

3Q 2018 PRESENTATION



FUNCOM

5 November 2018



3 Q FY18 UPDATE

HIGHLIGHTS

- 3Q18 had the highest EBITDA margin (62%) in Funcom's history
- Higher revenue in 3Q18 than 3Q17 despite significant launches in 3Q17
- Last year's annual profit record beaten - already after 3Q
- 3Q18 results driven by strong post launch performance of Conan Exiles and successful Japan launch
- Debt free from 4 October and strong cash balance
- Strong pipeline with six new game projects
- *Mutant Year Zero: Road to Eden* launching 4 December 2018, with demo made available today for PC pre-orders

A close-up, high-contrast photograph of a man's face, focusing on his eyes, nose, and mouth. He has dark, intense eyes and a serious expression. The lighting is dramatic, with strong shadows. A black rectangular text box is positioned in the lower-left quadrant of the image.

3Q 2018 FINANCIALS



STRONG PROFITABILITY AND CASH FLOW FROM OPERATIONS

USDm	3Q 18	3Q 17	Delta
Revenue	7.5	6.0	25 %
EBITDA	4.6	1.8	156 %
EBIT	2.9	1.0	199 %
Profit, pre-tax	2.7	1.0	156 %
Cash	20.9	8.5	147 %
Equity	44.6	16.2	176 %
Debt ¹	0.6	3.4	-83 %

- Higher revenue and profit than 3Q17 which had both Conan Exiles Xbox Preview and Secret World Legends launches
- 3Q18 results driven by strong post launch performance of Conan Exiles and successful Japan launch

1) Face value of interest bearing debt



3 Q FY18 PRESENTATION

ANNUAL PROFIT RECORD BEATEN - ALREADY AFTER 3 Q

USDm	YTD 18	YTD 17	FY 17
Revenue	25.4	20.0	23.2
EBITDA	13.0	9.4	9.9
EBIT	8.7	7.1	6.6
Profit, pre-tax	7.3	7.4	6.7
Cash	20.9	8.5	7.7
Equity	44.6	16.2	13.7
Debt ¹	0.6	3.4	3.4

- Already higher revenue than FY 17, the most profitable year in Funcom history
- Above highest annual EBITDA to date
- Above highest annual profit to date
- Above highest annual cash flow from operations to date
- Debt free from 4 October 2018

1) Face value of interest bearing debt

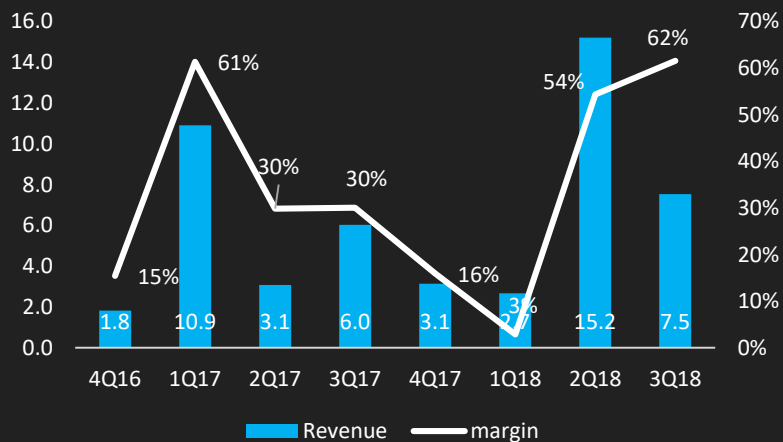
YTD – Year To Date



3 Q FY18 UPDATE

ALL TIME HIGH EBITDA MARGIN

Revenue (MUSD) and EBITDA margin

**COMMENTS**

Strongest quarterly EBITDA margin to date

High margins with absence of launch costs

- Marketing, external development, royalty and option cost higher in 2Q18

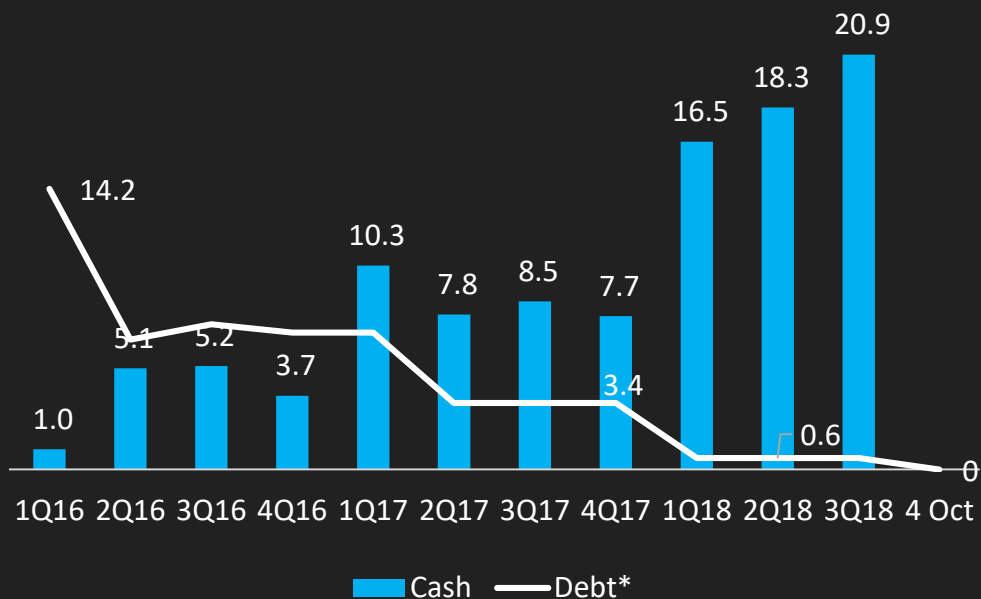
9th consecutive quarter with positive EBITDA



3 Q FY18 UPDATE

DEBT FREE FROM 4 OCTOBER, CASH CONTINUES TO GROW

Cash and debt (MUSD)



COMMENTS

- Last part of convertible bond converted on 4 October 2018
- Cash from USD 1.0 m to USD 20.9 m



*) Face value of interest bearing debt



STRATEGY



FUNCOM STRATEGY

	ADDITIONS PER YEAR	INVESTMENT SIZE	MARGIN	STRATEGIC VALUE	 BIZ MODEL Premium with additional monetization
INTELLECTUAL PROPERTY LICENSES	+1 - 4	VERY LOW	VERY HIGH	<ul style="list-style-type: none"> • IP control • Value creation by IP development • Additional revenue sources 	 DEVELOPMENT TIME 1 to 2 years of Full production
NEW PUBLISHING GAMES	+2 - 3	LOW-MID	MEDIUM	<ul style="list-style-type: none"> • Frequent releases • Low fixed employee cost impact • Finding long term partners 	 GLOBAL DISTRIBUTION NA and Europe: direct Other regions: with partners
NEW INTERNALLY DEVELOPED GAMES	+1	MID-LARGE	HIGH	<ul style="list-style-type: none"> • Large upside • Build and leverage competitive advantages 	 PLATFORMS For IP licenses: All For Publishing: PC, Xbox One, PlayStation 4, Switch
GAMES IN OPERATION & BACK CATALOGUE	+3	VERY LOW	HIGH	<ul style="list-style-type: none"> • Baseline cash contribution • IP Value maintenance • Strengthen community 	

A close-up, cinematic shot of a character with brown hair and a face covered in a cracked, stone-like texture. The character is looking down at a dark, reflective surface, possibly a piece of machinery or a table. The lighting is dramatic, with strong highlights and deep shadows. A black rectangular box is overlaid on the lower left portion of the image, containing the text "GAME ACTIVITIES" in a bright blue, sans-serif font.

GAME ACTIVITIES



3Q FY18 UPDATE

GAME ACTIVITIES DURING AND AFTER 3Q



CONAN EXILES

DURING 3Q : Japan PS4 launch & DLC 2 release

AFTER 3Q: Pets update & DLC 3 release. Halloween Event



SECRET WORLD LEGENDS

DURING 3Q: Anniversary & Equinox events

AFTER 3Q: Halloween event



AGE OF CONAN: UNCHAINED

DURING 3Q : Summer PvP event

AFTER 3Q: Saga of Blood server



ANARCHY ONLINE

DURING 3Q: New Event Content

AFTER 3Q : Halloween Event



PIPELINE



3 Q FY18 UPDATE

PIPELINE

MUTANT YEAR ZERO ROAD TO EDEN

PLATFORMS : PC - XBOX ONE – PS4

RELEASE : 4 December 2018

STATUS : In Final Production



CONAN

TOP SECRET

PLATFORM : PC

RELEASE : Q2 2019

STATUS : In Production



FUNCOM IP

TOP SECRET

PLATFORMS : PC - XBOX ONE – PS4

RELEASE : Halloween 2019

STATUS : In Production



HEROIC Signatures

TOP SECRET

PLATFORMS : PC - XBOX ONE – PS4

RELEASE : TBA

STATUS : In Production



FUNCOM INC

CONAN SINGLE PLAYER

TOP SECRET

PLATFORMS : PC - XBOX ONE – PS4

RELEASE : TBA

STATUS : In Pre-Production



FUNCOM OSLO AS

OPEN WORLD
MULTI-PLAYER

TOP SECRET

PLATFORMS : PC - XBOX ONE – PS4

RELEASE : TBA

STATUS : In Concept



FUNCOM OSLO AS



3 Q FY18 UPDATE

MUTANT YEAR ZERO: ROAD TO EDEN

- Press received access to a demo version last week, and coverage has been positive:
 - «It's fun, funny, and the combat is challenging from the get-go.»
- PC Gamer
 - «In terms of polish and performance, Mutant Year Zero is already up to a high standard, and with about a month left in the oven, it should get even better. »
- GameZone
 - «...a light and snappy turn-based strategy experience that looks highly promising.»
- GameSkinny
- Select influencers are also getting access to the demo this week.
- A demo version of the game was released today and is available to anyone who pre-orders the game via the official website at www.mutantyearzero.com.
- Funcom will ramp up its marketing push on the game around launch, with both paid marketing and more PR.





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SUMMARY

- 3Q18 had the highest EBITDA margin (62%) in Funcom's history
- Last year's annual profit record beaten - already after 3Q
- 3Q18 results driven by Conan Exiles
- Debt free from 4 October and strong cash position
- Promising pipeline with six new game projects
- *Mutant Year Zero: Road to Eden* launching 4 December 2018, with demo made available today for PC pre-orders

QUESTIONS?



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