

2018 Fourth Quarter Financial Report

The Funcom® Group
Funcom N.V. and subsidiaries

“2018 is our best year to date. A year marked by the full release of Conan Exiles, by the acquisition of 50% of the IP rights for Conan and other properties for games, by the investment from Swedbank Robur to fuel our publishing strategy and by the launch of our first published game under this strategy – Mutant Year Zero: Road to Eden.

It has been a hectic year, with more activities and projects than ever before. We are happy to see the support of partners, investors and shareholders for our strategy of becoming a key player in niches and game genres that are too small for the big publisher but too difficult to reach for small independent studios. We truly believe we are well positioned to achieve this, and our multiple ongoing projects on several fronts are a natural risk mitigation mechanism that still keeps the very strong upside these various niches represent.

This is only the beginning of our journey, and we believe 2019 will be a year where exciting projects and opportunities will present themselves, the fruits of which we will see in 2020 and beyond.

We can see a glimpse of that future already, with five new confirmed games in the pipeline and a few new games being considered. Several small internal activities are planned to boost revenue on existing games through DLCs, additional platforms/stores and partnerships. We also see it in our second acquisition in one year, the Lisbon-based studio ZPX. A great way to secure production capacity while keeping costs under control.

We are happy to see that 4Q18 and the full year of 2018 ended with the successful release of Mutant Year Zero: Road to Eden. A great game that was well received, contributed significantly to the 4Q18 financials and, most importantly, to our reputation as a publisher that works hard to give a game its best chance at succeeding.

Finally, we are very excited to announce an exclusive gaming partnership with Legendary Entertainment to develop a line of video games based on the works of Frank Herbert’s DUNE. DUNE is one of the world’s best-known science fiction universes and a personal favourite of mine. To work on DUNE games is a dream come true for many of us in Funcom. We will talk more about what we will do in this fantastic universe in the future.

Funcom is stronger than ever. With an incredibly exciting pipeline of games, and by continuing to successfully execute on our strategy, it is my conviction that we will lift the company to new heights.”

Rui Casais, Chief Executive Officer

1 Highlights

- 2018 is the most profitable year in Funcom history
- Successful *Mutant Year Zero: Road to Eden* launch. Established Funcom position as a reputable publisher of third party developed games.
- Acquisition of 50.1% of Lisbon based ZPX. A game services and development provider to secure production capacity at competitive rates
- Promising pipeline with 5 confirmed new games in various stages of development:
 - *Conan Unconquered* - 2Q19 release
 - Rock Pocket, Funcom IP - Halloween 2019 release
 - Funcom North Carolina, Heroic Signatures IP, multiplayer Co-op shooter
 - Funcom Oslo, Conan single player
 - Funcom Oslo, Open world multiplayer (based on the DUNE intellectual property)
- Several other activities planned for existing games:
 - Additional stores and platforms support (such as Nintendo Switch)
 - Additional events, DLCs and other forms of player retention and monetization
- Exclusive gaming partnership established with Legendary Entertainment for the creation of a minimum of 3 games based on the DUNE Intellectual Property over the next six years, on PC and Console

2 Financials

2.1 Fourth quarter 2018

- Revenues for the quarter increased by 166% to USD 8 354 thousand, versus same period last year (4Q17: USD 3 142 thousand), driven by the successful *Mutant Year Zero* launch and strong *Conan Exiles* post launch performance
- EBITDA increased by 841% to USD 4 702 thousand (4Q17: USD 499 thousand). The 12-month rolling EBITDA margin in 4Q18 was 52%, the strongest to date
- EBIT increased by USD 1 879 thousand to USD 1 426 thousand (4Q17: USD -453 thousand)
- The equity increased by 230% to USD 45 175 thousand (4Q17: USD 13 678 thousand), driven by profits, the Robur private placement, the IP acquisition through Heroic Signatures DA, and debt conversions
- The cash position increased by 157% to USD 19 902 thousand (4Q17: USD 7 731 thousand)
- Cash flow from operating activities for the quarter increased by 41% to USD 2 960 thousand (4Q17: USD 2 097 thousand) despite a working capital change of USD -1 244 thousand driven by the delay of launch related revenue

2.2 Full year 2018

- Revenues increased by 46% to USD 33 776 thousand compared to last year (2017: USD 23 162 thousand)
- EBITDA increased by 78% to USD 17 690 thousand (2017: USD 9 937 thousand), the highest Funcom EBITDA to date
- EBIT increased by 53% to USD 10 166 thousand (2017: USD 6 639 thousand), the highest Funcom EBIT to date
- Cash flow from operating activities increased by 65% to USD 17 196 thousand (2017: USD 10 397 thousand)
- Earnings per share (basic) were USD 0.08, NOK 0.68

3 Game highlights

The following highlights elaborate on the games that represent the majority of the Company's business. In addition to these, the Company engages in the development of prototypes for new publishing games, porting of existing games to new platforms and stores, and other activities designed to secure future additional revenue streams.

3.1 Conan Exiles

- Released the "Pets" update which included the pet system as well as a new religion and new dungeon
- Released the game's 3rd DLC, *The Savage Frontier*, which featured pet skins and wilderness inspired buildings
- Released the game's 4th DLC, *Seekers of the Dawn*, which was a Japanese inspired DLC in support of the game's popularity in Japan
- The game will have a free weekend on Steam starting on 7 March
- Following the release of the 4th DLC the team has been focused on performance and stability optimizations, quality of life improvements, balance tweaks, and bug fixes in preparation for the free weekend

3.2 Age of Conan, Secret World Legends and Anarchy Online:

- The "Age of Conan Saga of Blood" server was released on 27 September and ran through the end of the year. It was a Player versus Player focused server that featured an increasing level cap and tiered loot boxes
- *Secret World Legends* had a content release each month of 4Q18. October opened with the annual Halloween event; November saw the release of a major content update, *Dark Agartha*; and the annual "Winter" event wrapped up for the year in December.
- *Anarchy Online* ran its two annual events in 4Q18— Halloween and Winter— each with new content
- The "Age of Conan Saga of Blood" server closed on 18 February '19, followed by an event for players. This event introduced the new "Silent Legion Hoard"
- *Secret World Legends* released its Occult Defence scenario group update, on 6 February '19, followed by a Valentine's Day event on 8 February '19
- *Anarchy Online* will introduce a new, subscriber only server, launching in late February/March '19

3.3 Mutant Year Zero: Road to Eden:

- The game was released on 4 December on PC, Xbox One, and PlayStation 4 and was well received by players and press on all platforms
- The game was included in the Xbox Gamepass subscription package in December
- A new "Stalker Trials" free update released on PC on 26 February, with additional activities to be revealed in the coming months
- This successful launch establishes Funcom's reputation as a publisher

3.4 Conan Unconquered:

- *Conan Unconquered* was revealed on 10 December 2018 and is a real-time strategy game set in the world of Conan the Barbarian, inspired by Robert E Howard's "Black Colossus" story
- The game supports both single player and two-player co-op gameplay and is set to release in 2Q19 for PC

- It is published by Funcom and developed by Petroglyph

3.5 Rock Pocket project:

- An additional externally developed game to be released in 2019, developed by Rock Pocket Games based on a Funcom IP to launch on PC, Xbox One and PlayStation 4 for the Halloween season
- More information on the game will be made available during 2Q19

3.6 Future internal games:

- Funcom North Carolina
 - A game in the “Cooperative online shooter” genre with a Premium business model using an IP from Heroic Signatures that is not Conan
 - The game is in full production and is scheduled for release in 2020
- Funcom Oslo
 - A single player Conan IP game is in pre-production, to be released in 2020
 - A new open-world multiplayer game is in early concepting stage, to enter pre-production in 2019, utilizing the DUNE intellectual property

4 Risk factors

- For information regarding risk factors for the Company and its games, please refer to note 27 in the 2017 Annual Report. The report can be downloaded from the company website at <https://investors.funcom.com/>. For evaluation of the risks related to Funcom games and activities, Funcom encourages investors to seek information about the industry in general and Funcom specifically from analyst reports, industry reports, game reviews etc
- Several different financial scenarios should be evaluated when analysing the potential of any existing or future games. The financial performance of new games and the development of games’ performance over time is uncertain

5 Outlook

- The financial performance outlook of the Company is positive, with ongoing significant investments into both internal and published games, most of which for projects launching in 2020 and beyond
- Key factors of the outlook
 - The continued sales of *Conan Exiles* and *Mutant Year Zero: Road to Eden* including upcoming DLCs and additional stores and platforms support.
 - Launch of *Conan Unconquered* in 2Q 2019 on PC
 - Launch of the Rock Pocket developed game in the Halloween season of 2019 on PC, Xbox One and PlayStation 4
 - Launch of Funcom North Carolina’s Shooter game and Funcom Oslo’s Conan single player game, both of which in 2020
 - Development and launch of a minimum of 3 games based on the DUNE IP
- Revenue and profitability should be expected to vary from quarter to quarter, depending on launch activity, sales and other events. The Company’s strategy of releasing both internally and externally developed games, allowing multiple releases each year, is designed to increase diversification and reduce risk

- Revenue from the online games are expected to slowly decline over time due to their ageing. However, Funcom will continue to launch events and content releases to spur periods of growth
- In line with the communicated strategy Funcom is investing in the above mentioned and additional co-development and publishing games going forward

Badhoevedorp, The Netherlands, 26 February 2019

The Management Board of Funcom N.V.

- This report is also available at <http://www.newsweb.no>
- This report contains forward-looking statements. These statements are based on current estimates and projections of Funcom's management and currently available information. 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 risks discussed in Funcom's Annual Report 2017 note 27.
- For more information about Funcom, its games and its organization, please see www.funcom.com

* "Funcom", "*Secret World Legends*" and "*Anarchy Online*" are registered trademarks of Funcom Oslo AS.

FUNCOM N.V. - FOURTH QUARTER FINANCIALS OF 2018
PRELIMINARY, CONDENSED, NOT AUDITED, FIGURES

CONSOLIDATED PROFIT AND LOSS ACCOUNTS				
<i>(Figures in TUSD)</i>	Fourth Quarter		Accumulated	
	2018	2017	2018	2017
Revenue	8 354	3 142	33 776	23 162
Operating expenses	-3 652	-2 642	-16 086	-13 225
Earnings Before Interest, Tax, Depreciation and Amortization	4 702	499	17 690	9 937
Depreciation, amortization and impairment charges	-3 276	-952	-7 523	-3 298
Operating result ("EBIT")	1 426	-453	10 166	6 639
Share of result from equity-accounted entities				
Net financial items	-1 073	-190	-2 496	89
Profit (loss) before income taxes	353	-643	7 670	6 729
Income taxes	335	-1 777	-1 622	-1 773
Profit (loss) for the period	688	-2 420	6 048	4 957
Attributable to non-controlling interests				
Attributable to shareholders of Funcom N.V.	688	-2 420	6 048	4 957
Earnings per share basic (USD)	0,01	-0,04	0,08	0,07
Earnings per share fully diluted (USD)	0,01	-0,04	0,08	0,06
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Profit (loss) for the period	688	-2 420	6 048	4 957
Foreign exchange translation difference	-859	-362	-937	135
Total comprehensive income for the period	-171	-2 782	5 110	5 092
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
			31 December	
<i>(Figures in TUSD)</i>			2018	2017
ASSETS				
<u>Non-current assets</u>				
Intangible assets			24 711	10 249
Tangible fixed assets			155	37
Investments accounted for using the equity method				
Long term receivables			489	567
Total non-current assets			25 354	10 852
<u>Current assets</u>				
Trade receivables			4 797	1 559
Prepayments and other receivables			1 269	269
Cash and cash equivalents			19 902	7 731
Total current assets			25 968	9 559
Total assets			51 322	20 411
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share capital			18 224	13 525
Reserves			189 109	168 359
Retained earnings			-162 159	-168 206
Total equity			45 175	13 678
<u>Liabilities</u>				
Deferred tax liabilities			2 086	671
Long-term liabilities			92	91
Deferred income			222	478
Short-term loans and borrowings				3 411
Other short term liabilities			3 747	2 082
Total liabilities			6 147	6 733
Total equity and liabilities			51 322	20 411

CONSOLIDATED STATEMENT OF CASH FLOWS				
	Fourth Quarter		Period ended 31 December	
<i>(Figures in TUSD)</i>	2018	2017	2018	2017
Cash flow from operating activities				
Profit (loss) before income tax	353	-643	7 670	6 729
Adjustments for:				
Depreciation, amortization and impairment	3 276	952	7 523	3 298
Share-based payments		272	2 903	750
Income taxes paid	1	-4	-71	
Effect of exchange rate fluctuation	574		1 892	
Changes in working capital	-1 244	1 521	-2 720	-380
Net cash flow from operating activities	2 960	2 097	17 196	10 397
Cash flow from investing activities				
Purchase of equipment and investment in intangible assets	-4 136	-2 863	-16 585	-6 610
Investment in equity-accounted entities				
Net cash flow from investing activities	-4 136	-2 863	-16 585	-6 610
Cash flow from financing activities				
Net proceeds from issue of share capital	104		12 374	470
Proceeds / repayments from (of) borrowings and leases				
Net cash flow from financing activities	104		12 374	470
Change in cash and cash equivalents	-1 072	-765	12 985	4 257
Cash and cash equivalents, beginning of period	20 923	8 481	7 731	3 709
Cash and cash equivalents, end of period before exchange effect	19 851	7 716	20 716	7 966
Effect of exchange rate fluctuations	51	15	-814	-234
Cash and cash equivalents, end of period after exchange effect	19 902	7 731	19 902	7 731

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		
	31 December	
<i>(Figures in TUSD)</i>	2018	2017
Opening balance	13 678	3 773
Total comprehensive income for the period	5 110	5 092
Equity issues	23 483	3 906
Exercise of warrants		157
Share-based payments	2 903	750
Closing balance	45 175	13 678

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, publish and carry on business in computer and console games in the broadest sense. The unaudited interim condensed consolidated financial statements for the Company year to date at 31 December 2018 were approved for issue by the Supervisory Board on 26 February 2019.

2 Basis for preparation and selected significant accounting policies

Based on a strong cash balance, recent successful launches, future pipeline and access to external funding in the financial markets the Company's financial situation is strong. Based on this the going concern assumption is justified and consequently the unaudited interim condensed consolidated financial statements of the Company for the year to date at 31 December 2018 have been prepared on a going concern basis. Notwithstanding the above, the actual performance of the Company may deviate significantly from the projections.

These unaudited statements have been prepared in accordance with IAS 34, which means that they 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 2017 Annual Report.

As of 1 January 2018, the Group has 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 significant impact on the amounts reported in this interim report but may affect the accounting for future transactions or arrangements. The impact of the financial statements of standards issued, but with an adoption date on 1 January 2019 or later will be discussed in the annual report.

The revised accounting principles due to the adoption of IFRS 9, 15 and 16 are described in note 2 in Funcom's 2017 Annual Report and will be further described in the 2018 annual report. IFRS 9 and 15 are applied from 1 January 2018, whereas IFRS 16 will be applied from 1 January 2019. With respect to IFRS 9 Funcom has taken advantage of the exemption allowing it not to restate comparative information of prior periods with respect to classification, measurement and impairment. Funcom has concluded that the application of IFRS 9's impairment requirements in 1 January 2018 will not result in an increase in its impairment provision. For IFRS 15 the cumulative catch up method is used, allowing 2017 financials not being restated with new principles. As the effect of the minor adjustment to Funcom's revenue policy, as described in the 2017 Annual report is insignificant, it is not illustrated how the 2018 numbers would have been based on the old accounting principles and no adjustment to opening retained earnings as at 1 January 2018 has been made. An adjustment of USD 64 thousand has been made to retained earnings because of changed business model and subscription options connected with the relaunch of The Secret World to Secret World Legends. Disclosures of disaggregated revenue are presented in note 15.

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.

2.2 Intangible assets

Intangible assets are recognized in the balance sheet if it can be confirmed that there are probable future economic benefits that can be attributed to the assets that are owned by the Company, and the assets' cost price can be reliably estimated. Both internally and externally developed games that are published by Funcom are capitalized. 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. The intellectual property rights acquired by Heroic Signatures DA are classified as having indefinite useful life, which means they are not amortized unless the annual impairment test implies there is a reason to do so.

2.3 Equity

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

2.4 Deferred revenues

Per copy sales of new games, whether delivered via Internet (game download) or packaged goods (boxes), are recognized in the Statement of Comprehensive Income as revenue at the time of sale, given that sufficient visibility has been secured. Sales through third-party distribution platforms is also recognized as underlying sales occur. Revenues from subscriptions are recognized over the subscription period, normally 1-12 months, revenues from sales of in-game items / micro-transactions are recognized at the time of sale. Revenue from virtual currency is recognized at the estimated time of spending rather than at the time of purchase. A provision for expected refunds is charged against revenue to the extent Funcom has an obligation for such arrangements.

2.5 Joint operation

While a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The accounting treatment of a joint operation is different than that of a joint venture.

A joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When a joint operation does not constitute a business, the acquirer identifies and recognises the individual identifiable assets acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill. Other costs related the transaction can be capitalized.

On 8 February 2018, Funcom completed a transaction to acquire 50% interest of Heroic Signatures DA. Heroic Signatures DA (Delt Ansvar) is a general partnership registered in

Norway. Funcom's interest in Heroic Signatures DA is accounted as a joint operation. Heroic Signatures DA revenue originating from Funcom royalty fees are eliminated. In the previous quarters of 2018 Heroic Signatures DA were accounted as an investment in an equity accounted entity, but after careful consideration together with our auditor we have concluded joint operation is a better representation of the arrangement. This implies the asset value is now shown under intangible assets on the balance sheet and that Heroic Signatures DA third-party revenue is included in Funcom's consolidated revenue.

3 Operating revenues

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

4 Operating expenses

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

5 Depreciation and amortization

The Company amortizes investment in the development of technology and game assets on a systematic basis over their useful life. MMO games (*Age of Conan* and *Secret World Legends*) and technology have an amortization period of up to five years, whereas other games have an amortization period of two years or below. The company applies the diminishing balance amortization method, also called accelerated amortization method, that reflects the pattern of consumption of the future economic benefits. Typically, a high share of the amortization is applied to the time period after release, diminishing over time. If that pattern cannot be determined reliably, the company uses the straight-line method. The increase of intangible assets in 4Q18 was USD 6 612 thousand. Out of this USD 7 300 thousand corresponds to a reclassification from investments recognized using the equity method to intellectual property under the Intangible assets. USD -1 479 thousand is a translation effect, reflecting that the USD value of the intangible assets decreases when the USD / NOK foreign exchange rate decreases, as the intangible assets are held by Funcom Oslo in NOK. This means the underlying net addition of intangible assets in 4Q18 affecting the result is USD 791 thousand.

6 Net financial items

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

7 Taxes

A deferred tax liability of USD 2 086 thousand is recorded on the balance sheet, due to temporary tax differences driven by increasing investments into new games which are expensed for tax purposes. This resulted in no payable tax in Norway nor in the Netherlands for the fiscal year 2018. A tax cost of USD 341 thousand for 4Q18 has been calculated in Funcom Oslo AS and Funcom Oslo Licensing AS.

The tax assessment received by Funcom N.V. with respect to the financial year 2016 reports nil taxable amounts for this year and carry forward losses amounting to USD 1 835 thousand as of the end of 2016. The Company has not recognized deferred tax assets for any potential carry forward loss of Funcom N.V.

8 Long term receivables

Long term receivables consist of deposits for real estate.

9 Cash

Cash and cash equivalents are USD 19 902 thousand. Of these USD 209 thousand are restricted.

10 Liabilities

Long-term liabilities consist of long-term lease liabilities.

On 4 October 2018 the remaining convertible bond and related accrued interest was converted into 1,189,331 new shares. After this conversion, there are no bonds outstanding, and for the first time since 2009 Funcom has no interest-bearing debt.

11 Cash flows

A significant part of Funcom's cash and cash equivalents are denominated in Norwegian kroner, in United States Dollar and in Euro. The Company's NOK, USD and EUR cash holdings are a natural hedge against the operating expenses arising in the same currencies.

12 Average number of shares

	Fourth quarter		Twelve months	
	2018	2017	2018	2017
Average number of shares (1'000)	76 940	57 931	73 487	55 843

On 1 February 2018 a 5:1 reverse split was conducted. In the above, for comparison purposes also the specified number of shares for 2017 has been adjusted for the reverse split.

13 Other comprehensive income

In accordance with IAS 21, the Company reported in 4Q18 under the 'Other comprehensive income' a foreign exchange loss amounting to USD -849 thousand mainly related to the reconciliation of intercompany balances in foreign currencies and to the translation of foreign operations into the reporting currency.

14 Equity

The equity of the Company increased from USD 44 625 thousand at the end of 3Q18 to USD 45 175 thousand at the end of 4Q18.

In February 2018 Funcom executed a private placement of 6 800 000 new shares at a subscription price of NOK 13 per share. The total gross proceeds to Funcom in the private placement was NOK 88.4 million. The transaction increased the equity of the Company with USD 11 508 thousand after USD 127 thousand in transaction fees.

In February 2018 the acquisition of 50% of "Heroic Signatures DA" in exchange for issuing 4 460 000 new shares, each at a subscription price of NOK 13, was completed. The transaction increased the equity with USD 7 493 thousand.

In March 2018, USD 3 000 thousand of Funcom convertible bond (including accrued interest) was converted into 5 413 127 Funcom shares at the price of USD 0.518 per share.

In June 2018, Funcom issued 597 141 new shares in relation to exercise of employee options.

In August 2018, Funcom issued 161 641 new shares in relation to exercise of employee options.

In October 2018, USD 616 thousand of Funcom convertible bond (including accrued interest) was converted into 1 189 331 Funcom shares at the price of USD 0.518 per share.

In November 2018, Funcom issued 79 353 new shares in relation to exercise of employee options.

15 Segments

IFRS 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision makers to allocate resources to the segment and to assess its performance. PC and console are key segments for Funcom with different growth, separate customer groups and payment terms. The reportable operating segments of the group are defined as:

- PC
- Console: PS4 and Xbox.
- Other: predominantly office rental revenue and external IP revenue

Numbers in USD thousand

Segment information	Revenue from external customers		Segment profit (loss) *)	
	January - December		January - December	
	2018	2017	2018	2017
PC	16 783	19 815	11 212	15 923
Console	16 418	2 797	11 726	2 248
Other activities	575	550	78	69
Total	33 776	23 162	23 015	18 240
General and administrative expenses			-5 325	-8 302
Depreciation, amortization and impairment charges			-7 523	-3 298
Net financial items			-2 496	89
Profit (loss) before tax			7 670	6 729

	Revenue from external customers		Segment profit (loss) *)	
	October - December		October - December	
	2018	2017	2018	2017
PC	4 517	2 313	2 941	2 061
Console	3 689	697	2 557	590
Other activities	148	132	42	8
Total	8 354	3 142	5 540	2 659
General and administrative expenses			-838	-2 160
Depreciation, amortization and impairment charges			-3 276	-952
Net financial items			-1 073	-190
Profit (loss) before tax			353	-643

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

	PC	Console	Under development	SUM
Segment assets as at 31 December 2017	5 598	3 354	1 026	9 978
Segment assets as at 31 December 2018	7 906	3 484	6 254	17 643

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

16 Subsequent events

On 8 January 2019 it was announced that Funcom had acquired 50.1% of the Lisbon, Portugal, based company, Zona Paradoxal, Lda (“ZPX”) with whom it has had a working relationship since 2017.

ZPX is a game development company, which has provided services to Funcom on “*Conan Exiles*”, “*Mutant Year Zero: Road to Eden*” and other projects and will continue to act independently with Funcom as its main customer.

Strategically this acquisition secures control of an important development partner, allowing for continued development cost savings when compared to Funcom’s main studios and for access to the growing talent pool of Portugal and Spain. ZPX’s quality and client focused attitude and history of providing varied services and executing projects in different time zones is also a good match for Funcom’s growing list of projects in development, allowing them to support both internal and published projects with ease. ZPX currently employs 15 individuals and are searching for great talent to gradually double the team. Due to the limited size of the company the acquisition will not have significant impact on Funcom’s financials and is classified as an immaterial business combination in terms of reporting requirements.

Part of the consideration for the acquisition of the 50.1% ownership in ZPX is 102 363 new shares that Funcom issued to the founders and shareholders of ZPX.