



2012 Fourth Quarter Presentation

The Funcom Group
Funcom N.V. and subsidiaries

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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.

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Agenda



1. Key highlights 4Q 2012
2. Key financials
3. Funcom – new strategy and restructuring
 1. Three business areas
 2. Organization and studios
4. Project status
 1. Live games and online services
 2. Free-to-play MMO's
 3. Mobile and tablet
5. Summary and Outlook



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4Q 2012 Highlights



- A new business model was launched for The Secret World 12th December increasing sales by more than 30% overall and quadrupling activity in the game
- Revenues in 4Q12 were 7,786 TUSD compared to 4,284 TUSD for 4Q11
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 4Q12 were positive with 2,016 TUSD compared to - 1,589 TUSD for 4Q11
- Cash flow from operating activities for 4Q12 was positive with 290 TUSD. Cash position at end 4Q12 amounts to 8,048 TUSD. In 4Q the Company has repaid interest-bearing borrowings amounting to appr. 7,000 TUSD
- The billings for The Secret World for the previous month (January) amounted to approximately 1,350 TUSD.
- The company made an impairment charge to the book value of TSW of 3,000 TUSD, PVM of 70 TUSD and FWL of 1,475 TUSD as well as on office equipment and leasehold improvements in the Montreal studio of 600 TUSD
- The LEGO® project based on the LEGO® Minifigure line reached its second milestone in 4Q
- On 22 October the Company announced it had retained ABG Sundal Collier and GP Bullhound to undertake a broad review of the strategic options available. The current restructuring is part of that process and the Company will continue to update the market when relevant
- The Company is in positive dialog with KGJ Investments S.A (KGJI S.A.) to restructure both the 10 MUSD loan and the convertible bond loan and the companies have reached an agreement pending positive outcome of the EGM and Bondholder meeting. The agreement underlines KGJI S.A.'s long term commitment to the Company
- The restructuring process that started with the cost adjustments in 3Q continued in 4Q and is ongoing. The Company expects to finalize most of the restructuring by the end of April
- In 4Q the Company initiated a project to make our proprietary technology platform Dreamworld tablet and mobile compatible
- In 4Q the Company started actively to secure more games to be developed in Montreal as well as exploring the business area "Online Services" for our North Carolina Studio



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Key Financial Summary



TUSD	4Q 2012	4Q 2011
Revenues	7,786	4,284
EBITDA	2,016	-1,589
EBIT	-5,947	-5,189
EAT	-6,433	-6,096

Revenues

- Main source: revenues from The Secret World and Age of Conan games
- Accrual of both client sales and subscription implemented
- Revenues up in 4Q12 compared to same period in 2011 due to the launch of The Secret World on July 3, 2012

Earnings

- Positively impacted by the revenues from The Secret World

Consolidated statement of financial position

- Cash balance of 8,048 TUSD as of 31 December 2012
- Cash flow from operating activities for 4Q12 was positive with 290 TUSD
- The carrying amount of total interest-bearing debt amounting to approximately 16,245 TUSD.

Restructuring of loans and convertible bond loan

- The Company and KGJ S.A. have reached an agreement pending an EGM and Bondholder meeting
- The agreement will put the Company in a position where it will be able to execute on it's new strategy going forward



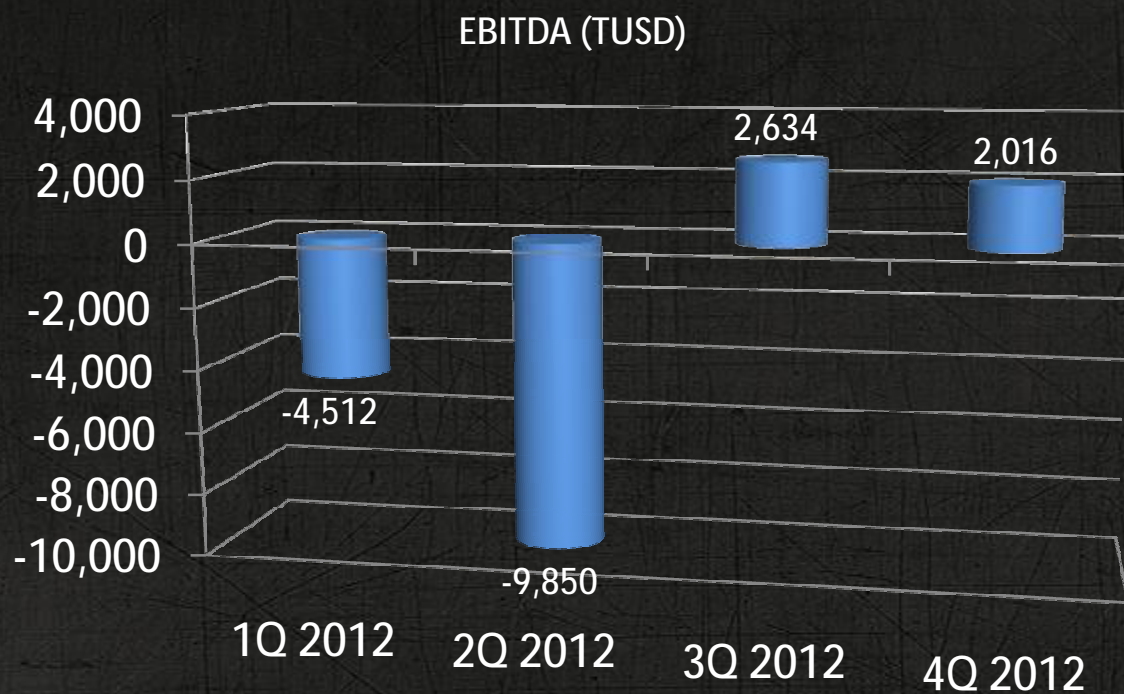
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Key Financial Summary, 4Q 2012 - Revenue



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Key Financial Summary, 4Q 2012 - EBITDA



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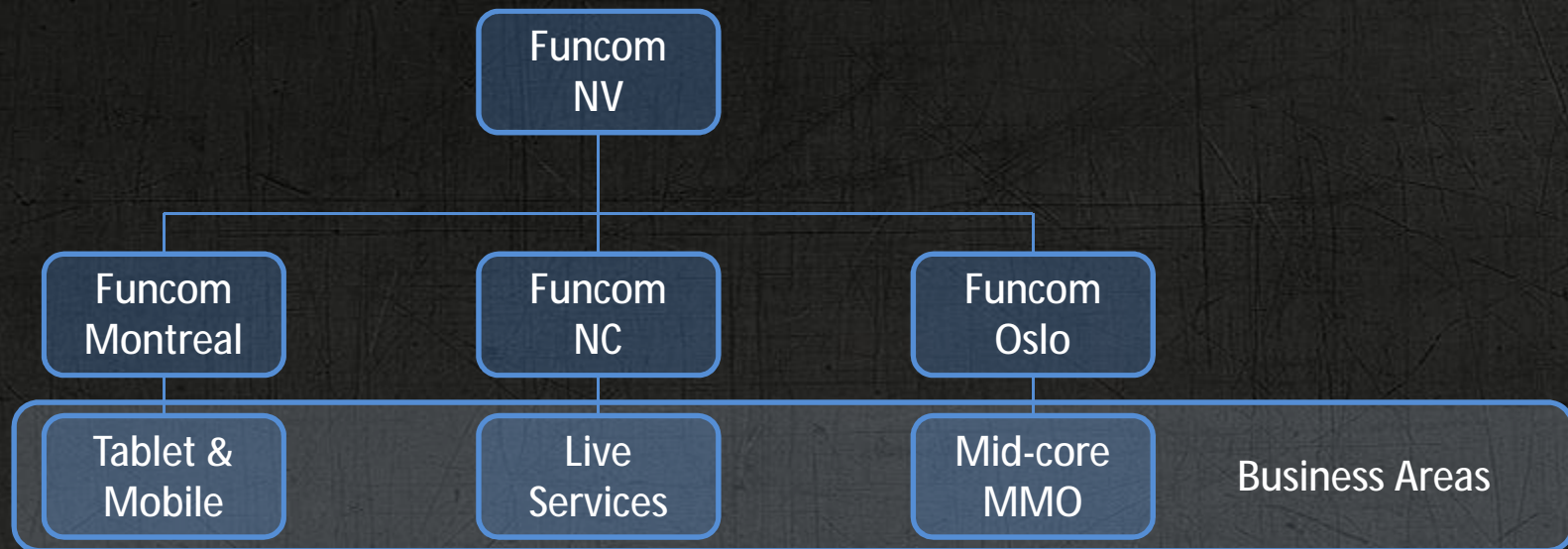


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Funcom – Three business areas



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Funcom Games Canada



- Our Montreal studios new strategy will be building high-quality games and technology for mobile and tablet platforms
- To kick off this new strategy the Montreal studio will develop two new mobile and tablet games based on the LEGO® brand
- The two titles are being developed on a work for hire basis
- The Company is in the process of securing similar opportunities for the Montreal studio going forward
- In addition to similar opportunities the Company will in the future continue to enter new business areas from the Montreal studio. The goal is to enter these new business areas with less economical risk
- In the future the studio will also make Funcom games based around brands and adapt to the Funcom strategy of building more focused games
- The studio has undergone massive restructuring and reduction in head count
- The studio will remain an important part of the Funcom strategy and depending size of projects going forward the head count will be between 30 and 40 with great potential for future growth



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Funcom Inc



- Funcom Inc located in Durham, North Carolina will take on a new role in addition to being the Operational hub for the Funcom group
- It's business area will be Online Services and the focus will be to further develop and run our existing games, and make the studio ready to operate more games and services both from Funcom's own production line and others as well
- By consolidating and have the development team work closely together with Operations, Community, Customer Service, Quality Assurance and our Billing and tools team, we expect to see efficiency improvement in all departments needed to develop and run large scale MMO's
- There has been a reduction in headcount and other cost adjustments in the studio, but with the consolidated production team establishing in the studio it will stay around the same size as of late last year at around 35 to 40 not including Customer Service
- Future growth is dependent development for our large scale MMO's and new projects within both Online Services and game development
- The Company has actively started to seek opportunities within the business area "Online Services"



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Funcom Oslo AS



- Funcom Oslo's business area will be building more focused MMO's in the mid-core segment
- The studio will continue to put all focus on the previously announced LEGO® on-line game based on the LEGO® Minifigure line
- In addition there will be added investment in the project making the chosen proprietary technology platform Dreamworld tablet and Mobile compatible
- The Secret World production is now almost 100% moved out of Oslo
- The size of the office has been reduced to around 35-40 employees
- Future growth is dependent new projects and financing of these
- The Company will in the future work to secure more games strengthening the strategy of Funcom Oslo further



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Restructuring process summary



- Three offices three business areas
- Independently ready for growth
- New management team in each office established with one Administrative Manager and one Manager from Production forming a solid global management team of six reporting directly to CEO
- Funcom Montreal
 - Will be building high-quality games and technology for mobile and tablet platforms
- Funcom Inc in North Carolina
 - It's business area will be Online Services and the focus will be to further develop and run our existing games, and make the studio ready to operate more games and services both from Funcom's own production line and others as well.
- Funcom Oslo
 - Will be building more focused MMO's in the mid-core segment



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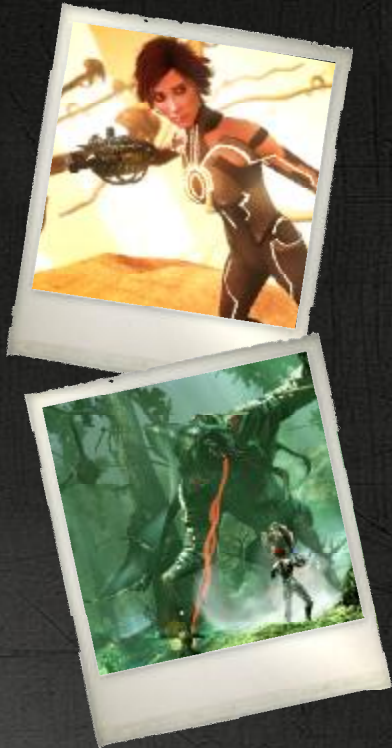


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The Secret World - update



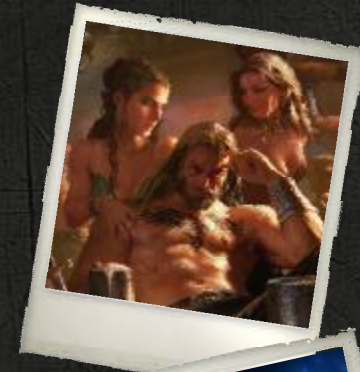
- New business model was launched for *The Secret World* 12 December increasing sales by more than 30% overall and quadrupling activity in the game
- The subscription requirement was dropped from the game, replaced by a buy-to-play model with an optional membership benefit
- Daily runrate of client sales is on average six times higher in the period since switching model than in the similar period prior to the change
- *The Secret World* has been among the best-selling MMO's on world-leading digital platform Steam since the re-launch
- Two major content updates delivered for the game in 4Q, "Big Trouble in the Big Apple" and "The Cat God" with more to come in 1Q13



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Funcom Live Games - update

- Player numbers and revenues from *Age of Conan* and *Anarchy Online* were fairly stable in 4Q12
- One major content update delivered for *Age of Conan*, "The Secrets of Dragon's Spine", allowing our high level players to adventure in new areas and discover new enemies and treasures
- Universal has confirmed a new Conan movie starring Arnold Schwarzenegger, with target release of 3Q14
- The game *Bloodline Champions* has been discontinued in Russia
- The Company has established a partnership with Red Thread Games and granted them a royalty based license to develop adventure games in The Longest Journey / Dreamfall universe



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LEGO® Minifigures - update



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LEGO® Minifigures - update



- The LEGO® project produced in Oslo based on the LEGO® Minifigure line has reached all milestones and is currently on schedule for release late 1st half 2014
- Working towards the next big milestone, "Bosses & Encounters" and expects to start a limited closed beta in 3Q 2013
- Team is now fully staffed and consists mostly of very senior and experienced developers
- Integration work towards LEGO® ID and other backend systems well under way
- Production on the tablet version of the LEGO® Minifigures game has started



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Screenshots



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Montreal studio – mobile and tablet

- Our Montreal studio's new strategy will be building high-quality games and technology for mobile and tablet platforms
- These projects range from 1-2 months projects to longer cycles of 12-24 months, with the initial focus being on 6-12 months projects
- The Company has already signed the first two projects, announcing the production of two new LEGO® digital games
- We are in advanced talks with several other companies for similar projects
- The Montreal studio is also contributing to bring full tablet compatibility to our proprietary *Dreamworld* technology platform, which will open up many new opportunities
- The team consists mostly of seniors with long experience in both web, online, tablet and mobile development



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Summary and Outlook



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- The Company is in positive dialog with KGJI S.A. to restructure both the 10 MUSD loan and the convertible bond loan and the companies has reached an agreement pending positive outcome of the EGM and Bondholder meeting. The agreement underlines KGJI S.A.'s long term commitment to the Company
- The Company expects to finalize the restructuring process by the end of April
- In 4Q the Company initiated a project to make our proprietary technology platform Dreamworld tablet and mobile compatible
- In 4Q the Company started actively to secure more games to be developed in Montreal as well as exploring the business area "Online Services" for our North Carolina Studio
- The Company expects sales for 1Q13 to be in line with 4Q12. The Company expects the recognized revenues to be lower than 4Q12 - please refer to note 2.4 and the 2011 annual report for the principles related to revenue recognition



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