

## Presentation of Second Quarter 2019 Financials



### Financials

- Revenue for the quarter increased 53% from 1Q19 to USD 8 876 thousand
- EBITDA increased 72% from 1Q19 to USD 4 372 thousand. The 12-month rolling EBITDA margin at 2Q19 was 53%, close to the highest in Funcom's history
- EBIT increased to USD 594 thousand from USD 128 thousand in 1Q19
- The equity increased 4% from 1Q19 to USD 47 639 thousand
- The cash position increased by 3% from 1Q19 to USD 20 272 thousand
- Cash flow from operating activities increased 60% from 1Q19 to USD 6 570 thousand

### Highlights

- Both the revenue and EBITDA of the quarter increased more than 50% compared to 1Q19, and the cash position reached USD 20.3 million
- *Conan Exiles* continued to perform well with two DLC releases, a Steam free weekend and inclusion in the PlayStation 4 Plus game of the month during the quarter. Three additional DLC releases are planned for 2019, and additional user acquisition, engagement and monetization activities are being planned for 2020
- *Conan Unconquered* was released on PC on 30 May. The game did not reach the initial reception and sales projections of the Company. The Company is taking steps to improve and repackage the game
- On 31 July, Funcom made its first release on the Nintendo Switch platform with *Mutant Year Zero: Road to Eden*. A new DLC was also released on all platforms and retail
- The Funcom Oslo studio is placing additional focus on the Multiplayer Open World games, further developing *Conan Exiles* and increasing the size of the DUNE game team
- The pipeline of projects in development continues to be strong, with two internally developed major multiplayer titles, two revealed publishing titles and 8 other active projects

### Words from the CEO

*2019 is a transition year for Funcom, the transition between the turnaround and the growth phases of the Company, and as is common in any transition, many of the changes are not immediately visible.*

*From January until now we released a new game, *Conan Unconquered*, a new DLC for *Mutant Year Zero: Road to Eden* and two new DLCs for *Conan Exiles*. While this is a good number of activities, especially compared with previous years where releases were few and far between, what is equally important are all the less obvious achievements and learnings happening internally.*

*With *Mutant*, we have for the first time released a game on Nintendo Switch and the game is now available on three subscription services, over six different PC storefronts, three console stores, a total of more than 12 digital sales channels, and then there's retail distribution on top. The experience and insight gained from activating these sales channels will be very valuable for our future games.*

*With *Conan Unconquered* we saw an opportunity to experiment with a low budget game in a new genre for Funcom, "Real-Time Strategy". We worked with a developer with a long track record in the genre to create a small game that isn't a classical example of the genre, but a twist on it. Unfortunately, the reception from the players was not as positive as we hoped for. We are grateful for their feedback and based on that feedback we have made free updates to the game and have a larger update ready to go out soon. We are improving our processes based on this experience and we still believe in this genre, but it's clear that the budget and quality of this game was not high enough.*

*While these publishing games get a fair bit of attention due to being new releases, *Conan Exiles* also continues to perform well, showing the fundamental value of our core competence: multiplayer games as a service. It's with that in mind that we have decided to put on hold the *Conan* single player game to focus the developers and management in the Oslo studio on *Conan Exiles* and DUNE, our next large multiplayer open world game.*

*We are incredibly excited about the DUNE game and its potential, both in financial terms and genre-defining gameplay. It is a game we believe can surpass *Conan Exiles* and we want to do it right, creating a game that is of high quality, technically and gameplay-wise. Legendary and Warner Brothers have announced that the DUNE movie will be releasing in December 2020, and we continue to work closely with Legendary to make sure we capitalize on the opportunities and synergies between the movie and the game.*

*In our North Carolina studio we continue to work on the multiplayer shooter game we hope to start revealing more of soon and bring to market in 2020.*

*Finally, we have more publishing games in the pipeline, with *Moons of Madness* and *Conan Chop Chop* having been revealed, as well as other unannounced titles.*

*The path ahead is clear in our minds, with our future multiplayer games leading the charge and being supported by *Conan Exiles* and the smaller publishing games in both revenue and key learnings.*

*I hope you are able to join us and be part of the growth, the success and the great games this path will lead us to.*

Rui Casais,

Chief Executive Officer

The report and presentation can be downloaded from the Company's website: <https://investors.funcom.com/financial-reports/>

As previously announced a presentation will be held on the Funcom channel on Twitch, [www.twitch.tv/funcom](https://www.twitch.tv/funcom) at 8:00pm CEST (20:00 Oslo Time) today 26 August 2019. The presentation will be held in English by Rui Casais, CEO of Funcom, and Stian Drageset, CFO.

Any enquiries may be addressed to: [investor@funcom.com](mailto:investor@funcom.com)

To receive Funcom news directly to your e-mail sign up to our e-mail service at <https://investors.funcom.com/>

Funcom SE

Badhoevedorp, The Netherlands, 26 August 2019

This information is subject to the disclosure requirements acc. to §5-12 of vphl (Norwegian Securities Trading Act)