

## Relevant information before adoption of annual accounts of Funcom N.V. for the financial year ended 31 December 2016

What follows is the relevant information before adoption of annual accounts of Funcom N.V. (the “**Company**”) for the financial year ended 31 December 2016 as included in the annual accounts of Funcom N.V. for the financial year ended 31 December 2016.

### 1 - Remuneration of the members of the Management Board (in thousands of USD Dollars)

#### Remuneration to the Management Board

Management Board member	Total remuneration	Remuneration	Bonus	Severance	Pension cost	Share based
<b>2016</b>						
Rui Casais	325	211	55		5	54
<b>Total:</b>	<b>325</b>	<b>211</b>	<b>55</b>		<b>5</b>	<b>54</b>
<b>2015</b>						
Michel Cassius (1)	191	119				73
Rui Casais (2)	257	181			2	74
<b>Total:</b>	<b>449</b>	<b>300</b>			<b>2</b>	<b>147</b>

Management Board member	Number of options granted during the year	Number of options exercised during the year	Total number of options held / controlled at year end	Number of shares held / controlled at year end
<b>2016</b>				
Rui Casais	400,000		1,096,664	100,000
<b>Total:</b>	<b>400,000</b>	<b>0</b>	<b>1,096,664</b>	<b>100,000</b>
<b>2015</b>				
Michel Cassius (1)	450,000		900,000	34,000
Rui Casais (2)	300,000		771,664	38,731
<b>Total:</b>	<b>750,000</b>	<b>0</b>	<b>1,671,664</b>	<b>72,731</b>

(1) Michel Cassius departed from the Management Board on May 12, 2015.

(2) Rui Casais' appointment to the Management Board was confirmed on January 30, 2015 after being temporarily mandated to join the Management Board by the Supervisory Board in 2014.

### 2 - Remuneration of the members of the Supervisory Board (in thousands of USD Dollars)

#### Remuneration to the Supervisory Board

The General Meeting stipulates the Supervisory Board's remuneration each year. The proposal for remuneration will be made by the Supervisory Board. In 2016, the total remuneration to the Supervisory Board was EUR 58,986 (USD 63,425) (2015: EUR 66,370 (USD 78,547)). The annual remuneration was EUR 27,000 (USD 28,244) (2015: EUR 27,000 (USD 31,953)) for the Chairman, and was EUR 18,000 (USD 18,929) (2015: EUR 18,000 (USD 21,302)) for each of other members, prorated in accordance with the months of service. EUR 58,986 (2015: EUR 34,810) of the fees for 2016 are outstanding at year end.

Supervisory Board member	Total remuneration USD	Total remuneration is composed of:	
		Board fee USD	Share based USD
<b>2016</b>			
Ole Gladhaug (1)	12	7	5
Michel Cassius (2)	56	23	33
Alain Tascan	32	20	12
Magnus Grøneng (4)	7	5	2
Fredrik Malmberg (5)	7	5	2
Egil Kvannli (5)	7	5	2
<b>Total:</b>	<b>121</b>	<b>65</b>	<b>56</b>
<b>2015</b>			
Michel Cassius (2)	83	16	67
Alain Tascan	48	20	28
Gerhard Florin (3)	59	15	44
Ole Gladhaug (1)	41	12	29
Magnus Grøneng (4)	41	12	29
<b>Total:</b>	<b>271</b>	<b>75</b>	<b>196</b>

Supervisory Board member	Number of options granted during the year	Number of options exercised during the year	Total number of options held / controlled at year end	Number of shares held / controlled at year end (incl. related parties)
<b>2016</b>				
Ole Gladhaug	200,000		200,000	
Alain Tascan	100,000		350,000	
Magnus Grøneng	100,000		100,000	440
Fredrik Malmberg	100,000		100,000	
Egil Kvannli	100,000		100,000	
<b>Total:</b>	<b>600,000</b>	<b>-</b>	<b>850,000</b>	<b>440</b>
<b>2015</b>				
Michel Cassius	450,000		900,000	49,034
Alain Tascan	100,000		250,000	
Ole Gladhaug	100,000			
Magnus Grøneng	100,000			400
<b>Total:</b>	<b>750,000</b>	<b>-</b>	<b>1,150,000</b>	<b>49,434</b>

(1) Ole Gladhaug resigned from the Supervisory Board on August 11, 2015, and re-joined the Supervisory Board as the Chairman on October 5, 2016.

(2) Michel Cassius became the Chairman of the Supervisory Board on June 26, 2015, and he resigned from the Supervisory Board on October 5, 2016.

(3) Gerhard Florin is no longer a Supervisory Board Member as of June 26, 2015.

(4) Magnus Grøneng resigned from the Supervisory Board on August 11, 2015, and re-joined the Supervisory Board on October 5, 2016.

(5) Fredrik Malmberg and Egil Kvannli joined the Supervisory Board on October 5, 2016.

The following tables show the details of the stock incentives of the individual members of the Supervisory Board:

	Year of issuance	Outstand Dec 31, 2015	In 2016				Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
			Granted	Extended	Exercised	Forfeited/Expired				
<b>Alain Tascan</b>	2012	25,000	-	-	-	-	25,000	2.65	27/12/2017	27/06/2013
	2012	25,000	-	-	-	-	25,000	2.65	27/12/2017	27/06/2014
	2014	100,000	-	-	-	-	100,000	0.66	27/06/2019	27/06/2015
	2015	100,000	-	-	-	-	100,000	0.24	26/06/2020	26/06/2016
	2016		100,000				100,000	0.13	30/06/2021	30/06/2017
	<b>Total</b>	<b>250,000</b>					<b>350,000</b>			
	<b>Vested</b>	<b>150,000</b>					<b>250,000</b>			
			In 2016							
	Year of issuance	Outstand Dec 31, 2015	Granted	Extended	Exercised	Forfeited/Expired	Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
<b>Ole Gladhaug</b>	2016	0	200,000	-	-	-	200,000	0.16	11/10/2021	11/10/2017
	<b>Total</b>	<b>0</b>					<b>200,000</b>			
	<b>Vested</b>	<b>0</b>					<b>0</b>			
			In 2016							
	Year of issuance	Outstand Dec 31, 2015	Granted	Extended	Exercised	Forfeited/Expired	Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
<b>Magnus Grøneng</b>	2016	0	100,000	-	-	-	100,000	0.16	11/10/2021	11/10/2017
	<b>Total</b>	<b>0</b>					<b>100,000</b>			
	<b>Vested</b>	<b>0</b>					<b>0</b>			
			In 2016							
	Year of issuance	Outstand Dec 31, 2015	Granted	Extended	Exercised	Forfeited/Expired	Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
<b>Fredrik Malmberg</b>	2016	0	100,000	-	-	-	100,000	0.16	11/10/2021	11/10/2017
	<b>Total</b>	<b>0</b>					<b>100,000</b>			
	<b>Vested</b>	<b>0</b>					<b>0</b>			
			In 2016							
	Year of issuance	Outstand Dec 31, 2015	Granted	Extended	Exercised	Forfeited/Expired	Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
<b>Egil Kvannli</b>	2016	0	100,000	-	-	-	100,000	0.16	11/10/2021	11/10/2017
	<b>Total</b>	<b>0</b>					<b>100,000</b>			
	<b>Vested</b>	<b>0</b>					<b>0</b>			
			In 2016							
	Year of issuance	Outstand Dec 31, 2015	Granted	Extended	Exercised	Forfeited/Expired	Outstand Dec 31, 2016	Exercise price USD	Expiry date	Vesting
<b>Michel Cassius</b>	2011	25,000	-	-	-	-25,000		0.78	27/06/2016	27/06/2012
	2011	25,000	-	-	-	-25,000		0.78	27/06/2016	27/06/2013
	2013	25,000	-	-	-	-25,000		0.25	27/06/2018	27/06/2014
	2013	25,000	-	-	-	-25,000		0.25	27/06/2018	27/06/2015
	2014	100,000	-	-	-	-100,000		0.66	27/06/2019	27/06/2015
	2014	250,000	-	-	-	-250,000		0.62	30/10/2019	30/10/2015
	2015	250,000		-	-	-250,000		0.24	18/06/2020	18/06/2016
	2015	250,000		-	-	-250,000		0.24	26/06/2020	26/06/2016
	2016		200,000			-200,000		0.13	30/06/2021	30/06/2017
	<b>Total</b>	<b>900,000</b>					<b>0</b>			
	<b>Vested</b>	<b>450,000</b>					<b>0</b>			

### 3 – Loans

The Company does not provide any loans to members of the Management Board.

The Company does not provide any loans to members of the Supervisory Board.

### 4 - Employee benefits

#### *Defined contribution plan*

The Group has established defined contribution pension plans according to the mandatory arrangements applicable in the entities' country of incorporation. Obligations for contributions to defined contribution pension plans are recognized as an expense in the Statement of Comprehensive Income when they are due.

#### *Defined benefit plans*

The Group does not have any defined benefit plans.

#### *Profit-sharing and bonus plans*

A provision is recognized for an undiscounted amount expected to be paid under bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Share-based payment transactions*

The share option program allows management and key personnel to acquire shares in the Company. The plan is an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) in the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of options granted is recognized as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period). The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions as set forth in the share option program. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

### 5 - Option program in Funcom N.V.

The following share issuances (for options and other purposes) have been authorized by the shareholders meeting:

<i>Time of authorization</i>	<b>Number of shares issuances authorized</b>	<b>Expiry of authorization</b>
May 10, 2005	<b>1,250,000</b>	May 10, 2008
November 30, 2006	<b>1,000,000</b>	November 30, 2008
December 19, 2008	<b>3,000,000</b>	December 19, 2010
May 18, 2010	<b>3,000,000</b>	May 18, 2011
June 27, 2011	<b>8,000,000</b>	GM 2012
June 27, 2012	<b>10,000,000</b>	GM 2013
June 27, 2013	<b>15,000,000</b>	GM 2014
June 27, 2014	<b>33,000,000</b>	GM 2015
June 26, 2015	<b>30,000,000</b>	GM 2016
February 25, 2016	<b>140,000,000</b>	GM 2017
June 30, 2016	<b>140,000,000</b>	GM 2017
<b>Total number of options authorized</b>	<b>384,250,000</b>	

The exercise price of the granted options is equal to the weighted market price of the shares 5 trade days prior to and 5 trade days following the date of grant. Options are conditional on the employee remaining an employee or director of the Company on the date of exercise. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The below table shows the vesting period for each grant: (for outstanding options see separate table below)

Grant date mm/dd/yyyy	Total grants	Vested in 2008	Vested in 2009	Vested in 2010	Vested in 2011	Vested in 2012	Vested in 2013	Vested in 2014	Vested in 2015	Vested in 2016	Vested in 2017	Vested in 2018	Vested in 2019
3/1/2007	585,200	195,066	195,067	195,067									
6/14/2007	260,000	86,666	86,667	86,667									
2/27/2008	433,500		264,917	144,500	24,083								
12/19/2008	850,000		333,333	333,333	183,333								
3/12/2009	2,088,300			1,218,175	696,100	174,025							
2/10/2010	78,500				47,972	26,167	4,361						
5/18/2010	321,500				161,347	157,167	2,986						
8/1/2010	1,428,000				634,667	476,000	317,333						
12/29/2010	150,000				50,000	83,333	16,667						
6/27/2011	450,000					241,667	141,667	66,667					
8/12/2011	1,768,000					785,778	589,333	392,889					
1/12/2012	200,000						81,944	66,667	51,389				
6/27/2012	100,000						50,000	50,000					
8/24/2012	200,000						88,889	66,667	44,444				
9/20/2012	1,934,000						805,833	644,667	483,500				
4/24/2013	100,000							50,000	50,000				
6/24/2013	3,666,000							1,833,000	1,222,000	611,000			
6/27/2013	400,000							200,000	158,333	41,667			
6/26/2014	2,092,000								1,045,910	697,328	348,762		
6/27/2014	1,100,000								849,996	166,667	83,337		
10/30/2014	250,000								250,000				
1/30/2015	300,000									191,663	100,003	8,334	
6/18/2015	250,000									250,000			
6/26/2015	500,000									500,000			
2/25/2016	400,000										244,443	133,333	22,224
6/30/2016	5,280,000										2,789,829	1,660,058	830,113
10/11/2016	500,000										500,000		
<b>Sum</b>	<b>25,685,000</b>	<b>281,732</b>	<b>879,984</b>	<b>1,977,742</b>	<b>1,797,503</b>	<b>1,944,136</b>	<b>2,099,014</b>	<b>3,370,556</b>	<b>4,155,573</b>	<b>2,458,325</b>	<b>4,066,374</b>	<b>1,801,725</b>	<b>852,337</b>

List of outstanding options:	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
	2016	2016	2015	2015
Outstanding options on January 1	8,458,073	0.57	8,030,154	0.60
Outstanding options on January 1 Adjusted (1)	7,136,019	0.42	8,098,211	0.60
Options granted	6,180,000	0.13	1,050,000	0.26
Options exercised				
Options terminated	-391,409	0.37	-309,170	0.50
Options expired	-2,581,138	0.48	-380,968	0.41
<b>Outstanding options on Dec 31</b>	<b>10,343,472</b>	<b>0.23</b>	<b>8,458,073</b>	<b>0.57</b>

List of outstanding options:

	2016	2016	2015	2015
Vested (exercisable) options	<b>3,969,058</b>	<b>0.39</b>	<b>5,810,522</b>	<b>0.84</b>
Weighted Average Fair Value of Options Granted during the period	<b>6,180,000</b>	<b>0.13</b>	<b>1,050,000</b>	<b>0.26</b>

(1) the opening balance of options outstanding has been adjusted to reflect revised figures. The adjustment has no material impact on the financial statements.

Out of the 10,343,469 (2015: 8,458,073) outstanding options on December 31, 2016, 3,969,058 (2015: 5,810,522) options were vested/exercisable. No options were exercised in 2016 (2015: No options were exercised).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry day	Exercise price	Options	
		2016	2015
3/20/2016	USD 0.36		109,448
6/27/2016	USD 1.12		150,000
8/12/2016	USD 1.10		722,666
12/24/2016	USD 0.31		25,000
1/12/2017	USD 2.41		100,000
5/31/2017	USD 2.54		18,057
6/27/2017	USD 2.65	50,000	50,000
8/24/2017	USD 0.45	200,000	200,000
9/20/2017	USD 0.36	317,133	494,568
4/24/2018	USD 0.25		100,000
6/24/2018	USD 0.31	1,380,336	1,900,670
6/27/2018	USD 0.30	200,000	400,000
6/26/2019	USD 0.81	1,316,000	1,787,664
6/27/2019	USD 0.80	500,000	1,100,000
10/30/2019	USD 0.71		250,000
1/30/2020	USD 0.25	300,000	300,000
6/18/2020	USD 0.28		250,000
6/26/2020	USD 0.25	100,000	500,000
2/25/2021	USD 0.18	400,000	
6/30/2021	USD 0.13	5,080,000	
10/11/2021	USD 0.16	500,000	
<b>Sum</b>		<b>10,343,469</b>	<b>8,458,073</b>

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was USD 0.09 per option (2014: USD 0.16). The significant inputs into the model were a weighted average share price of USD 0.12-0.18 (2015: USD 0.23-0.24) at the grant date, the exercise prices shown above, volatility of 101.2%-119.84% (2015: 95.61%-108.75% dividend yield 0% (2015: 0%), an expected option life of 3.249-5.0 years (2015: 3.249-5.0 years), an expected annual turnover rate of 7% (2015: 7%) and an annual risk free rate of 0.48%-0.78% (2015: 0.67%-0.96% The volatility measured is based on the variation in daily share prices for Funcom.

The following managers/directors possess options and/or own shares (directly or indirectly):

**At the end of 2016**

Name	Number of shares	Number of options	Comments
<b><i>Supervisory board</i></b>			
Ole Gladhaug		200,000	
Alain Tascan		350,000	
Egil Kvannli		100,000	
Fredrik Per Malmberg		100,000	
Magnus Groneng	440	100,000	
<b><i>Management Board</i></b>			
Rui Casais	100,000	1,096,664	CEO of Funcom NV; 396,664 options are from before 2015 as employee

**At the end of 2015**

Name	Number of shares	Number of options	Comments
<b><i>Supervisory board</i></b>			
Michel Cassius	15,034	900,000	Chairman
Alain Tascan	-	250,000	
<b><i>Management Board</i></b>			
Rui Casais	38,731	771,664	CEO of Funcom NV; 471,664 options are from before 2015 as employee