

**FIRST SUPPLEMENTAL PROSPECTUS TO THE PROSPECTUS
DATED
10 JUNE 2016**



FUNCOM N.V.

(A Dutch public limited liability company incorporated and organized under the laws of the Netherlands, registered with the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under registration number 28073705)

This document is dated 7 July 2016 and comprises a supplementary prospectus for the purposes of section 5:23 of the Dutch Financial Supervision Act, and has been approved by and filed with Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “AFM”) (the “**Supplemental Prospectus**”). The Company has requested that the AFM provide the competent authority in Norway, with a certificate of approval attesting that this Supplemental Prospectus has been drawn up in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and regulations which implement the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the “**Prospectus Directive**”) in Dutch law.

This Supplemental Prospectus is supplemental to, and should be read in conjunction with, the prospectus published by the Company, dated 10 June 2016, relating to Funcom N.V.’s offering of up to 15,000,000 VPS Offer Shares in the Company with a nominal value of EUR 0.04 each at a subscription price of NOK 0.55 per VPS Offer Share. Holders of the Company's Shares (save for the VPS Registrar in its capacity as VPS Registrar) as of 30 June 2016, as registered in the VPS and the Company's shareholders' register in the Netherlands as of 4 July 2016 who are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (the Eligible Shareholders) are being granted tradable Subscription Rights that, subject to applicable law, provide preferential rights to subscribe for and be allocated VPS Offer Shares in the Subsequent Offering (the “**Prospectus**”).

The Prospectus was approved as a prospectus pursuant to the Prospectus Directive by the AFM. Save as disclosed in this Supplemental Prospectus, no other significant new factor, and no material mistake or inaccuracy, relating to information included in the Prospectus (as supplemented at the date hereof) which is capable of affecting the assessment of the relevant factors in relation to the Subsequent Offering has arisen or has been noted since the publication of the Prospectus. Except as expressly stated herein, or unless the context otherwise required, the definitions used or referred to in the Prospectus also apply in this Supplemental Prospectus.

Neither the New VPS Shares, the Conversion VPS Shares, the VPS Offer Shares nor the underlying Company Shares have been and will not be registered under the U.S. Securities Act of 1933 as amended, or with any securities authority of any state of the United States. The New VPS Shares, the Conversion VPS Shares, the VPS Offer Shares and the underlying Company Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Canada, Japan or Australia.

The Company accepts responsibility for the information contained in the Prospectus as supplemented by the First Supplemental Prospectus. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in the Prospectus as supplemented by this Supplemental Prospectus, is in accordance with the facts and does not omit anything likely to affect the import of such information.

All inquiries relating to this First Supplemental Prospectus and the Prospectus must be directed to the Company. No other person is authorized to give information or to make any representation in connection with the Subsequent Offering. If any such information is given or made, it must not be relied upon as having been authorized by the Company or by any of the employees, affiliates or advisers or any of the foregoing.

The distribution of this First Supplemental Prospectus and the Prospectus may be restricted by law in certain jurisdictions. The Company requires persons in possession of this First Supplemental Prospectus and the Prospectus to inform themselves about and to observe any such restrictions. This First Supplemental Prospectus and the Prospectus do not constitute an offer of, or a solicitation of an offer to purchase, any securities in any jurisdiction or in any circumstances in which such offer or solicitation would be unlawful.

The content of this First Supplemental Prospectus and the Prospectus should not be construed as legal, business, financial or tax advice. Each prospective investor should consult its own legal advisor, business advisor, financial advisor or tax advisor as to legal, business, financial and tax advice.

An investment in the Company involves inherent risk, and several factors could cause the actual results, financial performance and results of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this First Supplemental Prospectus and the Prospectus, including, among others, risks or uncertainties associated with the Company's business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in market development, limited liquidity in the Shares, as well as other company specific risk factors. Potential investors should not base their decision to invest solely on the Prospectus, but should independently study and consider relevant information. The value of the Shares may be reduced as a result of these or other risk factors and investors may lose part or all of their investments. An investment in the Company should only be made by investors able to sustain a total loss of their investment.

Any dispute regarding this First Supplemental Prospectus and the Prospectus shall be governed by Norwegian law and Norwegian courts alone shall have jurisdiction in matters relevant hereto, except for the issuance of the new Company Shares in relation to the

Subsequent Offering, which shall be governed by Dutch law and be subject to the jurisdiction of the Dutch courts.

RESPONSIBILITY STATEMENT

This First Supplemental Prospectus and the Prospectus are made available by Funcom and Funcom accepts sole responsibility for the information contained in this First Supplemental Prospectus and the Prospectus.

The Management Board of Funcom N.V. hereby declares that, after having taken all reasonable care to ensure that such is the case, the information contained in this First Supplemental Prospectus and the Prospectus are, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

7 July 2016

The Management Board of Funcom N.V.

Rui Manuel Monteiro Casais
CEO

The Supervisory Board of Funcom N.V. hereby declares that, after having taken all reasonable care to ensure that such is the case, the information contained in this First Supplemental Prospectus and the Prospectus, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

7 July 2016

The Supervisory Board of Funcom N.V.

Michel Henry Georges Cassius
Chairman

Alain Léon Tascan
Vice-Chairman

SUPPLEMENTAL INFORMATION

References to page numbers are to page numbers of the Prospectus.

On page 67 it was noted that:

“Funcom is working on an open world survival game set in the world of Conan the Barbarian called *Conan Exiles*.

The game is targeted to be released on the PC platform in the “Steam” store in “Early Access” mode on 13 September 2016, with full launch on PC and Consoles at a later stage*. The game will be commercialized using a premium (also called “Pay to play”) business model, details of which will be revealed closer to the release of the game.”

This will be replaced by:

“Funcom is working on an open world survival game set in the world of Conan the Barbarian called *Conan Exiles*.

Conan Exiles is planned to enter Early Access in January 2017, with full launch on PC and Consoles at a later stage†. The game will be commercialized using a premium (also called “Pay to play”) business model, details of which will be revealed closer to the release of the game. After careful consideration, Funcom has decided to move the Early Access date for Conan Exiles to January 2017. The development team is on track to deliver what they set out to do for 13 September 2016. However, after evaluating the game as well as feedback and expectations received from the game's potential audience, it is the Company's opinion that additional development time will allow for a better product with higher quality and sales potential, and that this will make it better equipped to meet expectations. Funcom's recently strengthened financial situation allows for additional development time for Conan Exiles, and the Company believes that investing in this additional time will serve to increase the value of the business in the long term.”

On page 105 it was noted that:

“The Company has announced *Conan Exiles* as a new game of the “larger” type, and intends to announce two “smaller” games later this year. This is in line with the new Funcom strategy, as described in section “7.3 The new Funcom strategy”. *Conan Exiles* is targeted to be released for the PC platform in the Steam store in Early Access on 13 September 2016, with full launch on PC and consoles at a later stage. One of the “smaller games” has, as announced in the Q1 2016 financial report, passed internal

*The time spent from Early Access launch until full launch has not yet been finally determined and will depend on the reception of *Conan Exiles*. However, Funcom does not expect that the period between Early Access and full launch of *Conan Exiles* will last for longer than one year.

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prototyping and approval, being a small multiplayer game based on “*The Secret World*” IP designed to experiment and innovate in a small niche market and build the internal competency of the North Carolina team in Unreal Engine 4. This game is preliminarily scheduled for release on PC in Q4 2016 and due to their budget limitation and experimental focus is expected to have limited revenue impact.”

This will be replaced by:

“The Company has announced *Conan Exiles* as a new game of the “larger” type, and intends to announce two “smaller” games later this year. This is in line with the new Funcom strategy, as described in section “7.3 The new Funcom strategy”. *Conan Exiles* is targeted to be released for the PC platform in the Steam store in Early Access in January 2017, with full launch on PC and consoles at a later stage. One of the “smaller games” has, as announced in the Q1 2016 financial report, passed internal prototyping and approval, being a small multiplayer game based on “*The Secret World*” IP designed to experiment and innovate in a small niche market and build the internal competency of the North Carolina team in Unreal Engine 4. This game is preliminarily scheduled for release on PC in Q4 2016 and due to their budget limitation and experimental focus is expected to have limited revenue impact.”

GENERAL INFORMATION

In accordance with Article 5:23, sub 6 of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have subscribed for VPS Offer Shares by utilizing the tradable Subscription Rights as issued under the Prospectus before publication of this Supplement have the right, exercisable within two working days commencing on the working day after the date of publication of this Supplement, to revert their decision.

Copies of the Prospectus and this Supplemental Prospectus are available on the Company’s website at www.funcom.com. Copies of the Prospectus and this Supplemental Prospectus are also available at no cost from the Company.

To the extent there is any inconsistency between any statement in or incorporated by reference in this Supplemental Prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in or incorporated by reference in this Supplemental Prospectus will prevail.