



Q1 2006 Results
May 3, 2006



Agenda



1. Financial summary
2. Background
3. Operations update
4. Financials



Financial summary

Increased revenues from Anarchy Online

- Revenues of TUSD 1,287 in Q1/06 (up from 1,100 in Q1/05)
- Stable subscriber base
- Continuing improvement in revenues from in-game advertisements

Raised additional MUSD 22.5

- Green-shoe option from IPO exercised – MUSD 3.5
- Additional secondary offering of MUSD 19
- Strong financial position
- Secured capital for finalization of development projects
- Sufficient capital to pursue strategic opportunities

Mobile revenues stable compared to Q1 2005

- Revenues of TUSD 561 in Q1/06 (slightly down from 587 in Q1/05)
- Seasonality compared to Q4/2005 in addition to postponements from two key clients

Continued investments into upcoming projects

- Increased organization to 188 employees as of 31 March, up from 165 at year-end – currently 192
- EBIT losses of TUSD -630 (pro-forma of -317 in Q1/05)
- Capitalizing of development costs

Currency effects boost net profit to positive figures

- Stronger Norwegian Kroner gives higher reported operating costs
- Stronger Norwegian Kroner gives a high net financial profit (unrealized accounting profit)
- Cash maintained in NOK, as natural hedge since majority of costs in NOK
- Continued currency effects expected going forward



Interim proforma figures

| INTERIM SEGMENT RESULTS | Q1 | Q2 | Q3² | Q4 | Q1 |
|--|-------------|-------------|-----------------------|-------------|-------------|
| <i>(Figures in TUSD)</i> | 2005 | 2005 | 2005 | 2005 | 2006 |
| Revenues, PC/Desktop | 1,100 | 1,055 | 1,111 | 1,167 | 1,287 |
| Revenues, Mobile | 587 | 638 | 612 | 859 | 561 |
| Total operating revenues | 1,687 | 1,692 | 1,723 | 2,026 | 1,848 |
| Sales growth quarter by quarter (%) | -7.2 % | 0.3 % | 1.8 % | 17.6 % | -8.8 % |
| EBIT PC/Desktop | -350 | -334 | -373 | -346 | -565 |
| EBIT Mobile | 33 | 81 | 193 | 82 | -64 |
| EBIT Total | -317 | -253 | -180 | -264 | -630 |
| Pre-tax earnings per share (USD) | (0.01) | (0.01) | (0.01) | (0.02) | 0.01 |
| Pre-tax earnings per share (USD) fully diluted | (0.01) | (0.01) | (0.01) | (0.02) | 0.01 |



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Company mission and vision

Mission

To create and publish the world's best massively multiplayer online games and services (MMOs)

PC



Console

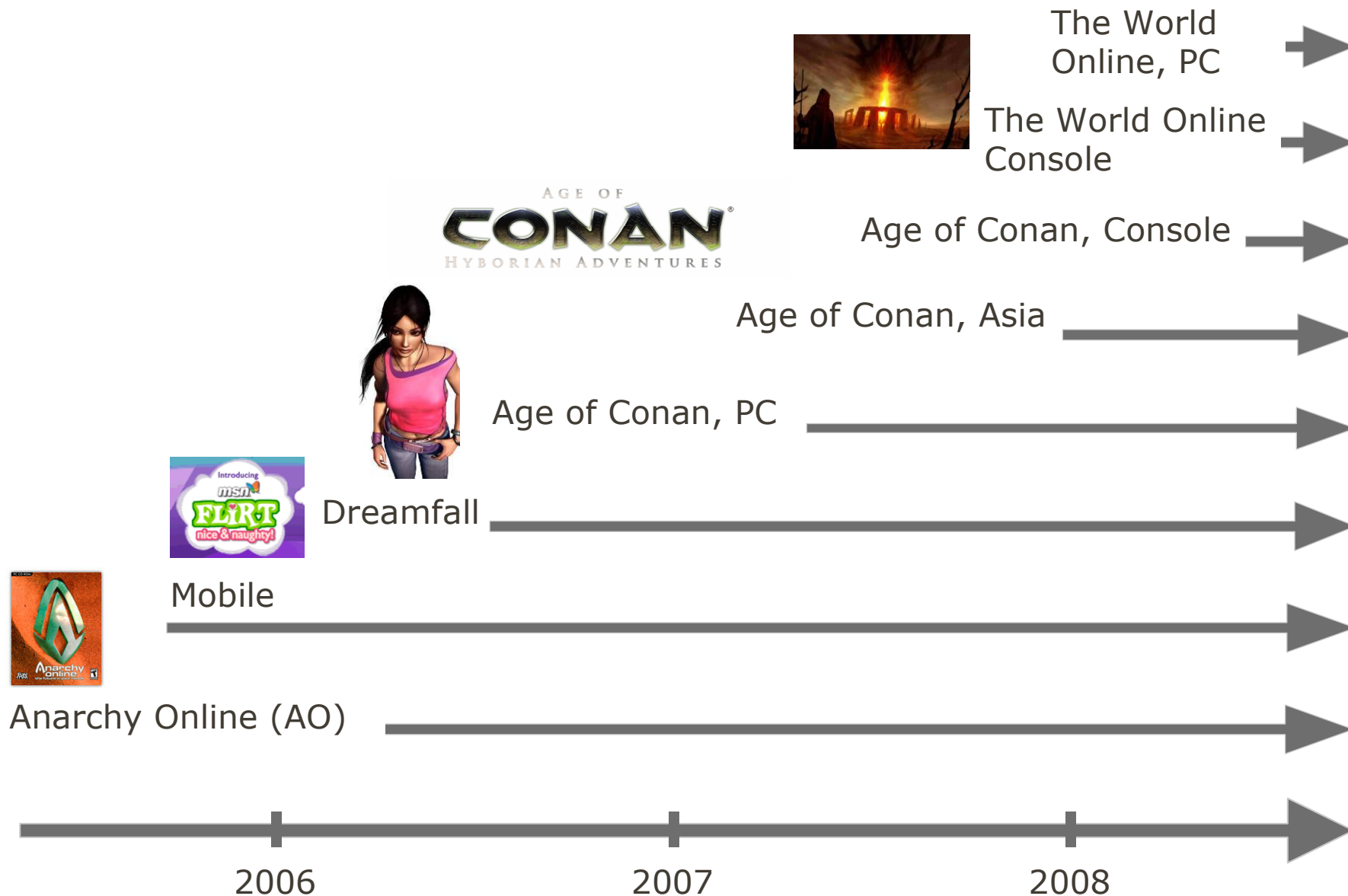


Mobile





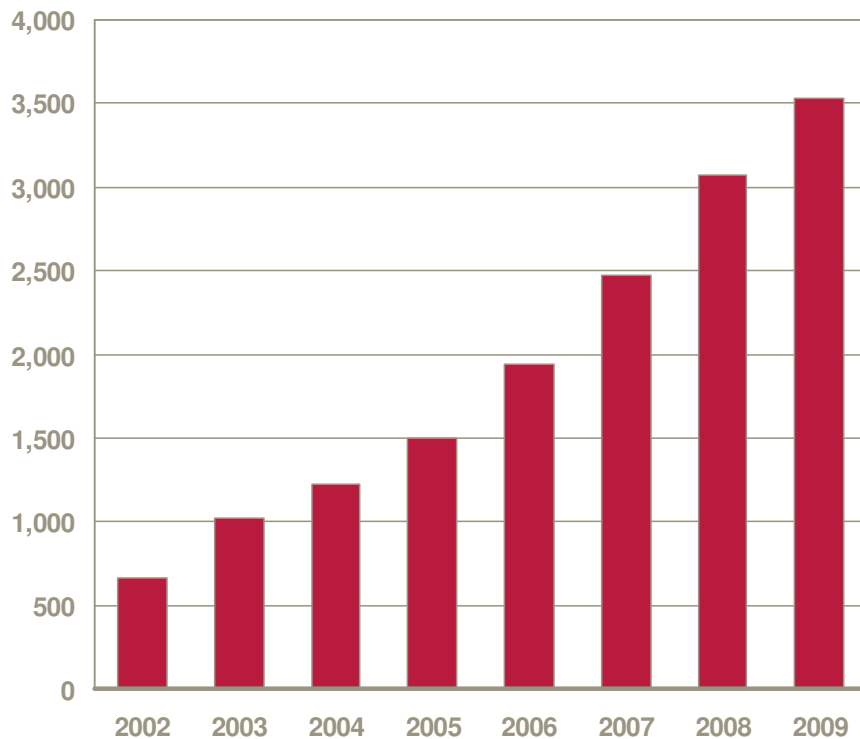
Product pipeline





Industry update

World wide annual MMO revenue



Industry update:

Online gaming in Xbox360 hailed as great success

High MMO interest from console manufacturers

Blizzard/Vivendi reported 6 million subscribers on WOW

Dungeons & Dragons launched

Auto-Assault launched in US. Well received

Guild Wars performing very well with latest new expansion

Vanguard, by Sigil and Microsoft, in Beta

Very high interest in MMO-segment from publishers, investors and industry players



Example MMO profitability

USD

Example customer economics
(online sale of game)

| | |
|--------------------------------|------------|
| Revenue | 150 |
| - Cost of Sales | 20 |
| - Support | 30 |
| <u>= Contribution</u> | <u>100</u> |
| | |
| - Development & Administration | 25 |
| <u>= EBITDA</u> | <u>75</u> |

| Subscribers | Revenue/year | EBITDA* | EBITDA margin |
|-------------|--------------|-------------|---------------|
| 50,000 | 10,000,000 | 2,400,000 | 24% |
| 100,000 | 20,000,000 | 8,000,000 | 40% |
| 250,000 | 50,000,000 | 25,000,000 | 50% |
| 500,000 | 100,000,000 | 50,000,000 | 50% |
| 750,000 | 150,000,000 | 75,000,000 | 50% |
| 1,000,000 | 200,000,000 | 100,000,000 | 50% |
| 2,000,000 | 400,000,000 | 200,000,000 | 50% |

* Before depreciation of development, assumes independent operation of game
Margin limited to 50%. Assume higher cost to operate in many markets etc.



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Anarchy Online



Approaching 5th anniversary

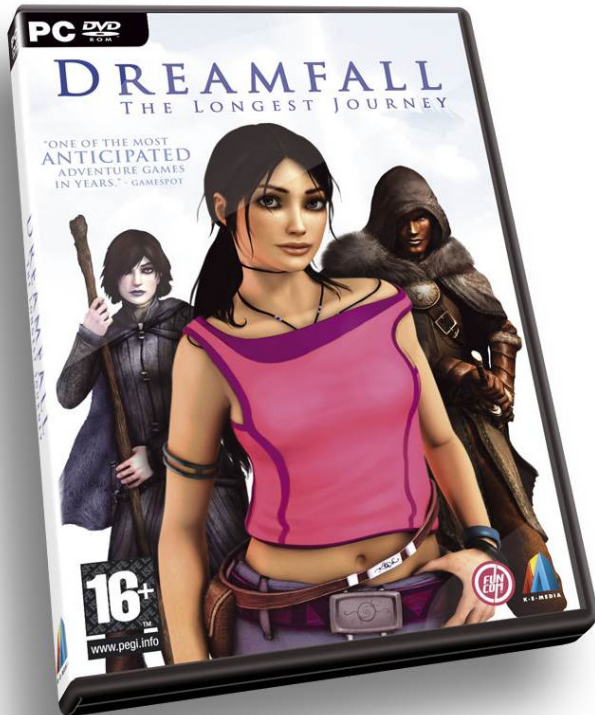
USD 29 million in revenues for Funcom since launch

Stable player and subscriber numbers. Stable revenues

Advertising revenues growing

New expansion pack, Lost Eden, in development

Dreamfall



Launch:

- US launch on April 25
- Scandinavian launch on April 28
- European launch in May

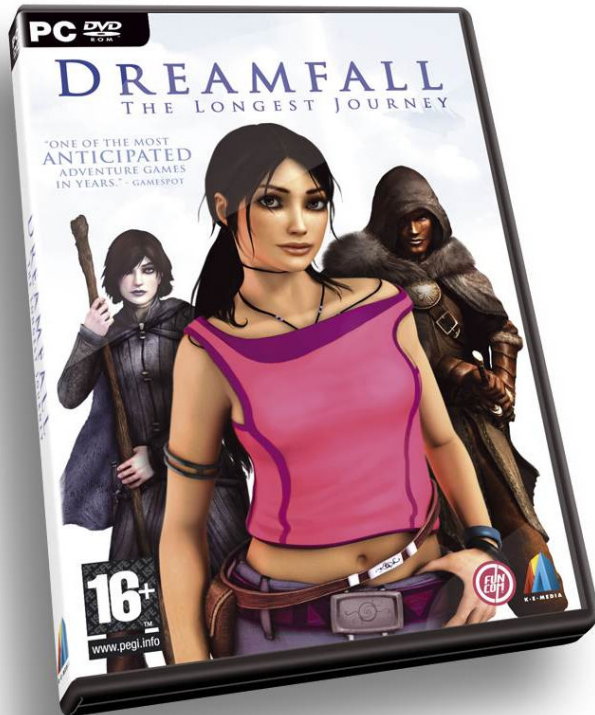
Launch attention:

- Most popular game on all major US gaming sites for a full week after launch
- On best-selling lists in PC and Xbox segment on Amazon, Gamespot and EB-Games

Sales potential:

- Offline game
- PC market
- Xbox market

Dreamfall press feed-back



Example press feedback

- "Outstanding" (Editors choice award) Gamespy, 5 of 5 stars
- "An incredibly fun game" (Editors choice award) Gamezone, 9 of 10
- "One of the year's best" Yahoo Games, 9 of 10
- "One of the best stories of any game in years" Gamespot, 8.1 of 10
- "Amazing" 96% of 100, Xbox Addict
- "Dreamfall is everything adventure fans have hoped for, and much more" 9 of 10, Amped
- "Dreamfall is a triumph", 4 of 5 stars, Adventuregamers,
- "Dreamfall is a major opus in the video game history" Top 1 of all games ever played. Erwan Cario
- "Herlig magisk, 5/6 - VG
- VG "En magisk reise", 5/6 - Dagbladet

Key feedback points:

- Best in the world in storytelling
- Best in the world in art direction, graphics and immersion
- Best audio, music and sound, in the world

Age of Conan



- Current plans for E3 are:
 - Character customization
 - Quests and adventuring in Tortage
 - Mounted, melee and ranged combat in Conall's Valley
 - City building, sieging and large scale combat in Potain
 - Urban life and AI in Tarantia, Conan's capital city
- Game is playable. Most core features completed. Focus on becoming feature complete
- Post E3, content focus will be on game completion
- Project in pre-beta phase
- Beta server infrastructure in place in Oslo. Beta server infrastructure being established in US
- Strong and growing community
- Q4 2006 release target

The World Online



The World Online

- Core team now dedicated to TWO. Resources transferred from Dreamfall team
- Team focus on concepts, planning and demo

Mobile

Market:

- Confidence in strong growth potential in US
- Key international partnerships established and developing
- Revenue in Q1 slightly weaker than anticipated due to postponements with 2 key clients

Product development:

- Java version of Mobilove
- MobiModels (picture voting)
- "Score" (TV program quiz)



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Q1/2006 report - profit & loss account

| PROFIT AND LOSS ACCOUNT <i>(Figures in TUSD)</i> | First quarter | | Full Year |
|--|---------------|--------------|---------------|
| | 2006 | 2005 | 2005 |
| Revenues, PC/Desktop | 1,287 | 1,100 | 4,432 |
| Revenues, Mobile | 561 | | 859 |
| Total Operating Revenues ¹ | 1,848 | 1,100 | 5,291 |
| Cost of sales | -259 | -181 | -805 |
| Operating expenses | -2,058 | -1,041 | -4,994 |
| Depreciation and amortization | -160 | -228 | -813 |
| Total operating expenses | -2,477 | -1,450 | -6,612 |
| Earnings Before Interest and Tax ("EBIT") | -630 | -350 | -1,321 |
| Net financial items | 1,227 | -13 | -161 |
| Earnings Before Tax ("EBT") | 598 | -363 | -1,482 |
| Taxes | -6 | -8 | 6 |
| Earnings before minority interest | 592 | -371 | -1,476 |
| Minority interest | 21 | | 82 |
| Earnings After Tax ("EAT") | 612 | -371 | -1,558 |
| Earnings per share (USD) | 0.01 | (0.01) | (0.05) |
| Earnings per share fully diluted (USD) | 0.01 | (0.01) | (0.05) |
| Average number of shares (1000) ³ | 44,606 | 25,705 | 28,972 |
| Average number of shares fully diluted (1000) ³ | 45,856 | 25,705 | 29,597 |



Q1/2006 report - balance sheet

| BALANCE SHEET <i>(Figures in TUSD)</i> | 2006 | 31-Mar | 2005 | Full Year 2005 |
|--|---------------|---------------|---------------|---------------------------------|
| ASSETS | | | | |
| Intangible assets | 14,718 | | 5,868 | 12,235 |
| Tangible fixed assets | 618 | | 438 | 538 |
| Investment in associate | | | 437 | |
| Trade debtors | 862 | | 143 | 644 |
| Prepays and other receivables | 890 | | 570 | 513 |
| Cash and cash equivalents | 44,194 | | 2,775 | 26,380 |
| Total assets | 61,282 | | 10,231 | 40,310 |
| EQUITY & LIABILITIES | | | | |
| Paid in capital | 94,124 | | 44,173 | 72,116 |
| Retained earnings | -38,149 | | -37,509 | -38,744 |
| Equity attributable to minority interest | 271 | | | 285 |
| Short-term liabilities | 5,036 | | 3,568 | 6,653 |
| Total equity & liabilities | 61,282 | | 10,231 | 40,310 |