

2Q 2018 PRESENTATION



FUNCOM

28 August 2018



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HIGHLIGHTS

- EBITDA of USD 8.3m in 2Q18 - The **most profitable quarter** in Funcom's history
- *Conan Exiles* is the **best selling game** in Funcom history.
 - Successful Japan PlayStation 4 launch on 23 August together with Spike Chunsoft
- **Six new game projects** ongoing:

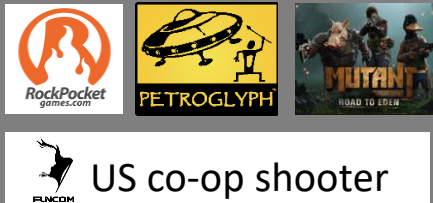
Concept

 Oslo
open-world
multi-player

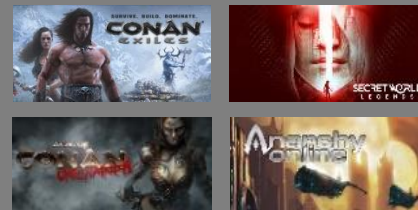
Pre- production

 Oslo
single-player
CONAN

Development



Live operations





2Q 2018 FINANCIALS



MOST PROFITABLE QUARTER IN FUNCOM HISTORY

TUSD	2Q 18	2Q 17
Revenue	15 211	3 072
EBITDA	8 268	917
EBIT	6 995	154
Profit, pre-tax	5 804	199
Cash	18 250	7 818
Equity	42 338	14 123
Debt ¹	570	3 355

COMMENTS

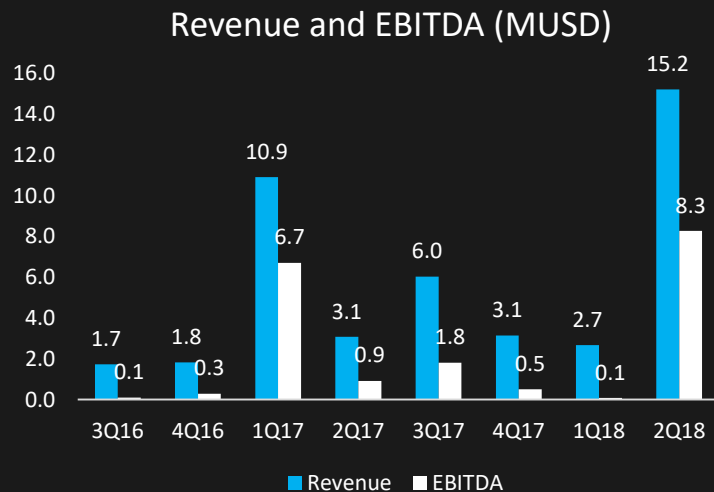
- Strongest quarterly EBITDA and EBIT in Funcom history, driven by *Conan Exiles* full launch
- Pre-tax profit USD 1.2m lower than EBIT, due to currency fluctuations
- Cash significantly up to USD 18.3m
- USD 1.5m tax probably not payable for 2018 due to temporary differences

1) Face value of interest bearing debt



2Q FY18 UPDATE

REVENUE AND EBITDA HIGHER THAN AT EARLY ACCESS LAUNCH



COMMENTS

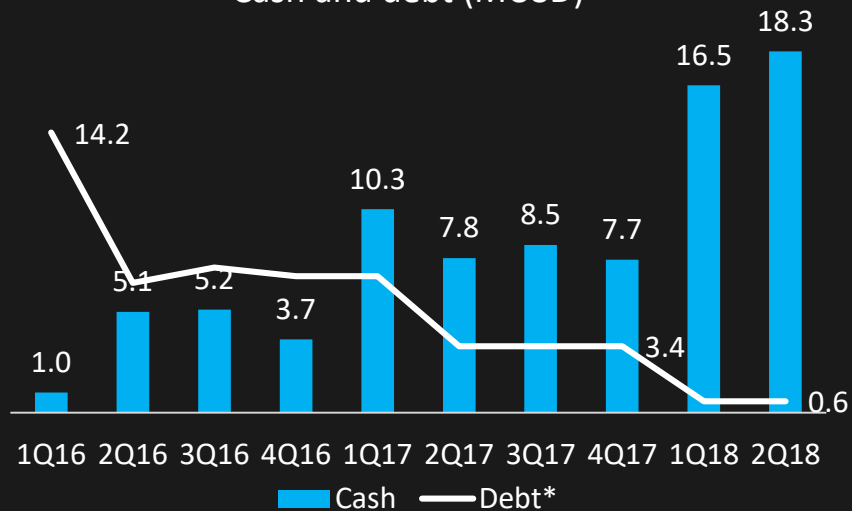
- Successful full launch of *Conan Exiles* created higher revenue and EBITDA than Early Access launch in 1Q17
- Highest quarterly EBITDA in Funcom history
- 8 consecutive quarters with positive EBITDA



2Q FY18 UPDATE

MORE CASH, LESS DEBT

Cash and debt (MUSD)



COMMENTS

- Cash from USD 1.0 m to USD 18.3 m
- Interest bearing debt down from USD 14.2 m to USD 0.6 m, due on 31.12 2018
- USD 7.5m trade receivables, mainly console launch sales

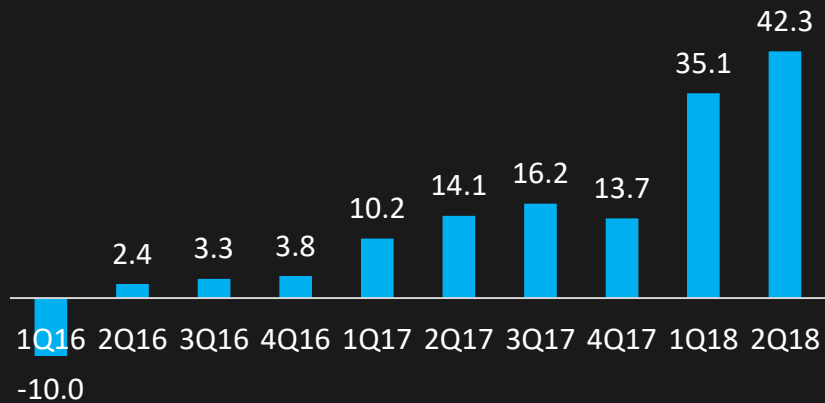
*) Face value of interest bearing debt



2Q FY18 UPDATE

CONTINUED STRENGTHENING OF EQUITY

Equity (MUSD)



COMMENTS

- Equity from minus USD 10 m to plus USD 42m
- Key drivers are profit, private placement, IP acquisition and debt conversion



INTERNAL PROJECTS



2Q FY18 UPDATE

CONAN EXILES - STATUS

- Several quality of life improvements requested by community were implemented, as well as server optimizations
 - Such as whitelist support, AFK kicker, player anti-harassment, etc
 - Improved server performance by up to 60% in certain conditions
- Full localization was done for the Japanese and Korean languages
- Released the first Downloadable Content (DLC) “The Imperial East” in late June and DLC 2 “Jewel of the West” in early August
- Successfully launched in Japan on PS4 on 23 August together with Spike Chunsoft, having reached the top seller position during the launch week





- The team is currently focusing on bug fixing, free updates, and future DLC production
 - Future DLCs will contain “cosmetic” items with a specific theme
- Free updates
 - Focus on either retention or acquisition of new (or inactive) players
 - Will continue to be rolled out in the coming months
 - Examples of free updates are new dungeons, a new pet system, and a new religion with a new avatar





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AOC AND SWL UPDATE



- *Age of Conan (AoC)* ran its anniversary event during May and June
- A New treasure chest “Bloodstained Treasure Chest” was launched in July and has since become the top selling item in AoC
- The AoC team is currently running a summer PvP event which will be active until September 6th
- *Secret World Legends (SWL)* held an anniversary event from late June to mid July.
 - The anniversary introduced a new Cache item.
- The SWL team is currently focused on creating repeatable event based content and is working on the next event which will launch in late September.



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FUTURE INTERNAL GAMES

- In Funcom North Carolina
 - A game in the “Cooperative online shooter” genre with a Premium business model using an IP from Heroic Signatures that isn’t Conan
 - Production started during 1Q and the team is almost fully staffed
- In Funcom Oslo
 - A new single player Conan IP game developed has just entered pre-production
 - A new open-world multiplayer game is in early concepting stage, to enter pre-production in 4Q18



PUBLISHING PROJECTS



2Q FY18 UPDATE

MUTANT: YEAR ZERO – FIRST DEMOS

E3 – Los Angeles, June 2018

- The first hands-on demos for press
- Over 70 journalists attended, and feedback at the event in their coverage was more or less unanimously positive
- Featured on several high-profile live shows including IGN, GameSpot, Twitch, and Facebook Live
- Nominated for and won several «Best of E3» awards

GamesCom – Cologne, August 2018

- The second round of hands-on demos
- Primarily European press and over 130 journalists and influencers attended the demos
- The initial feedback is very positive



“I stepped into my E3 2018 appointment to play [Mutant Year Zero] intrigued and I walked away hooked.”
- Shacknews



“Mutant Year Zero’s E3 demo presents nothing short of a beautiful and thoughtful tactical role-playing game.”
- Destructoid



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PETROGLYPH & ROCK POCKET PROJECTS

- Two additional games are being externally developed and are aimed to be released in 2019:
 - A game with Petroglyph utilizing the Conan the Barbarian IP, to launch on PC during the first half of 2019
 - A game with Rock Pocket Games based on a Funcom IP to launch on PC, Xbox One and PlayStation 4 during the second half of 2019
- More information on the games will be made available closer to their respective launches



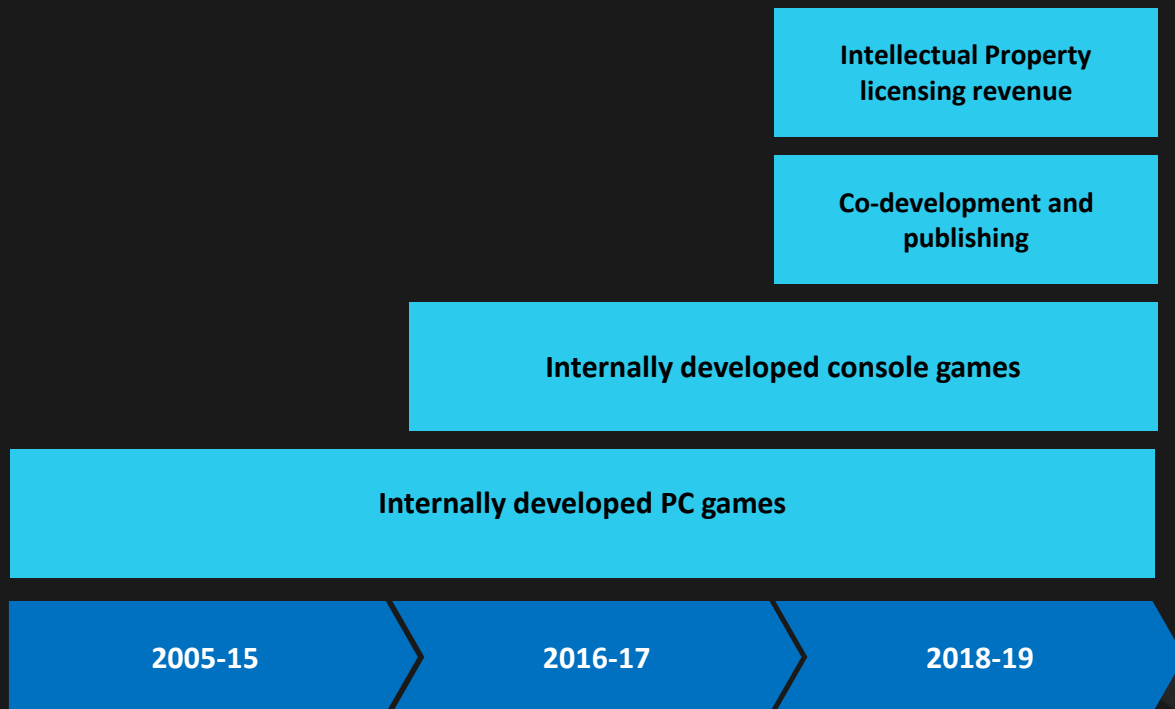


FUTURE OUTLOOK





THE PATH TO STABLE BASELINE REVENUES AND GROWTH





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SUMMARY

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Oslo
open-world
multi-player



Oslo
single-player
CONAN



US co-op shooter



QUESTIONS?



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