



Q4 2008
February 23rd 2009

Disclaimer

Forward looking statements

- This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward- looking. You should not place undue reliance on these forward-looking statements for many reasons.
- These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relates to events and depend on circumstances that will occur in future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.
- Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity or performance will meet these expectations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward- looking statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this presentation, either to conform them to actual results or to changes in our expectations.

Agenda



1. Key financials
2. Project Status
3. Summary and outlook
4. Extract from Q408 financial Report

Key financial summary, Q4 2008

TUSD	Q4,2008	Q4,2007
Revenue	8,665	1,167
EBITDA (excl nonrecurring)	1,305	- 2,666
EBITDA (incl nonrecurring)	- 595	- 2,666
EBIT	-23,396	-2,822
EAT	- 30,854	-2,331

Revenue

- Revenues within previously guided range of 8,000 to 10,000 TUSD
- Increase in Funcom revenues compared to Q407 - mainly due to subscription revenues from the *Age of Conan* game
- Relatively stable revenues from *Anarchy Online*
- Excluding Plutolife revenues

Earnings

- EBIT affected by accounting charges for impairment of tangible and intangible assets as well as nonrecurring items
- EAT impacted by exchange rate effects and a charge for the tax impairment

Balance Sheet

- Cash balance of TUSD 39.396 as of December 31, 2008
- Low interest bearing debt
- Assets and equity affected by the impairment charges

Guidance, Q1 2009

- Revenues in Q1 2009 are expected to be between TUSD 6.000 and TUSD 8.000
- Will depend on the key success factors; customer acquisition and retention rate on *Age of Conan*

Key financial summary, 2008

TUSD	2008	2007
Revenue	39,925	4,621
EBITDA (excl nonrecurring)	5,072	- 5,495
EBITDA (incl nonrecurring)	2,728	- 5,495
EBIT	-26,708	-6,728
EAT	- 33,856	2,164

Revenue

- Increase in Funcom revenues compared to 2007 - mainly due to revenues from the *Age of Conan* game
- Relatively stable revenues from *Anarchy Online*
- Excluding Plutolife financials

Earnings

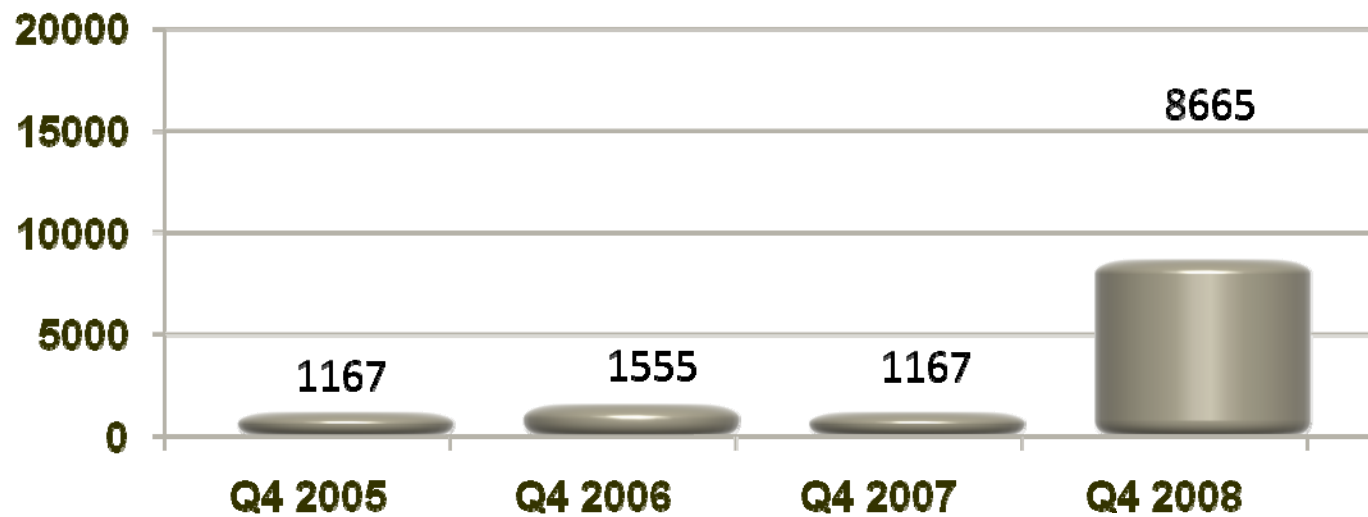
- EBITDA (excluding nonrecurring items) of 5,072 TUSD in 2008
- EBIT affected by accounting charges for impairment of tangible and intangible assets as well as nonrecurring items. Mainly related to *Age of Conan*.
- EAT impacted by exchange rate effects and accounting charge for the tax impairment.

Balance Sheet

- Cash balance of TUSD 39,396 as of December 31, 2008
- Low interest bearing debt
- Assets and equity affected by the impairment charges

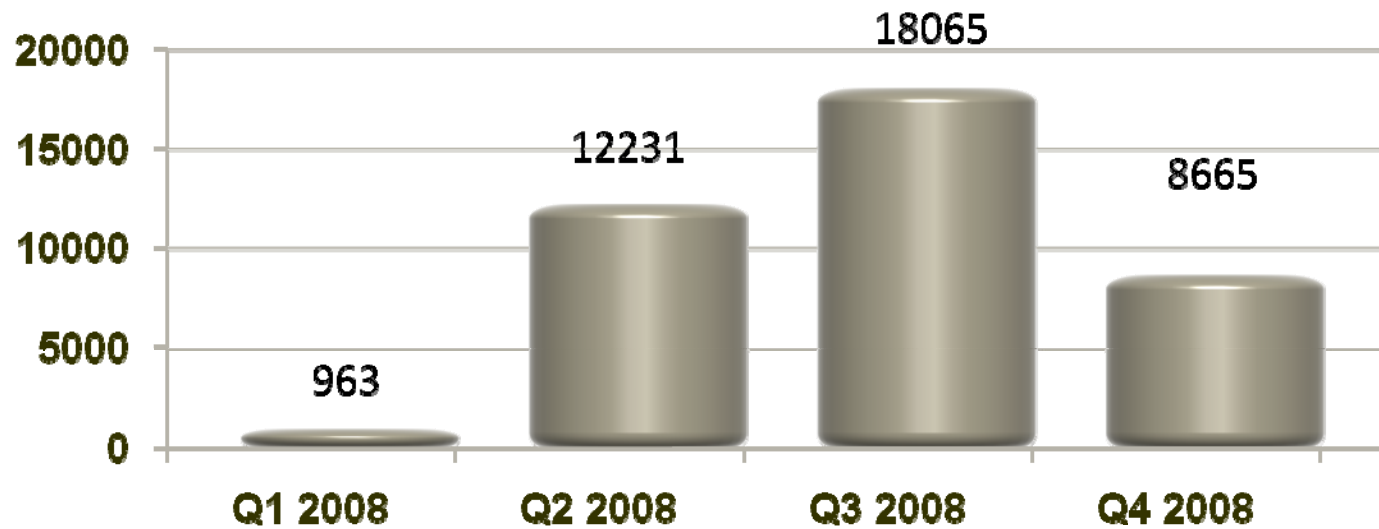
Key financial summary, Q4 2008

Q4 revenues

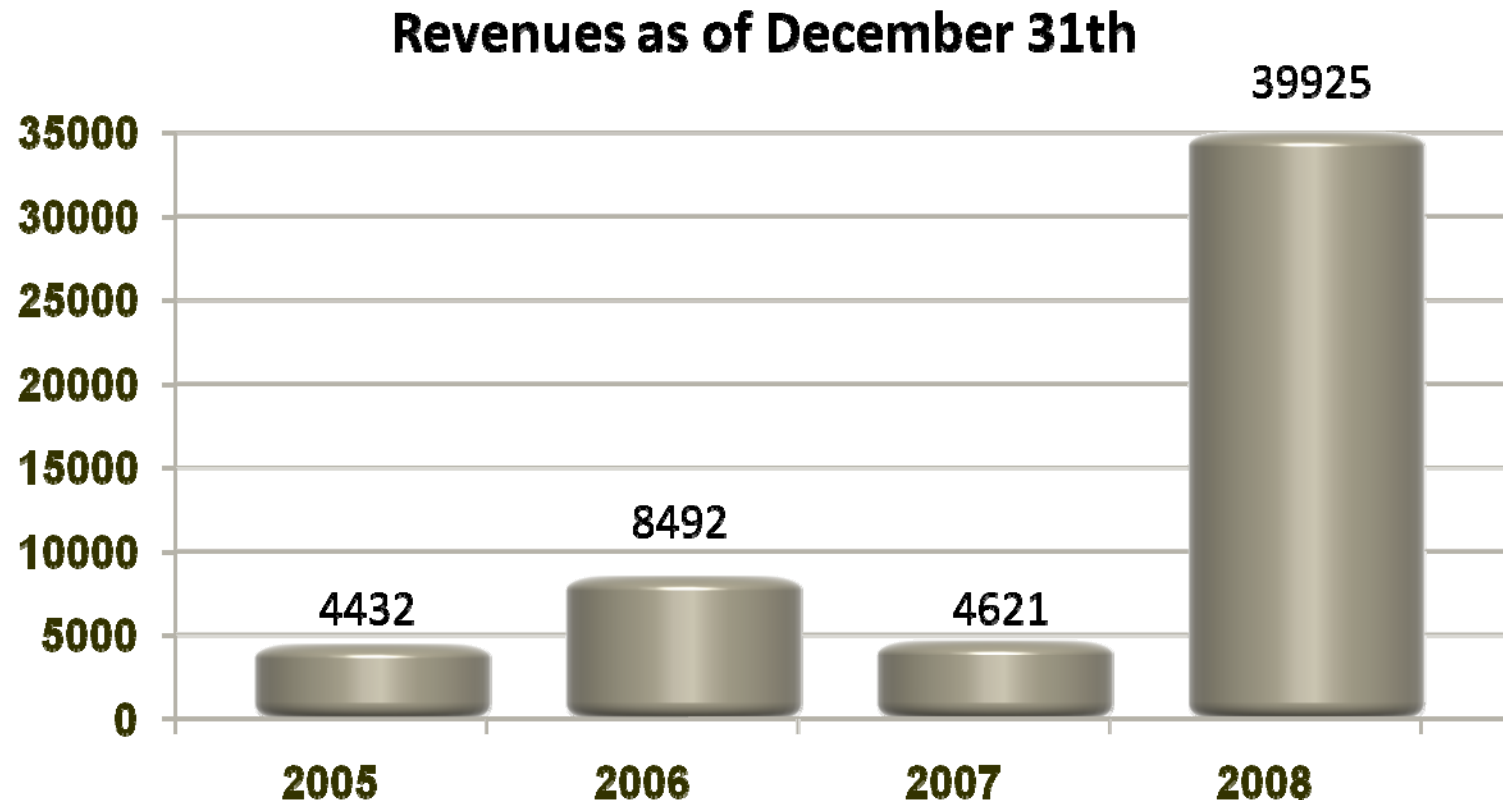


Key financial summary, Q4 2008

Quarterly revenues

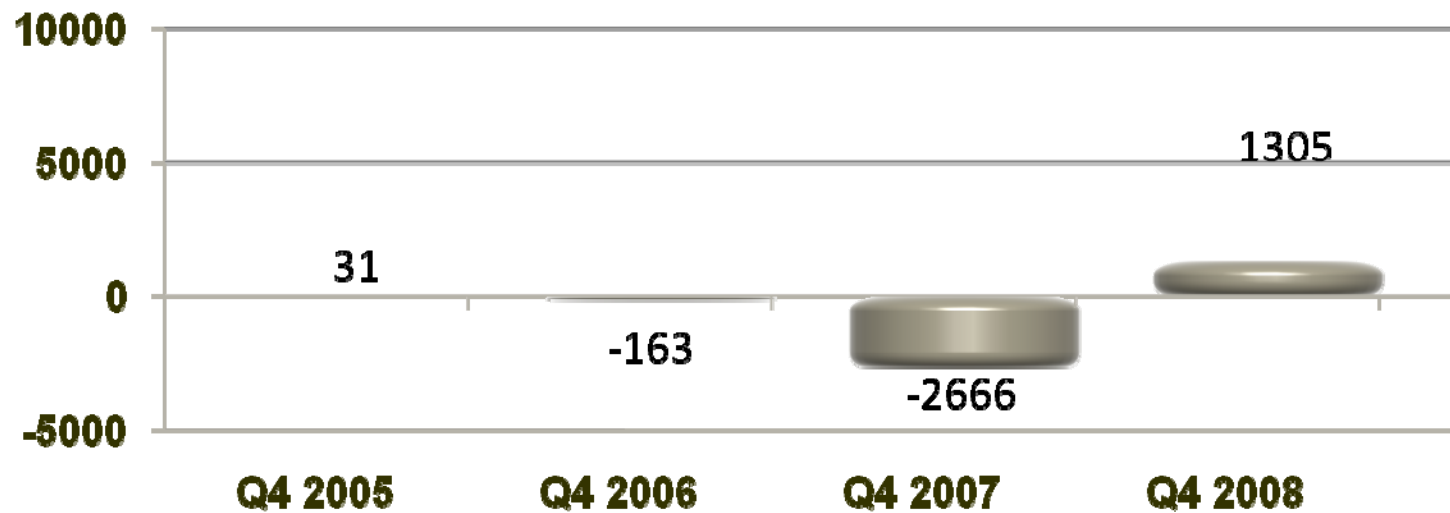


Key financial summary, Q4 2008



Key financial summary, Q4 2008

EBITDA excl. non-recurring items



How does the financial crisis impact Funcom?

Business effects

- The gaming industry is traditionally less affected by economic cycles in the macro economy than many other business segments.
- The retail based parts of the gaming industry is expected to be more affected than online gaming. Playing online games is still a "low budget" form of entertainment in a cost per hour perspective and should be less affected
- Less competitors will get funding in the short to medium term

Financial effects

- Cash → Funcom does not need any external funding in 2009, and the Company considers the financial resources to be sufficient to develop, complete and launch the MMOs in development. Most of Funcom's cash and cash equivalents are in NOK
- Currency → NOK depreciation is positive for EBITDA, but negative for substantial portion of cash that is held in NOK

Funcom does not expect to be significantly affected by the financial crisis

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Age of Conan - Updates so far and road map



- *Age of Conan* was the 3rd best-selling PC game in the US, and likely in the western world in 2008, after *Spore* and *World of Warcraft*. The game was the second best-selling full MMO ever launched in the Western World.
- During 2008, *Age of Conan* experienced a lower subscriber retention than anticipated before launch, leading to a reduction in subscriber levels in the months following the launch



- During early 2009, *Age of Conan* experienced an improvement in subscriber retention and player activity in the game increased
- The Company invests heavily in the *Age of Conan* game and currently has 120 people, excluding customer service, working on the *Age of Conan* game, primarily in development.



- Future subscriber levels in *Age of Conan* are relatively uncertain. The Company invests in achieving growth in the game, but the likelihood of achieving this is relatively uncertain. To reflect the uncertainties in the future development of the subscriber base of *Age of Conan*, the Company chose to re-evaluate certain intangible assets related to the *Age of Conan* game in Q4.

Age of Conan – latest development



- Significant improvement in subscription retention (a reduction in churn) during early 2009
- The subscriber numbers have been relatively stable for the last 2 months
- The playtime per subscriber has increased during the last 2 months
- The Company expects average subscription time to increase further as the game develops and matures further.
- To achieve growth for *Age of Conan*, the Company must succeed in two areas:
 - 1) Further improving subscription longevity by improving and adding to the game
 - 2) Increasing the number of new customers coming into the game

Age of Conan - Updates so far and road map

Key past updates:

July

Key content:

Numerous updates, fixes and improvements

Aug/Sep

New quests, voiceover, class changes, dungeon revamps, new PVP systems, raid updates, GUI. memory leak fix. dungeon revamps



Oct 29

PVP consequence system, combat changes, trade skills, Cistern Dungeon revamp

Q4 2008

Ymirs Pass – outdoor playfield, 2 High level Dungeons etc.



Future updates:

Q1 2009

3 new dungeons, siege PVP changes, PVP resources, new raid instances etc.

Q2 2009

Improved item/RPG system, 1 new outdoor playfield, several new dungeons etc.

Q3 onwards

More PVP levels and gear, additional playfields, new guild features, additional character development, expansion pack etc.



Sales focus– *Age of Conan*

Background:

- To be successful, large install MMOS must achieve > 10 months average subscription periods*
- At these levels, trial marketing may lead to profitable growth for the game**
- *Age of Conan* is approaching the required subscriber retention for trial marketing to potentially be effective
- The Company will implement trial marketing over the next 6-9 months and gradually optimize this, to test if the Company can achieve profitable growth for *Age of Conan*



Trial marketing

- First Phase: Full client trial, with selected partners
- Second phase: Full client trial, on Funcom sites and with all interested partners
- Third phase: Client trials with reduced client size
- Fourth phase: Optimized digital distribution, with further reduced client size and background streaming



Other sales initiatives in short to medium term:

- Polish and Russian launches and follow up
- Segmented win-back campaigns targeting the very large player database
- Physical free trial distribution
- Focused retail initiatives



* (average customer revenue > 150 USD)

** (if conversion from trials to subscribers are significant and the converted trial customers also have extensive subscription periods)



Funcom is committed to innovate core businesses and build new ones at the same time



Horizon 3

*Create Viable
Options for future
opportunities*

New casual MMOs
New large scale MMOs
Mergers & Acquisitions
Virtual world social networking

Horizon 2

*Build
Emerging
Business*



'The Secret World'

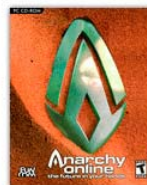


Casual MMO initiatives

Horizon 1

*Extend
Core
Business*

AGE OF
CONAN
HYBORIAN ADVENTURES



Funcom free-to-play MMO initiative



In game screen shots from Java based MMO

Status Java based MMO:

- 17 people on team
- Early focus testing commencing
- Young target demographic

Status browser based MMO:

- Core team in place
- Developing MMO technology
- Art in production
- 14 people on team
- Gamer target demographic

Casual MMOs in Funcom

- Synergies on technology and competence
- Smaller budgets and faster development
- Business models with combination of micro-transactions, subscriptions and advertising

The Secret World

Funcoms next large scale MMO



Status:

- 8 playfields close to complete or in development
- First dungeons in development
- In-game combat prototype in development
- Implementing rule sets
- New content development tools in development
- 80 people working on project
- PR and community building commencing during spring 2009

Background:

- Funcom created brand. Contemporary setting:
Dark days are coming. Evil is rising.....
- MMO gaming combined with Alternate Reality Gaming and social networking
- Funcom's proprietary DreamWorld tech
- PC and Xbox 360 platforms

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Summary and outlook

Summary Financials:

- Revenues in line with guidance
- Positive EBITDA before nonrecurring items
- Profit for 2008 affected by accounting charges for impairments
- Solid financial situation with close to 40 MUSD in cash

Summary Operations:

- Customer retention improving in *Age of Conan* in early 2009
- Continued investments in *Age of Conan* and new MMOs in development
- New initiatives for customer retention and customer acquisition
 - Trial marketing
 - Digital download
 - Win back campaigns

Financial outlook:

- Revenue guidance of 6-8 MUSD for Q109

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Balance sheet

BALANCE SHEET

(Figures in TUSD)

	31-Dec 2008	2007	Full Year 2007
ASSETS			
Deferred tax asset	250	4 509	4 509
Other intangible assets	27 123	35 697	35 697
Tangible fixed assets	2 222	4 166	4 166
Long-term receivables	372	469	469
Trade debtors	3 028	977	977
Prepayments and other receivables	1 404	2 067	2 067
Cash and cash equivalents	39 396	52 366	52 366
Total assets	73 795	100 251	100 251
EQUITY AND LIABILITIES			
Paid in capital	125 246	124 384	124 384
Other reserves	-66 892	-32 299	-32 299
Equity attributable to minority interest		62	62
Long-term liabilities	1 037	1 618	1 618
Short-term liabilities	14 404	6 486	6 486
Total equity and liabilities	73 795	100 251	100 251

Profit and loss account

PROFIT AND LOSS ACCOUNT

(Figures in TUSD)

	Fourth quarter		Accumulated		Full Year
	2008	2007	2008	2007	2007
Revenues	8 665	1 167	39 925	4 621	4 621
Operating expenses	-7 360	-3 833	-34 853	-10 116	-10 116
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), excluding non-recurring items	1 305	-2 666	5 072	-5 495	-5 495
Non-recurring items	-1 900	0	-2 344	0	0
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), including non-recurring items	-595	-2 666	2 728	-5 495	-5 495
Depreciation, amortization and impairment charges	-22 801	-156	-29 436	-1 233	-1 233
Total operating expenses	-32 061	-3 989	-66 633	-11 349	-11 349
Earnings Before Interest and Tax ("EBIT")	-23 396	-2 822	-26 708	-6 728	-6 728
Net financial items	-3 693	179	-3 260	7 727	7 727
Earnings Before Tax ("EBT")	-27 089	-2 643	-29 968	999	999
Taxes	-3 765	248	-4 152	1 681	1 681
Earnings After Tax ("EAT"), continued operations	-30 854	-2 395	-34 120	2 680	2 680
Profit from discontinued operations	0	64	264	-516	-516
Earnings After Tax ("EAT") and discontinued operations	-30 854	-2 331	-33 856	2 164	2 164
Attributable to minority interest	0	-22	-57	-154	-154
Attributable to shareholders of Funcom N.V.	-30 854	-2 309	-33 798	2 318	2 318
Earnings per share (USD)	-0,58	-0,04	-0,64	0,05	0,05
Earnings per share fully diluted (USD)	-0,58	-0,04	-0,64	0,04	0,04
Average number of shares (1000)	52 832	52 746	52 785	50 087	50 087
Average number of shares fully diluted (1000)	52 832	54 659	52 814	52 000	52 000

Interim segment results

INTERIM SEGMENT RESULTS

(Figures in TUSD)

	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Revenues, PC/Console	8 665	18 065	12 231	964	1 167
Revenues, Mobile			779	676	578
Total operating revenues	8 665	18 065	13 010	1 640	1 745
Sales growth quarter by quarter (%)	-52,0 %	38,9 %	693,8 %	-6,0 %	-1,1 %
EBIT PC/Console	-23 396	5 331	-5 689	-2 954	-2 822
EBIT Mobile			-41	-177	-193
EBIT Total	-23 396	5 331	-5 730	-3 131	-3 015