

ATARI

Public limited company (SA)

25 rue Godot de Mauroy

75009 PARIS

Statutory Auditors' Report on the annual financial statements

Financial year ending 31 March 2020

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Statutory Auditors' Report on the annual financial statements

Financial year ending 31 March 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Public limited Company Atari SA issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Shareholders' Meeting of ATARI

Opinion

In compliance with the engagement entrusted to us by your general shareholders' meetings, we have audited the accompanying financial statements of ATARI for the financial year

ended March 31, 2020. These financial statements were approved by the board of directors on October 28, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 crisis and difficulties in assessing its impacts and future prospects.

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, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for 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, 2019 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, approved in the context mentioned above, 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 and Atari Interactive equity securities

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

Risk identified

Equity securities are recorded in the balance sheet at March 31, 2020 for an amount of € 13.5 million and mainly correspond to:

- on the one hand in Atari US Holding shares, the group's holding company in the United States owning, directly or indirectly, the companies Atari Game Corp, RCTO, Casino, Asteroid Cubed and AITD which represent a net amount of € 3.2 million;
- on the other hand in shares of Atari Interactive, a subsidiary holding the Atari brand, which represents a net amount of € 10 million.

They are recognised 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 and Atari Interactive shares value in use is estimated based on the value of shareholders' equity measured at the financial year-end. For Atari US Holding, this value takes into account the value in use of the securities of the subsidiaries it holds, which is based on the profitability outlook resulting from the discounted cash flow forecasts.

Due to the significant net book value of the Atari US Holding and Atari Interactive 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.

Going concern

(Notes 2.1 to the annual financial statements)

Risk identified

As indicated in note 2.1 "Principles Used in Preparing the Financial Statements" to the annual financial statements, the annual financial statements for the year ended March 31, 2020 have been prepared based on the assumption of going concern, on the basis of cash flow forecasts established for the next twelve months, taking into account the following main hypothesis :

- the absence of financial debts over the next twelve months,
- activity forecasts (games, licenses, multimedia production, Atari VCS, Atari Token) which generate themselves positive cash flow,
- the exercise of stock options.

Moreover, the Group has a consolidated cash position of 1.8 million euros as of March 31, 2020.

As part of the preparation of the annual financial statement as of March 31, 2020, the management of the company is required to assess the appropriateness of the assumption of going concern over the twelve months following the end of the financial year, with regard to the resources available at the closing date, the cash flow forecasts established for the next twelve months and its ability to obtain new financing solutions to ensure the continuation of its operations over the period considered.

In this context, due to the uncertainties inherent in these forecasts in an evolving context of the Covid-19 crisis, we considered that the appropriateness of the application of the assumption of going concern for the preparation of the annual financial statements at 31 March 2020, which is based on the judgment of management, in particular with regard to business forecasts and estimates of future cash flows, was a key audit matter.

Our response

To assess the reasonableness of the hypothesis made by management regarding the application of the going concern principle, we acknowledged internal controls put in place by the management to prepare its cash flow forecasts for the twelve months following the closing date.

Our work on cash flow forecasts also consisted of:

- reconcile the available cash indicated in the forecasts, with the accounts as at March 31, 2020, as well as with the last consolidated cash position available as at September 30, 2020;
- verify the consistency of the assumptions made in the cash flow forecasts with those underlying the latest forecast data established under the control of the Board of Directors;
- analyze the consistency of revenue and margin rate forecasts with past performance, market outlook, reviews from video game specialists published in professional journals and available sales statistics;
- assess the positioning of cash flows over the next twelve months, in particular with regard to expected non-operating resources, with regard to the main deadlines identified;
- carry out our own sensitivity tests by downgrading the revenue assumptions used by management, in particular on new sales activities for VCS consoles and cryptocurrencies, as well as the assumptions for the performance of certain non-operating operations, in order to assess the Group's ability to meet its commitments even in the event of activity significantly below expectations.

We have also verified that the relevant paragraph of Note 2.1 to the annual financial statements provides appropriate information on the Group's situation with regard to the application of the going concern assumption.

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 management report of the board of Directors approved on October 28, 2020 and in the other documents with respect to the financial position and the financial statements provided to the shareholders. With regard to the events which occurred and the facts known after the date the financial statements were approved by the board of Directors relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the General Shareholders' Meeting called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

Report on Corporate Governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 the French Commercial Code (code de commerce).

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

Other information

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

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, 2019 for Exponens Conseil & Expertise

As of at March 31, 2020, Deloitte & Associés was in the 28th year of total uninterrupted engagement and Exponens Conseil & Expertise was in the 1st year of total uninterrupted engagement.

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, 22 October 2020

The statutory auditors

Exponens Conseil & Expertise

Deloitte & Associés

Anne MOUHSSINE

Benoit PIMONT