



2015 Fourth Quarter Report

The Funcom®* Group
Funcom N.V. and subsidiaries

SUMMARY

- Revenues in 4Q15 are USD 2,537 thousand compared to USD 2,916 thousand in 4Q14 following a gradual and expected decrease in sales from the current Live Games.
- The total Equity of the Company decreased from USD -8,835 thousand at the end of 3Q15 to USD -9,887 thousand at the end of 4Q15.
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 4Q15 are USD -120 thousand compared to USD -171 thousand in 4Q14.
- Earnings before Interest and Tax (EBIT) for 4Q15 are USD -521 thousand compared to USD -462 thousand in 4Q14.
- The cash position decreased from USD 1,106 thousand at the end of 3Q15 to USD 616 thousand at the end of 4Q15.
- The Live Games – *The Secret World*®, *Anarchy Online*® and *Age of Conan*™ – were the major contributors to the revenues.
- *The Park*® was released for the PC platform on 27 October. It was made available in multiple online sales channels, including Steam, and sales are in line with internal expectations. The project's non-revenue related goals were also met successfully.
- *Conan Exiles* was announced in 1Q16 as the new game in development based on the "Conan the Barbarian" IP and is scheduled for "Early Access" release during summer 2016
- *The Park* will be released for Xbox One and PlayStation 4 during 1Q16, to both bring additional revenue and develop internal competencies related to console development.
- In line with the Company's strategy, prototyping and concept development for new titles will become a continuous process, leading to two additional "smaller" games to be developed this calendar year.
- On 23 October 2015, Funcom accepted a fine of NOK 1,500 thousand from Økokrim. The company has cooperated with Økokrim in its investigation, and for the Company the case is herewith closed.
- In January 2016 KGJ Investment S.A. SICAV-SIF (KGJI) has confirmed that it is willing to continue to support the Company by restructuring the USD 3,950 thousand working capital loan into the existing USD 4,000 thousand convertible loan, and by subsequently deferring the maturity of the convertible loan from 27 June 2017 to 30 June 2019.
- KGJI also confirmed that it is willing to postpone the maturity of the USD 6,200 thousand convertible bond from 15 December 2016 to 31 December 2018.

FINANCIALS

- Revenues in 4Q15 are USD 2,537 thousand compared to USD 2,916 thousand in 4Q14 following a gradual and expected decrease in sales from the current Live Games.
- The company continued its cost-saving efforts in 4Q15 and realized operating cost savings of USD 443 thousand in comparison to 4Q14. In consequence, the Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 4Q15 increased to USD -120 thousand compared to USD -171 thousand in 4Q14.
- Earnings before Interest and Tax (EBIT) for 4Q15 were USD -521 thousand compared to USD -462 thousand in 4Q14.
- The loss for the period was USD -2,059 thousand compared to a profit of USD 354 thousand in 4Q14, and a loss of USD -224 thousand in 3Q15. The loss reported in 4Q15 was mainly related to foreign exchange expenses on the settlement of intercompany balances. These intercompany movements have no impact on the cash balance.
- The cash position at the end of 4Q15 was USD 616 thousand compared to USD 1,106 thousand at the end of 3Q15.
- The total Equity of the Company decreased from USD -8,835 thousand at the end of 3Q15 to USD -9,887 thousand at the end of 4Q15.
- On 26 October 2015, the bondholders' meeting formally agreed on the extension of the maturity date of Funcom's USD 6,200 thousand convertible bond from to the earlier of 30 June 2016 and the 2016 AGM to 15 December 2016.

THE FUNCOM STRATEGY

- As previously communicated in the 2Q report, the Company decided to shift strategy, focusing on different types of products and production cycles. This new strategy consists of:
 - Developing small and innovative games, focused on trying new concepts, experimenting with new technology and platforms and utilizing our IPs, while keeping the investment level low;
 - Developing larger games, focused on genres or game types where we can create products of higher production value than the competition, using our own or 3rd party IPs and drawing from the innovation and experimentation of the smaller products to lower the overall risk;
 - Upgrading the *Dreamworld Technology* to integrate with third party technologies;
 - Leveraging and growing the internal Intellectual Properties such as *Anarchy Online*, *The Longest Journey* and *The*

Secret World for both internal and 3rd party licensing.

- As part of this strategy, market segments and platforms will be constantly evaluated as the trends in the gaming industry change very quickly and new opportunities are emerging such as “eSports”, “VR”, “AR”, among others.
- The product development and release plan for this strategy is a minimum of one small game released per year and one larger game to be in development at all times per development studio.
- Additionally, the company will keep developing and supporting the existing MMORPGs as they are an important source of revenue and drive the internal IPs.
- The strategy is meant to reduce the overall risk exposure of the company, control costs through careful budgeting and increase the financial stability by having more revenue sources.
- Both development studios are scheduled to have fully switched to this strategy by 2Q16.
- The first “smaller” game to be released under this new strategy is *The Park*, released on 27 October 2015. The first “larger” game is *Conan Exiles*, expected to be released in “Early Access” during Summer 2016.
- The above mentioned statements and objectives are forward looking and are subject to change along with industry trends. The Company strongly encourages all investors, analysts, press and others to investigate and analyze the gaming industry. The industry has drastically changed over the past few years. It is the Company’s clear goal to align itself with the market, leverage its technology and know-how and adapt its portfolio of products to address the current as well as future needs.

GAMES IN OPERATION

- For *The Secret World*, the following activities were done in 4Q16:
 - Released the new dungeon Manufactory Breached, where players continue the story from the Manufactory and face all new challenges in the depths of the Orochi headquarters.
 - Launched The Seven Silences Halloween event and Halloween social items in the store.
 - Released two new nightmare raids for our hardcore fans.
 - Launched Issue 13 “Trail of Shadows” that explored some of the favorite characters from Tokyo.
 - Participated in Steam Winter Sales.
- For *Age of Conan*, a new high level raid, “Palace of Cetriss” was released as well as a new Halloween

event “The Shambling Plague” and new social items in the item store.

- For *Anarchy Online*, a new Halloween event was released as well as a new dungeon “Pyramid of Home”
- For all three MMOs, a sales campaign “12 Days of Christmas” offering huge discounts on popular items in each game was started, along with Funcom Point Christmas Sale in all three games offering discounts for bulk purchases.
- Overall, Funcom’s large scale MMOs continue to generate a positive net contribution to the business and investment levels are constantly reviewed and aligned with expected revenue to ensure that they will continue to contribute positively to the Company in the future.
- For *LEGO Minifigures Online* a new Series of minifigures, Series 15, was launched at the end of December
- *The Park* was released for the PC platform on 27 October. It was made available in multiple online sales channels, including Steam, and sales are in line with internal expectations. The project’s non-revenue related goals were also met successfully:
 - Adapting to short development cycles and small budgets to allow for quick experimentation;
 - Generating high amounts of press and community attention without a marketing budget;
 - Learning a new technology (Unreal Engine 4) and starting to adapt it to the *Dreamworld Technology* engine;
 - Leverage the assets and content from *The Secret World* to speed up development of other products;
 - Grow the value of *The Secret World* IP by creating more products connected to it.

GAMES IN DEVELOPMENT

- The Company is working on switching to the new strategy while developing and operating the Live games.
- *The Park* is being developed for Xbox One and PlayStation 4 and will be released during 1Q16, to both bring additional revenue and develop internal competencies related to console development.
- *Conan Exiles* has been announced as the new game in development in the Funcom Oslo studio. This will be a game set in the “Open World Survival” genre and will be released first on PC on the “Steam” store in “Early Access” during Summer 2016 with full launch on PC and Consoles to take place at a later stage. The game will be commercialized using a “premium” or “Buy-to-Play” business model, details of which will be revealed closer to the release date. This game is the first of

the “larger” games identified in the Company Strategy and will represent an estimated investment life time of between 4 and 10 Million USD, adjustable based on the reception and sales performance of the game to be measured starting with the Early Access release. Other titles in this market segment and platform are games such as “Ark: Survival Evolved”, “Rust” or “Reign of Kings”, among several others.

- Prototyping and concept development for new titles will be a continuous part of normal operations for the business. We will also develop two additional games of the “smaller” type during 2016 as outlined in the Company Strategy. Further information on these additional games will be made available at a later stage but due to their budget limitation and experimental focus their revenue impact will be limited.

TECHNOLOGY

- The *Dreamworld Technology* is being upgraded to take advantage of the strengths of 3rd party engines, integrating these technologies with the existing modules and systems of the *Dreamworld Technology*.
- The Unreal Engine 4 is the first game engine being integrated with *Dreamworld Technology*. It allows content creators to use the advance toolchain of that engine while keeping the *Dreamworld Technology* unique systems such as multiplayer backend, deployment systems, workflow and productivity pipelines.

MISCELLANEOUS

Transactions with related parties

- In November 2013 the Company negotiated new loan financing (working capital loan) with KGJI in the amount of USD 5,500 thousand. The first instalment of USD 3,000 thousand was received in December 2013 and the second one of USD 1,250 thousand in 1Q14. The last instalment of USD 1,250 thousand was received in 3Q14. USD 1,550 thousand was restructured into a new convertible loan in 3Q14. The balance of the working capital loan stands at USD 3,950 thousand.
- On 26 October 2015, the bondholders’ meeting formally agreed on the extension of the maturity date of Funcom’s USD 6,200 thousand convertible bond from the earlier of 30 June 2016 and the 2016 AGM to 15 December 2016.

Risk factors

- For information regarding risk factors for the Company and its games, please refer to note 27 in the 2014 annual report.
- For evaluations of the risks related to LEGO *Minifigures Online*, *The Secret World* and other Funcom games, Funcom encourages investors to seek information about the industry in general and Funcom in specific from analyst reports, industry reports, game reviews, etc.
- Several different financial scenarios should be evaluated when analyzing the potential of any existing or future games. The financial performance of new games and refined business models is uncertain.

Other

In the 4Q13 report and presentation as well as in the Annual report Funcom provided information with regards to the Økokrim charge on the suspicion of possible infringement of the provisions of the Securities Trading Act during the period of October 2011 until August 2012. On 23 October 2015, Funcom accepted a fine of NOK 1,500 thousand from Økokrim. The company has cooperated with Økokrim in its investigation, and for the Company the case is herewith closed.

Outlook

- The medium and long term financial performance of the Company is influenced by a number of factors; being especially the performance of the current Live Games and new products to be released in the future being the most important.
- The trend of slowly declining revenues on the current Live Game portfolio is expected to continue as in previous quarters due to the ageing of the games. The Company will continue to support the current Live Games as long as they continue to contribute positively to the Company’s results.
- *The Park* is the first game following the new product strategy and it is meeting internal goals and expectations.
- *The Park* is being developed for Xbox One and PlayStation 4 and will be released on these platforms during 1Q16.
- *Conan Exiles* was revealed as the new game in development based on the “*Conan the Barbarian*” IP and is scheduled for “Early Access” release during Summer 2016
- In line with the Company’s strategy, prototyping and concept development for new titles will become a continuous process, leading to two additional “smaller” games to be developed this year.
- In January 2016 KGJI has confirmed that it is willing to continue to support the Company by

restructuring the USD 3,950 thousand working capital loan into the existing USD 4,000 thousand convertible loan, and by subsequently deferring the maturity of the convertible loan from 27 June 2017 to 30 June 2019.

- KGJI also confirmed that it is willing to postpone the maturity of the USD 6,200 thousand convertible bond from 15 December 2016 to 31 December 2018.
- These facilities will provide cash relief to Funcom N.V. in 2016, 2017 and 2018 to focus on attracting and utilizing funds for the development of new games.
- The Company is currently undergoing a process with the aim to raise USD 5 to 10 million through one of the existing mechanisms for share issuance and intends to use the raised capital for the development of *Conan Exiles* and the two other titles to be developed this year, and for the related marketing expenses. The Company will also undertake any change required in order to reduce its structural costs.
- Based on its current revenue and cost projections, on the recent postponement of the maturity of its debts to 31 December 2018 and beyond, and on the financial instruments at the disposal of the Company including but not restricted to financing and equity issues, the Company expects to have the ability to fund its operations for the next twelve months after the end of 4Q15.

Badhoevedorp, The Netherlands, 29 January 2016
The Management Board of Funcom N.V.

- This report is also available at <http://www.newsweb.no>
Investors are encouraged to seek information regarding the Company and the industry.
- This report contains forward-looking statements. These statements are based on current estimates and projections of Funcom's management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of Funcom to be materially different from those that may be expressed or implied by such statements. Such factors include inter alia those discussed in the Funcom's Annual Report 2014 note 27.
- For more information about Funcom, its games and its organization, please see www.funcom.com

* "Funcom", "*The Secret World*", "*Anarchy Online*", "*The Park*" and "*Dreamworld Technology*" are registered trademarks of Funcom Oslo AS.

FUNCOM N.V. - FOURTH QUARTER FINANCIALS OF 2015
PRELIMINARY, NOT AUDITED, FIGURES

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Figures in TUSD)

	Fourth Quarter		Accumulated		Full Year
	2015	2014	2015	2014	2014
Revenue	2,537	2,916	10,158	12,593	12,593
Operating expenses	-2,657	-3,087	-9,895	-13,265	-13,265
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	-120	-171	263	-672	-672
Depreciation, amortization and impairment charges	-401	-292	-6,215	-7,445	-7,445
Total operating expenses	-3,058	-3,379	-16,110	-20,710	-20,710
Operating result ("EBIT") from continuing operations	-521	-462	-5,952	-8,117	-8,117
Share of result from equity-accounted entities		-172	-173	-72	-72
Net financial items	-1,550	948	-482	-582	-582
Profit (loss) before income taxes from continuing operations	-2,070	314	-6,607	-8,770	-8,770
Income taxes	11	40	10	9	9
Profit (loss) for the period	-2,059	354	-6,597	-8,761	-8,761
Attributable to shareholders of Funcom N.V.	-2,059	354	-6,597	-8,761	-8,761
Earnings per share basic (USD)	-0.02	0.00	-0.07	-0.11	-0.11
Earnings per share fully diluted (USD)	-0.02	0.00	-0.07	-0.11	-0.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the period	-2,059	354	-6,597	-8,761	-8,761
Foreign exchange translation difference	895	-1,138	-1,759	-1,331	-1,331
Total comprehensive income for the period	-1,164	-784	-8,357	-10,092	-10,092

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Figures in TUSD)

ASSETS

Non-current assets

	31 December		31 Dec.
	2015	2014	2014
Deferred tax assets			
Intangible assets		4,412	7,380
Tangible fixed assets		100	253
Financial investments		65	214

Current assets

Trade receivables		1,463	1,225	1,225
Prepayments and other assets		294	1,160	1,160
Income tax receivable				
Cash and cash equivalents		616	3,705	3,705
Total assets		6,950	13,938	13,938

EQUITY AND LIABILITIES

Equity

Share capital		4,799	4,724	4,724
Reserves		156,590	157,200	157,200
Retained earnings		-171,276	-164,679	-164,679

Liabilities

Deferred tax liabilities		16	20	20
Long-term liabilities		3,434	7,081	7,081
Deferred revenue		1,037	1,756	1,756
Short-term loans and borrowings		10,150	5,777	5,777
Other short term liabilities		2,200	2,061	2,061
Total equity and liabilities		6,950	13,938	13,938

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Figures in TUSD)

	Fourth Quarter		Period ended 31 December		Full Year
	2015	2014	2015	2014	2014
Cash flow from operating activities					
Profit (loss) before income tax	-2,070	315	-6,607	-8,770	-8,770
Adjustments for:					
Depreciation, amortization and impairment	401	292	6,215	7,445	7,445
Share-based payments	112	1,494	814	1,228	1,228
Share of result from equity-accounted entities		72	173	72	72
Effect of exchange rate fluctuations	4,119	-30	442	-97	-97
Changes in working capital	587	2,371	805	403	403
Net cash from operating activities	3,148	4,513	1,842	281	281
Cash flow from investing activities					
Purchase of equipment and investment in intangible assets	-417	-1,239	-3,072	-5,160	-5,160
Investment in/loan to (from) equity-accounted entities		46	11	764	764
Net cash from investing activities	-417	-1,193	-3,062	-4,397	-4,397
Cash flow from financing activities					
Net proceeds from issue of share capital		2,748	411	11,199	11,199
Proceeds / repayments from (of) borrowings and leases		-1,540	-23	-4,667	-4,667
Net cash from financing activities		1,208	388	6,532	6,532
Change in cash and cash equivalents	2,731	4,528	-831	2,417	2,417
Cash and cash equivalents, beginning of period	1,106	3,306	3,705	2,582	2,582
Effect of exchange rate fluctuations	-3,222	-4,129	-2,258	-1,294	-1,294
Cash and cash equivalents, end of period	616	3,705	616	3,705	3,705

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Figures in TUSD)

	31 December		Full Year
	2015	2014	2014
Opening balance	-2,756	-5,561	-5,561
Total comprehensive income for the period	-8,357	-10,092	-10,092
Equity issues	411	5,064	5,064
Exercise of warrants		5,550	5,550
Conversion rights reserve		1,056	1,056
Share-based payments	814	1,228	1,228
Closing balance	-9,887	-2,756	-2,756

NOTES TO THE INTERIM REPORT

1 Corporate information

Funcom N.V. is a limited company registered in The Netherlands, and the shares are publicly traded on the Oslo Stock exchange under the ticker "FUNCOM". The principal activity of the Company is to develop, market and carry on business in computer games in the broadest sense. The unaudited interim condensed consolidated financial statements for the Company for the twelve months ended 31 December 2015 were approved for issue by the Supervisory Board on 28 January 2016.

2 Basis for preparation and selected significant accounting policies

The financial result of the Company in 4Q15 reports slightly declining revenues from existing games and decreased operating costs due to internal cost-saving measures. There were no pervasive or material changes in 4Q15 that could negatively impact the management's assumptions behind the forecasted financial performance of the Company. The funding of the operations for a period of at least one year after the date of this quarterly report is realistic and achievable. Therefore management is of the opinion that the going concern assumption is justified and consequently the unaudited interim condensed consolidated financial statements of the Company for the twelve months ended 31 December 2015 have been prepared on a going concern basis. Notwithstanding the above, the Management Board of the Company emphasizes that the above assessments indicate the existence of material uncertainty with regards to the performance of the games and the outcome of the current strategic review of the Company. Therefore, the actual performance of the Company may deviate significantly from the projections which may cast significant doubt on the entity's ability to continue as a going concern.

The unaudited interim condensed consolidated financial statements of the Company for the twelve months ended 31 December 2015 have been prepared in accordance with IAS 34. The latter means that these interim financial statements do not include all information and disclosures required in annual financial statements but only selected significant information. The principles applied are consistent with those used in the 2014 annual report.

The Group has as of 1 January 2015 adopted the mandatory revised standards, amendments to existing standards and interpretations as adopted by the EU, applicable for this quarter. Their adoption has not had any significant impact on the amounts reported in this interim report but may affect the accounting for future transactions or arrangements. Management has not yet completed the evaluation of the impact on the financial statements of standards issued but which have an adoption date on 1 January 2016 or later.

All amounts are in USD thousand unless stated otherwise. There may be some minor rounding differences or the total may deviate from the total of the individual amounts. This is due to the rounding to whole thousands of individual amounts.

2.1 Basis of consolidation

The Company's Interim consolidated financial statements comprise of Funcom N.V. and companies in which Funcom N.V. has a controlling interest. Investments in associated companies and jointly controlled entities are incorporated using the equity method.

2.2 Intangible assets

Intangible assets are recognized in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the assets which are owned by the Company, and the assets' cost price can be reliably estimated. Intangible assets are initially recognized at their cost price and subsequently measured using the cost method (i.e. historical cost less accumulated amortization and accumulated impairment losses). A review to assess whether there are indicators of impairment is undertaken at the end of each reporting period. In addition, intangible assets not yet available for use are tested for impairment annually.

2.3 Equity

Transaction costs relating to equity transactions are recognized directly in equity after deducting tax.

2.4 Deferred revenues

Revenues from subscriptions are recognized over the subscription period which is from the date of subscription purchase until subscription end, normally 1 – 12 months.

In-game items are items that can be purchased on-line from in-game stores or are awarded as incentive or compensation. Revenue from sales of in-game items is recognized at the time of sale.

Revenues from the sales of game software, whether delivered via packaged goods (boxes) or via the Internet (game download) are recognized on a straight-line basis over the estimated customer life. The company enters into multiple-element revenue arrangements where it provides combinations of game software and subscription or subscription and in-game items. The Company accounts for revenues from each item separately following the revenue recognition policies above. Up-front payments for subscriptions and other up-front revenues are recognized in the statement of financial position as a liability.

3 Operating revenues

The revenues mainly consist of sales of game software, subscriptions, in-game items and royalties.

4 Operating expenses

Personnel cost, marketing, office rent and games operating cost are main elements of the operating expenses.

5 Depreciation, amortization and impairment charges

The Company amortizes investment in the development of technology and game assets on a systematic basis over their useful life which normally does not exceed five years. The company applies the diminishing balance amortization method which reflects the pattern of consumption of the future economic benefits. If that pattern cannot be determined reliably the company uses the straight-line method.

6 Net financial items

Net financial items mainly consist of interest earned, exchange rate differences, and interest incurred on loans.

7 Taxes

In accordance with IAS 12, it is Funcom's assessment that no deferred tax asset can be recognized in the consolidated statement of financial position for the available tax losses carried forward. The accumulated unrecognized tax losses are primarily denominated in Swiss Francs.

8 Financial investments

Financial investments consist of long term receivables.

9 Liabilities

Long-term liabilities consist of USD 3,385 thousand convertible loan and USD 48 thousand rental deposits for the sublet of office space.

The convertible loan was issued on 26 August 2014 after conversion from USD 2,450 thousand interest bearing loan and USD 1,550 thousand working capital loan. The convertible loan has 5% annual interest rate with maturity on 27 June 2017. The conversion price is 0.86 USD per share. As of 31 December 2015 the loan has a carrying amount of USD 3,385 thousand and an actual balance due of USD 4,000 thousand.

Short-term liabilities consist of USD 6,200 thousand convertible bond and USD 3,950 thousand working capital loan.

As of 31 December 2015 sixty two bonds issued on 22 December 2011 are still outstanding. These bonds have a face value of USD 100 thousand (total USD 6,200 thousand), 5% coupon and are due on 15 December 2016. They are convertible into common shares of Funcom N.V. at a price of 0.24 USD per share. The interest is payable at maturity or conversion in either cash or Funcom shares at the discretion of the bondholder. As of 31 December 2015 the bonds have a carrying amount of USD 6,200 thousand and an actual balance due of USD 6,200 thousand.

In November 2013 the Company negotiated a working capital loan with KGJI with 8 percent annual interest rate and initial maturity in January 2015. As of 31 December 2015 the working capital loan has a balance of USD 3,950 thousand, and the reimbursement due date is 15 December 2016.

The carrying value of the interest-bearing debt at the end of 4Q15 amounts to approximately USD 13,535 thousand.

10 Cash flows

A significant part of Funcom's cash and cash equivalents are denominated in Norwegian kroner and in Euro. The Company's NOK and EUR cash holdings are a natural hedge against the expectedly large proportion of future operating expenses arising in NOK and EUR.

11 Average number of shares

	Fourth quarter		Full year	
	2015	2014	2015	2014
Average number of shares	92,140	88,272	91,615	82,184

12 Other comprehensive income

In accordance with IAS 21, the Company reported in 4Q15 under the 'Other comprehensive income' a foreign exchange gain amounting to USD 894 thousand mainly related to the reconciliation of intercompany balances in foreign currencies and to the translation of foreign operations into the reporting currency.

13 Equity

The equity of the Company declined from USD -8,835 thousand at the end of 3Q15 to USD -9,881 thousand at the end of 4Q15. It is considered that the revenue potential of the current and future games as well as the continuation of the cost-saving measures that started in 4Q12 will improve the profitability of the Company and will lead to a future increase of the equity position. The company also evaluates various strategic options which could also lead to an increase of equity.

14 Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The reportable operating segments of the group are defined as:

- large-scale MMO's - like *The Secret World* and *Age of Conan*
- free-to-play MMO games – which includes the games under the Company's free-to-play game initiative
- mobile and tablet games and other work-for-hire - which includes game development for mobile and tablet platforms and other work-for-hire games

As of the second quarter of 2015, Funcom has started the development of games other than large-scale MMO's, including single-player games. Such games are added to the second segment, which was renamed to 'Other games' in the following table in order to meet the actual portfolio of games of the company.

Funcom does not have a work-for-hire team since 1 January 2015.

Segment information

	Revenue from external customers		Segment profit (loss) *	
	January - December		January - December	
	2015	2014	2015	2014
Large-scale MMO's	9,362	11,748	3,881	4,117
Other games	794	333	103	283
Mobile and tablet games and other WFH	3	536	-1	-385
Total	10,158	12,617	3,983	4,016
General and administrative expenses			-3,710	-4,663
Depreciation, amortization and impairment charges			-6,215	-7,445
Share of result from equity-accounted entities			-173	-72
Net financial items			-482	-581
Profit (loss) before tax (from continuing operations)			-6,597	-8,746

	Revenue from external customers		Segment profit (loss) *	
	October - December		October - December	
	2015	2014	2015	2014
Large-scale MMO's	2,099	2,679	892	893
Other games	439	204	33	196
Mobile and tablet games and other WFH		57		-105
Total	2,537	2,940	925	984
General and administrative expenses			-1,034	-1,130
Depreciation, amortization and impairment charges			-401	-292
Share of result from equity-accounted entities				-173
Net financial items			-1,550	949
Profit (loss) before tax (from continuing operations)			-2,060	338

* Segment profit (loss) is measured as revenue earned less personnel costs and other operating costs. General and administrative costs, depreciation, amortization, impairment charges, financial items and income tax are not allocated to the segments.

	Large-scale MMO's	Other games	Mobile, tablet and WFH
Segment assets as at 31 December 2014	7,257	-	-
Segment assets as at 31 December 2015	4,324	-	-

Segment assets only include the book value of the games. No other assets are allocated to the segments.

15 Subsequent events

In January 2016 KGJI has confirmed that it is willing to continue to support the Company by restructuring the USD 3,950 thousand working capital loan into the existing USD 4,000 thousand convertible loan, and by subsequently deferring the maturity of the convertible loan from 27 June 2017 to 30 June 2019. KGJI also confirmed that it is willing to postpone the maturity of the USD 6,200 thousand convertible bond from 15 December 2016 to 31 December 2018. These facilities will provide cash relief to Funcom N.V. in 2016, 2017 and 2018 to focus on attracting and utilizing funds for the development of new games.

The Company is currently undergoing a process with the aim to raise USD 5 to 10 million through one of the existing mechanisms for share issuance and intends to use the raised capital for the development of Conan Exiles and the two other titles to be developed this year, and for the related marketing expenses. The Company will also undertake any change required in order to reduce its structural costs.