

4Q 2018 PRESENTATION



FUNCOM

26 February 2019



BEST FUNCOM YEAR TO DATE

SUCCESSFUL MUTANT LAUNCH

ACQUISITION OF LISBON DEVELOPER ZPX

LEGENDARY ENTERTAINMENT PARTNERSHIP ON DUNE GAMES

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

4Q 2018 FINANCIALS



4Q FY18 PRESENTATION

4Q18 SIGNIFICANTLY BETTER THAN 4Q17

USDm	4Q 18	4Q 17	Change
Revenue	8.4	3.1	+ 166 %
EBITDA	4.7	0.5	+ 841 %
EBIT	1.4	-0.5	+ 1.9
Profit, pre-tax	0.4	-0.6	+ 1.0

- Key drivers this quarter



- Mutant is amortized over 18 months with strongly accelerated amortization



4Q FY18 PRESENTATION

2018 MOST PROFITABLE YEAR TO DATE

USDm	2018	2017	Change
Revenue	33.8	23.2	+ 46 %
EBITDA	17.7	9.9	+ 78 %
EBIT	10.2	6.6	+ 53 %
Profit, pre-tax	7.7	6.7	+ 14 %
Cash	19.9	7.7	+ 157 %
Equity	45.2	13.7	+ 230 %
Debt ¹	0.0	3.4	-100%

- Highest annual EBITDA, EBIT and profit to date
- Significant increase in cash and equity
- Debt free

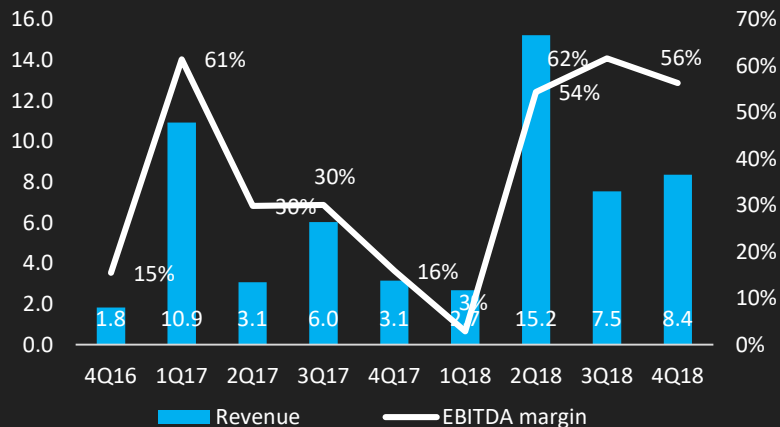
1) Face value of interest bearing debt



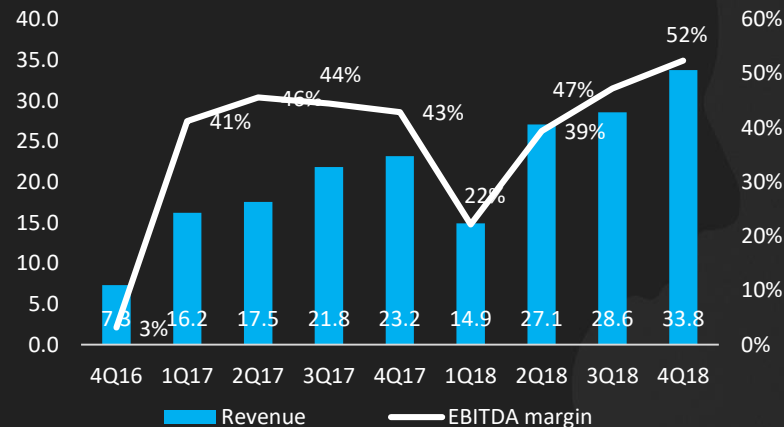
4Q FY18 UPDATE

HIGHEST ROLLING EBITDA MARGIN TO DATE

Revenue (MUSD) and EBITDA margin



12m rolling revenue (MUSD) and EBITDA margin

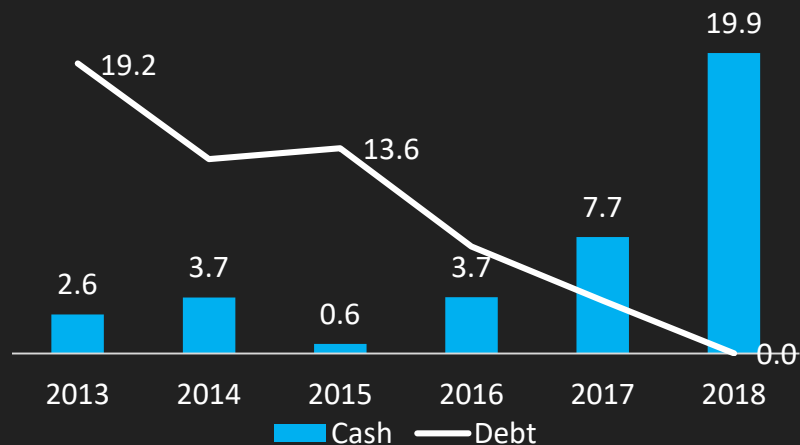




4Q FY18 UPDATE

DEBT FREE AND STRONG CASH DEVELOPMENT

Cash and debt



COMMENTS

Last part of convertible bond converted on 4 October 2018

USD 3.9m invested in game development in 4Q18, USD 15.2m in 2018

We will continue to invest heavily in new games in 2019, mostly for 2020 launches



GAME ACTIVITIES



4Q FY18 UPDATE

MUTANT YEAR ZERO: ROAD TO EDEN

GREAT REVIEWS



78

Metascore

Generally favorable reviews
based on **56 Critics**

What's this?

Summary: A tactical adventure game combining the turn-based combat of XCOM with story, exploration, stealth, and strategy. Take control of a team of Mutants navigating a post-human Earth. Created by a team including former HITMAN leads and the designer of PAYDAY.

STEAM RATING: **79%**

AWARDS AND QUOTES



"It is a superb tactical combat campaign that you shouldn't let sneak past."

- Gamespot

"...because the small, linear but smart, powerful and atmospheric Mutant Year Zero I got grabbed hold of me so completely."

- Rock Paper Shotgun

"While it lasts, Mutant Year Zero is a tense, absorbing and atmospheric new member of the XCOM family. I suppose wanting more of it is a good problem to have."

- PC Gamer

[Link to reveal trailer](#)

COMMENTS

Released on December 4th on PC, Xbox One, and PlayStation 4

Good reception on all platforms

«Stalker Trials» free update released on PC on the 26 of February, additional activities coming

Successful launch establishes Funcom's reputation as a publisher



4Q FY18 UPDATE

OTHER GAME ACTIVITIES DURING AND AFTER 4Q



CONAN EXILES

DURING 4Q : Pets update, DLC 3 & 4 release

AFTER 4Q: Quality of life updates, new voice solution and preparations for PC free weekend on March 7th



AGE OF CONAN: UNCHAINED

DURING 4Q : Saga of Blood server

AFTER 4Q: New hoard and end of Saga of Blood



SECRET WORLD LEGENDS

DURING 4Q: Halloween and Winter events, Dark Agartha

AFTER 4Q: Stonehenge update



ANARCHY ONLINE

DURING 4Q: Halloween and Winter event

AFTER 4Q: New subscriber only server: Rubi-Ka 2019



4Q FY18 UPDATE

CONAN UNCONQUERED



- Game revealed on 8 December 2018
- First-ever strategy game set in the world of Conan
- Single player and two-player co-op
- Releasing in Q2 2019 for PC
- Published by Funcom and developed by Petroglyph
- Inspired by Robert E Howard's "Black Colossus" story



4Q FY18 UPDATE

LEGENDARY PARTNERSHIP FOR DUNE GAMES

- Exclusive partnership with Legendary Entertainment for video games based on the works of Frank Herbert's DUNE
- Six year partnership for a minimum of three PC and Console games
- One such game will be an "Open World Multiplayer" project developed in Funcom's Oslo studio
- Legendary Entertainment is working on a new high profile film adaptation, directed by Denis Villeneuve and scheduled for 20 November, 2020



STRATEGY AND PIPELINE



4Q FY18 UPDATE

ZPX ACQUISITION SECURES LOW COST DEVELOPMENT IN PORTUGAL

STRATEGIC RATIONALE

Secures cost efficient, highly skilled development capacity

Independent service provider – secures capacity, but still variable cost

Has already successfully delivered work on Funcom games for two years

THE COMPANY

Game development service supplier situated in Lisbon, Portugal

15 talented employees, hiring great talents to double the number

Quality and client focused attitude, range of clients

THE DEAL

Acquisition: 50.1% of ZPX shares

Consideration: EUR 150k paid as 102 363 shares and undisclosed cash amount

ZPX was profitable in 2018

MUTANT
ROAD TO EDEN

CONAN
EXILES

CONAN
UNCONQUERED



HEROIC
MULTIPLAYER
CO-OP SHOOTER

TOP SECRET



4Q FY18 UPDATE

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 	



4Q FY18 UPDATE

STRONG PIPELINE OF NEW GAMES

External

CONAN
UNCONQUERED

PLATFORMS : PC
RELEASE : Q2 2019
STATUS : In Production



FUNCOM IP

TOP SECRET

PLATFORMS : PC - XBOX ONE - PS4
RELEASE : Halloween 2019
STATUS : In Production



Internal

HERO!
Signature

MULTIPLAYER CO-OP SHOOTER

TOP SECRET

PLATFORMS : PC - XBOX ONE - PS4
RELEASE : 2020
STATUS : In Production



CONAN
SINGLE PLAYER

TOP SECRET

PLATFORMS : PC - XBOX ONE - PS4
RELEASE : 2020
STATUS : In Pre-Production



DUNE IP
OPEN WORLD
MULTIPLAYER

TOP SECRET

PLATFORMS : PC - XBOX ONE - PS4
RELEASE : TBA
STATUS : In Concept



13 active projects in total – 5 new + 8 existing or prototype game projects



4Q FY18 UPDATE

SUMMARY

- 2018 was the most profitable year in Funcom history
- Successful Mutant Year Zero launch. Solidified Funcom position as a reputable publisher of third party developed games
- ZPX acquisition completed, securing production capacity at competitive rates
- Debt free and strong cash position
- Promising pipeline, 5 new projects in development, total of 13 active projects
- Exclusive 6-year partnership with Legendary Entertainment for 3+ games based on the DUNE IP

QUESTIONS?



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