

INVESTOR PRESENTATION



FUNCOM

MARCH 2019



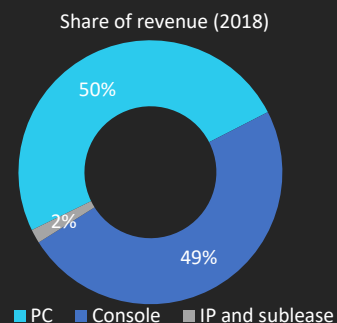
Funcom in brief

THE COMPANY

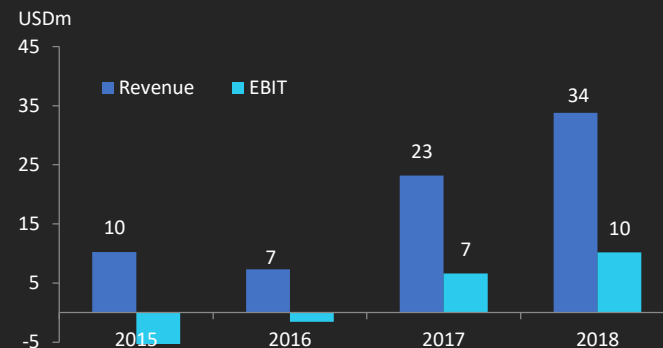
Norway and US based games developer and publisher focusing on online games and massive open world sandboxes for PC and consoles

Founded in 1993, listed on Oslo Stock Exchange since 2005

SEGMENTS



SUCCESSFUL TURNAROUND



LOCATIONS AND STAFF



GAMES PORTFOLIO OVERVIEW



Conan Unconquered
Release: Q2 2019

PC
[Trailer](#)



Mutant Year Zero:
Road To Eden
Release: 2018

PC XBOX PS4
[Trailer](#)



Conan Exiles
Release: 2017

PC XBOX PS4
[Trailer](#)



Secret World Legends
Relaunch: 2017

PC



Age Of Conan
Release: 2008

PC



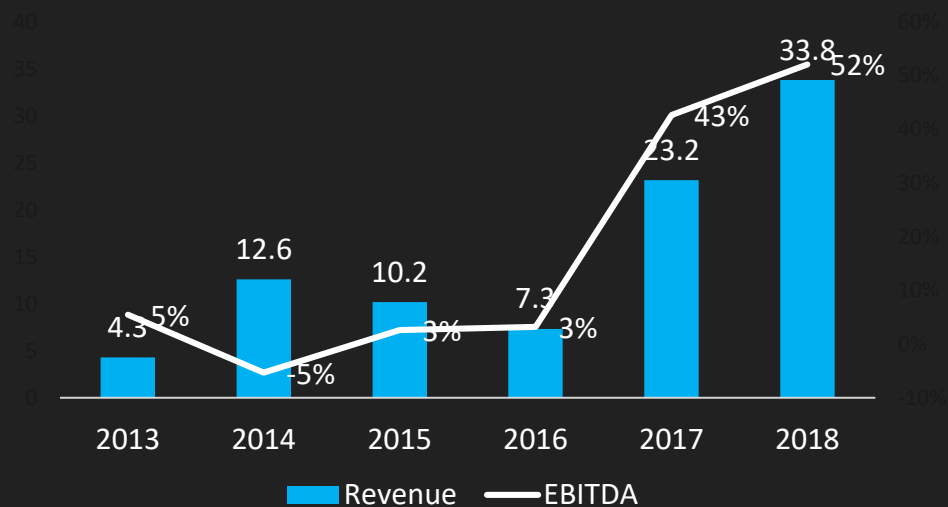
Anarchy Online
Release: 2001

PC



2017, 2018 most profitable years to date

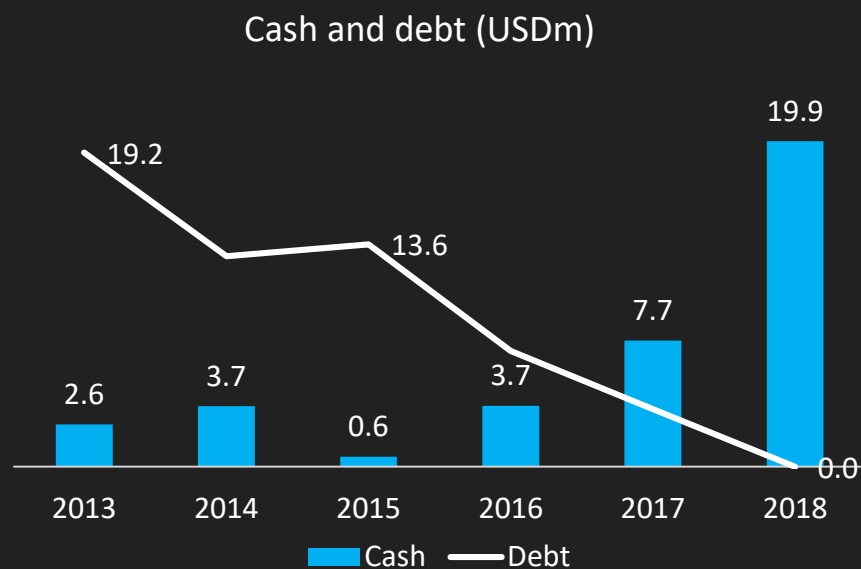
Revenue (USDm) and EBITDA margin



- 2017, 2018 most profitable years to date
- Turn around successful
- Increased profitability 2014-16 despite falling revenue due to intense cost cutting



Debt free and strong cash development



- 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

Debt is face value of interest bearing debt



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%

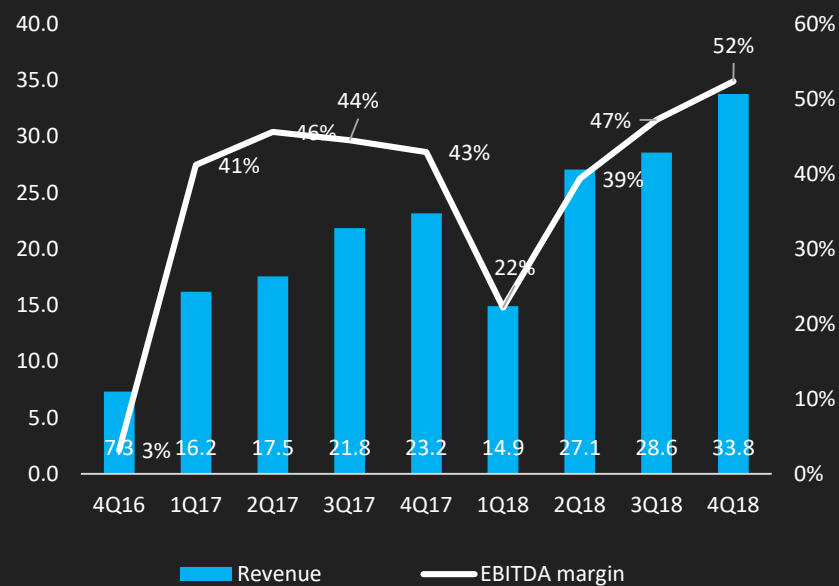
- Highest annual EBITDA, EBIT and profit to date
- Significant increase in cash and equity
- Debt free

1) Face value of interest bearing debt



Strong financial development

12m rolling revenue (USDm) and EBITDA margin



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





Conan Exiles

- Conan Exiles is a PC/Console Multiplayer Survival game
- Profitable within on week of the 31 January 2017 Early Access PC release
- 0.5 million units sold first month
- Sold 1 million units* before full launch on 8 May 2018 (including Xbox, launched on 16 August)
- Sold 1.4 million units* including retail sell-in by 1Q18 report, two weeks after full launch

[Link to reveal trailer](#)

** PC refunds not excluded*





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: **81%**

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

Strategy of multiple revenue sources and releases

	ADDITIONS / YEAR	INVESTMENT SIZE	MARGIN	STRATEGIC VALUE
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
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
NEW INTERNALLY DEVELOPED GAMES	+1	MID-LARGE	HIGH	<ul style="list-style-type: none"> • Large upside • Build and leverage competitive advantages
GAMES IN OPERATION & BACK CATALOGUE	+3	VERY LOW	HIGH	<ul style="list-style-type: none"> • Baseline cash contribution • IP Value maintenance • Strengthen community



PLATFORMS

For Publishing: PC, Xbox One, PlayStation 4, Switch
For IP licenses: All



DEVELOPMENT TIME

1 to 2 years of Full production



BIZ MODEL

Premium with additional monetization



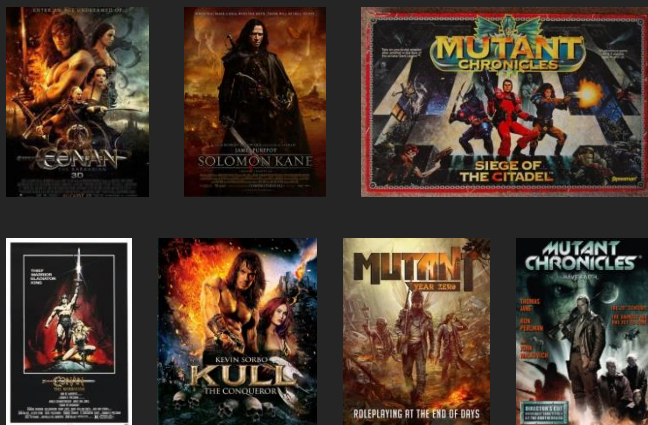
GLOBAL DISTRIBUTION

NA and Europe: direct
Other regions: with partners



Increased diversity in high quality IP portfolio

OWNED CONTENT¹



~10 known IPs, ~20 minor IPs

- IP rights ownership through Heroic Signatures
- Royalty revenue, strategic control of key IPs, strengthening publishing position
- Negligible cost and high margins

GAMES IN OPERATION²



~30 GAMES RELEASED

Conan Exiles, Jan 2017, May 2018

0.5M units sold first month

1.0M units sold before full launch³

1.4M units sold two weeks after launch³

Mutant YZ, December 2018

PCGAMER **81/100** GAMEREACTOR **8/10**

GAMESPOT **9/10** GAMESTAR **83/100**

Conan Unconquered, Q2 2019

22,000 live viewers when revealed

+300K trailer views on YouTube the following days

+450 sites wrote about the announcement

- Successful releases building strong franchises with loyal fanbase



ZPX acquisition secures cost efficient development

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

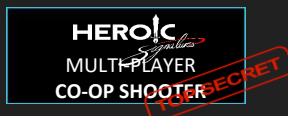
Quality and client focused attitude, range of clients

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





Strong pipeline of new games

External

CONAN
UNCONQUERED

PLATFORM : PC
RELEASE : Q2 2019
STATUS : In Production



FUNCOM IP

TOP SECRET

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



Internal

HEROIC
Signatures

MULTI-PLAYER 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
MULTI-PLAYER

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



FUNCOM

Conan Unconquered release in 2Q19



- 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 2Q19 for PC
- Published by Funcom and developed by Petroglyph
- Inspired by Robert E Howard's "Black Colossus" story



Exclusive access to DUNE IP

- 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



Funcom is well positioned in attractive market

STRONG POSITION IN MARKET NICHE

LESS COMPETITION FROM LARGER PLAYERS

- Funcom's main niche segment is open-world sandbox games where larger industry players such as Blizzard, Ubisoft and EA are not present
- These players typically focus on the largest main stream segments

TECHNICAL BARRIERS FOR INDIE STUDIOS

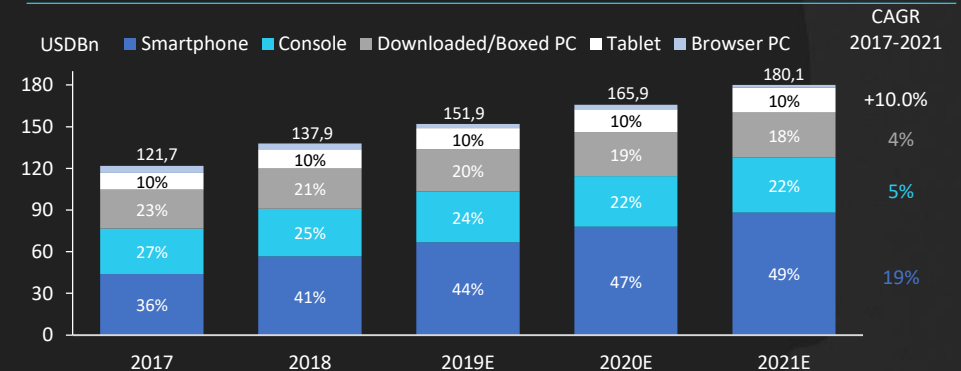
- Multi-player elements require highly technically skilled organizations as Funcom developed though MMOs
- As a result, Funcom can choose niches that are too difficult for most small studios to operate within

STABLE PROFITABLE GROWTH

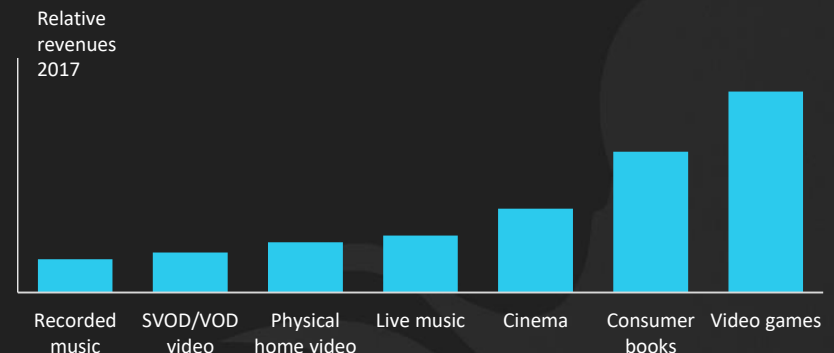
- Strong position and specialization in 1-3 selected niches (e.g. open-world sandbox, horror, real-time strategy, turn-based strategy and co-op shooter).
- Funcom leverages strategic advantages and build on previous games to improve quality and reduce cost of future games to generate significant level of stable revenues from high number of games and brands, some as games as a service, prolonging revenue.

LARGE AND FAST-GROWING MARKET

~USD 150BN MARKET GROWING AT 10%



VIDEO GAMING IS THE LARGEST ENTERTAINMENT INDUSTRY





Summary

- New strategy increasing revenue and robustness
 - Lower development time, multiple internal games, PC + console
 - Publishing externally developed games
 - Acquired IP portfolio with Conan
- Turnaround successful
 - 2017 and '18 most profitable to date with EBITDA USD 10m and 17m
 - Debt free and strong cash position
 - Solidified external publisher position with successful Mutant Year Zero launch
- Promising pipeline with five new game projects, DUNE IP secured

[Conan Unconquered Trailer](#)

CONTACT DETAILS



FUNCOM

SIGN UP FOR INVESTOR NEWS ON OUR WEBSITE:

[HTTP://INVESTORS.FUNCOM.COM](http://investors.funcom.com)

[Conan Unconquered Trailer](#)



RUI CASAIS

[RUI@FUNCOM.COM](mailto:rui@funcom.com)



STIAN DRAGESET

[STIANDR@FUNCOM.COM](mailto:stiandr@funcom.com)

QUESTIONS?



twitter.com/funcom



youtube.com/Funcom



www.funcom.com



facebook.com/funcom/

