

1Q 2018 PRESENTATION



FUNCOM

24 MAY 2018



1Q 2018 PRESENTATION

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This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking. You should not place undue reliance on these forward-looking statements for many reasons.

These forward-looking statements reflect current views with respect to future events and are by their nature subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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1Q 2018 PRESENTATION

HIGHLIGHTS

- Conan Exiles launched successfully on 8 May 2018 and has sold in total more than 1.4 million units, and will soon be Funcom's best selling game to date
- *Mutant Year Zero: Road to Eden* was announced and has received a lot of favourable interest. It will be launched in second half of 2018.
- Publishing of a Conan game to be developed by industry veterans Petroglyph has been announced, to be launched in first half of 2019
- The equity increased by USD 21.5 m in the quarter driven by
 - The NOK 88.4 million Swedbank Robur private placement which closed successfully
 - The cash-less acquisition of rights to a major IP portfolio including Conan the Barbarian through 50% ownership of Heroic Signatures DA which closed successfully
 - The conversion into equity of USD 3.0 million (including accrued interest) of the convertible bond, remaining face value is USD 0.6 million
- 1Q18 was EBITDA positive, despite focus on the 2Q18 Conan Exiles launch



1Q 2018 FINANCIALS



4Q17 PRESENTATION

POSITIVE EBITDA IN PRE-LAUNCH QUARTER

TUSD	1Q 18	1Q 17
Revenue	2 677	10 921
EBITDA	77	6 707
EBIT	-1 138	5 975
Profit	-1 172	6 129
Cash	16 533	10 286
Equity	35 137	10 179
Debt ¹	570	6 899
Key revenue activity	None	Conan Exiles Early Access launch

COMMENTS

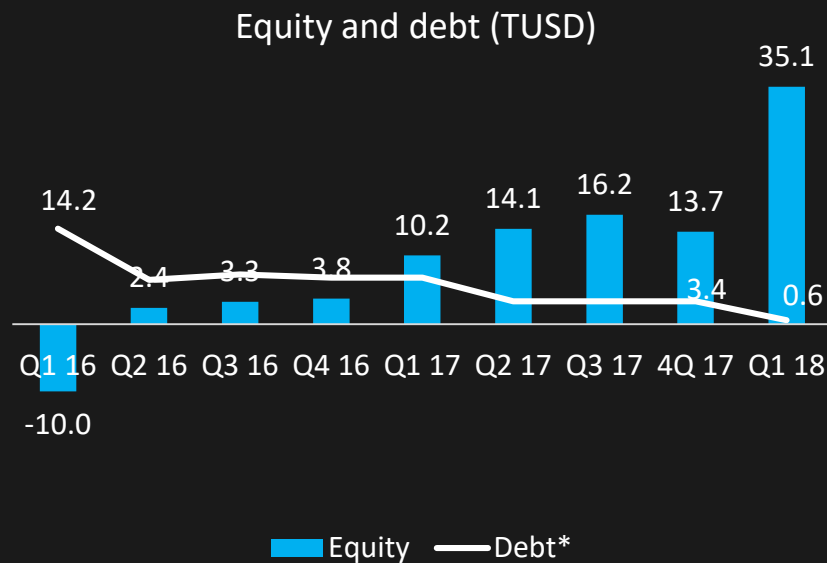
- EBITDA positive in a quarter dominated by launch preparations
- Cash significantly up due to Robur private placement
- Equity up USD 25m since 1Q17 due to Robur, IP rights acquisitions and debt conversion
- Debt reduced by USD 3m in 1Q18

1) Face value of interest bearing debt



1Q FY18 UPDATE

EQUITY AND DEBT DEVELOPMENT



COMMENTS

- Equity from minus USD 10m to plus USD 35m in 2 years
- Debt reduced from USD 14.2m to USD 0.6m in 2 years

*) Face value of interest bearing debt



INTERNAL PROJECTS



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CONAN EXILES LAUNCH

- Full launch on Conan Exiles on PC, Xbox One and PlayStation 4 on 8 May 2018, and successfully transferred from Early Access and Game Preview
- The game sold 1 million units* across all platforms between 31 January 2017 and the release on 8 May 2018
- In total, the game has now sold more than 1.4 million units* including retail sell-in, already selling as many units as Age of Conan did in its first three years.
 - Conan Exiles will soon become Funcom's bestselling game of all time
- The game has continued to be profitable since its first week after Early Access launch 31 January 2017



* PC refunds not excluded



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CONAN EXILES LAUNCH

- The game has been well received by both players and press
 - Some negativity due to the lack of official servers at launch following a large influx of returning players on PC and a higher than expected ratio of players on official vs. private servers
 - The quality of the game has greatly improved during the Early Access / Game Preview period and while the game could have benefited from even more quality improvements, this was clearly a more stable and higher quality launch than before
 - The team continues to improve the quality of the game and listen to the community to provide players with the best possible experience
- The game will be released for PlayStation 4 in Japan during Summer 2018 by Spike Chunsoft, both digitally and in retail stores





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CONAN EXILES – RECEPTION

Global Top Sellers

Windows

enter search term or tag Search Sort by Relevance

	PLAYERUNKNOWN'S BATTLEGROUNDS	21 Dec. 2017	259,00 kr
	Conan Exiles	8 May. 2018	399,00 kr
	Frostpunk	24 Apr. 2018	207,00 kr
	Total War Saga: Thrones of Britannia	3 May. 2018	375,00 kr
	The Forest	30 Apr. 2018	145,00 kr
	Stardew Valley	26 Feb. 2016	100,00 kr

PlayStation Store Sign In | Create Account Search

Just for You PS VR PS4 PS3 PS Vita/PS TV/PSP Discover Play Expand Save

Top Games

1-30 of 100 Matches 1 2 3 > Sort By

Media Type
☐ Games
☐ Bundles

Game Demo
☐ Demo Available

Age Rating
☐ ESRB E10-M

Sign In | Create Account

 Conan Exiles Full Game PS4 \$49.99	 God of War Full Game PS4 \$59.99	 God of War Digital Deluxe Edition Bundle PS4 \$69.99	 Persona 5 Full Game PS4 \$49.99	 H1Z1: Nemesis Pre-Order Bundle Bundle PS4 \$23.99 / \$25.99
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- Conan Exiles was the third bestselling game on Steam during launch week, and second bestselling game the week after
- On PlayStation, Conan Exiles entered the Top Games list in several territories, including the US
- Reviews for Conan Exiles seem to be averaging between 7 and 7.5, with some platform variation. Reviews have been divisive, ranging from 6 to 9 out of 10.
- Concurrent users playing on PC has almost matched Early Access peak, reaching a solid 49,230 players after launch, and has decreased more slowly than at Early Access launch
- The game has performed well on Twitch, reaching as high as 4th most viewed game

Featured Games Games people are watching now

 Fortnite 141,562 viewers	 League of Legends 118,088 viewers	 PLAYERUNKNOWN'S BATTLEGROUNDS 78,674 viewers	 Conan Exiles 36,423 viewers	 Dota 2 87,311 viewers	 Hearthstone 80,589 viewers
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CONAN EXILES – MARKETING ACTIVITIES

- A targeted marketing campaign has been executed, including activities such as in-store marketing, live-action Twitch and YouTube ads, print ads, website takeovers, console store ads, influencer marketing, cinema ads, Facebook ads, and more
- Various PR activities were also executed including press events, consumer events, trailer drops, and news announcements

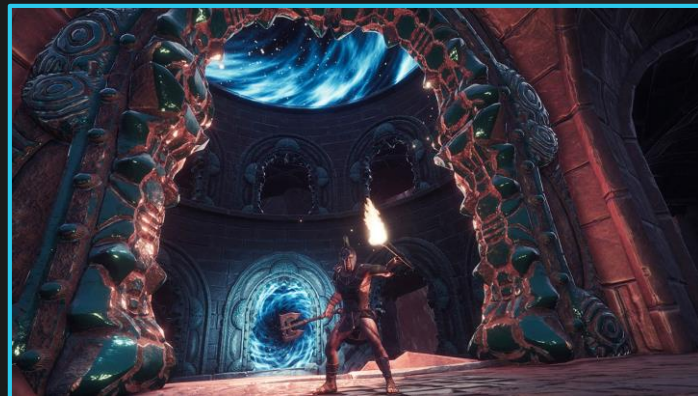




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CONAN EXILES - FUTURE

- Conan Exiles will receive the following types of updates during the following months:
 - Bug fixes and “Quality of Life” updates
 - New features and functionality
 - DLC packs
- New features and functionality will be free, with additional optional content to be packaged as DLC
- First DLC pack will be released during June





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AOC AND SWL UPDATE



- Age of Conan's "Saga of Zath" server ran from 24 January to 15 May and was successful in engaging players and increasing revenue
 - The Saga Server is a limited time server where players must start new characters and strive to reach specific milestones in order to earn rewards before the server event ends on 15 May.
- Secret World Legends received the "Dawn of the Morninglight" issue
 - The first story content to be added in over 2 years
 - Well received by the players
- More content and events are planned for SWL going forward



PUBLISHING PROJECTS



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MUTANT YEAR ZERO: ROAD TO EDEN

REVEAL

- Tactical adventure game revealed on 28 February
- Widespread pickup in the gaming press, CGI «went viral» with millions of views
- Unique setting, characters, and mix of strategy and adventure well received

FIRST LIVE DEMO

- Live demo at GDC in San Francisco in March 2018
- Previews in several major publications, e.g PC Gamer, IGN, and GameSpot
- Feedback from press on release was very positive, first live gameplay demo saw undivided positive response from the press

COMING ACTIVITIES

- E3 is next major marketing beat, first ever hands-on demo to share it with press
- Further PR and marketing activities will be executed leading up to launch
- On track for 2H18 launch on PC, Xbox, and PS4





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PETROGLYPH PROJECT



- Petroglyph is a well known developer of Real Time Strategy games
- Funcom is fully funding a new project with Petroglyph utilizing the Conan the Barbarian IP
- The game is planned to launch on PC during the first half of 2019
- More information on the game will be made available closer to its launch



FUTURE OUTLOOK





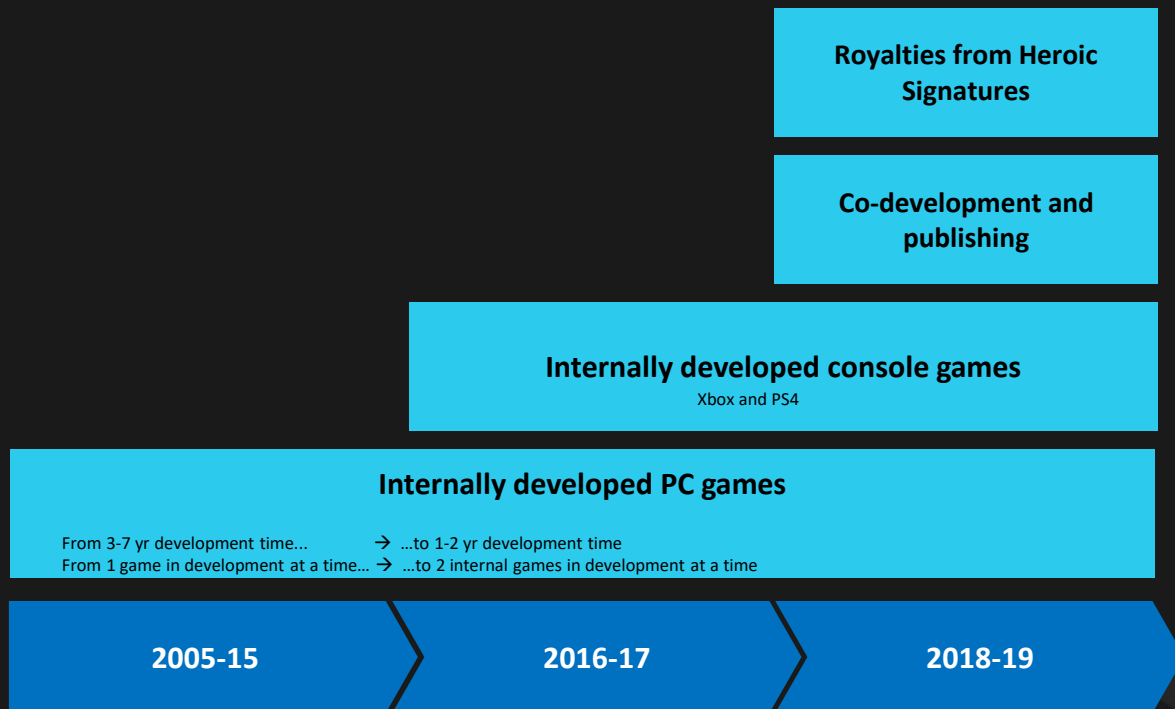
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FUTURE INTERNAL GAMES

- In Funcom Oslo:
 - New game concept using the “Conan the Barbarian” IP
 - Pre-production pushed to 2H 2018
- In Funcom North Carolina:
 - New major project was greenlit and entered pre-production phase in March 2018
 - The Team is currently hiring with most key positions filled
 - Full production scheduled to start in late 2Q or 3Q 2018 depending on staffing speed
 - The game will be a Cooperative online shooter game with a Premium business model using an IP from Heroic Signatures that isn't Conan
 - The company does not expect to reveal any information about the new project in 2018



THE PATH TO STABLE BASELINE REVENUES AND GROWTH





2018 MARCH INVESTOR MEETING

KEY ACTIVITIES 2018 AND 2019

	2018	2019
Heroic Signatures	<ul style="list-style-type: none">• From 1 Feb: Conan Exiles, Age of Conan• Mutant Year Zero• Potential new licensees	<ul style="list-style-type: none">• Conan Exiles, Age of Conan, Mutant YZ, Petroglyph Conan game• Potential new licensees
Co-development and publishing	<ul style="list-style-type: none">• Mutant Year Zero launch• New partnerships made	<ul style="list-style-type: none">• Petroglyph launch• Potential publishing game #3 launch• New partnerships made
Internally developed (pc and console)	<ul style="list-style-type: none">• Oslo: Full Conan Exiles launch• Oslo: New Conan game• US: Cooperative shooter	<ul style="list-style-type: none">• Oslo: New Conan game• US: Cooperative shooter



1Q 2018 PRESENTATION

SUMMARY

- Conan Exiles sold in total more than 1.4 million units
- Mutant Year Zero: Road to Eden to be launched in second half of 2018
- The Petroglyph Conan game to be launched in first half of 2019
- Equity increased by USD 21.5 m in 1Q18 driven by
 - The NOK 88.4 million Swedbank Robur private placement
 - The acquisition of IP rights including Conan the Barbarian
 - The conversion into equity of USD 3.0 million (including accrued interest) of the bond
- 1Q18 was EBITDA positive, despite focus on the Conan Exiles launch

QUESTIONS?



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