

Report of the board of directors of Funcom SE regarding transfer of the registered office to Norway (the "Report")

1 INTRODUCTION

The Management Board (management organ) of Funcom SE, reg. no. 28073705 (the "**Board**" and the "**Company**", respectively) with registered office at Prins Mauritslaan 37-39, 1171 LP Badhoevedorp, the Netherlands, has in a board meeting on 8 April 2020 adopted a new ^(*)relocation proposal (the "**Relocation Proposal**") for the transfer of the Company's registered office to Oslo, Norway (the "**Relocation**").

The Relocation shall take place in accordance with article 8 of the Council Regulation (EC) no 2157/2001 on the statute for a European company (SE) (the "**Council Regulation**"). It follows from the Council Regulation article 8 section 3 that the Company's board of directors shall prepare a report on the transfer which explains the legal and economic aspects of the transfer and explains the consequences of the transfer for the shareholders, creditors and employees.

The Report will be enclosed to the summon for the general meeting and shall together with the Relocation Proposal, give the shareholders sufficient information to consider and evaluate the proposed Relocation.

2 BACKGROUND

The justification for the Relocation is, amongst other, that the Company's main development studio is located in Norway. Thus, Relocation to Norway would facilitate the Company's business and reduce necessary administrative work and expenses and result in a more efficient and agile group structure.

Funcom wishes to further improve the unified corporate identity, the employee and other stakeholder's identification, and to enhance the supra national nature and image of the Funcom group by the Relocation.

Given the aforementioned, it is the Board's opinion that the Relocation to Norway will be an important strategic decision and would benefit the Company and its shareholders.

The Relocation (in and of itself) is not expected to have an economic impact on the Company and is not expected to lead to a change in the Company's business or activities.

3 LEGAL CORPORATE IMPLICATIONS AND ARTICLES OF ASSOCIATION

The Company will remain the same legal person and remain a SE-company after the Relocation and the Board proposes that the company name, after the Relocation, shall continue to be Funcom SE. It is hereby noted that the Relocation will not result in the winding up or liquidation of the Company or the creation of a new legal entity.

^(*) Reference is made to the Stock Notices dated 30 August 2019, 26 and 30 September 2019, and 10 and 24 October 2019. The Company halted the initial relocation process in 2019 due to the change in ownership of the Company following the sale of approximately 29% of the shares by KGJ Capital AS to Tencent Cloud Europe B.V.

After the Relocation, the Company will be governed by Norwegian company law. The SE-regulations in Norway are to a large extent compliant with the same regulations as in the Netherlands. Thus, there should not be any significant changes in the company law framework regulations applicable for the Company.

The Shareholder's rights are considered to be safeguarded through the Dutch and Norwegian SE-regulations and the rules applicable for companies listed on the Oslo Stock Exchange.

Pursuant to the Relocation, the Articles of Association of the Company must be amended in order to be compliant with Norwegian law. The Board has therefore prepared a proposal for new articles of association as set out in Schedule 1 to the Relocation Proposal. The new articles of association will be effective from the time that the registered office (*statutaire zetel*) of the Company has been transferred to Norway.

4 IMPLICATIONS FOR THE SHAREHOLDERS

The Company's share capital and the quota value of the shares are already nominated in Euro. Consequently, no conversion needs to be carried out due to the Relocation. Neither will the Relocation have any other impact on the share capital or otherwise. The shareholders keep their proprietary rights in the same proportion as before the Relocation. However, after the Relocation the Company will no longer be considered to be a Dutch tax subject.

After the Relocation, the share ledger of the Company will be held by Verdipapirsentralen in Norway ("VPS") instead of maintaining the original copy at Company's address.

Information about general meetings and payment of dividends will, after the Relocation, be communicated through VPS and by press releases published on the Company's homepage and on the newsweb (www.newsweb.no) administered by the Oslo Stock Exchange in an ordinary manner. In addition, the Norwegian company law will apply to the Company after the Relocation and consequently set out the rules for e.g. summoning ordinary and extraordinary general meetings, majority requirements etc.

The shareholders' rights are protected through the Norwegian SE-legislation and the regulations applicable to companies listed on the Oslo Stock Exchange as set out above.

5 FINANCIAL IMPLICATIONS AND THE RELATION TO THE COMPANY'S CREDITORS

The Relocation itself will involve an economic cost for the Company, mainly due to fees to legal and economic advisors and cost for additional general meetings etc. However, the Company's administrative cost will be significantly decreased after the finalization of the Relocation.

As a starting point, the Relocation does not lead to any changes in respect of the Company's private-law rights and obligations that are established before the Relocation. However, the Company's contracting parties will have to act in accordance with the fact that the Company is a Norwegian company. If and to the extent that the Company deems that it is required, variation agreements will be entered into in order to ensure required permissions and the Company's rights.

Furthermore, the Council Regulation article 8 section 13 and 16 state the following about which jurisdiction the holders of legal rights and others will have to turn to in connection with the Relocation:

13. On publication of an SE's new registration, the new registered office may be relied on as against third parties. However, as long as the deletion of the SE's registration from the register for its previous registered office has not been publicised, third parties may continue to rely on the previous registered office unless the SE proves that such third parties were aware of the new registered office.

16. An SE which has transferred its registered office to another Member State shall be considered, in respect of any cause of action arising prior to the transfer as determined in paragraph 10, as having its registered office in the Member States where the SE was registered prior to the transfer, even if the SE is sued after the transfer.

The Company's creditors will be safeguarded in accordance with the following:

- The Relocation Proposal will be publicly available at least two months prior to the general meeting, at which the decision to execute the Relocation will take place. The creditors will also have the right to review the Relocation Proposal at the Company's principle place of business and to and to request a copy of the Relocation Proposal and the Board's report in accordance with article 8.3 of the Council Regulation;
- All known creditors will, following the public announcement of the Relocation Proposal, in a Dutch national newspaper, be informed about the decision to relocate the Company and their right to oppose the Relocation in accordance with article 8.7 of the Council Regulation;
- Prior to the Dutch Civil-Law Notary issuing the certificate attesting to the completion of the acts and formalities to be accomplished before the Relocation, the Company will need to demonstrate that all debts that have been incurred prior to the announcement of the proposal for Relocation have been adequately protected in accordance with requirements laid down by the Member State where the SE has its registered office prior to the transfer. The Company will need to provide a security or other surety for every creditor who so desires, concerning the payment of their claim. This does not apply if the creditor has sufficient guarantees or the financial position of the Company offers sufficient assurance that the respective claim of the Company creditor will be paid.

6 IMPLICATIONS FOR THE EMPLOYEES

The Company does not have any employees and the employees in the subsidiaries will not be affected by the Relocation.

7 CORPORATE RESOLUTIONS AND TIME SCHEDULE

The Relocation must be approved by the Company's general meeting by the same majority that is required for amending the Articles of Association. In other words: it needs to be approved by a majority of at least two-thirds of the votes cast in during the Company's general meeting.

The Relocation shall be carried out as soon as possible after the Company's general meeting has approved the Relocation Proposal. The Relocation Proposal may be approved by the general meeting no earlier than 2 months after it was announced and filed with the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) (hereafter: "CRCC") cf. Council Regulation article 8 no. 6. The Company's creditors will have a two-month opposition period which will commence from the announcement of the Relocation Proposal. The Board expects to propose the Relocation Proposal to the Company's annual meeting to be held on or about week 25.

The proposed timeline for the Relocation (referencing on or about what week which action is planned to occur) is set out in further detail below:

Action	Week
Registration of the Relocation Proposal with the CRCC and the announcement of the Relocation Proposal in a Dutch national newspaper where after two months creditor opposition period starts.	15
The Board calls for the annual meeting of shareholders.	18
The two months creditor opposition period expires.	25
The annual general meeting will decide upon the Relocation (including adoption of the new Articles of Association and certain other matters in relation to the Relocation). The decision requires 2/3 majority vote.	25
The Dutch Notary will issue a certificate in accordance with article 8, section 8 of the Council Regulation.	26
The Relocation is registered with Norwegian Register of Business Enterprises.	28/29
The Company is deregistered from the CRCC.	29/30

The Board expects the Relocation to be completed during the third quarter of 2020.

8 CONDITIONS FOR THE RELOCATION

The completion of the Relocation is subject to:

- the approval of the Relocation by the Company's general meeting;
- receipt of the certificate issued by the Dutch civil-law notary; and
- all permits for the Relocation are obtained.

The Company is not aware of any required public permits to complete the Relocation.

The Relocation and the amendments to the Articles of Association will take effect when the Company is registered with Norwegian Register of Business Enterprises, and the Company will thereafter be deregistered with CRCC.

Remainder of this page intentionally left blank - signature page follows

The Management Board of Funcom SE

Date: 8 April 2020

Rui Manuel Monteiro Casais
Chairman

Christian Olsthoorn
Managing Director