



Funcom – 3rd Quarter 2016

2 November 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.

3Q 2016 Financial Initiatives



- 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.
- On 27 July 2016, accrued interest on the convertible bond amounting to USD 879,194 was converted into additional bonds of the same value. In consequence, since then 7,079,194 bonds with a face value of USD 1 each are outstanding.
- Following the private placement completed on 31 May 2016, Funcom issued on 16 August 2016 15,000,000 shares at NOK 0.55 per share through a subsequent offering. The net proceeds amounted to USD 954 thousand, improving both the equity and the cash balance of the company.
- In consequence, the total equity increased from USD 2,389k at the end of 2Q FY16 to USD 3,278k at the end of 3Q FY16, and the cash position also improved from USD 5,100k at the end of 2Q FY16 to USD 5,208k at the end of 3Q FY16.

3Q 2016 Financial key figures



	in USD	3Q 2016	2Q 2016	Variance
Financial liabilities		7,298k	6,490k	+808k
Equity		3,278k	2,389k	+889k
Cash position		5,208k	5,100k	+108k
Revenue		1,728k	1,718k	+10k
EBITDA		97k	-412k	+509k
EBIT		-1,059k	-1,288k	+229k
EAT		-788k	-1,921k	+1,133k
Earnings per share		0.00	-0.01	+0.01

Key Financial Summary – 3Q FY16



Notes

in K USD	3Q FY16	3Q FY15
Revenues	1,728	2,195
EBITDA	97	(365)
EBIT	(1,059)	(1,754)
EAT	(788)	(224)

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

< The declining revenue is due to gradual decrease in sales from the current Live Games

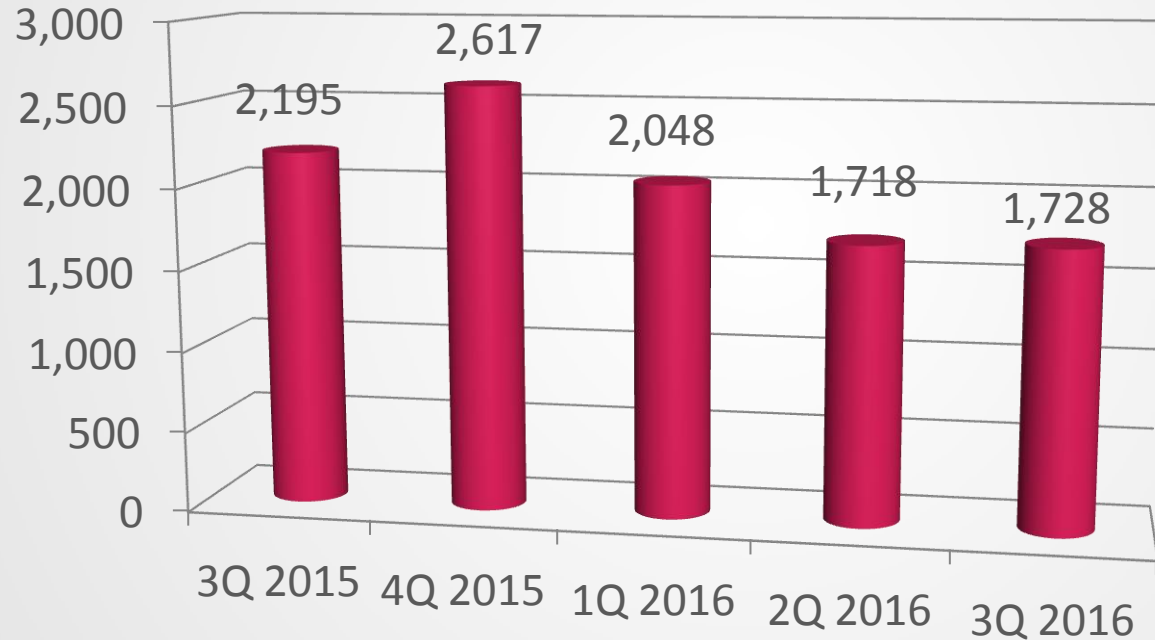
< Quarterly operating expenses are down USD 929k compared to 3Q FY15 due to cost saving efforts.

< A charge of USD 720k was reported in 3Q FY15 for the impairment of games.



Key Financial Summary, 3Q 2016 - Revenue

Quarterly Revenues (TUSD)



Notes

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

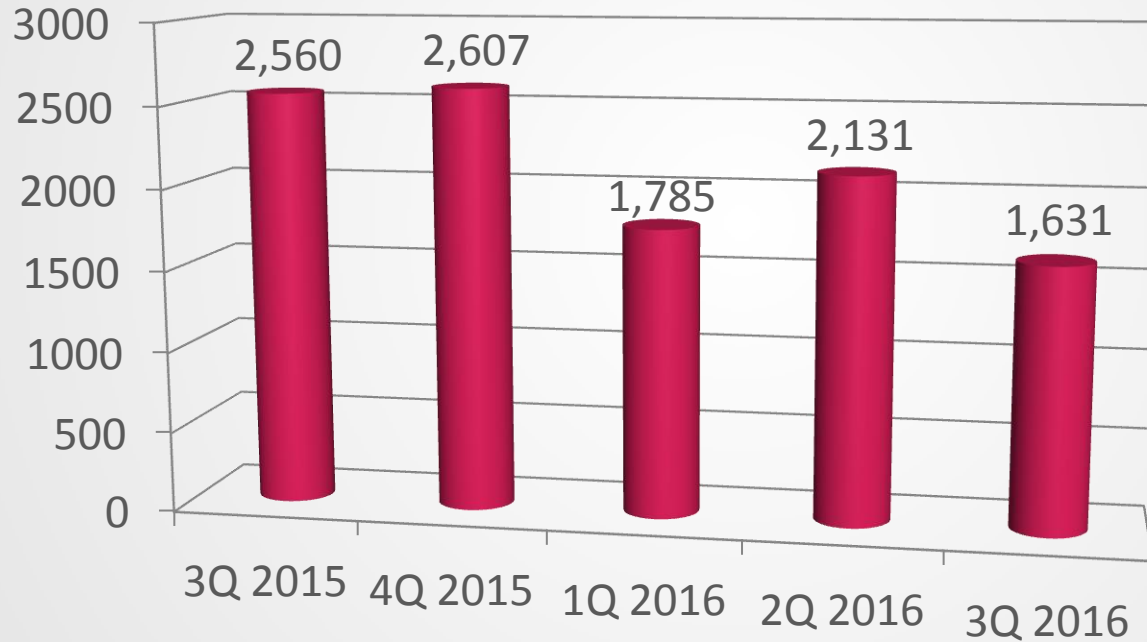
< The major games contributing to the revenues in 2016 are *The Secret World*, followed by *Age of Conan* and *Anarchy Online*

< The slight increase of revenues in 3Q 2016 is mainly related to *The Park's* inclusion in various Summer sales



Key Financial Summary, 3Q 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 expenses unrelated to the private placement

Financial liabilities and interest payments



- USD 7,079k Convertible bond – changes effective as of 20 July and 19 September 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; accrued interest from 20 July 2016 onwards is due at maturity
- USD 250k Convertible loan – changes effective as of 20 July 2016:
 - Outstanding amount: USD 250k
 - Maturity date: 31 December 2016
 - Conversion price: USD 0.10 per share
 - Interest: 6% per annum; due quarterly
- Interest payments:
 - Accrued interest on the convertible bond from 26 February 2016 to 20 July 2016 amounting to USD 124 thousand was paid in cash in Q3 FY16.
 - Interest payments on the convertible loan for 3Q16 and 4Q16 amount to USD 4 thousand per quarter
 - Accrued interest on the convertible bond from 20 July 2016 onwards is due at maturity

3Q 2016 Summary



- Overall revenues and operating costs for 3Q 2016 were in line with internal forecasts
- The Company improved its cash position through the subsequent offering completed in August 2016
- On 27 July 2016, accumulated interest of the convertible bond up to 26 February 2016 in the amount of USD 879 thousand was converted into additional bonds
- In July 2016, the convertible bond maturity date was postponed from December 2016 to December 2018
- The equity improved from USD 2,389k in 2Q16 to USD 3,278 in 3Q16
- The cash balance improved from USD 5,100k in 2Q16 to USD 5,208k in 3Q16



Thank You