M€)	March 31, 2018	IFRS 15	April 01, 2018
Consolidated reserves	(2,5)	(1,1)	(3,5)
Total equity	13,8	(1,1)	12,7
Other current liabilities	2,0	0,7	2,8
Current liabilities	7,8	0,7	8,5
TOTAL EQUITY & LIABILITIES	22,2	(0,4)	21,9

Atari Token brand license with Infinity Networks Limited ("INL"):

In the previous financial year's consolidated financial statements, Atari had recognized €1.1m in licensing revenue, of which €0.4m was from the acquisition of securities representing 15% of INL's capital, and €0.7m was the short-term portion (50%) of the minimum guarantee of €1.3m set out in the licensing agreement. As of April 1, 2019, the first application of IFRS 15 led Atari to recognize the revenue from that brand license over time, and consequently, the receivables recognized as of March 31, 2018 were cancelled in return for an adjustment to the opening balance of shareholder's equity.

This contract was renegotiated in March 2019, mainly as follows: (i) a \$170k contribution from Atari SA, raising its stake to 30%, (ii) reduction in the duration of the license to 10 years, (iii) replacement of the profit-sharing on token sales by a profit-sharing on platform sales with a quarterly minimum guarantee of \$125k beginning April 1, 2018; (iv) all amounts received for services rendered to be retained by Atari and INL (€304k in revenue for Atari SA over the financial year ended March 31, 2019), and (v) other minor contractual adjustments.

As INL was late in paying the quarterly guaranteed minimum payment due in June 2019, Atari opted to recognize only actually paid amounts as revenue in the accounts closed on March 31, 2019. Given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, the company decided not to assign any value to these shares until those discussions are complete. In accordance with the IFRS 9 standard, this €0.7M depreciation was recognized in OCI.

2.3. METHODS AND SCOPE OF CONSOLIDATION

Full consolidation

All companies in which the Group exercises control, that is, in which it has the power to govern their financial and operating policies in order to obtain benefits from their activities, are fully consolidated.

Scope of Consolidation

In January 2019, three subsidiaries were created for the Atari Casino business: Atari Entertainment Africa, Ltd. in Mauritius, Atari Gaming, Ltd. in Kenya, and Atari Liberia, Inc. in Liberia.

As of March 31, 2019, 19 entities are consolidated, compared to 16 as of March 31, 2018. All of the Group's companies are fully consolidated.

Finally, during the financial year:

- the company Atari Europe SAS changed its corporate name to Atari Partners, SAS;
- the company California US Holdings changed its corporate name to Atari US Holdings, Inc.;
- the company Atari Gamebox LLC changed its corporate name to Atari VCS, LLC.

All of the consolidated companies are listed in the table below:

Company	Fiscal year end	Country	% contrôl		% intérêt	
			31.03.2019	31.03.2018	31.03.2019	31.03.2018
Active subsidiaries						
Atari Partners S.A.S.	March 31	France	100,00	100,00	100,00	100,00
Atari US Holdings Inc.	March 31	United States	100,00	100,00	100,00	100,00
Atari Inc.	March 31	United States	100,00	100,00	100,00	100,00
Atari Interactive Inc	March 31	United States	100,00	100,00	100,00	100,00
Atatri Studios Inc	March 31	United States	100,00	100,00	100,00	100,00
Atari Games Corp	March 31	United States	100,00	100,00	100,00	100,00
AITD Productions LLC	March 31	United States	100,00	100,00	100,00	100,00
Cubed Productions LLC	March 31	United States	90,72	90,72	90,72	90,72
RCTO Productions LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Connect LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Casino LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari VCS LLC	March 31	United States	100,00	100,00	100,00	100,00
Atari Game Partners Corp	March 31	United States	100,00	100,00	100,00	100,00
Atari Entertainment Africa Ltd	March 31	Mauritius	100,00		100,00	
Atari Gaming Ltd	March 31	Kenya	100,00		100,00	
Atari Liberia Inc	March 31	Liberia	100,00		100,00	
Inactive and undergoing liquidation						
Atari Japan KK	March 31	Japan	100,00	100,00	100,00	100,00
Infogrames Entertainment GmbH	March 31	Germany	100,00	100,00	100,00	100,00
Infogrames Interactive GmbH	March 31	Germany	100,00	100,00	100,00	100,00

2.4. INTERNAL TRANSACTIONS

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

2.5. 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.

2.6. 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:

In euros	Closing rate	Average rate	Closing rate	Average rate
USD	1,1235	1,1579	1,2321	1,1711

2.7. 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.

2.8. USE OF ESTIMATES

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

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

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

There is still inherent uncertainty in the realization of the objectives, the operating budget and the financing plan, and the failure of these assumptions to materialize may affect the value of the Group's assets and liabilities.

2.9. OTHER INTANGIBLE FIXED ASSETS

Intangible fixed assets mainly include items such as acquired enterprise software and license rights, brands and development costs for video games, the Atari VCS, and audiovisual productions.

Atari has not capitalized any 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 2.11, 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.

Development Costs of Video Games, the Atari VCS and Audiovisual Production

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 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, 2019, there were various projects that met these criteria. At the close of every financial year, the Group assesses the future economic benefits it will receive from that 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 identified, and depending on how significant this deviation is, the amortization plan is accelerated or the asset is impaired in full.

Video game development costs are, in principle, amortized over 3 years on a straight-line basis from the launch 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 encounter difficulties at launch, depreciation/amortization over a shorter period is applied and the Group carries out an analysis of projected cash flows.

At the close of the financial year, the residual net book value is compared with future sales projections to which the contract's conditions are applied. If those sales projections fall short, a provision for additional impairment is recognized as a result.

Audiovisual productions are reviewed on a case-by-case basis, based on the unique features of each project, following specific rules for audiovisual productions. The amortization methods are either straight-line or pro-rata based on net revenues over the financial year. If the net value of a project turns out to exceed the projected net revenues, an additional impairment is recognized.

For the Atari VCS, the same amortization principles shall be applied from the release date, based on an evaluation of the console's various components, which include hardware, engines, tools, and developments related to the information system, as well as the content developed for the console.

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).

2.10. 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

2.11. 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.

2.12. NON-CURRENT FINANCIAL ASSETS

Financial assets consist of securities of non-consolidated companies, investments in related companies, derivative instruments not designated as hedges, deposits and loans, marketable securities, cash & cash equivalents, and trade receivables.

Financial assets are classified as "non-current", except for those due less than 12 months after the closing date, which are classified as "current assets" or "cash & cash equivalents", as appropriate.

In accordance with IFRS 9 – *Financial Instruments*, financial assets held by the Group are classified based on the business model and its objectives:

- assets measured at amortized cost (financial assets held in order to collect the contractual cash flows),
- assets measured at fair value (financial assets held for resale and to collect the contractual cash flows).

The classification depends on the nature and objective of each financial asset and is determined when it is initially recognized.

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 recognized in consolidated shareholders' equity.

2.13. 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.

2.14. 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.

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

2.15. 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.

2.16. 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 €0.8 million.

2.17. MINORITY INTERESTS

In the consolidated financial statements, under 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.

2.18. 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.

2.19. 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.

2.20. FINANCIAL LIABILITIES AND INSTRUMENTS

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

Financial liabilities are included in "non-current", except for those due less than 12 months after the closing date, which are classified as "current liabilities".

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.

2.21. REVENUE RECOGNITION

As indicated in Note 2.2. Change in Methodology, the Group applied for the first time IFRS 15 – Revenue from Contracts with Customers. This replaces IAS 18 – Revenue, as well as its related interpretations.



The main change introduced by this new standard for the Group's activities concerns revenue associated with the sale of intellectual property licenses, which is now recognized over the duration of the license.

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 IFRS 15, 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 use the games' intellectual property 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, and except for brand licensing contracts where the revenue is recognized over the duration of the license, 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.

2.22. RESEARCH AND DEVELOPMENT EXPENSES

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.

The Group does not directly receive research tax credits.

2.23. 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.

2.24. 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 non-financial assets other than intellectual property rights
- Restructuring costs
- Impairment on goodwill or negative goodwill
- Impact of litigation and other non-recurrent items

2.25. 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
- Capital gains and losses from the sale of financial assets
- Foreign exchange net income

2.26. TAXES

As of March 31, 2019, the Group's tax loss carry-forwards were about €732 million in France and close to US\$650 million in the United States. In France, tax losses may be carried forward indefinitely. In the United States, losses incurred before January 1, 2018 can only be carried forward for 20 years, and as such, about \$340 million will expire at the end of the financial year 2019/2020.



In France, deferred tax assets on unrealized tax losses stand at €205 million as of March 31, 2019, subject to the usual restrictions on their use, or approximately €0.80 per existing share as of March 31, 2019, excluding treasury shares.

In the United States, deferred tax assets on unrealized tax losses stand at \$136 million as of March 31, 2019, subject to the usual restrictions on their use, or approximately \$0.53 per existing share as of March 31, 2019, excluding treasury shares.

As a result of the significant tax savings of the US entities, both during the financial year ended March 31, 2019 and during the previous financial year, which ended on March 31, 2018, the Group has decided to recognize a deferred tax asset for the US entities as their recovery is likely over the validity period of the deferred tax assets. The forecast period chosen to determine the recovery window is a two-year horizon. The Group therefore recognized a €1.7m deferred tax asset for the US entities.

The Group's tax loss carry-forwards in the United States come from Atari's historic operations in the United States over the period from 1999 to 2016, and are used in the Group's US tax consolidation. All of the US companies are fiscally consolidated, with the perimeter being determined by tax advisors. The method for determining the fiscal perimeter has been unchanged since the final exit from the Chapter 11 proceedings in June 2014. Nonetheless, there is still a risk that the tax authorities could at some future point question the balance of tax losses or their past utilization, whether due to how the consolidation perimeter was determined, how the tax was calculated, and/or the amount of losses that can be utilized. Given these circumstances, to cover any uncertainty, an amount of €0.6m was provisioned.

2.28. 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: 254,658,491

▪ Number of shares as of April 1, 2018:	241,468,996
▪ Number of new shares on a pro rata temporis basis:	13,409,497
▪ Minus treasury shares:	-220,000
<u>Weighted average number of shares outstanding:</u>	254,658,491

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

Number of shares used to calculate diluted earnings per share: 278,744,729

▪ Average weighted number of shares outstanding:	254,658,491
▪ Plan 23 stock options exercised:	6,914,691
▪ Plan 24 stock options exercised:	5,597,478
▪ Plan 25 stock options exercised:	8,775,000
▪ Exercise of stock warrants:	2,799,117
<u>Weighted average number of shares outstanding</u>	
<u>Plus number of potential dilutive shares:</u>	278,744,729

NOTE 3 – INTANGIBLE FIXED ASSETS

As of March 31, 2019, intangible fixed assets break down as follows:

Gross value (M€)	Video Games	Audiovisual production	Atari VCS	Licenses	Total
March 31, 2017	10,2	-	-	0,2	10,4
Acquisitions	3,6	1,6	0,2		5,3
Disposals / Decrease	(0,1)				(0,1)
Translation adjustments	(1,3)			(0,0)	(1,4)
March 31, 2018	12,3	1,6	0,2	0,2	14,3
Acquisitions	5,3	0,3	1,6		7,1
Disposals / Retirements	(1,3)				(1,3)
Translation adjustments	1,2	0,2	0,0	0,0	1,4
March 31, 2019	17,5	2,0	1,8	0,2	21,5

Amortization & provisions (M€)	Video Games	Audiovisual production	Atari VCS	Licenses	Total
March 31, 2017	(3,4)	-	-	(0,0)	(3,5)
Amortization / Provisions	(2,1)			(0,0)	(2,1)
Disposals / Retirements					-
Translation adjustments	0,5			0,0	0,5
March 31, 2018	(5,0)	-	-	(0,1)	(5,1)
Amortization / Provisions	(3,3)	(0,4)		(0,0)	(3,7)
Disposals / Retirements	1,3				1,3
Translation adjustments	(0,5)			(0,0)	(0,5)
March 31, 2019	(7,5)	(0,4)	-	(0,1)	(8,0)

Net value (M€)	Video Games	Audiovisual production	Atari VCS	Licenses	Total
March 31, 2018	7,3	1,6	0,2	0,1	9,2
March 31, 2019	10,1	1,6	1,8	0,1	13,5

At the close of every financial year, the Group assesses the future economic benefits it will receive from these assets 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 identified, and depending on how significant this deviation is, the amortization plan is accelerated, or the asset is impaired in full.

Video games

Video game development costs are, in principle, amortized over 3 years on a straight-line basis from the launch of the product; the engines, tools, and developments related to the information system are amortized over 5 years. For certain products that encounter difficulties at launch, depreciation/amortization over a shorter period is applied and the Group carries out an analysis of projected cash flows. At the close of the financial year, the residual net book value is compared to future sales projections to which the contract's conditions are applied. If those sales projections fall short, a provision for additional impairment is recognized as a result.

Audiovisual production

Audiovisual productions are reviewed on a case-by-case basis, based on the unique features of each project, following specific rules for audiovisual productions. The amortization methods are either straight-line or pro-rata based on net revenues over the financial year. If the net value of a project turns out to exceed the projected net revenues, an additional impairment is recognized. As of March 31, 2019, the group has reviewed the contracts, and as a precaution has recognized an impairment of €0.4 million.

Atari VCS

The same amortization principles shall be applied beginning from the release date, based on an evaluation of the console's various components, which include hardware, engines, tools, and developments related to the information system, as well as the content developed for the console.

Licenses

Licenses are rights acquired from third-party publishers.

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

NOTE 4 – TANGIBLE FIXED ASSETS

As of March 31, 2019, and March 31, 2018, the net value of these fixed assets is virtually nil.

NOTE 5 – FINANCIAL INSTRUMENTS

5.1 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets break down as follows as of March 31, 2019:

(M€)	March 31, 2019	March 31, 2018
Financial assets measured at fair value through OCI	0,7	3,0
Financial assets measured at fair value through profit & loss	1,7	1,7
Financial assets measured at amortized cost	3,0	0,2
Non-current financial assets	5,4	4,9

During the 2018/2019 financial year, the Atari Group has applied IFRS 9 – *Financial instruments*, which came into effect for financial years beginning after January 1, 2018.

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

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

- amortized cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit and loss.

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

Financial assets measured at amortized cost

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

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

Equity instruments that are not held for trading can be measured at fair value through OCI. The Group can make an irrevocable election in that respect for each individual investment. Dividend income is then recognized in the profit or loss unless it clearly corresponds to a partial repayment of the initial investment cost. Other profit or loss is recognized in OCI and never reclassified as profit or loss.

Financial assets at fair value through profit and loss

All assets not designated as measured at amortized cost or as fair value through OCI are measured as fair value through profit and loss. The net profit or loss, including interest or dividend income, is recognized as profit or loss.

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

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

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Non-current financial assets measured at amortized cost are primarily made up of:

- deposits and guarantees
- trade receivables, with a maturity over one year, recognized using the effective interest rate method. As of March 31, 2019, they represented €2.8m.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

They mainly consist of:

- **Kizzang securities:** This company, which offers a new online casino gaming model offering real money jackpots with no initial outlay. During the 2016-2017 financial year, Atari acquired a minority stake in Kizzang valued at €2.0 million in exchange for a five-year Atari game license. In 2017-2018, Kizzang granted Atari a 10-year license to use patents and related assets, which are expected to be used by Atari Casino. This license, which has not been valued in the accounts, offers promising prospects. Up to two-thirds of the royalties due for this license may be paid in the form of Kizzang shares valued at their acquisition price. Thus, the value of the Kizzang shares can be considered an advance payment of royalties for the license. Because the Securities and Exchange Commission decided in early 2019 to bring a complaint against Kizzang's management for fraud, particularly in connection with raising funds from certain shareholders other than Atari, the Group opted to impair this minority stake, pending more specific information about the progress of the complaint and the company.
- **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. During the financial year 2018-2019, the Group entered into an agreement allowing it to ultimately own 42% of the company for an additional investment of \$165,000. The company is still controlled by its two founders; the Atari Group is not on the board of directors and has no notable influence on this company. An impairment test is performed annually; as of March 31, 2019, the Group had set aside a provision of €0.3m, in accordance with IFRS 9. This impairment was recognized in OCI.

- Infinity Network Limited (“INL”) securities: In February 2018, Atari granted a license to INL for the development of a blockchain platform and an Atari Token. During the financial year 2018-2019, Atari and INL renegotiated the Atari Token brand license, raising Atari SA's stake to 30% for an investment of \$295,000. The Atari Group does not exercise any notable influence on INL, which is still controlled by its founders in terms of both equity and the number of seats on the board. Furthermore, given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, the company decided not to assign any value to these shares until those discussions are complete. In accordance with the IFRS 9 standard, this €0.7m depreciation was recognized in OCI.
- GMS securities (“Pariplay”): A 2.52% stake obtained during the financial year 2018-2019 in exchange for a licensing agreement. As Pariplay is in the course of being sold (closing expected during the third calendar quarter), the value used is that of the ongoing sale, prorated to the number of shares owned, i.e. €0.3m.

During the financial year, the shares in Short Shot (an online casino project in South America) were sold for \$200,000, representing a capital loss of the same amount. This company was developing a product for Latin America, but the required authorizations proved impossible to obtain.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

They mainly consist of:

- Stock warrants from Roam, an innovative company specializing in audio accessories. Under a license agreement entered into in the course of the 2016-2017 financial year, Atari received Roam stock warrants recorded for €0.6m. 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. Since the production and launch of Roam products has again been pushed back one year, Atari has estimated it prudent to recognize a partial impairment provision of €0.2m, a provision that can be adjusted if required according to the timing of the product launches.
- Convertible promissory notes for €1m, 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 financial year 2017-2018 in exchange for a license agreement granted by the Group.

5.2 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, 2019 (M€)	Net Value	Schedule		
		Less than 1 year	Between 1 & 5 years	More than 5 years
Stock	0,2	0,2		
Trade accounts receivables	3,0	3,0	-	-
Current tax liability	0,0	0,0		
Other current assets	0,7	0,7	-	-
Cash and cash equivalent	8,5	8,5	-	-
FINANCIAL ASSETS	12,4	12,4	-	-
Non-current financial liabilities	0,6	-	0,6	-
Other non-current liabilities	0,2	-	0,2	
Trade accounts payable	5,3	5,3	-	-
Other current liabilities	4,3	4,3	-	-
FINANCIAL LIABILITIES	10,3	9,5	0,8	-

NOTE 6 – INVENTORIES

As of March 31, 2019, the value of inventory amounts to nearly €0.2 million, corresponding to Speaker Hats in stock on that date. As of March 31, 2018, the value of inventory was similar.

NOTE 7 – TRADE ACCOUNTS RECEIVABLE

As of March 31, 2019 and March 31, 2018, the balance of trade accounts receivable corresponds to receivables from distributors, collected with a term of 30 to 60 days, in addition to receivables from online casino licenses.

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

(M€)	March 31, 2019	March 31, 2018
Trade receivables	3,9	4,4
Provisions for impairment in value	(0,9)	(0,5)
Trade receivables net value	3,0	3,9

Receivables 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 recognized under current operating income 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 an impairment of €0.9m being recognized, of which €0.5m for two clients of the French subsidiary Atari Partners and €0.3m for the client INL of Atari SA.

NOTE 8 – OTHER CURRENT ASSETS

Other current assets break down as follows:

(M€)	March 31, 2019	March 31, 2018
Receivables from employees	0,0	0,0
Prepaid and recoverable taxes	0,1	0,1
Current financial assets	0,2	-
Prepaid expenses	0,4	0,2
Other	0,0	0,0
Other current assets	0,7	0,4

Prepaid and recoverable taxes essentially correspond to VAT receivables.

Current financial assets, recognized at fair value through profit and loss, correspond to shares held in Animoca, a company publicly traded in Australia, which works on "Non-Fungible Token" projects in Atari games.

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

NOTE 9 – 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 €8.5m 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, 2019	March 31, 2018
Cash (Cash on hand and demand deposits)	8,5	3,1
Cash equivalents (Highly liquid, short-term investments)	-	-
Cash and cash equivalents	8,5	3,1

NOTE 10 – SHAREHOLDERS' EQUITY

10.1 CAPITAL

Common shares

As of March 31, 2019, shareholders' equity is made up of 256,109,260 fully paid-up common shares with a nominal value of €0.01 each.

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

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

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

	March 31, 2019	March 31, 2018
Shares outstanding at the the beginning of the period	241 468 996	230 408 755
Share issues	13 636 364	-
Conversion of OCEANE convertible bonds	-	8 640 241
Exercise of stock warrants	1 003 900	2 420 000
Shares outstanding at the the end of the period	256 109 260	241 468 996

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.

10.2 TREASURY SHARES

As of March 31, 2019, the Company held a total of 220,000 of treasury shares (0.08% of the share capital).

10.3. ATARI SA STOCK OPTION PLAN

On July 16, 2018, the Board of Directors 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. This award is limited to 10% of the company's share capital.

2,370,528 options were awarded during the financial year 2016-2017.

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

8,775,000 options were awarded during the financial year 2018-2019.

The main characteristics of all outstanding Atari stock options are summarized in the three 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	5 104 000	469 139	144 000	2 378 528
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>4 000 000</i>			<i>1 650 000</i>
Expiration date of stock option	Oct. 29, 2022	August 31, 2023	Jan. 3, 2024	May 31, 2024
Exercise price of stock options (in euros) (1)	0,20 €	0,20 €	0,16 €	0,17 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2014/2015	4 575 000	-	-	-
Stock options granted during FY 2015/2016	-	469 139	144 000	-
Stock options granted during FY 2016/2017	-	-	-	2 378 528
Stock options granted during FY 2017/2018	-	-	-	-
Stock options cancelled during FY 2017/2018	-	(36 139)	-	(33 000)
Stock options exercised during FY 2018/2019	(392 308)	(210 059)	-	(72 349)
Stock options cancelled during FY 2018/2019	(1 036)	(2 002)	-	(552)
Total number of stock options outstanding on March 31,2019	4 181 657	220 939	144 000	2 272 627

(1) The exercise price of the options is determined based on the weighted average quoted price on the exchange over the twenty trading sessions prior to the award of the options, with or without a discount.

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
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 11, 2025	October 19, 2025	January 14, 2026
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,458 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2017/2018	5 935 805	950 000	2 300 000
Stock options cancelled during FY 2017/2018	-	(633 333)	-
Stock options exercised during FY 2018/2019	(318 147)	-	-
Stock options cancelled during FY 2018/2019	(247 032)	(316 667)	(2 100 000)
Total number of stock options outstanding on March 31, 2019	5 370 626	0	200 000

(1) The exercise price of the options is determined based on the weighted average quoted price on the exchange over the twenty trading sessions prior to the award of the options, with or without a discount.

Option plan in effect	Plan N°25-1	Plan N°25-2	Plan N°25-3
Date of Shareholders' Meeting	September 29, 2017		
Date of Board of Directors Meeting	July 16, 2018	July 16, 2018	
Number of Stock Options granted	5 935 805	316 667	370 000
<i>Of which to the Top Executive Management and Board of Directors</i>	<i>3 680 000</i>		
Expiration date of stock option	July 31, 2026	July 31, 2026	January 17, 2027
Exercise price of stock options (in euros) (1)	0,280 €	0,350 €	0,270 €
Vesting of stock options granted	1/3 per year	1/3 per year	1/3 per year
Stock options granted during FY 2018/2019	6 405 000	2 000 000	370 000
Stock options cancelled during FY 2018/2019	-	-	-
Total number of stock options outstanding on March 31, 2018	6 405 000	2 000 000	370 000

(1) The exercise price of the options is determined based on the weighted average quoted price on the exchange over the twenty trading sessions prior to the award of the options, with or without a discount, except for Plan #25-2 whose exercise price is 1 euro.

NOTE 11 – 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€)	April 1, 2018	Charges	Reversals	March 31, 2019
Pension liabilities	0,0	-	-	0,0
Provision for contingencies US	-	0,6	-	0,6
Provision for contingencies Europe	0,0	-	(0,0)	-
Non-current	0,0	0,6	(0,0)	0,7
Litigations	0,4	-	(0,3)	0,1
Other	0,0	0,0	(0,0)	0,0
Current	0,4	0,0	(0,3)	0,1
Total provisions	0,4	0,7	(0,4)	0,7

The Group's tax loss carry-forwards in the United States come from Atari's historic operations in the United States over the period from 1999 to 2016, and are used in the Group's US tax consolidation. All of the US companies are fiscally consolidated, with the perimeter being determined by tax advisors. The method for determining the fiscal perimeter has been unchanged since the final exit

from the Chapter 11 proceedings in June 2014. Nonetheless, there is still a risk that the tax authorities could at some future point question the balance of tax losses or their past utilization, whether due to how the consolidation perimeter was determined, how the tax was calculated, and/or the amount of losses that can be utilized. Given these circumstances, to cover any uncertainty, an amount of €0.6m was provisioned.

The settlement of the Raynal litigation in September 2018 resulted in a provision reversal of €0.3m.

NOTE 12 – DEBT

12.1 DEBT ANALYSIS BY TYPE

The Group's financial debt breaks down as follows:

(M€)	March 31, 2019	March 31, 2018
OCEANEs 2003-2020	(0,6)	(0,6)
Commitments on financial instruments	(0,1)	-
Gross Financial debt	(0,7)	(0,6)
Current	(0,1)	
Non current	(0,6)	(0,6)

OCEANE 2003-2009, NOW THE OCEANE 2003-2020 (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, 2019, 82,906 OCEANE 2003-2020 bonds remain outstanding with a maturity of April 1, 2020.

12.2 DEBT ANALYSIS BY INTEREST RATE (FIXED – FLOATING)

As of March 31, 2019, as at the close of the previous financial year, all debt is fixed-rate.

NOTE 13 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other liabilities break down as follows:

(M€)	March 31, 2019	March 31, 2018
Other non-current liabilities	0,2	-
Other non-current liabilities	0,2	-
Current financial debt	0,1	-
Trade payables	5,3	5,4
Tax liabilities	-	-
Other	4,3	2,0
Other current liabilities	9,6	7,4

Other current liabilities amounted to €4.3m as of March 31, 2019, including €2.5m deferred income for Atari VCS preorders.

NOTE 14 – 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

Atari operates in one unique operating segment: The sale of multimedia products (equipment, games, content) at the intersection of entertainment and digital technology, aimed at monetizing the Atari brand and its portfolio of intellectual properties among consumers worldwide.

Atari's business is understood to be fully contained within a single operating segment representative of its cash-generating unit (CGU). Performance indicators regularly tracked by the chief operating decision maker ('CODM') are the Group's revenue and consolidated net income.

NOTE 15 – CURRENT OPERATING EXPENSES

For the purposes of comparison with other companies in the sector, Atari presents its consolidated income statement by function.

Research and development expenses

Research and development expenses amount to €7.4m compared to €4.9m for the previous financial year. This increase, net of the amounts capitalized as intangible assets in development, highlights the relaunch of production, and the mobilization of resources for the development of the business lines for the years to come.

Research & development expenses are analyzed as follows:

(M€)	March 31, 2019	March 31, 2018
R&D expenditures	10,3	8,3
R&D capitalized	(6,5)	(5,6)
Amortization	3,6	2,2
Research and development expenses	7,4	4,9

**Marketing and sales expenses**

Marketing and sales expenses amounted to €3.7m during the financial year 2018/2019. As of March 31, 2018, they were €4.5m. The drop resulted from a better return on marketing and selling expenses incurred for RollerCoaster Tycoon Touch and non-recurring expenses recorded during the prior financial year for the launch of products.

General and administrative expenses

General and administrative expenses were flat at €3.9m, versus €3.8m during the prior financial year. That consistency stems from the focus on keeping organizational costs low.

NOTE 16 – OTHER OPERATING INCOME AND EXPENSES

As of March 31, 2019, net revenue from other operating income and expenses grew to €1.4m, of which €0.5m net proceeds from the sale of the Alone in the Dark and Act of War licenses, and €0.9m from a settlement with a US company in favor of Atari for the rights to use the Atari brand.

As of March 31, 2018, net revenue from other operating income and expenses amounted -€0.3m, mainly representing the impairment of receivables.

NOTE 17 – OTHER INCOME AND EXPENSES

As of March 31, 2019, other income and expenses amounted to -€0.6m and mainly correspond to expenses, settlement costs, and legal fees incurred in three cases concluded during the financial year.

As of March 31, 2018, other income and expenses amounted to €0.6m and mainly correspond to reversals of provisions for contingencies that did not occur.

NOTE 18 – 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, 2019	March 31, 2018
Personnel costs (1)	(2,7)	(1,5)
Depreciation, amortization and provisions	(3,6)	(2,2)
Other income and expenses	(1,1)	(1,2)
Research and development expenses	(7,4)	(4,9)
Personnel costs (2)	(0,2)	(0,5)
Depreciation, amortization and provisions	-	-
Other income and expenses	(3,5)	(4,0)
Marketing and selling expenses	(3,7)	(4,5)
Personnel costs & Director fees (3)	(2,2)	(2,3)
Depreciation, amortization and provisions	0,2	(0,0)
Other income and expenses	(2,0)	(1,5)
General and administrative expenses	(3,9)	(3,8)
Personnel costs	-	-
Depreciation, amortization and provisions	0,2	0,3
Other income and expenses	1,3	(0,6)
Other operating income (expenses)	1,4	(0,3)

(1) Of which €0.5m for the valuation of stock options

(2) Of which €0.0m for the valuation of stock options

(3) Of which €0.3m for the valuation of stock options

NOTE 19 – NET FINANCIAL INCOME (EXPENSE)

(M€)	March 31, 2019	March 31, 2018
Interest on bond debt	(0,0)	(0,1)
Interest Alden loan	-	-
Interest on Alden Loan Repayment Loans	-	-
Other	-	(0,1)
Cost of debt	(0,0)	(0,2)
Foreign exchange result	0,0	(0,1)
Financial income	-	0,0
Financial expenses	(0,4)	(0,1)
Other	-	-
Other financial income (expense)	(0,4)	(0,1)
Net financial income (expense)	(0,4)	(0,3)

As of March 31, 2019, the cost of debt is nil given the net cash position of the Atari Group.

Other financial income and expenses for the year amounted to -€0.2m capital loss on the sale of Short Shot shares (a planned online casino line), and a -€0.2m provision for impairment on Roam warrants.

NOTE 20 – INCOME TAX

20.1. ANALYSIS OF THE TAX CHARGE

Given its results and tax loss carry-forwards, the Group did not have any significant tax expense for the period that ended March 31, 2019.

20.2. ANALYSIS OF DEFERRED TAXES

As of March 31, 2019, the Group's tax loss carry-forwards were about €732 million in France and close to US\$650 million in the United States. In France, tax losses may be carried forward indefinitely. In the United States, losses incurred before January 1, 2018 can only be carried forward for 20 years, and as such, about \$340 million will expire at the end of the financial year 2019/2020.

In France, deferred tax assets on unrealized tax losses stand at €205 million as of March 31, 2019, subject to the usual restrictions on their use, or approximately €0.80 per existing share as of March 31, 2019, excluding treasury shares.

In the United States, deferred tax assets on unrealized tax losses stand at \$136 million as of March 31, 2019, subject to the usual restrictions on their use, or approximately \$0.53 per existing share as of March 31, 2019, excluding treasury shares.

As a result of the significant tax savings of the US entities, both during the financial year ended March 31, 2019 and during the previous financial year, which ended on March 31, 2018, the Group has decided to recognize a deferred tax asset for the US entities as their recovery is likely over the validity period of the deferred tax assets. The forecast period chosen to determine the recovery window is a two-year horizon. The Group therefore recognized a €1.7m deferred tax asset for the US entities.

In France, the same two-year horizon is used to determine the amount of deferred tax assets for the French entities. 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 has reduced the deferred tax asset of on the balance sheet by €0.3 million. Deferred tax assets not recognized on other temporary differences are not material.

NOTE 21 – DISCONTINUED OPERATIONS

21.1. NET INCOME OF DISCONTINUED OPERATIONS

For the 2018/2019 financial year, there are no discontinued activities.

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

21.2. ASSETS AND LIABILITIES HELD FOR SALE

As of March 31, 2019, there are no assets or liabilities held for sale.

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

NOTE 22 – OFF-BALANCE-SHEET COMMITMENTS

22.1. COMMITMENTS GIVEN

No security or guarantee has been granted to third parties.

Annual expenses for operating leases in the financial year 2018-2019 amounted to €0.3m. The lease

for the New York offices ends in September 2026 and constitutes a commitment of \$2.8 million.

22.2. COMMITMENTS RECEIVED

The commitments received essentially relate to the commitment made by Infinity Networks Limited, under the terms of the blockchain licensing contract, to pay Atari SA, over the period 2019 – 2029, an annual minimum amount of between \$0.5m and \$1.0m.

NOTE 23 – 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.

23.1. 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, 2019, 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, 2019, in:

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

23.2. INTEREST-RATE RISKS

The Group does not have a policy of dynamic management of its interest rate risk. As of March 31, 2019, just as in the previous financial year, all debt is fixed-rate.

23.3. 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.

Accounts receivable as of March 31, 2019 are nearly all located in the United States.

NOTE 24 – 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 contingencies 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.

NOTE 25 – RELATED-PARTY TRANSACTIONS

25.1 REGULATED AGREEMENTS

Between April 1, 2018 and the date of this Annual Financial Report, only one agreement was entered into:

- An interest-free loan over 2,500,000 Atari shares granted by Ker Ventures to Atari SA to facilitate the secondary listing on the NASDAQ First North exchange in Stockholm. This loan took effect of April 10, 2019, and was repaid in full on July 10, 2019.

In addition, an agreement approved in a previous financial year ceased to have effect and was not renewed:

- 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 €46 K.

25.2 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.

VARIABLE COMPENSATION / OPTIONS

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, share price performance, growth in recurring earnings per share which makes it possible to take into account all the elements of the income statement, 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. This compensation policy was approved at the General Meeting of Shareholders on September 28, 2018.

Variable compensation for the 2018-2019 financial year

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 for the financial year 2018-2019 at 70% of the total annual fixed compensation.

During the 2018-2019 financial year, as part of the long-term incentive plan, 4,000,000 stock options were awarded, at the exercise price of €0.386 as part of the stock option plan decided by the General Meeting of Shareholders on September 29, 2017.

Variable compensation policy for the 2019-2020 financial year (principles and criteria for determining, distributing, and awarding compensation).

For the 2019-2020 financial year, fixed compensation was kept the same, and the terms and conditions for the award of variable compensation were also renewed in similar proportions.

DIRECTOR'S FEES

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

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

Table 1 – Corporate Officer compensation (excluding payroll taxes):

Frédéric Chesnais - CEO (Amounts in K€)	FY 2018/2019				FY 2017/2018			
	Amount due		Amount paid		Amount due		Amount paid	
	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 the US companies. The total cost for the Group, equivalent to a gross salary including employer and employee contributions, is €558,000 for the fixed compensation component, €395,000 for the variable compensation component due as of March 31, 2019, and €34,000 in directors' fees.

Table 2 - Compensation of Non-executive Corporate Officers:

(Net amounts in K€)	FY 2018/2019		FY 2017/2018	
	Director's fees	Other compensation	Director's fees	Other compensation
Alexandre Zyngier	20	30	20	30
Erick Euvrard	20	-	20	-
Isabelle Andres	20	-	20	-
Alyssa Padia Walles	20	-	20	-
TOTAL	80	30	80	30

The payment of directors' fees for the 2018-2019 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 25-1 July 31, 2018	Purchase option	1 120 000	4 000 000	0,386 €	8 years
TOTAL			1 120 000	4 000 000		

NOTE 26 – SUBSEQUENT EVENTS

- **Secondary listing in Stockholm:**

On April 25, 2019, Atari announced that its shares would begin trading on the Nasdaq First North segment in Stockholm, the stock exchange segment for growth companies in Nordic countries. No new shares were issued as part of this listing. As part of this process, Atari completed a retail offering of Swedish depositary receipts reserved for individuals in Sweden, Norway, Denmark, and Finland. The conditions, particularly a minimum float requirement, were met, and the listing began on April 25, 2019.

- **Change of address of headquarters:**

The company relocated its headquarters to 25 rue Godot de Mauroy 75009 Paris and entered into a new renewable nine-year lease that took effect on May 1, 2019. The annual rent including charges is about €69K.

- **Distribution of the Atari VCS**

The Group entered into distribution agreements with Walmart and Gamestop in the United States.

NOTE 27 – STATUTORY AUDITORS' FEES

The fees for the financial years ended March 31, 2019 and March 31, 2018 in respect of the statutory audit of the annual financial statements and the audit of the consolidated financial statements are listed below.

Amounts in K€	FY 2018 / 2019					
	Deloitte	%	JLS Partners	%	Patrick Soussana Audit	%
Statutory audit (certification, review of statutory and consolidated accounts)						
- ATARI SA	50	36,7%	27	100,0%	-	0,0%
- Fully-consolidated subsidiaries	69	51,2%	-		8	100,0%
Other services (1)						
- ATARI SA	10	7,4%	-	0,0%	-	0,0%
- Fully-consolidated subsidiaries	7	4,8%	-		-	0,0%
TOTAL	136	100,0%	27	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 reviewing standards.

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 subsidiaries	68	46,3%	-		8	100,0%
Other services (1)						
- ATARI SA	30	20,4%	-	0,0%	-	0,0%
- Fully-consolidated subsidiaries		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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended March 31, 2019

To the General Shareholders' Meeting of Atari

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, 2019.

In our opinion, 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, 2019 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 opinion

Audit framework

We conducted our audit in accordance with the professional standards applicable in France. 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, 2018 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.

Observation

Without qualifying the conclusion expressed above, we draw your attention to note 2.2 "Change in accounting method" which explains the impacts linked to the initial application of the standards IFRS 15 "Contracts with customers" and IFRS 9 "Financial instruments".

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, 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.

Recognition of Revenue from the sale of licenses

(Note 2.21 to the consolidated financial statements)

Risk identified

A significant portion of ATARI's business is linked to the sale of licenses, where applicable granting a right of use or right of access to intellectual property to third parties who are responsible for the manufacturing and distribution of products or applications in exchange for payment of royalties to ATARI.

The revenue corresponding to the guaranteed minimums (minimum amounts earned by ATARI) for game license contracts (relating to an intellectual property right of use) is recognized at a point in time, i.e. at the time when the license is granted and when the client can use and receive the benefits of the license.

The revenue linked to brand licenses (relating to an intellectual property right of access) is spread over the term of the contract ("over time" accounting).

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.

Finally, the IFRS 15 standard applicable to ATARI as of 1 April 2018 modifies the recognition of revenue from licenses corresponding to an intellectual property right of access, which is now spread over the term of the contract ("over time" accounting).

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

Our response

Our work on recognition of revenue from licenses notably involved:

- acknowledging the internal controls put in place by ATARI's management regarding the recognition of revenue from license contracts;
- reviewing, with the assistance of our experts, the analysis of the impacts of the IFRS 15 standard on revenue relating to license contracts and transition arrangements implemented by the company;
- selecting the contracts contributing to revenue for the financial year using the sampling method in monetary units;
- analyzing the terms of these contracts and, based on them, assessed whether the corresponding revenue was recognized in accordance with the IFRS 15 standard, "Revenue from Contracts with Customers";
- assessing the recoverability of receivables, based on the client's intention and ability to pay, which is a necessary condition according to the IFRS 15 standard to recognize the amounts under revenue.

Finally, we verified that the paragraph "Licensing" of note "2.21 Revenue Recognition" to the consolidated financial statements gives appropriate information on the Group's license sales recognition.

Measurement of the Recoverable Value of intangible assets resulting from the development of video games and TV shows

(Notes 2.9 and 3 to the consolidated financial statements)

Risk identified

As of March 31, 2019, the net book value of video game developments recorded as assets was €13.4 million, compared to a balance sheet total of €33.3 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 3 to the consolidated financial statements.

We considered the impairment tests of intangible assets resulting from the development of video games and TV shows a key audit matter due to their significance in the group's financial statements, and considering the judgement required by Management to determine their recoverable amount, which is based on estimating the discounted cash flows expected when selling the games, and the difficulty in predicting sales in the video games sector. This estimate requires the use of assumptions,

including sales volumes and costs related to distribution and marketing, whose outcome is inherently uncertain.

Our response

We have analyzed the methods for implementing these impairment tests. Our work notably involved:

- acknowledging the internal controls put in place by ATARI's Management relating to the performance of these impairment tests;
- reconciling the book value of intangible assets resulting from tested development with the value in the consolidated financial statements;
- conducting a retrospective analysis of the impairment tests performed by the Group during the previous financial year;
- 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 and tv shows revenue and direct costs, with interviews with the Management;
- comparing the 2-year forecasts used to perform the impairment tests with the Group business plan presented to the board of directors;
- 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.

Recognition of the Infinity Networks Limited contract

(Note 1 to the consolidated financial statements)

Risk identified

As mentioned in note 1 "Highlights of the Period" of the appendix to the consolidated financial statements, Atari granted an Atari brand license to the company Infinity Networks Limited during the financial year ended 31 March 2018 in order to develop a blockchain entertainment platform.

The revenue generated by this contract after signing (which was renegotiated during the financial year) was €304k. As a result, the consolidated balance sheet as of 31 March 2019 contains Infinity Networks Limited securities representing 30% of the company's capital, issued as partial remuneration for the contract and recorded for a gross total of €668k. In our report relating to the financial year ended 31 March 2018, we expressed reservations regarding the valuation of 15% of Infinity Networks Limited securities then held by Atari, estimating that the elements which we collected were insufficient to justify the valuation of their fair value. The difficulties encountered by Infinity Networks Limited when fundraising to develop the blockchain entertainment platform led Atari to fully depreciate the Infinity Networks Limited securities as of 31 March 2019.

The initial application of the IFRS 15 standard led Atari to spread out the revenue relating to the brand license granted to Infinity Networks Limited. As a result, the receivables recognized as of 31 March 2018 were written off against opening equity. Furthermore, the contract renegotiated during the financial year included payment of guaranteed minimums by given deadlines. For these, contrary to the previous financial year, the revenue recognized during the financial year was limited solely to the amounts received. No claim against Infinity Networks Limited was recorded under balance sheet assets as of 31 March 2019, allowing us to not extend the reservation stated in our report relating to the financial year ended 31 March 2018.

Considering the reservations expressed in our report on the consolidated financial statements for the financial year ended 31 March 2018, regarding the complexity of the accounting treatment of the contract with Infinity Networks Limited and the significance of the judgements made by Atari management for this purpose, we considered the recognition of the Infinity Networks Limited contract a key point of our audit of the consolidated financial statements for the financial year ended 31 March 2019.

Our response

We analyzed the accounting treatment relating to this contract. Our work, performed with the assistance of our experts, notably involved:

- reviewing the arrangements for the initial application of the IFRS 15 standard applicable to the Infinity Networks Limited contract and its impacts on the financial statements of the financial year ended 31 March 2019;
- verifying the accounting treatment of the contract renegotiation, modifying the length of the license and the methods for paying the guaranteed minimums;
- assessing the reasonable nature of the assumptions used to determine the fair value of the Infinity Networks Limited securities and the recoverability of receivables in view of the factual elements considered by Management;
- assessing the compliance of the accounting arrangements for impairment of Infinity Networks Limited securities with the IFRS 9 standard "Financial instruments".

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.

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

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 March 31, 2019, Deloitte & Associés was in the 27th consecutive year of its assignment, and JLS Partner in its 3rd year.

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 to 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.

Paris and Paris-La-Défense, August 13, 2019

The Statutory Auditors

DELOITTE & ASSOCIES
JLS PARTNERS

BENOIT PIMONT

JULIEN WAJSBORT



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Société anonyme (public limited company) with capital of €2,561,092.60
Registered office: 25 rue Godot de Mauroy 75009 PARIS – France
RCS Paris 341 699 106

ATARI SA ANNUAL FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED MARCH 31, 2019

ANNUAL FINANCIAL STATEMENTS
1. BALANCE SHEET

ASSETS (K€)		March 31, 2019	March 31, 2018
Intangible assets	Note 3	-	-
Property, plant and equipment	Note 3	1	2
Financial assets	Note 4	16 665	13 835
Total fixed assets		16 666	13 837
Down payments and advances made		-	-
Trade receivables	Note 5	605	847
Other receivables	Note 6	85	57
Cash and cash equivalents	Note 7	6 533	2 400
Total current assets		7 224	3 303
Accruals	Note 8	182	419
Total assets		24 072	17 559

EQUITY & LIABILITIES (K€)		March 31, 2019	March 31, 2018
Capital stock		2 561	2 415
Share premium		7 975	11 576
Legal reserve		946	946
Retained earnings		-	(12 371)
Net income (loss) for the year		(895)	1 437
Equity	Note 9	10 588	4 003
Provisions for contingencies and losses	Note 10	10 769	11 521
Bond debt	Note 11	625	625
Bank debt		-	-
Other financial liabilities	Note 12	481	481
Trade payables	Note 13	250	405
Operating liabilities	Note 13	661	525
Liabilities		2 016	2 036
Accruals	Note 8	699	-
Total shareholders' equity and liabilities		24 072	17 559

Note: The Auditors' report on the 2017/2018 financial statements were issued with qualification (see the report on page 99 of the Registration Document for the financial year 2017/2018)

2. INCOME STATEMENT

(K€)		March 31, 2019	March 31, 2018
Revenue	Note 14	65	2 649
Other income	Note 14	0	11
Reversals of provisions and depreciation, transfers of expenses	Note 17	345	-
Operating revenue		410	2 660
Purchase of goods		-	-
Other purchases and expenses	Note 15	(806)	(583)
Taxes		(18)	(15)
Payroll expenses	Note 16	(401)	(534)
Other expenses	Note 16	(153)	(99)
Depreciation, amortization and provisions	Note 17	(1)	(659)
Operating expenses		(1 379)	(1 889)
Operating income		(968)	771
Financial income	Note 18	1 252	23 671
Financial expense	Note 18	(1 113)	(6 735)
Net Financial income and expense		139	16 936
Current income before taxes		(830)	17 707
Non-recurring income	Note 19	22	655
Non-recurring expenses	Note 19	(87)	(16 925)
Non-recurring income and expense		(66)	(16 270)
Income Tax	Note 20	-	-
Net income (loss) for the Year		(895)	1 437

Note: The Auditors' report on the 2017/2018 financial statements were issued with qualification (see the report on page 99 of the Registration Document for the financial year 2017/2018)

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 €24,072k and the income statement, presented in list form, showing a loss of €895k.

The individual financial statements for the financial years ended March 31, 2019 and March 31, 2018 each cover a 12-month period.

1. HIGHLIGHTS

Highlights of the financial year 2018/2019:

The highlights of the period are:

- **€7.5 million capital increase:**

The capital increase was completed in April 2018 through the issue of 13,636,364 new shares at the price of €0.55, share premium included, for a total amount of €7.5 million raised through a private placement.

- **Brand licensing agreement renegotiated with Infinity Networks Limited:**

Atari, SA and Infinity Networks, Ltd ("INL") renegotiated the Atari Token brand license in March 2019, mainly as follows: (i) a \$170k contribution from Atari SA, raising its stake to 30%, (ii) reduction in the duration of the license to 10 years, (iii) replacement of the profit-sharing on token sales by a profit-sharing on platform sales with a quarterly minimum guarantee of \$125k beginning April 1, 2018; (iv) all amounts received for services rendered to be retained by Atari and INL (€304k in revenue for Atari SA over the financial year ended March 31, 2019), and (v) other minor contractual adjustments.

In the previous financial year's consolidated financial statements, Atari had recognized €1.7m in licensing revenue, of which €0.4m was from the acquisition of securities representing 15% of INL's capital, and €1.3m was the minimum guarantee set out in the licensing agreement, with the corresponding receivable having been impaired by 50%. As INL was late in paying the quarterly guaranteed minimum payment due in June 2019, Atari opted to fully impair the receivables owed in the accounts closed on March 31, 2019. Furthermore, given the negotiations underway regarding the financing of the project, the informal timetable, and the range of possible outcomes, Atari also decided not to assign any value to INL shares until those discussions are complete, thereby recognizing a depreciation of €0.7m.

▪ **Settlement of the Raynal litigation:**

This litigation had been ongoing for 15 years, ending with the payment of €358K, the transfer of 39,250 treasury shares, and a participation in the franchise's future profits. The Atari Group also settled the litigation with Mr. Vachey regarding the game's music for €30K.

▪ **Alone in the Dark and Act of War franchises sold to THQ Nordic:**

These two franchises were sold for €735k.

▪ **Settlement of the Feargal Mac Conuladh litigation:**

This dispute that arose during the financial year with one of the consultants for the Atari VCS console was settled out-of-court and was fully provisioned as of March 31, 2019 for an amount of €75k in the accounts of Atari SA.

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, 2019, the Company had a positive net cash position of €5.4 million. Considering these elements, and the cash projections over the next 12 months, Atari SA closed the accounts as of March 31, 2019, 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 SA and Atari Partners SAS 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 Partners 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, 2018	Acquisitions / Depreciation	Disposals / Reversals	March 31, 2019
Software	1	-	-	1
Other intangible assets	-	-	-	-
Total gross value	1	-	-	1
Total amortization	(1)	-	-	(1)
Total net value	-	-	-	-

3.2. Tangible fixed assets

(K€)	March 31, 2018	Acquisitions / Depreciation	Disposals / Reversals	March 31, 2019
General fixtures and fittings	-	-	-	-
Office equipment and computers	3	-	-	3
Total gross value	3	-	-	3
Total amortization	(1)	(1)	-	(1)
Total net value	2	(1)	-	1

4. FINANCIAL FIXED ASSETS

4.1. Changes in financial assets

(K€)	March 31, 2018	Increases	Decreases	Currency impact	March 31, 2019
Investments in subs. and associates	803 794	272	-	-	804 066
Receivables from subs. and associates	13 085	5 616	(2 833)	977	16 845
Accrued interest on receivables	170	6	-	-	176
Atari Partners Loan	5 452	243	-	-	5 695
Other fixed assets	431	90	(430)	-	90
Total gross value	822 932	6 227	(3 263)	977	826 873
Provisions	(809 096)	(1 111)	-	-	(810 207)
Total net value	13 835	5 116	(3 263)	977	16 665

The change in equity securities corresponds to:

- An additional stake in the company Infinity Network Limited ("INL"), in connection with the renegotiation of the contract in late March 2019, which is developing a blockchain platform intended to work with a crypto-currency, the Atari Token, under a license granted by Atari.
- The creation of two 100%-owned subsidiaries, Atari Entertainment Africa in Mauritius and Atari Gaming in Kenya.

The change in receivables from subsidiaries mainly corresponds to advances granted to the 100%-owned US subsidiaries.

The "Atari Partners Loan" corresponds to the redemption value 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, 2019, the Company holds 220,000 treasury shares, or 0.09% of its capital.

4.2. Provision for Impairment of Financial Assets

(K€)	March 31, 2018	Increases	Decreases	Currency impact	March 31, 2019
Investments in subs. and associates	799 422	868	-	-	800 290
Receivables from subs. and associates	4 223	-	-	-	4 223
Accrued interest on receivables	-	-	-	-	-
Atari Partners Loan	5 452	243	-	-	5 695
Other fixed assets	-	-	-	-	-
Total provisions	809 096	1 111	-	-	810 207

€668k of the net allocations of provisions for investments relate to INL shares, whose value was fully impaired due to the delay in paying the minimum guarantee due in June 2019, and €200k relate to Roam securities reflecting their net current value.

The loan provisions relate to the impairment of interest capitalized over the course of the financial year on the Atari Partners subsidiary's loan.

5. TRADE ACCOUNTS RECEIVABLE

(K€)	March 31, 2019			March 31, 2018
	Gross	Impairment	Net	Net
External	406	(334)	72	771
Intra-group	533	-	533	76
Accrued	-	-	-	-
Total net value	939	(334)	605	847

As of March 31, 2019, €334K of the Group's accounts receivable were owed by Infinity Networks Limited ("INL") as set out in the amendment to the licensing agreement dated March 28, 2019. Due to the delays in payment of those receivables, they were fully impaired.

As of March 31, 2018, the INL receivables represented a net amount of €649k.

6. OTHER RECEIVABLES

(K€)	March 31, 2019	March 31, 2018
Corporate income tax	11	11
Sales taxes	75	43
Other receivables	-	3
Total	85	57

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

7. CASH

(K€)	March 31, 2019	March 31, 2018
Marketable securities	-	-
Cash	6 533	2 391
Total	6 533	2 391

8. ACCRUALS

(K€)	March 31, 2019	March 31, 2018
Prepaid expenses	96	40
Bond issue costs	-	-
Unrealized foreign exchange losses	86	379
Total accruals (assets)	182	419

(K€)	March 31, 2019	March 31, 2018
Deferred revenue	-	-
Unrealized foreign exchange gains	699	-
Total accruals (liabilities)	699	-

Prepaid expenses concern operating expenses (insurance, royalties).

Translation differences between assets and liabilities mainly relate to the discounting of receivables and debts from the US subsidiaries denominated in US dollars.

9. SHAREHOLDERS' EQUITY

(K€)	Number of shares	Capital stock	Other paid in capital	Legal reserve	Retained earnings	Profit (Loss)	Total
Shareholders' equity 03/31/2018	241 468 996	2 415	11 576	946	(12 371)	1 437	4 003
Capital increase	13 636 364	136	7 120	-	-	-	7 257
Exercise of stock options	1 003 900	10	212	-	-	-	222
Appropriation of 2018 Profit	-	-	(10 934)	-	12 371	(1 437)	-
Profit (loss) for the year ended 03/31/2019	-	-	-	-	-	(895)	(895)
Shareholders' equity 03/31/2019	256 109 260	2 561	7 974	946	(0)	(895)	10 587

9.1. Common shares

As of March 31, 2019, shareholders' equity is made up of 256,109,260 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, 2019, three stock option plans are in effect:

- Plan No. 23 approved by the General Meeting of September 30, 2014, which awarded 7,493,938 stock options net of cancellations;
- Plan No. 24 approved by the General Meeting of September 30, 2016, which awarded 5,888,773 stock options net of cancellations;
- Plan No. 25 approved by the General Meeting of September 29, 2017 for 10,000,000 stock options, of which 8,775,000 had been awarded as of March 31, 2019.

As of March 31, 2019, the total number of shares for which existing options could be exercised represented, given the conversion ratios, 8.31% of the Company's share capital at that date.

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

There is no Company Savings Plan.

9.4. Performance shares

There are no performance shares.

10. PROVISIONS FOR CONTINGENCIES AND LOSSES

(K€)	March 31, 2018	Additions	Reversal		March 31, 2019
			utilized	surplus	
Provisions for exchange rate	379	-	(293)	-	86
Provisions for losses on investments in subsidiaries	11 082	-	-	(449)	10 633
Other provisions	60	-	(10)	-	50
Total	11 521	-	(303)	(449)	10 769
o/w operating		-	-	-	
o/w financing		-	(293)	(449)	
o/w non-recurring		-	(10)	-	

As of March 31, 2019, provisions for foreign exchange risks amounted to €86k, compared to €379k at the end of the previous financial year.

The provisions for risks with respect to subsidiaries correspond to the provision for negative shareholders' equity of Atari Partners.

11. BOND DEBT

Position as of March 31, 2019

(K€)	OCEANES 2003-2020
% convertible / exchangeable bonds	99,50%
Number of bonds outstanding	82 906
Face value	580
Redemption premium	45
Accrued Interest	-
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, 2019, 82,906 2003-2020 OCEANE Bonds remain outstanding.

12. OTHER FINANCIAL LIABILITIES

(K€)	March 31, 2019	March 31, 2018
Accrued interest on bond debt	-	-
Bank overdrafts	-	-
Accrued interest on bond debt	-	-
Liabilities to Group subsidiaries	481	481
Other	-	-
Total other financial liabilities	481	481
<i>o/w due in more than one year</i>	<i>481</i>	<i>481</i>
<i>o/w due in less than one year</i>		

13. TRADE PAYABLES AND OPERATING LIABILITIES

(K€)	March 31, 2019	March 31, 2018
Trade payables	250	405
Personnel	109	199
Employee benefits	75	106
Corporate income tax	54	38
Other liabilities	423	182
Total operating liabilities	911	930

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

14. OPERATING REVENUE

The operating revenue breaks down as follows:

(K€)	March 31, 2019	March 31, 2018
Revenue	65	2 649
Other operating income	0	11
Reversal of operating provisions	345	-
Total operating revenue	410	2 660

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

15. OTHER PURCHASES AND EXPENSES

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

(K€)	March 31, 2019	March 31, 2018
Purchases not included in inventories	7	5
Rents (including services and maintenance charges)	78	71
Cleaning, maintenance and repairs	8	9
Insurance	16	13
Fees	506	320
Advertising, publications, public relations	87	50
Travel, assignments and entertainment	35	25
Postage and communications	3	3
Bank charges and securities fee	57	73
Other expenses	7	14
Total other purchases and expenses	805	583

The increase in fees is mainly related to the services of lawyers and counsel involved in the disputes settled during the financial year.

16. PERSONNEL EXPENSES

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

The compensation paid by the company to the members of the Board of Directors for the financial year ended March 31, 2019 was €41K gross, including €25k in variable compensation.

Directors' fees, including changes in provisions, amounted to €153k.

17. REVERSALS AND DEPRECIATION/AMORTIZATION AND OPERATING PROVISIONS

(K€)	March 31, 2019	March 31, 2018
Provisions for contingencies and losses	-	-
Provisions for the impairment of current assets	-	-
Total reversals	-	-
Depreciation and amortization:	-	-
- Intangible assets	-	-
- Tangible assets	1	0
Amortization of expenses attribute to several periods	-	10
Provisions for contingencies and losses	-	-
Provisions for the impairment of current assets	-	-
Total depreciation and amortization	1	10

18. NET FINANCIAL INCOME AND EXPENSES

(K€)	March 31, 2019	March 31, 2018
Financial income		
- Foreign exchange gain	43	48
- Dividend	-	-
- Interests income	467	338
- Reversals of provisions and expense transfers	742	23 263
- Other financial income	-	16
- Proceeds from the sale of securities	-	7
Total financial income	1 252	23 671
Financial expenses		
- Foreign exchange losses	(1)	(1 463)
- Interests expense	(2)	(120)
- Depreciation, amortization and provisions	(1 111)	(1 478)
- Other financial expenses	-	(3 675)
Total financial expenses	(1 113)	(6 735)
Net financial income and expense	139	16 936

- Financial income for the financial year ended March 31, 2019 mainly includes:
 - A €449k reversal of provision for negative shareholders' equity of Atari Partners;
 - A €293k reversal of provision for foreign exchange risk.
- Financial income for the financial year that ended March 31, 2018 mainly included:
 - A €16,920k reversal of provisions on securities of companies liquidated;
 - A €3,986k reversal of the provisions on receivables attached to the investments in the subsidiaries liquidated;
 - A €978k reversal of provision on an Atari Europe (now known as Atari Partners) trade receivable;
 - A €965k reversal of provision for foreign exchange risk.

- Financial expenses for the financial year ended March 31, 2019 mainly include:
 - A €243k provision for advances and interest on the loan to Atari Partners.
 - A €668k impairment on INL shares and €200k on Roam securities.
- Financial expenses for the financial year that ended March 31, 2018 mainly included:
 - A €1,463k foreign-exchange loss mainly related to the write-off of a receivable from a UK company that has been liquidated. This foreign exchange loss was partly covered by a reversal of provisions on foreign exchange risk;
 - A €1,402k provision for advances and interest on the loan to Atari Europe (now known as Atari Partners).
 - A €3,675k write-off of the receivable related to the investment in a subsidiary that was liquidated.

19. NON-RECURRING INCOME AND EXPENSES

(K€)	March 31, 2019	March 31, 2018
Non-recurring income		
- Operating activities	12	-
- Investing activities	-	655
- Amortization and provisions	10	-
Total non-recurring expenses	22	655
Non-recurring expenses		
- Operating activities	(87)	(1)
- Investing activities	-	16 924
- Amortization and provisions	-	-
Total non-recurring expenses	(87)	16 923
Non-recurring income and expense	(66)	17 577

As of March 31, 2019, non-recurring income and expenses mainly relate to a litigation case.

As of March 31, 2018, non-recurring income consisted of the gain on the Atari Games Corp shares transferred to the Atari US Holding subsidiary for €138,000 and the profits on disposals of treasury shares for €517,000. Non-recurring expenses corresponded to the gross value of the shares of the English subsidiaries that were liquidated.

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 Partners SAS. As of March 31, 2019, the Group's tax loss carryforwards were about €732m.

The potential future tax savings as of March 31, 2019 amounted to €205m, representing a value of €0.80 per share, excluding treasury shares held as of March 31, 2019.

As of March 31, 2019, the consolidated taxable income corresponds to a €0.5m 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.

As the company has significant tax losses, the distribution of the tax between current and extraordinary income is not relevant.

21. STATEMENT OF ACCRUED INCOME AND EXPENSES

21.1. Statement of Accrued Expenses

(K€)	March 31, 2019	March 31, 2018
Financial debt - accrued interests	-	-
Trade payables - pending invoices	162	252
Tax and employee-related liabilities:	-	-
- Provision for bonuses, paid leave, working time credits	108	184
- Other employee benefits payable	46	74
- Tax liabilities	10	1
- Other employee benefits payable	262	162
Total accrued expenses	588	672

21.1. Statement of Accrued Income

(K€)	March 31, 2019	March 31, 2018
Financial assets - accrued interests	176	170
Trade receivables - pending invoices	-	-
Other receivables - accrued income	-	-
Total accrued income	176	170

Interest accrued as of March 31, 2019 relates to interest on the "Atari Partners 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. Operating Lease Commitments

The lease for 78 rue Taitbout in Paris ends on June 14, 2019; the annual rent is approximately €60k.

22.1.3. Financing Lease Contracts

There are no significant financing lease arrangements.

22.1.4. Retirement Bonuses

Given the reduced workforce of the Company, the commitments relating to retirement lump sum payments are not material.

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, over the period 2019 – 2029, an annual minimum amount of between \$0.5m and \$1.0m.

23. LITIGATION

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 material impact on its financial position and consolidated results.

24. CONSOLIDATING COMPANIES

The Company publishes consolidated financial statements.

25. REGULATED AGREEMENTS AND RELATED-PARTY TRANSACTIONS

Between April 1, 2018 and the date of this Annual Financial Report, only one regulated agreement was entered into:

- An interest-free loan agreement for 2,500,000 Atari shares granted by Ker Ventures to Atari SA to facilitate the secondary listing on the NASDAQ First North exchange in Stockholm. This loan took effect on April 10, 2019, and was repaid in full on July 10, 2019.

Furthermore, an agreement approved during a previous financial year ceased to have effect during financial year 2018-2019 and was not renewed:

- A consulting agreement relating to the Group's licensing business for three years, until September 30, 2018, with Batuta Capital Advisor LLC (a company controlled by Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the financial year is €46K.

26. SUBSIDIARIES AND INVESTMENTS

Amounts in KC	Capital stock	Shareholders' equity (excluding capital)	Ownership interest (%)	Carrying amount of securities held:		Loans and advances outstanding	Revenue for the last fiscal year	Profit (loss) for the last fiscal year	Notes
				Gross	Net				
A Subsidiaries (more than 50%-owned)									
Atari Partners SAS	200	(18 929)	100%	325 870	-	7 875	72	236	
Atari US Holdings Inc.	-	2 183	100%	432 594	3 224	266	-	(34)	
Atari Interactive Inc.	-	8 455	100%	43 618	-	12 062	7 806	4 662	
Atari Entertainment Africa Ltd	1	-	100%	1	1	2	-	-	created in Jan. 2019
Atari Gaming Ltd	9	-	100%	9	9	110	-	-	created in Jan. 2019
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				668			62	(3 554)	

(a) Dormant companies.

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

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

27. SUBSEQUENT EVENTS

Listing of Atari shares on NASDAQ First North in Stockholm

On April 25, 2019, Atari announced that its shares would begin trading on the Nasdaq First North segment in Stockholm, the stock exchange segment for growth companies in Nordic countries. No new shares were issued as part of this listing. As part of this process, Atari completed a retail



offering of Swedish depositary receipts reserved for individuals in Sweden, Norway, Denmark, and Finland. The conditions, particularly a minimum float requirement, were met, and the listing began on April 25, 2019.

The Atari shares are represented by Swedish depositary receipts, and trade under the symbol "ATA SDB". Each Swedish depositary receipt corresponds to one Atari share.

- **Change of address of headquarters:**

The company relocated its headquarters to 25 rue Godot de Mauroy 75009 Paris and entered into a new renewable nine-year lease that took effect on May 1, 2019. The annual rent including charges is about €69K.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended March 31, 2019.

To the General Shareholders' Meeting of Atari

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, 2019.

In our opinion, 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, 2019 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 of the opinion

Audit framework

We conducted our audit in accordance with the professional standards applicable in France. 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, 2018 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, 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.

Measurement of Atari US Holding equity securities

(Note 2.2 "Accounting principles" and Note 4 "Financial fixed assets" to the annual financial statements)

Risk identified

The equity securities of the subsidiary Atari US Holding, a group holding in the US which directly or indirectly owns the companies Atari Game Corp, RCTO, Casino, Asteroid Cubed and AITD, appear on the balance sheet as of 31 March 2019 for a net total of €3.2 million. They are recognized when first recorded at the cost of acquisition and depreciated based on 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 "Accounting principles" to the financial statements, the Atari US Holding value in use is estimated based on the value of shareholders' equity measured at the financial year-end. This value considers the value in use of the securities of owned subsidiaries, which are based on the profitability prospects arising from the discounted cash flow forecasts.

Due to the significant net book value of the Atari US Holding equity securities and the high level of judgement exercised by the Company as part of the estimation in their value in use, particularly when based on provisional elements, we considered the valuation of equity securities to be a key point of our audit.

Our response

In order to assess the value in use of the equity securities determined by the Company, our work notably involved:

- for valuations based on the value of revalued equity, verifying the consistency between the amounts with audited financial statements;
- for estimates based on forecast elements:
 - obtaining the entity's cash flow forecasts and reconciling them with the group's forecasts presented to the board of directors;
 - 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;
 - verifying that the value resulting from the cash flow forecasts was correctly reprocessed from the entities' financial debts in the audited financial statements.

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.

Recognition of the Infinity Networks Limited contract

(Note 1 to the annual financial statements)

Risk identified

As mentioned in note 1 "Highlights" of the appendix to the annual financial statements, Atari granted an Atari brand license to the company Infinity Networks Limited during the financial year ended 31 March 2018 in order to develop a blockchain entertainment platform.

The turnover generated by this contract after signing (which was renegotiated during the financial year) was €749k. As a result, the company's balance sheet as of 31 March 2019 contains Infinity Networks Limited securities representing 30% of the company's capital, issued as partial remuneration for the contract and recorded for a gross total of €668k. In our report relating to the financial year ended 31 March 2018, we expressed reservations regarding the valuation of 15% of Infinity Networks Limited securities then held by Atari, estimating that the elements which we collected were insufficient to justify the valuation of their fair value. The difficulties encountered by Infinity Networks Limited when fundraising to develop the blockchain entertainment platform led Atari to fully depreciate the Infinity Networks Limited securities as of 31 March 2019.

Furthermore, the contract renegotiated during the financial year included payment of guaranteed minimums by given deadlines. For these, contrary to the previous financial year, the receivables were fully depreciated as of 31 March 2019, allowing us to not extend the reservation stated in our report relating to the financial year ended 31 March 2018.

Considering the reservations expressed in our report on the annual financial statements for the financial year ended 31 March 2018, regarding the complexity of accounting treatment of the contract with Infinity Networks Limited and the significance of the judgements made by Atari management for this purpose, we considered the recognition of the Infinity Networks Limited contract to be a key point of our audit of the annual financial statements for the financial year ended 31 March 2019.

Our response

We analyzed the accounting treatment relating to this contract. Our work, performed with the assistance of our experts, notably involved:

- verifying the accounting treatment of the contract renegotiation, modifying the length of the license and the methods for paying the guaranteed minimums;
- assessing the reasonable nature of the assumptions used to determine the value of the Infinity Networks Limited securities and the recoverability of the receivables in view of the factual elements considered by Management;
- reviewing the methods to account for depreciation of Infinity Networks Limited securities and depreciation of the receivables.

Specific verifications

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.

We certify the fair presentation and consistency with the annual financial statements of the information relating to the payment deadlines mentioned in article D.441-4 of the French Commercial Code.

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 favor, 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.

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 in October 1993 for Deloitte & Associés and held on September 30, 2016 for JLS Partner.

As of March 31, 2019, Deloitte & Associés was in the 27th consecutive year of its assignment, and JLS Partner in its 3rd year.

Responsibilities of Management and Those Charged with Governance for the annual 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

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.

Paris and Paris-La-Défense, August 13, 2019

The Statutory Auditors

DELOITTE & ASSOCIES
JLS PARTNERS

BENOIT PIMONT

JULIEN WAJSBORT

GENERAL INFORMATION ABOUT THE COMPANY

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

Atari S.A.

Registered office : 25 rue Godot de Mauroy 75009 Paris – France

Telephone: + 33 (0) 1 83 64 61 59

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

French *société anonyme* (public limited company) 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 13 & 14 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 15 OF THE ARTICLES OF INCORPORATION)

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 10 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.

In accordance with article L. 225-123 of the French Commercial Code, a double voting right with respect to the right conferred to other shares in proportion to the share of capital they represent is attributed, on the one hand, to all fully paid-up shares, for which there will be proof of registration in a holder's name, for at least two years, in the name of the same shareholder and, on the other hand, to all shares derived from these same securities.

In the event of a capital increase through capitalization of reserves, profits, or issue premiums, the double voting right is attributed from the moment of issuance, to registered shares awarded free of charge to a shareholder on the basis of existing shares that are 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 common property between spouses, or donation inter vivos in favor of a spouse or a relative entitled to inherit, 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 provided for it.

Equal treatment will be applied to all the shares making up the share capital, with respect to 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 23 & 24 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 18, 19 AND 20 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:
 - With respect to registered shareholders, to the account-holding institution
 - With respect to 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)

In accordance with article L. 228-3-3 of the French Commercial Code, failure to comply with provisions allowing the identification of 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 9 OF THE ARTICLES OF INCORPORATION)

Besides the legal notification obligation, 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 will be 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 inability to exercise 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 be held until the expiration of a period of two years following the date on which the notification was legally made.

CHANGE IN CAPITAL (ARTICLE 8 OF THE ARTICLES OF INCORPORATION)

The Extraordinary General Meeting has the sole authority to decide on a capital increase. It may delegate to the Board of Directors the power necessary to carry out the capital increase in one or more installments within the statutory timeframe, to set the conditions for doing so, to record its execution, and to amend the Articles of Incorporation accordingly.

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, 2019, the subscribed and fully paid-up capital amounted to €2,561,092.60, divided into 256,109,260 shares each with a par value of €0.01, fully subscribed and paid-up.

AUTHORIZED CAPITAL

At the General Meeting of Shareholders convened to approve the financial statements for the financial year ended March 31, 2019, it will be proposed to renew the authorizations to increase the capital by issuing shares or securities giving access to the Company's share capital.

SECURITIES GIVING ACCESS TO CAPITAL

FINANCIAL INSTRUMENTS GIVING ACCESS TO CAPITAL

Stock Option plans

As of March 31, 2017, the total number of stock options from all existing plans give entitlement to 8,076,036 shares, representing 3.51% of the capital on that same date.

As of March 31, 2018, the total number of stock options from all existing plans give entitlement to 16,186,228 shares, representing 6.70% of the capital on that same date.

As of March 31, 2019, the total number of stock options from all existing plans give entitlement to 21,287,169 shares, representing 8.31% of the capital on that same date.

Acting within the authorizations granted by the Extraordinary General Meetings, the Board of Directors has awarded some 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 Sept 30, 2018	Exercise price	Identity of holders	Maturity	Number of shares for which securities can be exercised	Potential dilution (% of the capital stock)
Stock options						
10/30/14	4 000 000	0,200 €	Chesnais	10/30/22	4 056 000	1,58%
06/01/16	1 650 000	0,170 €	Chesnais	05/31/24	1 673 100	0,65%
07/12/17	3 680 000	0,280 €	Chesnais	07/11/25	3 698 400	1,44%
07/31/18	4 000 000	0,386 €	Chesnais	07/30/26	4 000 000	1,56%
10/30/14	181 657	0,200 €	Persons referred to in sections L225-177 et 180 of the Commercial Code	10/30/22	184 200	0,07%
09/01/15	220 939	0,200 €		08/31/23	224 032	0,09%
01/04/16	144 000	0,160 €		01/03/24	146 016	0,06%
06/01/16	622 626	0,170 €		05/31/24	631 343	0,25%
07/12/17	1 690 625	0,280 €		07/11/25	1 699 078	0,66%
10/20/17	-	0,350 €		10/19/25	-	0,00%
01/15/18	200 000	0,458 €		01/14/26	200 000	0,08%
07/31/18	2 405 000	0,386 €		07/30/26	2 405 000	0,94%
07/31/18	2 000 000	1,000 €		07/30/26	2 000 000	0,78%
01/18/19	370 000	0,270 €		01/17/27	370 000	0,14%
Sub-total	20 794 847				21 287 169	8,31%
Warrants						
07/07/16	1 731 057	0,170 €	Ker Ventures	07/31/21	1 755 291	0,69%
07/07/16	1 029 412	0,170 €	Alex Zyngier	07/31/21	1 043 823	0,41%
Sub-total	2 760 469				2 799 114	1,09%
Total					24 086 283	9,40%

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, 2019:

Financial year	Type of transaction	Number of shares	Cumulative number of shares	Nominal value of the share	Share premium	Total capital stock (in €)
As at 03/31/2016			183 185 574	0,01 €	407 472 085 €	1 831 856 €
2016/2017	Capital increase	47 223 181		0,01 €	7 481 080 €	472 232 €
2016/2017	Allocation prior losses				-407 472 085 €	
As at 03/31/2017			230 408 755	0,01 €	7 481 080 €	2 304 088 €
2017/2018	Conversion of OCEANE bonds	11 060 241		0,01 €	4 094 869 €	110 602 €
As at 03/31/2018			241 468 996	0,01 €	11 575 949 €	2 414 690 €
2018/2019	Capital increase	13 636 364		0,01 €	7 120 278 €	136 364 €
2018/2019	Allocation prior losses				-10 934 092 €	
2018/2019	Stocks options exercise	1 003 900		0,01 €	213 282 €	10 039 €
As at 03/31/2019			256 109 260	0,01 €	7 975 418 €	2 561 093 €

STOCK OWNERSHIP AND VOTING RIGHTS

To the best of the Company's knowledge, as of March 31, 2019, stock ownership and voting rights was as follows:

Ownership	March 31, 2019					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	47 065 781	18,38%	61 156 519	22,62%	61 156 519	22,64%
Mr Alexandre Zyngier	9 951 540	3,89%	9 951 540	3,68%	9 951 540	3,68%
Arbevel	5 060 846	1,98%	5 060 846	1,87%	5 060 846	1,87%
Treasury shares	220 000	0,09%	220 000	0,08%	0	0,00%
Public (2)	193 811 093	75,68%	193 943 523	71,74%	193 943 523	71,80%
Total	256 109 260	100,00%	270 332 428	100,00%	270 112 428	100,00%

(1) Ker Ventures is the holding company owned by Frédéric Chesnais, Chairman and CEO of the Company. 14,090,738 shares have double voting rights.

(2) 132,430 shares have double voting rights.

CROSSING OF REPORTING THRESHOLDS DURING THE FINANCIAL YEAR

Pursuant to the provisions of its Articles of Incorporation, any person, whether acting alone or in concert, who begins to own or ceases to own, directly or indirectly at least 2% of the capital or voting rights of the Company, or any multiple of that percentage, is required to inform the Company. During the financial year, the Company was not informed of anyone crossing such a threshold.

TRANSACTIONS CARRIED OUT BY THE COMPANY IN ITS OWN SECURITIES

During the financial year 2018-2019, Atari SA, carried out the following transactions to purchase, sell, or transfer Atari shares:

FY 2018 - 2019	Average rate	Number of shares
1. Sales of shares		
April 2018	0,1796	1 818 000
May 2018	0,5178	11 789
October 2018	0,4000	39 250
March 2019	0,2177	432 000
Total sales of shares		2 301 039
2. Share purchases		
October 2018	0,3985	36 115
January 2019	0,3431	220 000
Total share purchases		256 115

TRADING BY CORPORATE OFFICERS IN SHARES AND OTER SECURITIES DURING THE YEAR

The Company was not informed of any trades in the Company's securities by corporate officers during the financial year.

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, 2019, the breakdown of capital and voting rights was as follows:

Ownership	March 31, 2019					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	47 065 781	18,38%	61 156 519	22,62%	61 156 519	22,64%
Mr Alexandre Zyngier	9 951 540	3,89%	9 951 540	3,68%	9 951 540	3,68%
Arbevel	5 060 846	1,98%	5 060 846	1,87%	5 060 846	1,87%
Treasury shares	220 000	0,09%	220 000	0,08%	0	0,00%
Public (2)	193 811 093	75,68%	193 943 523	71,74%	193 943 523	71,80%
Total	256 109 260	100,00%	270 332 428	100,00%	270 112 428	100,00%

(1) Ker Ventures is the holding company owned by Frédéric Chesnais, Chairman and CEO of the Company. 14,090,738 shares have double voting rights.

(2) 132,430 shares have double voting rights.

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 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 Mr. 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 breakdown 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 Mr. F. Chesnais.

(2) As of March 31, 2017, 1,068,179 shares have double voting rights.

SHAREHOLDERS' AGREEMENTS

To the best of the Company's knowledge there are no shareholders' agreements in place.

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, 2019 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: FR0010478248Main listing:

NYSE Euronext Paris - Compartment C

The share is eligible for the deferred settlement system (SRD Long)

The share is eligible for the PEA-PME savings plan

Included in the following indices: Next Economy, CAC All shares

Reuters code: ATARI.PA Bloomberg code: ATA:FP

Period	Monthly highs and lows		Trading volume	Capital traded in the month
	High	Low		
2019				
March	0,365 €	0,312 €	17 103 654	5 759 500 €
February	0,356 €	0,319 €	14 161 628	4 817 436 €
January	0,386 €	0,320 €	19 532 244	6 782 469 €
2018				
December	0,365 €	0,293 €	26 016 090	8 512 278 €
November	0,397 €	0,285 €	30 317 603	10 373 641 €
October	0,473 €	0,355 €	60 432 654	25 074 450 €
September	0,439 €	0,377 €	38 061 793	15 366 251 €
August	0,496 €	0,436 €	27 542 894	12 666 756 €
July	0,549 €	0,418 €	50 164 821	24 570 386 €
June	0,672 €	0,510 €	48 826 883	28 399 283 €
May	0,714 €	0,554 €	65 956 958	40 677 007 €
April	0,700 €	0,602 €	42 989 693	27 774 962 €
March	0,809 €	0,612 €	120 096 518	86 589 413 €
February	0,948 €	0,448 €	356 576 307	254 434 714 €
January	0,604 €	0,367 €	157 230 481	78 201 435 €
2017				
December	0,37 €	0,31 €	23 994 944	8 098 115 €
November	0,42 €	0,35 €	32 132 041	12 252 663 €
October	0,38 €	0,35 €	18 252 267	6 624 722 €
September	0,40 €	0,34 €	22 783 727	8 452 024 €
August	0,39 €	0,34 €	21 358 897	7 795 178 €
July	0,43 €	0,28 €	101 396 925	36 934 957 €
June	0,36 €	0,21 €	102 130 071	30 358 089 €
May	0,25 €	0,20 €	23 734 271	5 382 954 €
April	0,21 €	0,19 €	9 756 571	1 955 479 €
March	0,22 €	0,20 €	8 961 242	1 861 288 €
February	0,22 €	0,20 €	17 608 786	3 675 343 €
January	0,25 €	0,20 €	45 564 832	10 536 303 €

(Source: Euronext)

Secondary listing since April 25, 2019:

NASDAQ First North as SDRs (Swedish Depositary Receipts)

ISIN code: SE0012481232

Ticker: ATA

American OTC compartment:

Affiliation with the NASDAQ International Select program on the OTC market

Ticker: PONGF

2003-2020 OCEANE BONDS - ISIN CODE: FR0010032839

Period	Monthly highs and lows		Trading volume	Capital traded in the month
	High	Low		
2019				
March	-	-	-	-
February	6,38 €	6,38 €	5	32 €
January	6,00 €	6,00 €	117	702 €
2018				
April to December	6,10 €	6,01 €	252	1 537 €
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	-	-	-	-

(Source: Euronext)

DIVIDENDS

During the past five financial years, the Company has not distributed any 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 August 13, 2019. 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* (public limited company) 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 10 times during the period from April 1, 2018 to March 31, 2019 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, 2019, the Audit Committee consists of two members. Erick Euvrard, independent director and Committee Chairman, and Alexandre Zyngier. During the 2018/2019 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, 2019, 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 two 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 Betclik 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 growing their Restructuring practice. He then joined Lucien Deveau 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 change management and co-leads a training group.

Alyssa Padia WALLES: A graduate of the University of Southern California, Chairman of Amplitude Consulting and Vice Chairman of Publishing MWM Immersive, Ms. Waller 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. Waller 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 Torchlight Energy Resources Inc., an E&P company, and AudioEye Inc., a provider of Internet access solutions for people with disabilities and Applied Minerals Inc., a producer of halloysite clay and iron oxide. In 2013, he became a major shareholder of the Atari Group by purchasing Atari shares then held by BlueBay.

Mandates and duties exercised within the Atari Group during financial year 2018-2019

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) : Atari US Holdings Inc, Atari Inc, Atari Interactive Inc, Atari Studios Inc, AITD Productions LLC, Cubed Productions LLC, RCTO Productions LLC, Atari connect LLC, Atari Casino LLC, Atari VCS, Atari Game Partners Corp, Atari Games Corp. CEO Atari Entertainment Africa Ltd (Mauritius), Atari Gaming Ltd (Kenya), Atari Liberia.
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 Renewed: 09/28/2018 Expiration: AGM/FY 2020-2021	Director: Atari SA (France) Member of the Audit Committee: Atari SA (France)
Isabelle Andres Appointed: 09/29/2017 Expiration: AGM/FY 2019-2020	Director: Atari SA (France) Member of the Nomination and Compensation Committee: Atari SA (France)

Primary mandates and duties exercised outside of the Atari Group

Name	Main positions currently held outside the Group
Frédéric Chesnais	General Manager: Ker Ventures, LLC (United States) OP Productions, LLC (United States) Magnet Productions (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) Senior Vice President: Publishing MWM Immersive (United States)
Alexandre Zyngier	Director: Torchlight Energy Resources Inc (United States) Audioeye Inc. (United States) - Applied Minerals 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)
Isabelle Andres	Manager director: SARL Mangas Gambling Engineering (France) Group managing Director: Betdic 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 an executive management position.

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.

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 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.

VARIABLE COMPENSATION / OPTIONS

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, share price performance, growth in recurring earnings per share which makes it possible to take into account all the elements of the income statement, 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. This compensation policy was approved at the General Meeting of Shareholders on September 28, 2018.

Variable compensation for the 2018-2019 financial year

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 for the financial year 2018-2019 at 70% of the total annual fixed compensation.

During the 2018-2019 financial year, as part of the long-term incentive plan, 4,000,000 stock options were awarded, at the exercise price of €0.386 as part of the stock option plan decided by the General Meeting of Shareholders on September 29, 2017.

Variable compensation policy for the 2019-2020 financial year (principles and criteria for determining, distributing, and awarding compensation).

For the 2019-2020 financial year, fixed compensation was kept the same, and the terms and conditions for the award of variable compensation were also renewed in similar proportions.

DIRECTOR'S FEES

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

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

Table 1 – Executive corporate officer compensation (excluding payroll taxes):

Frédéric Chesnais - CEO (Amounts in K€)	FY 2018/2019				FY 2017/2018			
	Amount due		Amount paid		Amount due		Amount paid	
	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 €558,000 for the fixed compensation component, €395,000 for the variable compensation component due as of March 31, 2019, and €34,000 in directors' fees.

Table 2 - Compensation of Non-executive Corporate Officers:

(Net amounts in K€)	FY 2018/2019		FY 2017/2018	
	Director's fees	Other compensation	Director's fees	Other compensation
Alexandre Zyngier	20	30	20	30
Erick Euvrard	20	-	20	-
Isabelle Andres	20	-	20	-
Alyssa Padia Walles	20	-	20	-
TOTAL	80	30	80	30

The payment of directors' fees for the 2018-2019 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 25-1 July 31, 2018	Purchase option	1 120 000	4 000 000	0,386 €	8 years
TOTAL			1 120 000	4 000 000		

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
- Manfred Mantschev – Director of Strategy

REGULATED AGREEMENTS

Between April 1, 2018 and the date of this Annual Financial Report, only one regulated agreement was entered into:

- An interest-free loan agreement for 2,500,000 Atari shares granted by Ker Ventures to Atari SA to facilitate the secondary listing on the NASDAQ First North exchange in Stockholm. This loan took effect on April 10, 2019, and was repaid in full on July 10, 2019.

Furthermore, an agreement approved during a previous financial year ceased to have effect during financial year 2018-2019 and was not renewed:

- A consulting agreement relating to the Group's licensing business for three years, until September 30, 2018, with Batuta Capital Advisor LLC (a company controlled by Alexandre Zyngier) authorized by the Board of Directors on July 29, 2015. The expense for the financial year is €46K.

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
Authorization granted to the Board of Directors to set the issue price of shares and any securities granting immediate or future access to capital in the case of cancellation of the shareholders' preferential subscription rights.	Sept. 29, 2017	26 months	10% of the Company's capital	Used
	Resolution 18	Nov. 29, 2019		
Issuance of ordinary shares or any securities granting access to capital, without preferential subscription rights of the shareholders, through an offering as set out in paragraph II of article L.411-2 of the French Monetary and Financial Code	Sept. 29, 2017	26 months	20% of the Company's capital	Used
	Resolution 19	Nov. 29, 2019		
Award of Company stock subscription and/or purchase options	Sept. 29, 2017	38 months	10% of the Company's capital	Used
	Resolution 17	Nov. 30, 2021		
Authorization granted to the Board of Directors to allow the Company to trade in its own shares	Sept 28, 2018	18 months	€50,000,000	Used
	Resolution 9	March 28, 2020		
Reduction of share capital by cancellation of shares acquired as part of a buyback program	Sept. 28, 2018	18 months	10% of the Company's capital	Not used
	Resolution 10	March 28, 2020		
Issuance of shares or securities giving access to the capital of the Company, with the maintenance of the preferential subscription right of the shareholders.	Sept. 28, 2018	26 months	€30,000,000	Not used
	Resolution 11	Nov. 28, 2020		
Issuance of shares or securities giving access to the capital of the Company or giving right to the award of debt securities, without preferential subscription rights of the shareholders by way of a public offering.	Sept. 28, 2018	26 months	€30,000,000	Not used
	Resolution 12	Nov. 28, 2020		
Issuance of Company securities, without preferential subscription rights of the shareholders in favor of the members of a company savings plan.	Sept. 28, 2018	26 months	€5,000,000	Not used
	Resolution 13	Nov. 28, 2020		
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 original issue.	Sept. 28, 2018	26 months	Over-allotment option limited to 15% of initial issue.	Not used
	Resolution 14	Nov. 28, 2020		
Issuance of shares or securities granting access to capital in consideration for contributions in kind granted to the Company, outside of a public exchange offer.	Sept. 28, 2018	26 months	10% of the Company's capital	Not used
	Resolution 15	Nov. 28, 2020		
Issuance of shares or securities granting access to capital in consideration for contributions in kind granted to the Company, in the context of a public exchange offer.	Sept. 28, 2018	26 months	€50,000,000	Not used
	Resolution 16	Nov. 28, 2020		

Nature of the Delegation of Authority	GM Date Resolution Reference	Duration Term	Maximum Nominal Amount of Capital Increase (€)	Use during the Past Period
Award of Company stock subscription and/or purchase options	Sept. 28, 2018	38 months	10% of the Company's capital	Not used
	Resolution 17	Nov. 30, 2021		
Authorization granted to the Board of Directors to set the issue price of shares and any securities granting immediate or future access to capital in the case of elimination of preferential subscription rights of the shareholders.	Sept. 28, 2018	26 months	10% of the Company's capital	Not used
	Resolution 18	Nov. 28, 2020		
Issuance of ordinary shares or any securities granting access to capital, without preferential subscription rights of the shareholders, through an offering as set out in paragraph II of article L.411-2 of the French Monetary and Financial Code	Sept. 28, 2018	26 months	20% of the Company's capital	Not used
	Resolution 19	Nov. 28, 2020		
Capital increase by capitalization of reserves, profits or other capitalization that would be allowed	Sept. 28, 2018	26 months	-	Not used
	Resolution 21	Nov. 28, 2020		

OWNERSHIP STRUCTURE

BREAKDOWN OF CAPITAL AND VOTING RIGHTS

As of March 31, 2019, the Company's subscribed and fully paid-up capital totaled €2,561,092.60, divided into 256,109,260 shares with a par value of €0.01. As of March 31, 2019, the number of voting rights assigned to the Company's shares was 270,112,428.

To the best of the Company's knowledge, as of March 31, 2019, the breakdown of capital and voting rights was as follows:

Ownership	March 31, 2019					
	Number of shares	%	Theoretical voting rights	%	Exercisable voting rights	%
Ker Ventures, LLC (1)	47 065 781	18,38%	61 156 519	22,62%	61 156 519	22,64%
Mr Alexandre Zyngier	9 951 540	3,89%	9 951 540	3,68%	9 951 540	3,68%
Arbevel	5 060 846	1,98%	5 060 846	1,87%	5 060 846	1,87%
Treasury shares	220 000	0,09%	220 000	0,08%	0	0,00%
Public (2)	193 811 093	75,68%	193 943 523	71,74%	193 943 523	71,80%
Total	256 109 260	100,00%	270 332 428	100,00%	270 112 428	100,00%

(1) Ker Ventures is the holding company owned by Frédéric Chesnais, Chairman and CEO of the Company. 14,090,738 shares have double voting rights.

(2) 132,430 shares have double voting rights.



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 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 is the holding company owned by Frédéric Chesnais, CEO of the Company.

(2) 62,891 shares have double voting rights.

Registered shares may benefit from a double voting right if held for at least two years. As of March 31, 2019, 16,790,790 shares owned by Ker Ventures and 1,874,573 shares owned by Frédéric Chesnais are registered, for a total of 18,665,363 shares of which 14,090,738 are entitled to double voting rights before March 2019.

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

As of March 31, 2019, Ker Ventures and Frédéric Chesnais hold 18.38% of the capital and 22.62% of the exercisable voting rights. The existence of independent directors and the regular operation of the corporate governance bodies protect the Company against any improper exercise of company control.

CHANGES DURING THE PERIOD IN THE SHAREHOLDING

Pursuant to the provisions of its Articles of Incorporation any person, whether acting alone or in concert, who begins to own or ceases to own, directly or indirectly at least 2% of the capital or voting rights of the Company, is required to inform the Company. During the financial year, the Company was not informed of any crossing of this threshold.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS – FINANCIAL YEAR ENDED MARCH 31, 2019

Financial year ended March 31, 2019

To the General Meeting of the company Atari,

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 (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the consistency of the information given to us with the basic documents from which it was drawn.

Agreements and commitments submitted to the approval of the General Meeting

Agreements and commitments authorized and concluded during the past financial year

We were not informed about any agreement or commitment authorized and concluded during the past financial year to be submitted for approval by the general meeting, pursuant to the provisions of article R.225-31 of the French Commercial Code.

Agreements and commitments authorized and concluded since the end of the financial year

We were informed of the following agreements and commitments, authorized and concluded since the end of the previous financial year, which were subject to prior authorization by your board of directors on 15 March 2019.

Stock loan agreement by the company Ker Ventures:

On 15 March 2019, your board of directors authorized the creation of an Atari stock loan agreement between your company and Ker Ventures.

This contract was signed on 8 April 2019 and includes the loan of 2,500,000 Atari SA shares by Ker Ventures to Atari SA by 15 April 2019 at the latest. This loan does not accrue interest. Atari SA agrees to repay Ker Ventures for the costs incurred to transfer the shares. The contract took effect on 10 April 2019, the date that the shares were transferred, and was fully repaid on 10 July 2019.

Person involved: Mr. Frédéric Chesnais, as Chairman and CEO of Atari SA.

Effect on the financial year's financial statements: No effect

Reasons justifying the interest of the agreement for the company: Your Board of Directors justified this agreement due to the need to facilitate the secondary listing of the company on the Stockholm Nasdaq First North, for which the securities settlement periods are particularly short.



Agreements and commitments already approved by the General Meeting

Agreements and commitments approved during past financial years

Pursuant to article R.225-31 of the French commercial code, we were informed that the fulfilment of the following agreements and commitments, already approved by the general meeting during past financial years, continued during the previous financial year.

Consulting contract with Batuta Capital Advisors LLC

Your Board of Directors has authorized, as of July 29, 2015, the signing of a consulting agreement between Atari 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. This agreement ceased to have effect during the 2018-2019 financial year and was not renewed.

Person involved: Mr. Alexandre Zyngier, as director of Atari SA, a company controlling Atari US Holdings.

Effect on the financial year's financial statements: Atari US Holdings, a subsidiary of Atari SA, recorded a charge of €46K.

Reasons justifying the interest of the agreement for the company: Your Board of Director has justified this agreement by the fact that it is likely to contribute to the recovery, development, and growth of the Group.

Paris and Paris-La Défense, August 13, 2019

The Statutory Auditors

DELOITTE & ASSOCIES
JLS PARTNERS

BENOIT PIMONT

JULIEN WAJSBORT

PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT**PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT**

Frédéric Chesnais, Chairman and Chief Executive Officer

STATEMENT BY THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

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.

August 13, 2019

Frédéric Chesnais,

Chairman and Chief Executive Officer of Atari SA

PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

STATUTORY AUDITORS

Deloitte & Associés

Member of the Regional Company of Statutory Auditors of Versailles

Represented by Benoit Pimont

6, Place de la Pyramide 92908 Paris La Défense Cedex

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

Appointment expires: At the General 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 General 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.



www.atari-investisseurs.fr

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