



Funcom – 1st Quarter 2016

19th of May 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.

1Q 2016 Highlights



- 1Q FY16 revenues were USD 2,048k, with a decrease of USD 599k compared to 4Q FY15.
- The EBIT improved from USD -757k in 4Q FY15 to USD -660k in 1Q FY16, mainly due to lower operating expenses.
- The impact of the costs savings continued to materialize in 1Q FY16 and quarterly operating expenses are down USD 500k compared to 1Q FY15.
- 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 19 April 2016 KGJ Investments granted USD 500k as a bridge loan. KGJ Investments has also confirmed that it is willing to defer the maturity of the USD 6,200 thousand convertible bond from 15 December 2016 to 31 December 2018.
- The Company revealed details of the game Conan Exiles based on the Conan the Barbarian IP in 1Q16. Conan Exiles will be the new game in development in the Oslo studio and is now scheduled for “Early Access” release during late summer 2016.
- As previously communicated during 4Q FY15 report, an equity issue is being planned by the Company with the goal of funding the execution of the new strategy and the securing of additional revenue streams



KEY FINANCIALS

Key Financial Summary – 1Q FY16



in K USD	1Q FY16	1Q FY15
Revenues	2,048	2,772
EBITDA	263	487
EBIT	(660)	(269)
EAT	(761)	(144)

Notes

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

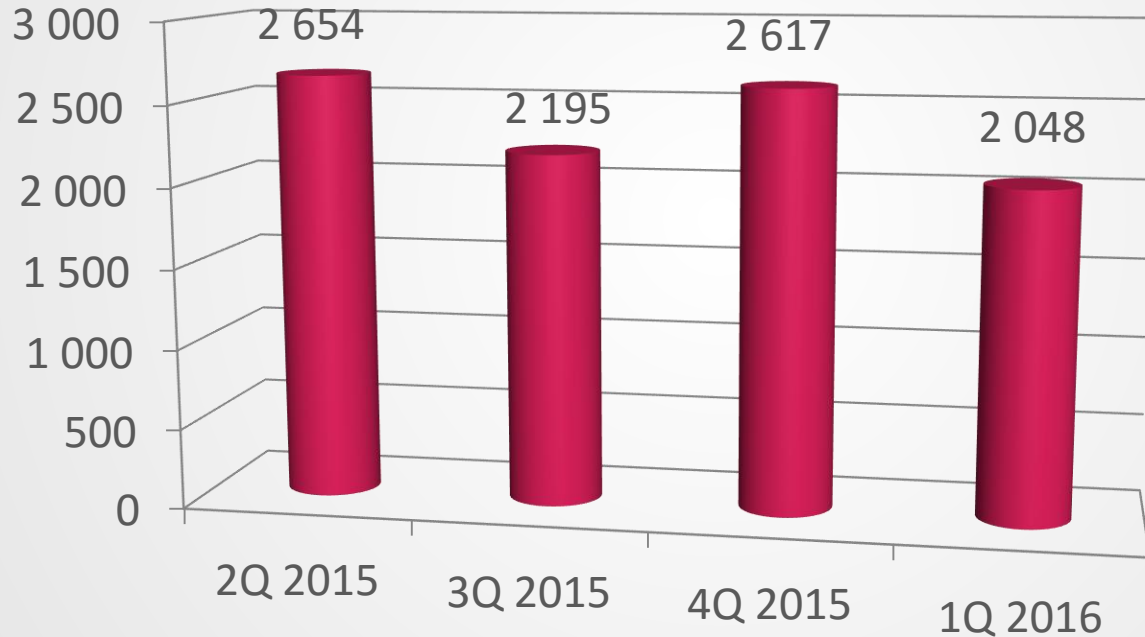
< Decreased revenue was due to gradual and expected decrease in sales from the current Live Games

< Quarterly operating expenses are down USD 500k compared to 1Q FY15 due to cost saving efforts.



Key Financial Summary, 1Q 2016 - Revenue

Quarterly Revenues (TUSD)



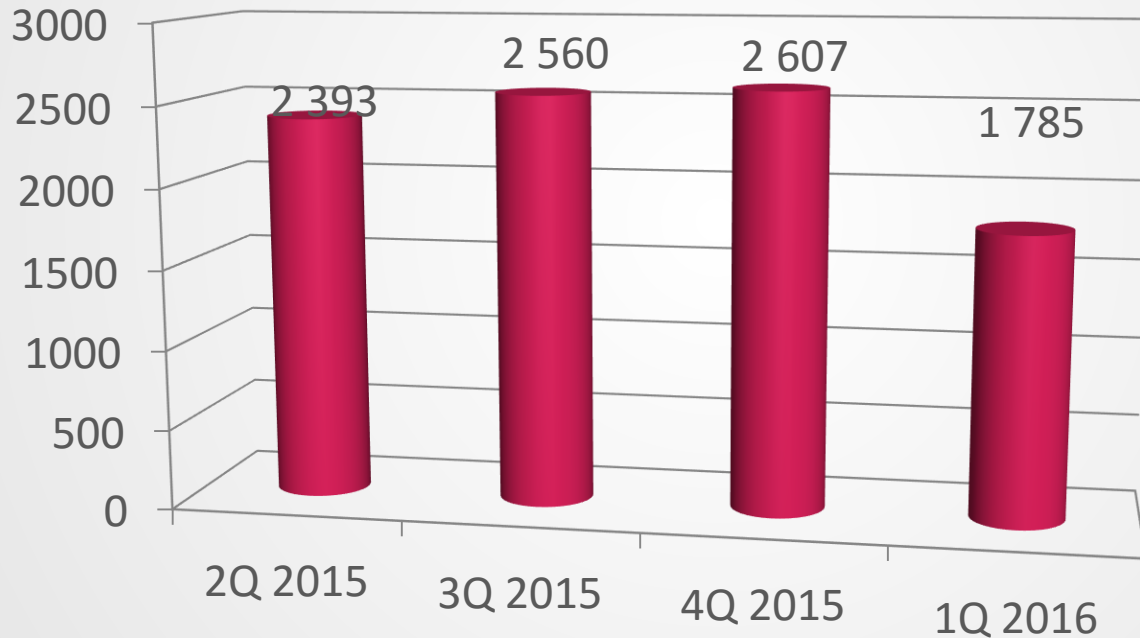
Notes

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



Key Financial Summary, 1Q 2016 – Operating costs

Quarterly Operating costs (TUSD)



Notes

< Internal operating costs are lower in 1Q 2016 as a result of the long term cost reduction initiated in 2014 and to stricter internal cost controls in relation to the tight financial situation

< Exceptional cost items (such as but not limited to legal expenses and Økokrim fine) contributed to higher operational costs in 3Q and 4Q 2015

1Q 2016 Summary



- Revenues and operating costs for 1Q 2016 were in line with internal forecasts
- The Company entered into a partnership with Conan Properties International for the development of games on PC and Consoles based on the “Conan the Barbarian” brand
- “*Conan Exiles*” has been announced as the next title expected to be released during late summer 2016 on “Early Access” on the Steam store
- As previously communicated during 4Q FY15 report, an equity issue is being planned by the Company with the goal of funding the execution of the new strategy and the securing of additional revenue streams
- The main creditors are continuing to support the company by combining the working capital loan into the existing convertible loan and postponing the maturity date to 2Q 2019, and by granting an additional bridge loan amounting to USD 500k



Thank You