

INVESTOR PRESENTATION



FUNCOM

June 2018



2018 JUNE INVESTOR MEETING

DISCLAIMER – FORWARD LOOKING STATEMENTS

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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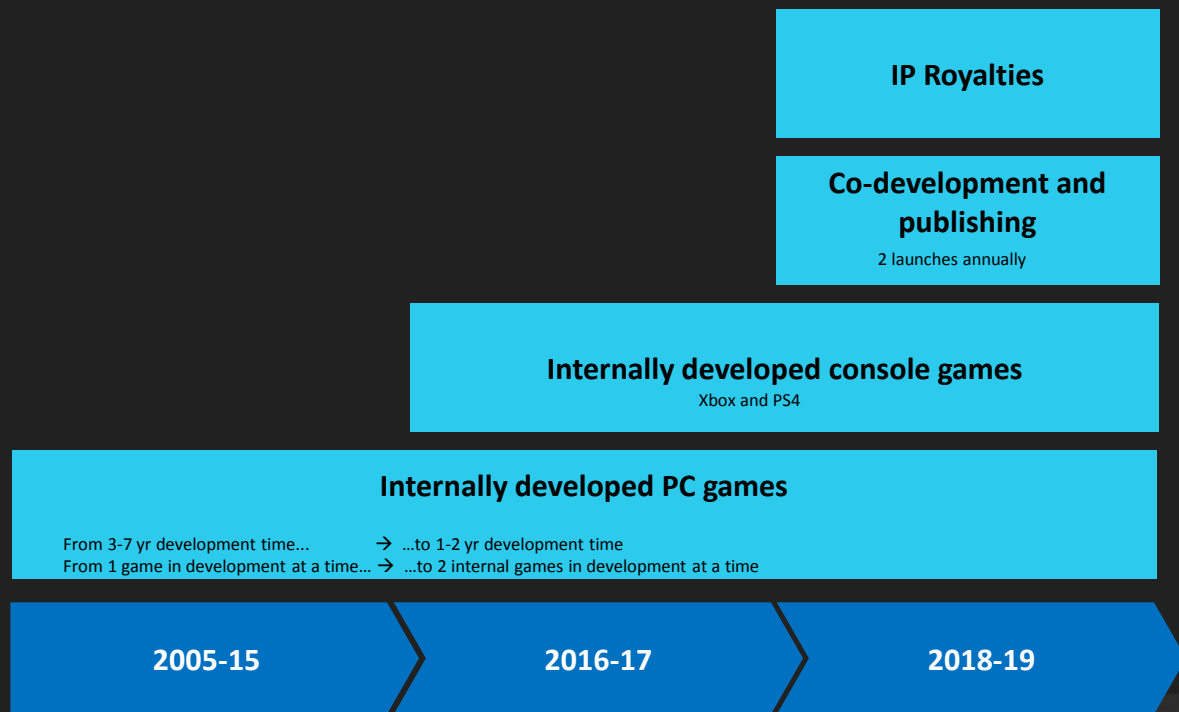
FUNCOM 2.0 IS A COMPLETELY NEW COMPANY

- **25 year volatile history, listed on Oslo Stock Exchange since 2005**
- **Turnaround started in 2015**
 - **New management**
 - **New strategy**
 - **More robust revenues**
 - **Lower risk**
- **2017 most profitable year in Funcom history**
- **Strong financial position**
- **Next phase of turnaround on track**



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FUNCOM 2.0 ADDS REVENUE STREAMS, CONTAINS FIXED COST



Expected results

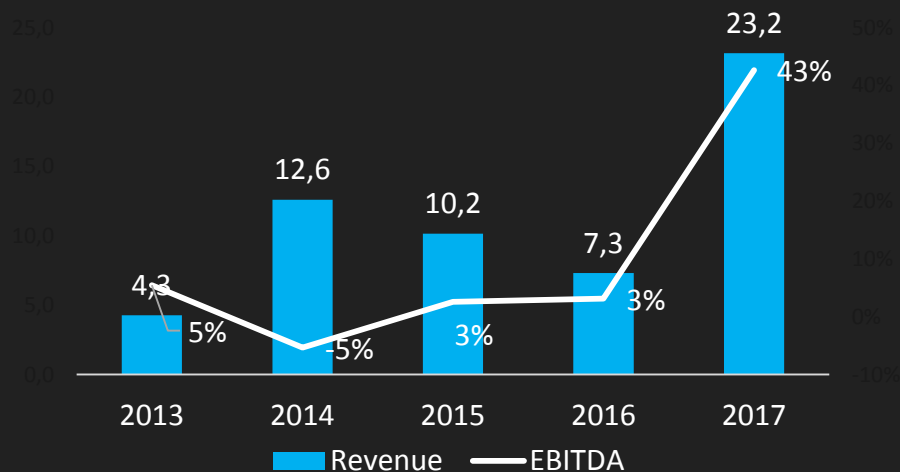
- More frequent launches
- More revenue streams
- Limited fixed cost growth
- More stable profits



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2017 MOST PROFITABLE YEAR IN FUNCOM TO DATE

Revenue (MUSD) and EBITDA margin



COMMENTS

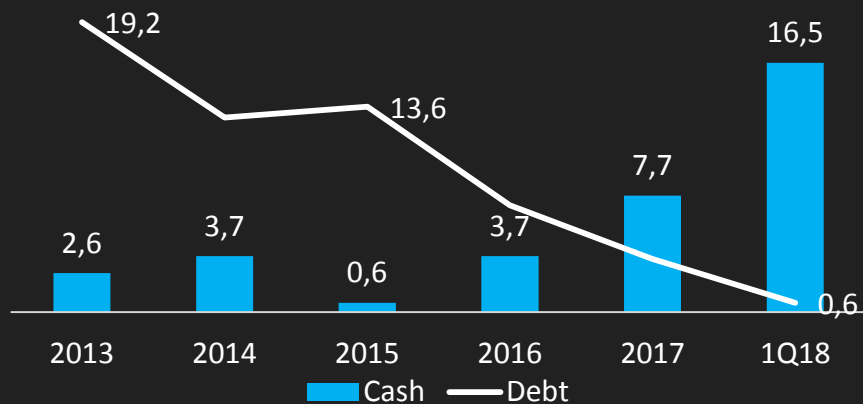
- **Strong 2017, 43% EBITDA margin and USD 9.9m EBITDA**
- **Increased profitability 2014-16 despite falling revenue due to intense cost cutting**
- **Continued cost conscious attitude**



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FINANCIAL POSITION SIGNIFICANTLY STRENGTHENED

Cash and debt



COMMENTS

- Financial position significantly strengthened over the last five years
- Debt has gone down from USD 19.2m to USD 0.6m
- Cash has gone up from USD 2.6m to USD 16.5m



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CONAN EXILES

- **Conan Exiles is a PC/Console Multiplayer Survival game**
- **Released on Steam in Early access on 31 January 2017**
 - Profitable after the first week of sales
 - 480.000 units sold first month
- **Released on Xbox One Game Preview on 16 August 2017**
- **Released on PlayStation4, retail and full release on PC and Xbox on 8 May**
- **The game sold 1 million units* across all platforms between 31 January 2017 and 8 May 2018**
- **In total, the game sold more than 1.4 million units* including retail sell-in before 24 May Q1 presentation**

** PC refunds not excluded*





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MUTANT YEAR ZERO: ROAD TO EDEN

- A tactical adventure game combining the turn-based combat of **XCOM** with story, exploration, stealth, and strategy.
- Created by a team including former **HITMAN** leads and the designer of **PAYDAY**.
- Widespread pickup in the gaming press, CGI «went viral» with millions of views
- Feedback from press on release was very positive, first live gameplay demo saw undivided positive response from the press
- On track for 2H18 launch on PC, Xbox, and PS4





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IP RIGHTS OWNERSHIP THROUGH HEROIC SIGNATURES



Conan the Barbarian TV Series in Development at Amazon



Amazon is in the process of developing Conan the Barbarian into a television series. While the name is no doubt familiar to comics fans, the series will be an adaptation of the Conan the Barbarian source stories by Robert E. Howard. The TV series is being helmed by Ryan Condal (Colony), Miguel Sapochnik (Game of Thrones) and Warren Littlefield (Fargo, The Handmaid's Tale). According to Deadline, the show will follow the eponymous hero as he travels in search of purpose in a world that considers him a savage.

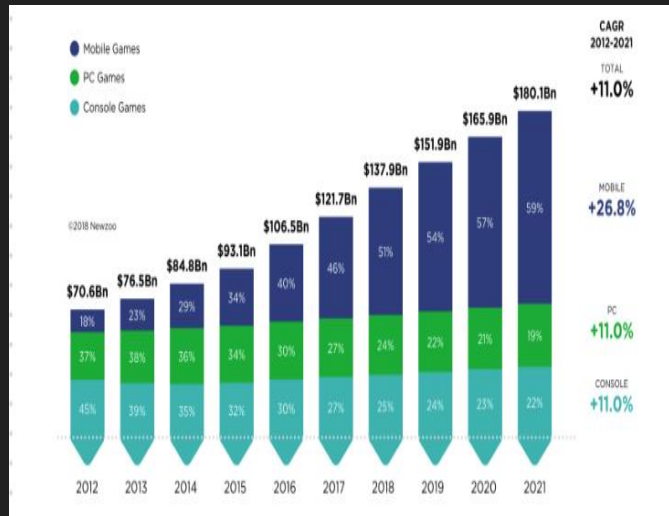
Funcom acquired 50% of the interactive games rights of a broad IP portfolio in February 2018.

Marvel Comics run back in the '70s. Edited by Stan Lee and Roy Thomas. Started in October 1970 and run for 275 issues, until 1993. Dark Horse Comics secured the license until very recently when Marvel reacquired them.



VIDEO GAMING USD 140BN INDUSTRY WITH STRONG GROWTH

~USD 140bn industry growing at 11%



Source industry size Newzoo

Video gaming largest entertainment industry





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OPPORTUNITY TO INVEST BEFORE NEXT PHASE OF TURNAROUND

**First phase of
turnaround
successful**

- **2017 most profitable year to date with USD 9.9 m EBITDA**
- **Strong financial position, USD 16.5 m cash, USD 0.6m debt**
- **Positive EBITDA and cash flow from ops in 1Q18, ahead of Conan Exiles full launch in Q2**

**Next phase:
Compelling
launches and
diversified revenue**

- **Compelling
launches**



- **Diversified revenues with frequent launches, publishing strategy and IP ownership**





QUESTIONS?

