



Funcom – 2nd Quarter 2016

26 August 2016

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 relate 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.

2Q 2016 Financial Initiatives



- USD 3,950k working capital loan and USD 4,000k convertible loan were combined on 13 April 2016 into a new convertible loan due on 30 June 2019. On 31 May 2016, USD 7,700k of the new convertible loan was converted into 42,777,778 shares at USD 0.18 per share, and the due date of the outstanding amount of USD 250k was advanced to 31 December 2016.
- On 31 May 2016, Funcom issued 95,970,000 shares at NOK 0.55 per share through a private placement, for which the company received USD 6,340k in gross proceeds.
- On 7 June 2016, Funcom reimbursed to KGJI the total outstanding amount of USD 500k on the bridge loan that was borrowed on 19 April 2016.
- Due to the loan conversion and the private placement, total equity increased from USD -9,953k at the end of 1Q FY16 to USD 2,389k at the end of 2Q FY16. Cash position also improved from USD 1,014k at the end of 1Q FY16 to USD 5,100k at the end of 2Q FY16.
- On 20 July 2016, holders of the USD 6,200 thousand convertible bond agreed to postpone the maturity date from 15 December 2016 to 31 December 2018.

2Q 2016 Financial Highlights



	in USD	1Q 2016	2Q 2016	Variance
Financial liabilities		13,680k	6,490k	-7,190k
Equity		-9,953k	2,389k	+12,342k
Cash position		1,014k	5,100k	+4,086k
Revenue		2,048k	1,718k	-330k
EBITDA		263k	-412k	-675k
EBIT		-660k	-1,288k	-628k
EAT		-761k	-1,921k	-1,160k
Earnings per share		-0.01	-0.01	-

Key Financial Summary – 2Q FY16



Notes

in K USD	2Q FY16	2Q FY15
Revenues	1,718	2,654
EBITDA	(412)	261
EBIT	(1,288)	(3,408)
EAT	(1,921)	(4,169)

< Main sources of revenues are *The Secret World*, *Age of Conan* and *Anarchy Online*

< Decreased revenue was due to gradual and expected decrease in sales from the current Live Games

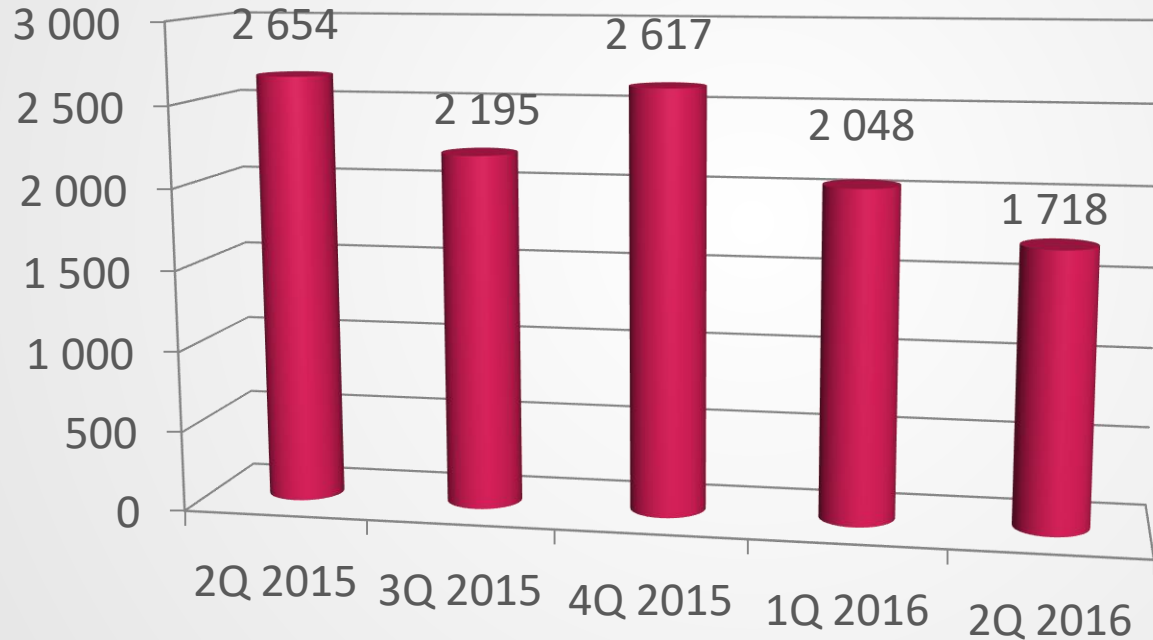
< Quarterly operating expenses are down USD 262k compared to 2Q FY15 due to cost saving efforts.

< A charge of USD 2,927k was reported in 2Q FY15 for the impairment of games.



Key Financial Summary, 2Q 2016 - Revenue

Quarterly Revenues (TUSD)



Notes

< Year on Year decrease in revenues due to ageing of the Live Games

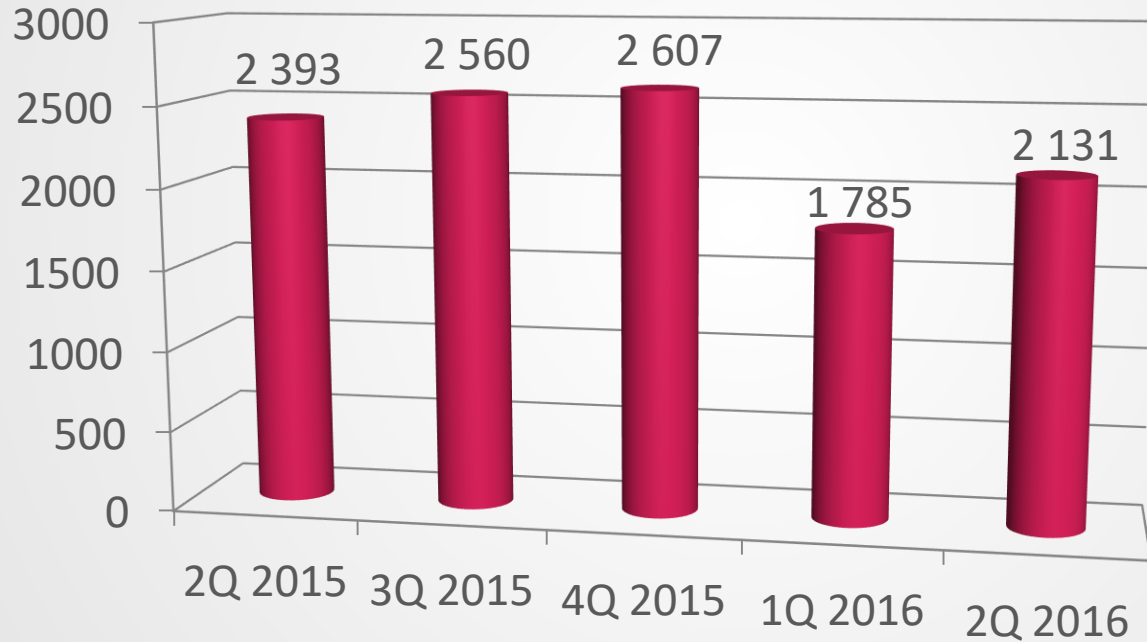
< The major games contributing to the revenues in 2016 are The Secret World, followed by Age of Conan and Anarchy Online.

< The decrease of revenues in 2Q 2016 is mainly related to The Secret World

Key Financial Summary, 2Q 2016 – Operating costs



Quarterly Operating costs (TUSD)



Notes

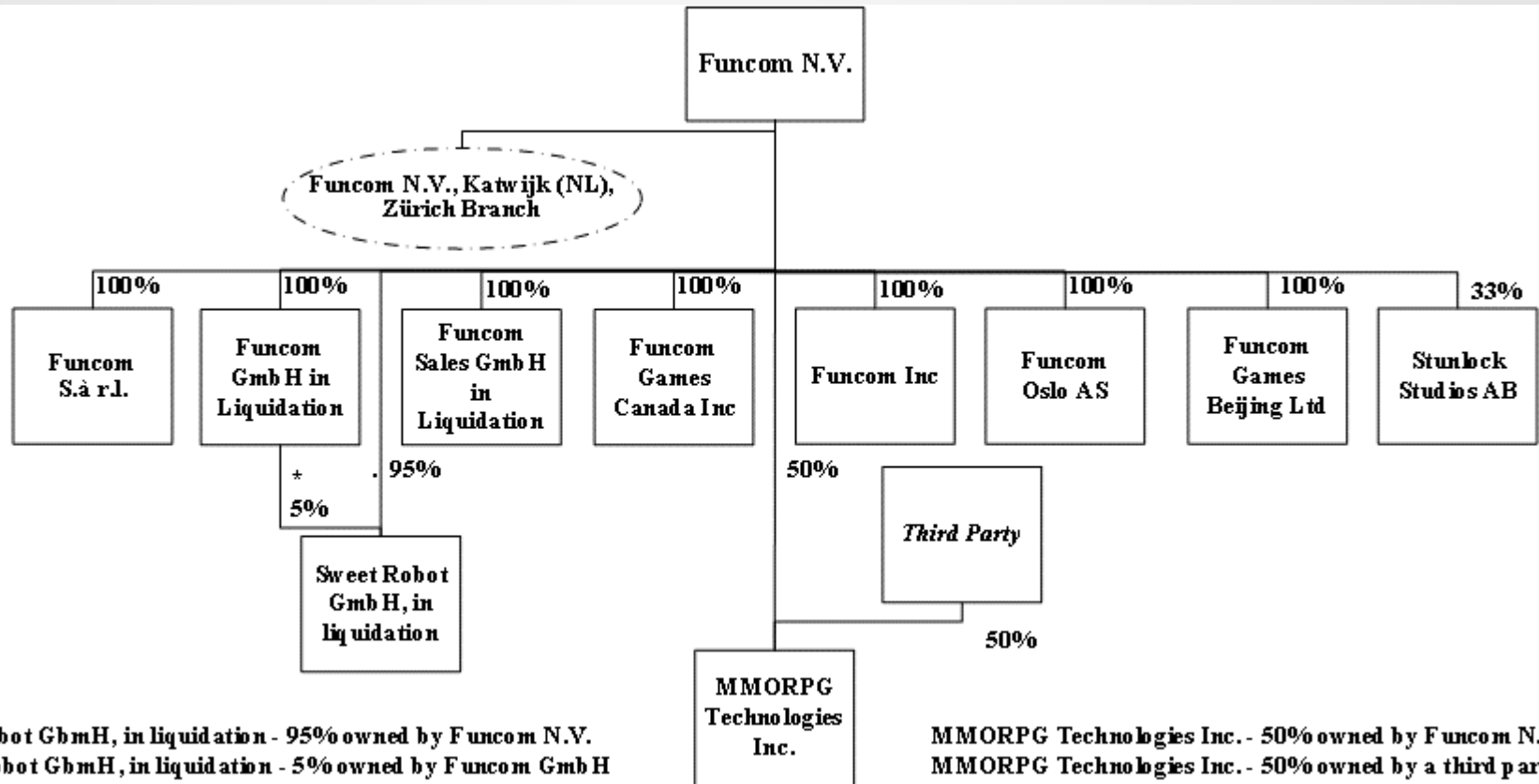
< 2Q 2016 had higher than normal legal and financial expenses due to the private placement and other corporate initiatives

Financial liabilities and interest payments



- USD 7,079k Convertible bond – changes effective as of 20 July 2016 (i.e. after 2Q 2016):
 - Outstanding amount: 7,079,194 bonds with a face value of USD 1 each
 - Maturity date: 31 December 2018
 - Conversion price: USD 0.10 per share
 - Interest rate: 3.5% per annum
- USD 250k Convertible loan – consecutively changed on 13 April 2016 and on 20 July 2016 (i.e. respectively during and after 2Q 2016):
 - Outstanding amount: USD 250k
 - Maturity date: 31 December 2016
 - Conversion price: USD 0.10 per share
 - Interest: 6% per annum, due quarterly
- USD 500k Bridge loan:
 - Borrowed on 19 April 2016, and fully repaid on 7 June 2016 (i.e. all within 2Q 2016)
- Interest payments:
 - 2016 Q2 (actuals): USD 348k (includes mainly accrued interests from 4Q 2015, 1Q 2016 and 2Q 2016 on the working capital loan and the convertible loan)
 - 2016 Q3 (forecast): USD 133k (includes mainly accrued interest on the convertible bond for 2016)
 - 2016 Q4 (forecast): USD 4k (includes mainly quarterly interest on the convertible loan)

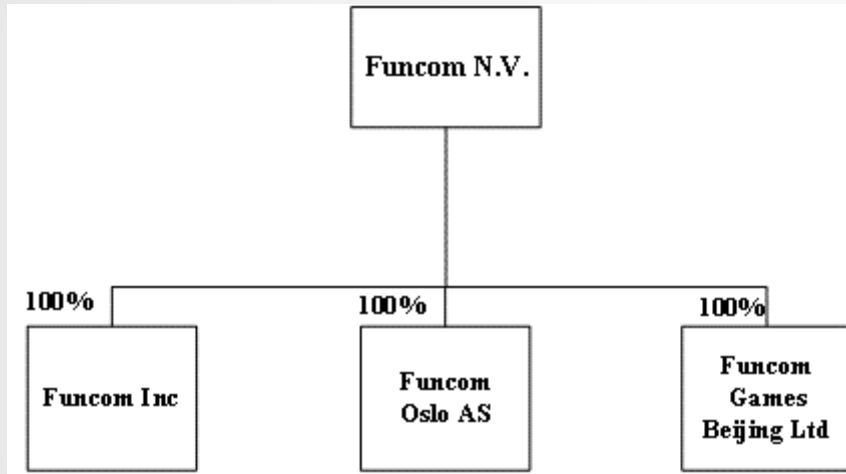
Restructuring – Corporate structure – as of 01-01-2015



. Sweet Robot GmbH, in liquidation - 95% owned by Funcom N.V.
* Sweet Robot GmbH, in liquidation - 5% owned by Funcom GmbH

MMORPG Technologies Inc. - 50% owned by Funcom N.V.
MMORPG Technologies Inc. - 50% owned by a third party

Restructuring – Corporate structure – H2 2016



Notes

- < Corporate structure simplification initiated in 2015
- < Aimed at reducing recurring overhead costs and streamlining the business in the long run
- < Expected to be finalized by the end of 2016 or early 2017

2Q 2016 Summary



- Revenues and operating costs for 2Q 2016 were in line with internal forecasts
- The Company improved its cash position through the private placement performed in May 2016
- The working capital loan and the convertible loan were combined into a new convertible loan in April 2016; in May 2016, most of the new loan was converted into shares. The remaining balance is USD 250k due in December 2016.
- The private placement and the loan conversion significantly improved the equity position
- A bridge loan of USD 500k from the main creditor was borrowed in April 2016 and repaid in June 2016
- In July 2016, the convertible bond maturity date was postponed from December 2016 to December 2018
- Equity improved by USD 12,342k to USD 2,389k



Thank You