

Relevant information before adoption of annual accounts of Funcom SE for the financial year ended December 31, 2019

What follows is the relevant information before adoption of annual accounts of Funcom SE (the “**Company**”) for the financial year ended December 31, 2019 as included in the annual accounts of Funcom SE for the financial year ended December 31, 2019.

1 - Remuneration of the members of the Management Board

Remuneration to the Management Board

In thousands of US dollars

Management Board member	Total remuneration is composed of:						
	Total remuneration	Remuneration	Bonus	Bonus % of total remuneration	Severance	Pension cost	Share based
2019							
Rui Casais	444	241	91	21 %	-	5	106
Christian Olsthoorn	37	24	-	-	-	-	13
Total:	480	265	91	19 %	-	5	119
2018							
Rui Casais	622	260	89	14 %	-	6	267
Christian Olsthoorn	96	25	-	-	-	-	71
Total:	717	285	89	12 %	-	6	338

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
2019				
Rui Casais	300 000	-	689 332	40 000
Christian Olsthoorn	38 000	-	133 500	-
Total:	338 000	-	822 832	40 000
2018				
Rui Casais	100 000	-	389 332	40 000
Christian Olsthoorn	38 000	-	95 500	-
Total:	138 000	-	484 832	40 000

2 - Remuneration of the members of the Supervisory Board

Remuneration to the Supervisory Board

On May 27, 2019, the General Meeting approved annual gross remuneration to the Chairman of the Supervisory Board of EUR 31 000 (2018: EUR 31 000) and EUR 21 000 (2018: EUR 21 000) for all other members of the supervisory board.

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

Supervisory Board member	Total remuneration	Total remuneration is composed of:	
		Board fee TUSD	Share based TUSD
2019			
Ole Gladhaug (6)	47	27	20
Fredrik Malmberg (2)	38	24	13
Egil Kvannli	37	24	13
Andreas Arntzen (6)	31	18	13
Susana Meza Graham	37	24	13
Eddie Tak Ho Chan (3)			
Peng Lu (3)			
Total:	190	116	74

2018			
Ole Gladhaug	142	37	105
Alain Tascan (4)	98	21	77
Magnus Grøneng (5)	38	13	25
Fredrik Malmberg (2)	95	25	70
Egil Kvannli	95	25	70
Andreas Arntzen (1)	57	12	45
Susana Meza Graham (1)	38	7	31
Total:	562	139	423

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)
2019				
Ole Gladhaug	56 000	-	197 000	-
Fredrik Malmberg (2)	38 000	-	n/a	n/a
Egil Kvannli	38 000	-	126 000	-
Andreas Arntzen	38 000	-	76 000	-
Susana Meza Graham	38 000	-	76 000	222 300
Eddie Tak Ho Chan (3)				
Peng Lu (3)				
	208 000	-	475 000	222 300
2018				
Ole Gladhaug	56 000	-	141 000	-
Alain Tascan (4)	38 000	n/a	n/a	n/a
Magnus Grøneng (5)	-	n/a	19 000	n/a
Fredrik Malmberg	38 000	-	88 000	n/a
Egil Kvannli	38 000	-	88 000	-
Andreas Arntzen (1)	38 000	-	38 000	-
Susana Meza Graham (1)	38 000	-	38 000	155 000
	246 000	-	412 000	155 000

(1) Andreas Arntzen and Susana Meza Graham joined the Supervisory Board respectively on 10 July 2018 and on 14 September 2018.

(2) Fredrik Malmberg resigned from the Supervisory Board on 16 December 2019.

(3) Eddie Tak Ho Chan and Peng Lu joined the Supervisory Board on 16 December 2019.

(4) Alan Tascan resigned from the Supervisory Board on 31 October 2018.

(5) Magnus Grøneng resigned from the Supervisory Board on 10 July 2018.

(6) Ole Gladhaug and Andreas Arntzen resigned from the Supervisory Board on 9 October 2019.

Remuneration to the Supervisory Board and Management Board:

<i>In thousands of US dollars</i>	2019	2018
<i>Salaries and benefits in kind (short-term employee benefits)</i>	469	513
<i>Share-based payments</i>	193	761
<i>Pension plan contributions</i>	6	6
<i>Total remuneration</i>	668	1 280

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

The Group has established defined contribution pension plans in some of its subsidiaries. The premium paid relating to these schemes in 2019 was USD 279 thousand (2018: USD 181 thousand).

Funcom has option programs that entitle employees, members of the Management Board and members of the Supervisory Board to purchase shares in Funcom SE.

5 - Option program in Funcom SE

The Company has established a share incentive program to stimulate continued growth and further development of the group's business as it is of the opinion that the option to subscribe for shares in the Company is an effective incentive for the Funcom group's employees and board members. 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, which means the option only has value if the share price increases from the time it is granted. Options are conditional on the employee remaining an employee or director of the Company. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

On 1 June 2018 the annual general meeting approved changes to the option program. The key changes were extension of option lifetime from 5 to 10 years and elimination of the vesting period. The elimination of the vesting period means all cost associated with options issued is booked immediately, rather than spread out over the previous 3-year vesting period. In addition, cost from options issued in previous years, but initially periodized to the following years is added to this year's expenses.

Option program in Funcom SE

The Company executed a 5:1 reverse stock split with ex date 1 February 2018, exchanging five existing shares for one new share. As a result, the options authorized before that date have been adjusted to reflect the reverse stock split, i.e. five options authorized were revised to one option authorized. The following share issuances (for options and other purposes) have been authorized by the shareholders meeting:

Time of authorization	Number of shares issuances authorized	Expiry of authorization
May 10, 2005	250 000	May 10, 2008
November 30, 2006	200 000	November 30, 2008
December 19, 2008	600 000	December 19, 2010
May 18, 2010	600 000	May 18, 2011
June 27, 2011	1 600 000	GM 2012
June 27, 2012	2 000 000	GM 2013
June 27, 2013	3 000 000	GM 2014
June 27, 2014	6 600 000	GM 2015
June 26, 2015	6 000 000	GM 2016
February 25, 2016	28 000 000	GM 2017
June 30, 2016	28 000 000	GM 2017
June 27, 2017	5 000 000	GM 2018
June 1, 2018	7 500 000	GM 2019
May 27, 2019	7 700 000	GM 2020
Total number of options authorized	97 050 000	

List of outstanding options:	Number of options	Weighted average exercise price (USD)	Number of options	Weighted average exercise price (USD)
	2019	2019	2018	2018
Outstanding options on January 1	4 108 398	1.89	2 988 160	1.35
Options granted	2 515 000	1.71	1 974 500	2.41
Options exercised	-183 533	1.14	-838 135	1.18
Options terminated			-16 127	1.14
Options expired	-132 500	2.43	-	-
Outstanding options on Dec 31	6 307 365	1.83	4 108 398	1.89

The following table shows the share options outstanding at the end of the year with the expiry date and exercise prices.

Expiry day	Exercise price	Options	
		2019	2018
2.06.2019	USD 2.14	-	12 200
10.07.2019	USD 0.76	-	19 000
31.08.2019	USD 2.17	-	5 500
28.09.2019	USD 2.17	-	5 500
30.09.2019	USD 2.17	-	5 500
25.10.2019	USD 0.62	-	4 200
25.10.2019	USD 1.45	-	9 000
25.10.2019	USD 2.17	-	5 500
12.11.2019	USD 2.17	-	5 500
12.12.2019	USD 2.17	-	11 000
4.01.2020	USD 2.17	18 000	-
1.02.2020	USD 2.30	22 400	-
7.02.2020	USD 2.17	5 500	-
25.02.2020	USD 2.17	18 000	-
6.03.2020	USD 2.17	5 500	-
20.03.2020	USD 2.17	11 000	-
22.05.2020	USD 2.17	11 000	-
30.06.2020	USD 1.77	-	32 233
15.08.2020	USD 1.98	15 200	-
16.08.2020	USD 1.94	36 000	-
11.10.2020	USD 1.82	23 500	-
1.11.2020	USD 1.66	396 083	-
24.08.2022	USD 1.58	40 000	40 000
20.09.2022	USD 1.27	36 051	43 134
24.06.2023	USD 1.06	78 066	93 066
27.06.2023	USD 1.05	40 000	40 000
26.06.2024	USD 2.82	202 400	226 800
27.06.2024	USD 2.80	80 000	100 000
30.01.2025	USD 1.09	60 000	60 000
26.06.2025	USD 1.18	-	20 000
25.02.2026	USD 0.87	70 000	70 000
30.06.2026	USD 0.62	328 465	427 765
11.10.2026	USD 0.76	80 000	80 000
30.03.2027	USD 1.63	10 000	10 000
7.07.2027	USD 1.45	750 700	857 500
1.06.2028	USD 2.48	308 000	346 000
29.06.2028	USD 2.17	1 337 500	1 541 000
14.09.2028	USD 2.13	38 000	38 000
13.06.2029	USD 1.71	2 286 000	-
Sum		6 307 365	4 108 398

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model was USD 0.36 option (2018: USD 0.77). The significant inputs into the model were a weighted average share price of USD 1.63 (2018: USD 2.22 – 2.56) at the grant date, the exercise prices shown above, volatility 52.45% (2018: 60.00%), dividend yield 0% (2018: 0%), expected option life of 1.24 years (2018: 1.4-3 years), expected annual turnover rate of 7% (2018: 7%) and an annual risk free rate of 1.14% (2018: 0.83%-1.28%). The volatility measured is based on the variation in daily share prices for Funcom.