



WE FUEL THE WORLD'S WELLNESS NEEDS

Func Food Group

Financial Release / Q3 2018

A woman with dark hair tied back, wearing a bright pink long-sleeved athletic top, black shorts, and red sneakers with teal accents, is captured in a dynamic stretching pose on a bridge. She is leaning forward with her right knee on the ground and her hands reaching towards her feet. The background features the white structural beams of a bridge and a bright, low sun creating a lens flare effect. The overall scene conveys a sense of fitness and outdoor activity.

**FUNC
FOOD**

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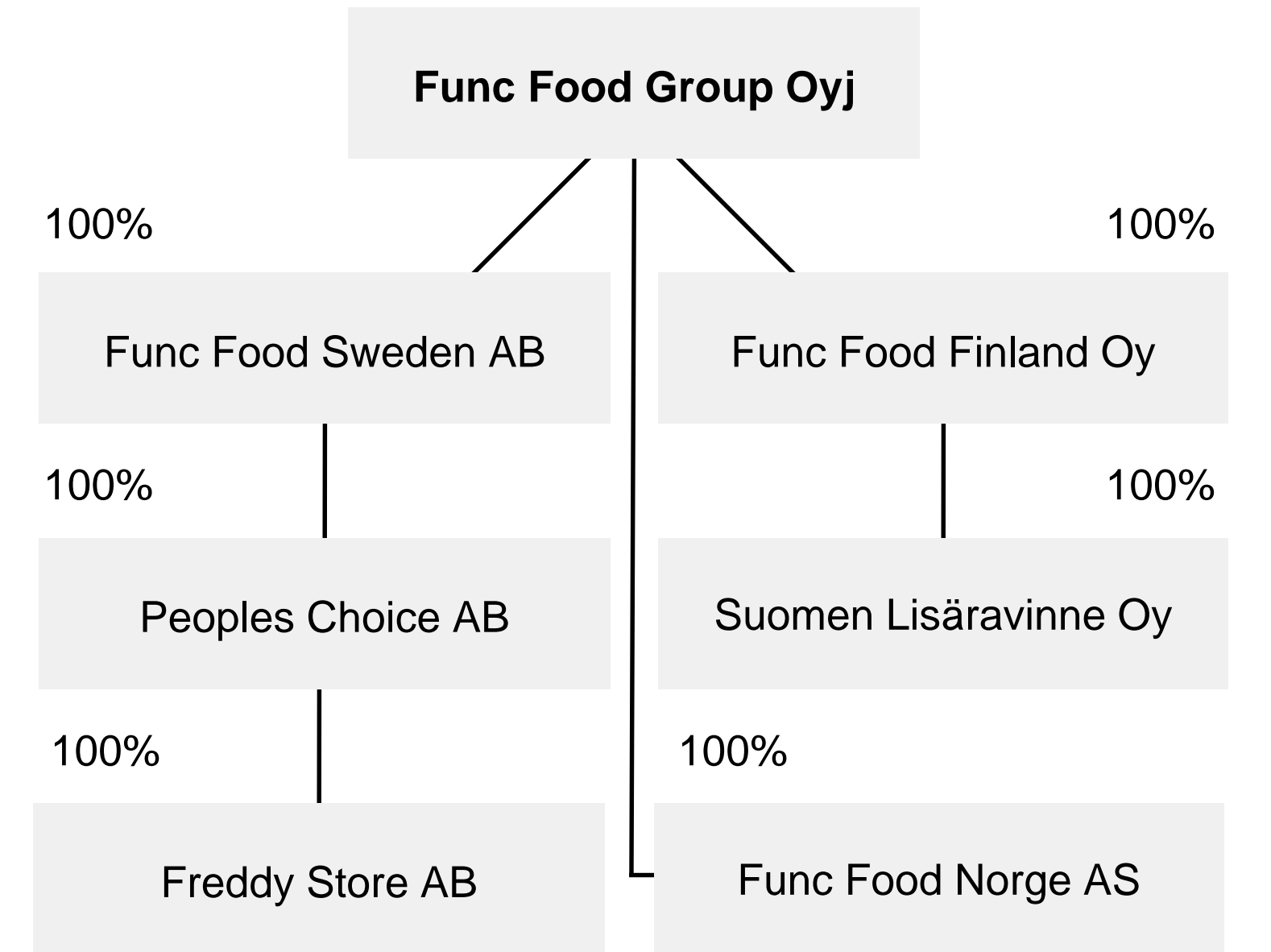
FUNC FOOD GROUP IN BRIEF

Func Food Group ("FFG") is a Nordic wellness company, which markets and distributes FAST, CocoVi, FitFarm, Celsius and Freddy brands in Finland and Sweden.

FFG was built in 2014 and 2015 through four acquisitions in Finland and Sweden. The company also established a subsidiary in Norway in Q1 2017, and started commercial operations there in Q4 2017. The current Group structure is depicted on the right.

The Group's senior secured callable floating rate bonds have been listed at Nasdaq OMX Stockholm Exchange since June 2016.

In this quarterly report, consolidated figures for the Group and figures for the parent company are presented. The report has been prepared in accordance with IAS 34 following the same accounting principles as in the annual financial statements for 2017. In addition, the report is in compliance with changes to the existing IFRS standards effective January 1 2018, as approved by the European Union. As of January 1 2018, Func Food Group has implemented the IFRS 9 ja IFRS 15 standards, which affect the information provided in the consolidated financial statements and quarterly reports. Further information on the new standards is provided on page 8. The consolidated figures for the Group have been prepared according to the International Financial Reporting Standards (IFRS). The parent company figures have been prepared according to the Finnish Accounting Standards (FAS). The figures presented have not been subject to audit. Definitions for business indicators Sales Margin, Operating Profit, EBIT, EBITDA, Adjusted EBITDA, and Items Affecting Comparability are provided on page 17.



Structure of Func Food Group





SUMMARY

THIRD QUARTER 2018

- Consolidated Group revenues amounted to MEUR 7.1 (MEUR 10.6 in consolidated 2017).
- Revenues decreased by MEUR 3.5 or 32,8% in comparison to 2017.
- Consolidated Group EBITDA amounted to MEUR -0.9 (MEUR 1.2 in consolidated 2017). EBITDA decreased by MEUR 2.1 in comparison to 2017.
- EBITDA adjusted for items affecting comparability was MEUR 0.2 in 2018 and MEUR 1.3 in 2017 (reduction of MEUR 1.1).

YEAR-TO-DATE SEPTEMBER 2018

- Consolidated Group revenues amounted to MEUR 25.7 (MEUR 31.1 in consolidated 2017).
- Revenues decreased by MEUR 5.5 or -17,6% in comparison to 2017.
- Consolidated Group EBITDA amounted to MEUR -2.0 (MEUR 1.8 in consolidated 2017). EBITDA decreased by MEUR 3.8 in comparison to 2017.
- EBITDA adjusted for items affecting comparability was MEUR -0.6 in 2018 and MEUR 2.0 in 2017 (reduction of MEUR 2.6).

MANAGEMENT COMMENTS

In Q3 2018 the Group's total revenue decreased mainly due to Celsius sales cycling in Sweden. Group's EBITDA was also affected by write-offs in FAST and Cocovi for discontinued products as part of on-going portfolio transformation. In order to account for seasonal imbalances and strategic decisions to exit private label manufacturing, report also includes pro forma revenue growth comparisons without Freddy Store Ab and private label sales. In Q3 2018 pro forma net revenue also decreased.

Celsius revenues decreased by MEUR 2.6 and FAST revenues by MEUR 0.3 vs. PY. The discontinuation of private label sales had a MEUR 0.1 impact in revenue vs. PY.

Revenue for Finland in Q3 decreased 25,5% due to increased private label competition in puddings and higher amount of discount sales related to portfolio transformation. 2018 launches of Muscle Series and three additional flavours for ROX bar generated new sales. Finland's revenue in Q3 was still slightly affected by exit from private labels (excl. private label -25,1 % vs PY).



In Sweden, Q3 net revenue decreased by 31,6% vs. previous year in local currency SEK (excluding intercompany sales) and decreased by 37,9% in EUR. Excluding the Freddy business the quarterly net revenue in SEK was -33,6% and in EUR -37,8% vs. previous year. Celsius sales were decreasing due to different sales cycling and increased competition.

Finland's EBITDA (MEUR -1.2) and adjusted EBITDA (MEUR -0.2) were negative in Q3. Decrease came from low sales performance, changes in portfolio and increased promotional pressure. Sweden's EBITDA (MEUR 0.3) and adjusted EBITDA (MEUR 0.4) were positive and partly due to cumulative inventory value correction.

Total sales margin-% was at 20,4% vs. 40,1% in Q3 2017 and was impacted by promotional pressure, increased logistics expenses and change in periodization of purchases.

Norway has been in an emerging phase since Q4 2017. Norway's impact to the Group's overall net revenue and EBITDA figures stayed at a low level in Q3.

The retail index for Sweden was positive 1,6% YTD, bringing the 12 month rolling to +1,8%. In Finland the retail index was +4,2% including an increase of the retail price index by +2,4%).

The bondholders of the Group approved changes to the bond terms on January 15 2018. The Group had proposed that Func Food Sweden Ab may convert up to 10.0 million euros of the originally 33.1 million, and at year-end 23.1 million euros of intra-group loan granted by Func Food Group Oyj into an equity instrument.

The Group had also proposed that the planned bond repayment of 4.5 million euros can be omitted in September 2018. At the same time, the Group proposed an increase in the amount of permitted financial leasing debt and a permission to use recourse factoring arrangements with large retail customers, where the credit risk remains with the Group.

The Group also proposed changes to the bond terms in relation to discontinuing the Freddy business operations and the possible merger of Finnish subsidiaries.

As a condition for the implementation of the changes, the Group arranged 3.0 million euros of additional funding from its shareholders between November 2017 and January 2018.

The Group arranged 0.8 million euros of additional funding from its shareholders at end of September.

The Group is continuously evaluating options for refinancing the bond, which is due at 26th June 2019.

The Group announced a reorganisation of business activities on February 19, 2018. One of the Group's subsidiaries Func Food Finland Oy started co-operation negotiations, which ended on March 12, 2018. As a result of the negotiations, the job duties of ten employees will ended or changed, and the Group closed its office in Tampere at end of Q2 2018.

NET REVENUE

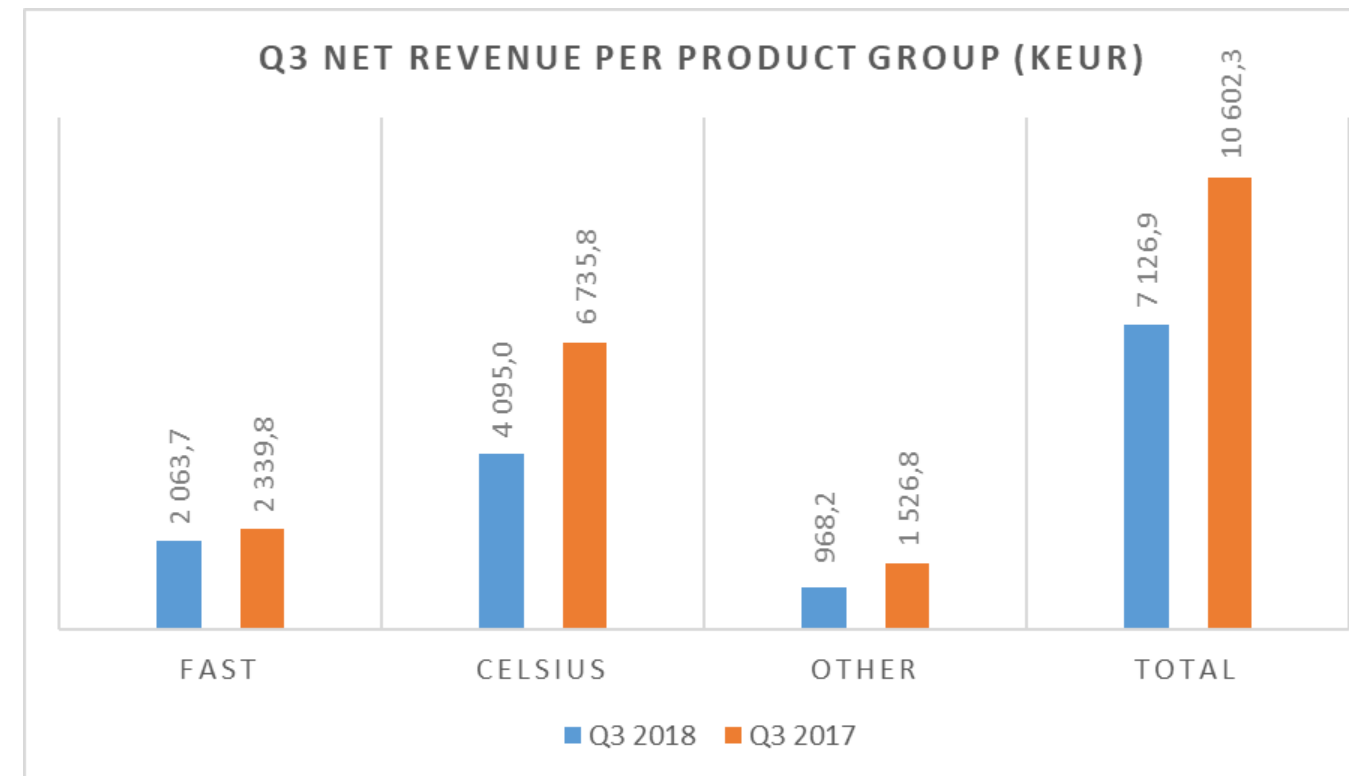
Net revenue of Celsius amounted to MEUR 4.1 in the quarter (-39,2% vs. PY), and FAST net revenues totaled MEUR 2.1 (-11,8% vs. PY). Other brands as well as private label sales represented less than 14% of the Group’s revenues. Total net revenue of the Group was MEUR 7.1 in the quarter (-32,8% vs. Q3 2017).

Excluding private labels and Freddy sales the net revenue of the Group decreased by 33,5% in the quarter.

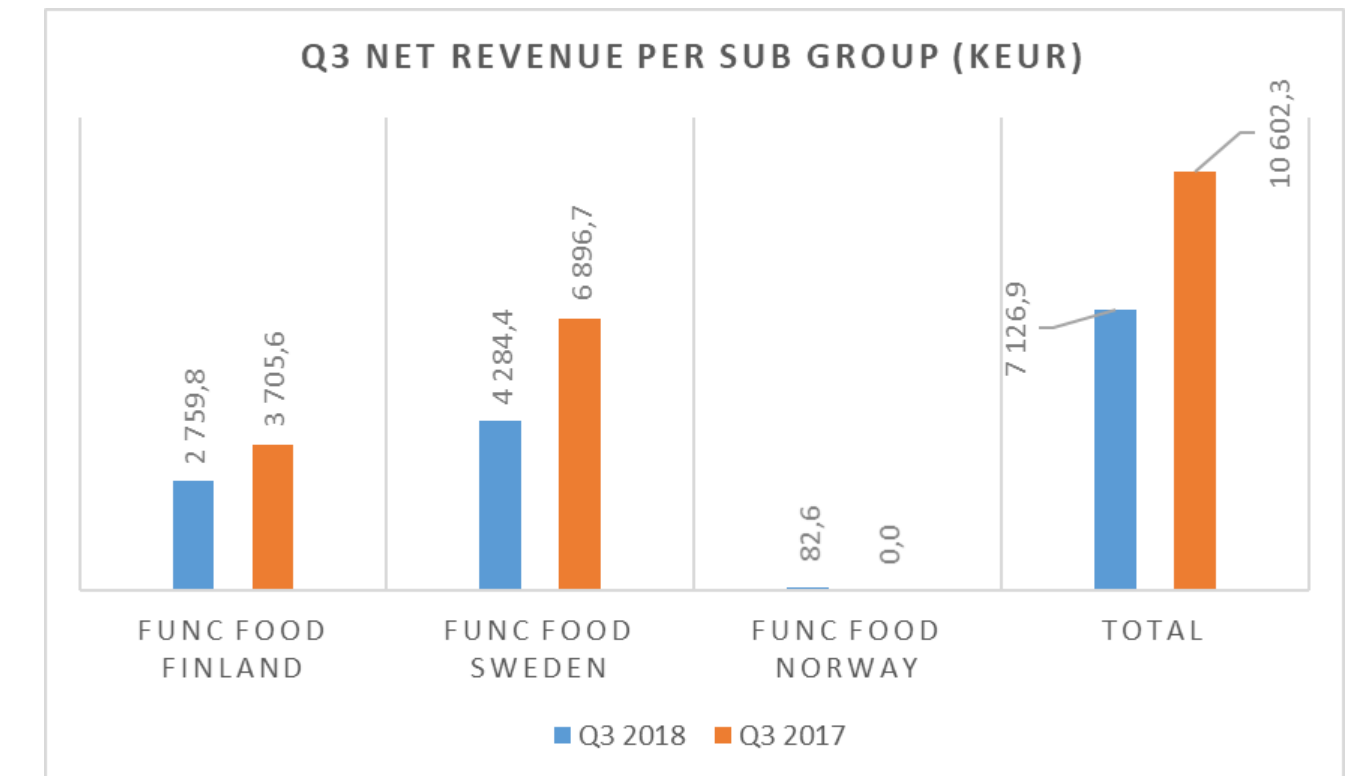
Net revenue in Finland declined by 25,5% due to increased competition in puddings and higher amount of discount sales of discontinued products. Finnish portfolio is undergoing transformation towards more ready-to-eat and drinks focus. As aligned in the Group’s strategy the sales of private labels have discontinued almost entirely.

In Sweden, total net revenues in local currency SEK decreased by 31,6% vs. PY in the quarter. The decline in euros was 37,9%. Excluding the Freddy business the decrease in revenues was 33,6% in SEK and 37,8% in EUR.

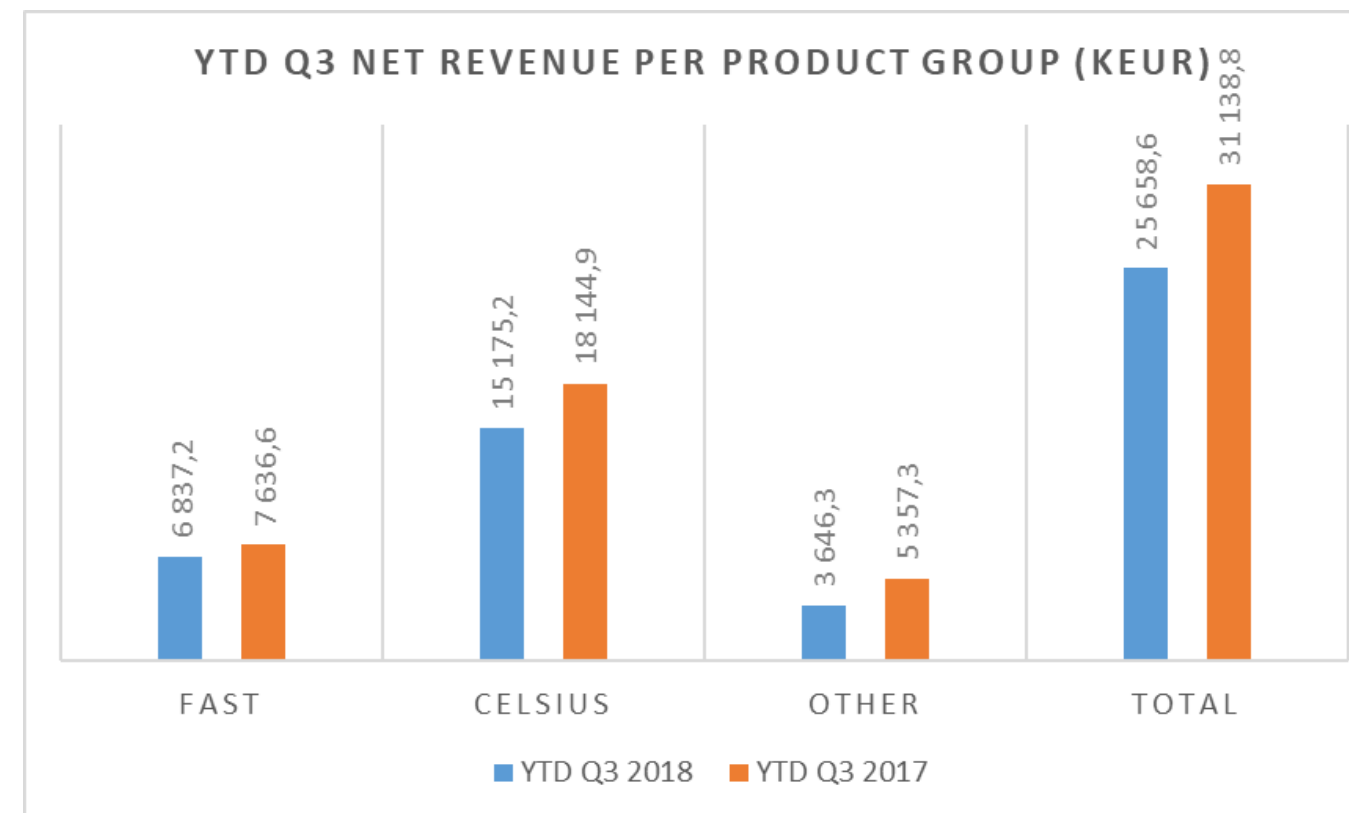
In Norway the business was still in an emerging phase.



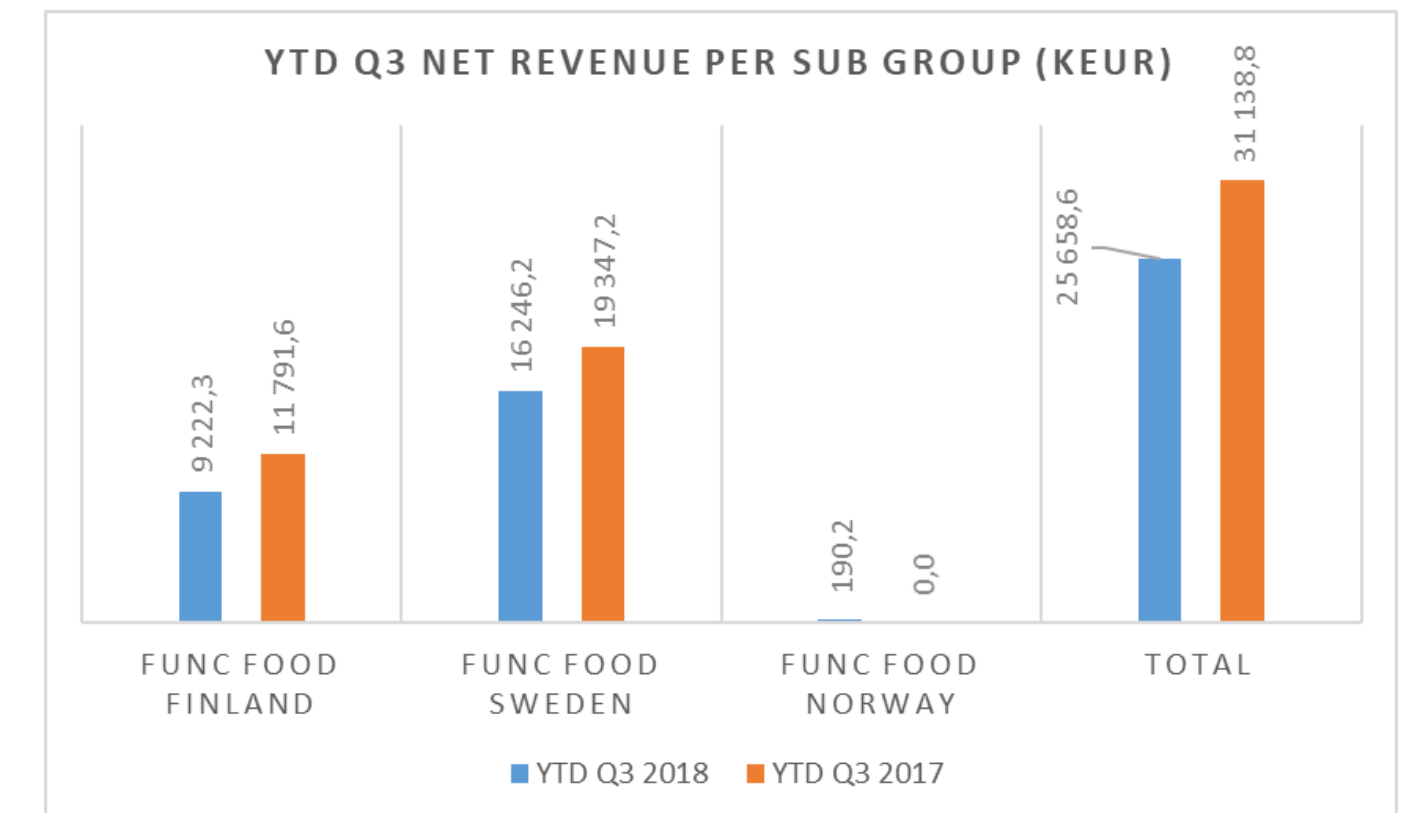
Net revenue per product group Q3 2018 vs. Q3 2017



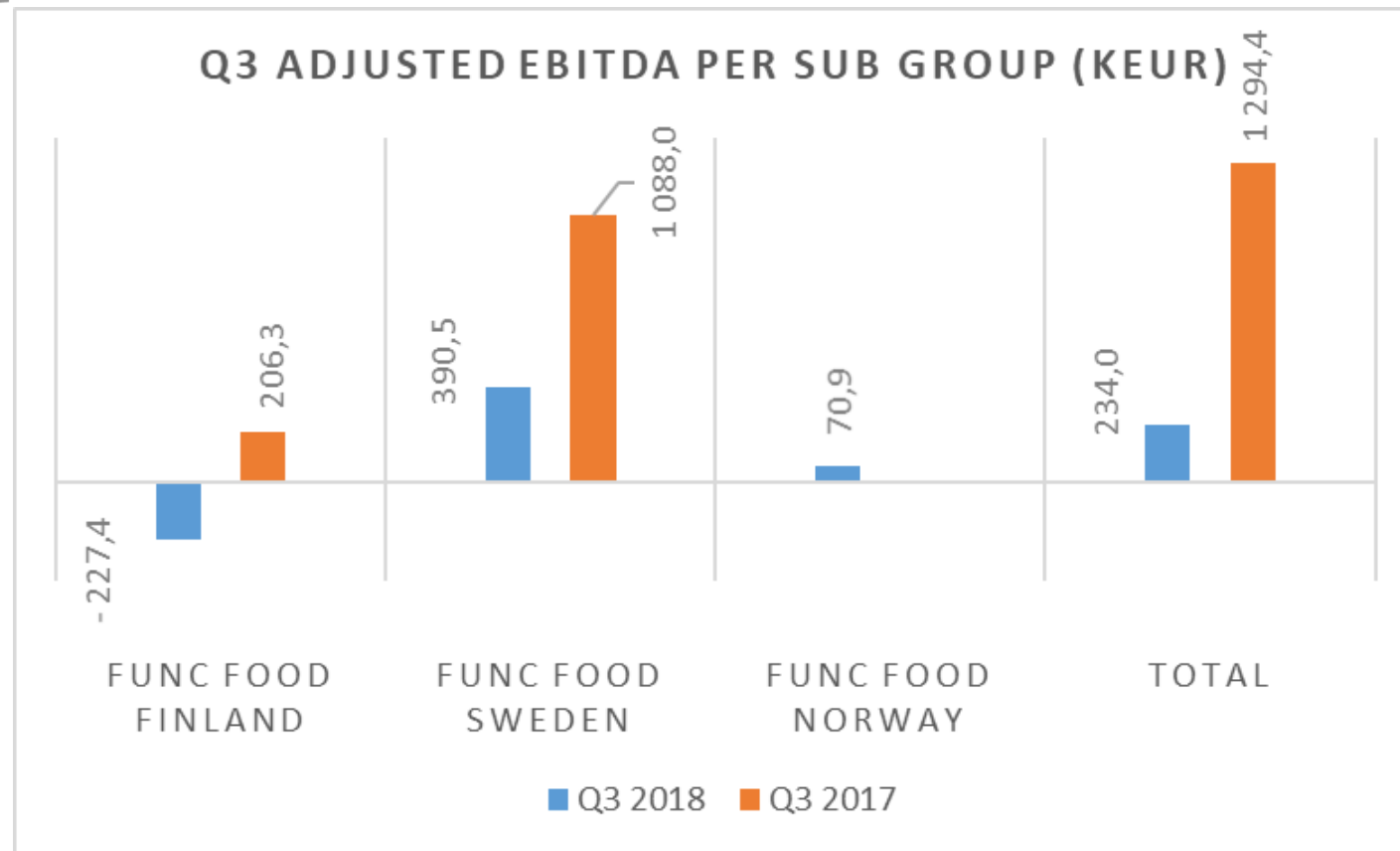
Net revenue per sub group Q3 2018 vs. Q3 2017



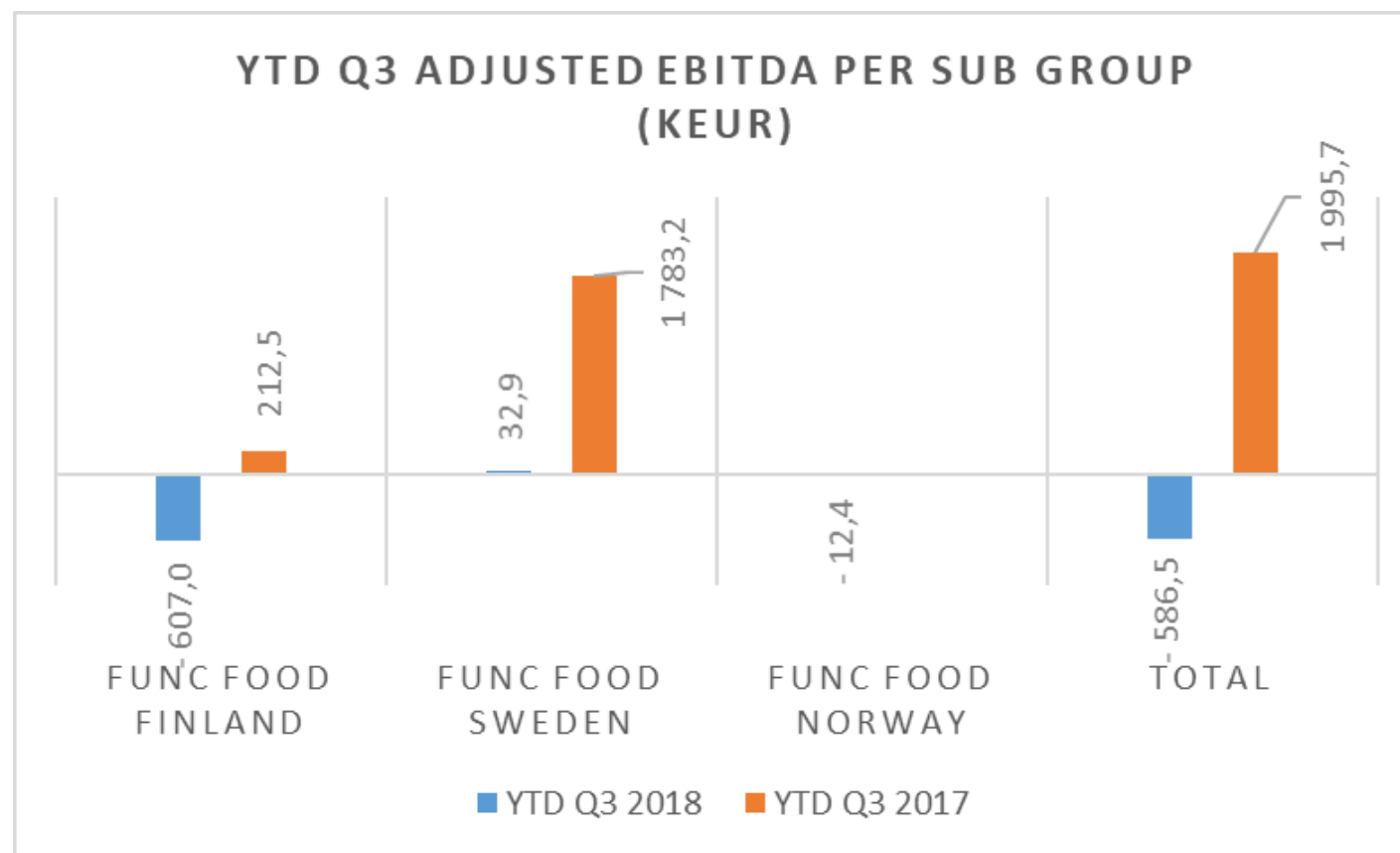
Net revenue per product group YTD Q3 2018 vs. Q3 2017



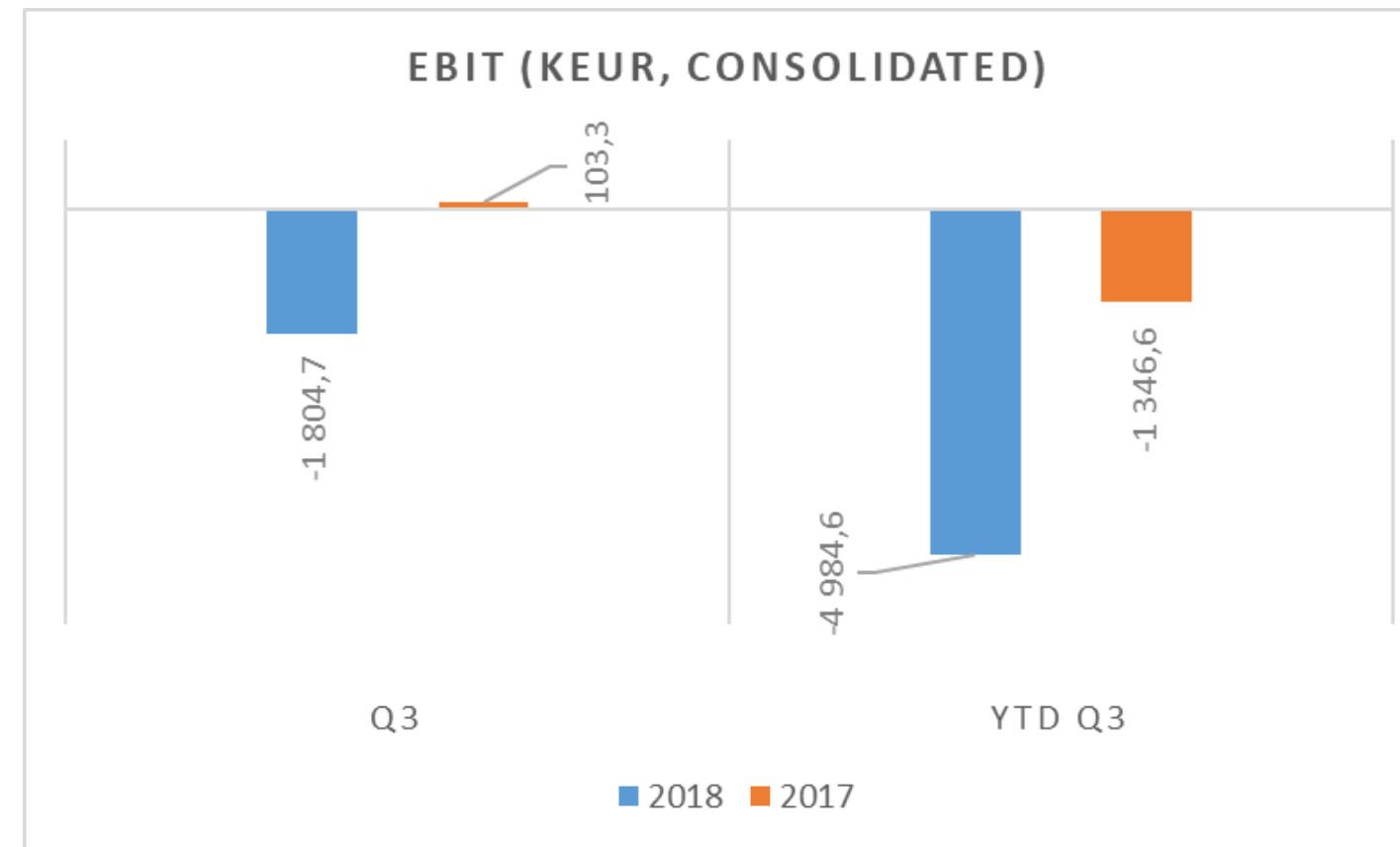
Net revenue per sub group YTD Q3 2018 vs. Q3 2017



Adjusted EBITDA per sub group Q3 2018 vs. Q3 2017



Adjusted EBITDA per sub group YTD Q3 2018 vs. Q3 2017



Consolidated EBIT Q3 2018 vs. Q3 2017 and YTD Q3 2018 vs. Q3 2017

EBITDA

The Group's EBITDA in the quarter amounted to MEUR -0.9 (MEUR 1.2 in Q3 2017). Total adjusted EBITDA was MEUR 0.2 (MEUR 1.3 Q3 2017). Sales margin-% was at 20,4% vs 40,1% previous year. Sales margin in 2018 was impacted by promotional pressure, increased logistics expenses and change in periodization of purchases. Items affecting comparability amounted to MEUR 1.1 in the quarter (MEUR 0.8 in Q3 2017).

Total EBITDA in Finland for the quarter was MEUR -1.2 and adjusted EBITDA MEUR -0.2. In Q3 2017 EBITDA was 0.1 and adjusted EBITDA was MEUR 0.2. The decrease in profitability was driven mainly by sales development, portfolio changes and increased amount of promotional pressure while operating expenses were at somewhat lower level than in 2017.

In Sweden the Q3 2018 EBITDA was MEUR 0.3 and adjusted EBITDA MEUR 0.4, while previous year's EBITDA and adjusted EBITDA were MEUR 1.1. The decrease was driven by higher warehousing and freight costs, promotions for new launches and currency exchange rate development. Q3 2018 includes cumulative effect (MEUR 0,5) from inventory correction related to incorrect handling of inventory returns.

EBIT

Total consolidated EBIT for the Group was MEUR -1.8 for the quarter (MEUR 0.1 in Q3 2017). The development of revenue and sales margin-% combined had a MEUR 1.9 negative impact on the EBIT line. Investments in marketing decreased by MEUR 0.6 and other operating expenses by MEUR 0.1, while personnel remained the same vs. PY. Total depreciations and amortizations decreased MEUR 0,2 compared to Q3 2017.

CASH FLOW

Consolidated cash and cash equivalents on 30 September 2018 amounted to MEUR 0.3 (MEUR 1.3 in the beginning of the year). The Group's net cash flow from operations in the quarter was MEUR -0.8 (YTD MEUR -2.3), mainly driven by aggressive inventory reduction, debt service costs and negative EBITDA. Net working capital in total was MEUR 2.9 lower than in the beginning of the year.

Net cash flow from YTD investing activities was MEUR 0.1, and the Group had withdrawn shareholder loans in the amount of MEUR 1.5. Payments relating to financial leasing liabilities amounted to MEUR 0.3.

The Group's inventory level (MEUR 4.5) were MEUR 3.2 lower than in the beginning of the year, mainly due to planned reduction of inventories for all brands.

Func Food Finland's inventories amounted to MEUR 1.4 at the end of Q3. The inventories of Suomen Lisäravinne were MEUR 0.2 Total net working capital in Finland was at a lower level than in the beginning of the year.

In Sweden, inventories of People's Choice amounted to MEUR 2.2 at the end of Q3 2018. Freddy Store's inventory level was at MEUR 0.7. Total net working capital in Sweden was at a lower level than in the beginning of the year.

EQUITY

Consolidated equity of the Group amounted to MEUR -2.6 at the end of Q3 2018 (MEUR 6.5 at the beginning of year). Translation differences between the Swedish Krona and the Euro, amounting to MEUR 1.4, were a partial reason for the decrease of equity, along with the negative result.

NEW IFRS STANDARDS

As of January 1 2018, Func Food Group has implemented the IFRS 9 ja IFRS 15 standards, which affect the information provided in the consolidated financial statements and quarterly reports.

Due to the implementation of IFRS 9, Financial Instruments, the Group has specified its model of estimating future credit losses in order to comply with the standard. The implementation of IFRS 9 did not have a material impact on the Group's equity or profit.

The implementation of IFRS 15, Revenue from Contracts with Customers, did not have any impact on the Group's equity or revenue recognition principles.

The Group continues to report its revenue by brand and by country of operation.

RISKS AND UNCERTAINTIES

Current main risks for the Group consist of the operation's ability to generate more revenue in its main and emerging markets Finland, Sweden, and Norway, including cross trade business for FAST, CocoVi, and Celsius.

Impairment testing of goodwill, intangible assets and subsidiary shares for 2018 financial year has not yet been done. Lower than expected outlook for 2018 is not estimated to affect materially 2019-2023 cashflow outlook. The Group is constantly evaluating the medium and long term outlook and will commence immediate impairment testing if material changes take place. Otherwise testing will be done as scheduled based on 31st Dec balance sheet.

The main liquidity risks of the Group are related to the interest and repayment schedules and financing for liabilities, the periodic fluctuation of product sales during the year, the concentration of purchases for certain products in a few months during the year, and the amount of working capital needed. In order to ensure liquidity, the Group uses sales receivable financing arrangements and constantly strives to improve working capital management by negotiating, for instance, sufficiently long payment terms with suppliers and by optimizing the size of stocks. When necessary, the liquidity of different parts of the Group are supported by intra-group loans.

The Group has through its international operations both sales and expenses in foreign currency which leads to currency exposure.

The Group's bond repayment is due under 1 year. There is a risk that the Group is not successful with refinancing the bond and defaults it. In the event the Group would enter a written procedure process according to bond terms.

As per International Financial Reporting Standards the Group's management has made estimates and assumptions that affect the amounts of assets and liabilities presented in the financial statements, and the amount of income and expenses. There are uncertainties related to the operating environment which may prevent the estimates from coming true. The main uncertainties concern the future development of consumers' purchase patterns and preferences, the changes in various product categories and related competitive situation, and the possibilities of extending the company's operation to other products and new markets.

EVENTS AFTER BALANCE SHEET DAY

The Group announced a reorganization of business activities on November 1 2018. Func Food Group Oyj and Func Food Finland Oy started co-operation negotiations, which ended on November 20 2018. As a result of the reorganization, the job duties of five employees will be ended or changed.

The Group arranged 0.4 million euros of additional funding from its shareholders at the end of October.

The Group has amended the distribution agreement with Freddy SPA to move the distribution to a new partner on 1 January 2019. Current inventory of Freddy Store AB will be sold until end of September 2019.

People's Choice AB has received preliminary penalty fee decision from Swedish tax office regarding incorrect 2016 tax form submission. Penalty fee requested is MEUR 0.3. People's Choice has made an appeal to amend the penalty fee in to proportional level compared to the error. The fee will be booked after receiving the final decision in Q4.

OUTLOOK

Based on YTD results and YTG outlook, the Group estimates that the total revenue will be declining from PY. As a result, full-year EBITDA outlook will be declining significantly from previous year.

Table 1: Consolidated statement of comprehensive income (IFRS)

EUR in thousands	Current Quarter Q3 2018	Current Quarter PY Q3 2017	YTD 1-9/2018	YTD 1-9/2017	YTD 1-12/2017
Continuing operations					
Net revenue	7 126,9	10 602,3	25 658,6	31 138,8	40 085,3
Other income	68,5	0,2	206,3	204,5	75,0
Change in inventory of raw materials and consumables	-878,8	2 227,8	-577,9	701,0	2 442,5
Raw materials and consumables used	-4 863,3	-8 575,2	-18 552,9	-19 813,7	-28 247,5
Employee benefits expense	-1 077,1	-1 076,2	-3 640,9	-3 487,0	-4 908,9
Depreciation and amortisation	-942,7	-1 109,2	-2 959,2	-3 098,3	-4 236,8
Impairment	0,0	0,0	0,0	0,0	0,0
Other operating expenses	-1 238,2	-1 966,4	-5 118,6	-6 991,9	-9 232,8
Operating profit	-1 804,7	103,3	-4 984,6	-1 346,6	-4 023,3
Financial income	0,0	-1,7	1,7	72,0	74,6
Financial expenses	-1 088,8	-1 077,2	-3 462,5	-3 496,7	-4 453,9
Profit before taxes	-2 893,5	-975,7	-8 445,3	-4 771,2	-8 402,7
Income taxes	114,7	462,7	377,2	803,5	683,4
Profit for the period from continuing operations	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
Profit for the period	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
Distribution					
To equity holders of the parent	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
To non-controlling interests	0,0	0,0	0,0	0,0	0,0
	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
Other comprehensive income					
Items that may be recognised in profit or loss in the future					
Profit for the financial year	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
Items of the comprehensive income statement					
Translation differences	262,1	-79,0	-1 027,9	-230,8	-710,2
Total comprehensive income for the year	-2 516,7	-591,9	-9 096,0	-4 198,6	-8 429,5
Distribution					
To equity holders of the parent	-2 516,7	-591,9	-9 096,0	-4 198,6	-8 429,5
To non-controlling interests	0,0	0,0	0,0	0,0	0,0
	-2 516,7	-591,9	-9 096,0	-4 198,6	-8 429,5

Table 2: Consolidated statement of financial position (IFRS)

EUR in thousands	9/2018	9/2017	12/2017
ASSETS			
Non-current assets			
Property, plant and equipment	1 148,2	1 701,0	1 671,4
Goodwill	19 513,9	20 348,7	20 091,5
Other intangible assets	28 359,9	32 497,1	31 360,1
Other financial assets	1,9	1,9	1,9
Deferred tax assets	67,0	67,5	93,2
	49 090,8	54 616,2	53 218,0
Current assets			
Inventories	4 479,6	7 721,6	8 771,3
Trade and other receivables	2 099,6	3 017,3	2 465,3
Tax assets based on taxable income for the period	19,6	357,3	22,9
Cash and cash equivalents	299,7	714,1	1 319,2
	6 898,4	11 810,2	12 578,7
Total assets	55 989,2	66 426,3	65 796,7
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	80,0	80,0	80,0
Invested non-restricted equity reserve	30 047,1	30 047,1	30 047,1
Translation differences	-3 389,6	-1 882,4	-2 361,7
Retained earnings	-29 317,4	-17 474,6	-21 226,2
	-2 580,0	10 770,1	6 539,2
Total equity	-2 580,0	10 770,1	6 539,2
Non-current liabilities			
Deferred tax liabilities	6 139,4	6 860,6	6 717,7
Financial liabilities	10 619,1	30 982,9	33 315,4
Other liabilities	5 571,4	5 643,5	5 693,2
	22 329,9	43 487,0	45 726,3
Current liabilities			
Trade payables and other liabilities	6 462,7	7 602,4	8 546,8
Tax liabilities based on taxable income for the period	0,0	16,4	0,0
Financial liabilities	29 776,6	4 550,5	4 984,5
	36 239,3	12 169,3	13 531,3
Total liabilities	58 569,2	55 656,3	59 257,6
Total equity and liabilities	55 989,2	66 426,3	65 796,7

Table 3: Consolidated cashflow statement

EUR in thousands	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017
Cash flows from operating activities				
Profit for the period	-2 778,8 €	-512,9 €	-8 068,2 €	-3 967,7
Adjustments:				
Depreciation according to plan	942,7 €	1 109,2 €	2 959,2 €	3 098,3
Unrealized exchange rate gains and losses	0,0 €	19,3 €	0,0 €	18,1
Interest and other finance costs	1 040,2 €	1 057,9 €	3 432,9 €	3 478,6
Interest income	0,0 €	1,7 €	-1,7 €	-72,0
Taxes	-114,7 €	-462,7 €	-377,1 €	-803,5
Other adjustments	87,9 €	1,2 €	-294,7 €	-221,5
Working capital adjustments	846,3 €	-513,1 €	2 607,0 €	494,3
Changes in blocked bank accounts	0,0 €	15,5 €	0,0 €	7 220,3
Interest and other financial costs paid	-846,6 €	-857,5 €	-2 383,5 €	-2 600,4
Interest received	0,0 €	-1,7 €	1,7 €	72,0
Taxes paid	0,0 €	19,6 €	0,0 €	-506,6
Net cash flow from operating activities	-823,0 €	-123,6 €	-2 124,3 €	6 209,9
Cash flows used in investing activities				
Acquisition of subsidiaries, net of cash acquired	0,0 €	0,0 €	0,0 €	-262,4
Investments in tangible and intangible fixed assets	-33,2 €	7,5 €	-90,7 €	-53,0
Sales of tangible fixed assets	-18,4 €	0,0 €	0,0 €	0,0 €
Net cash flow from investing activities	-51,6 €	7,5 €	-90,7 €	-315,4
Cash flows used in financing activities				
Long-term loans drawn	799,9 €	0,0 €	1 524,4 €	1 500,0
Repayment of long-term loans	0,0 €	0,0 €	-25,0 €	-7 398,5
Payment of financial lease liabilities	-78,8 €	0,0 €	-267,0 €	0,0
Net cash flow from financing activities	721,2 €	0,0 €	1 232,4 €	-5 898,5
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	451,5 €	832,4 €	1 319,2 €	735,1
Cash assets transferred in conjunction with restructuring	0,0 €	0,0 €	0,0 €	0,0
Net foreign exchange difference	-16,8 €	-2,2 €	-37,0 €	-16,9
Cash and cash equivalents at end of period	299,7 €	714,1 €	299,7 €	714,1

Table 4: Parent company income statement – Func Food Group Oyj (FAS)

EUR in thousands	Current Quarter Q3 2018	Current Quarter PY Q3 2017	YTD 1-9/2018	YTD 1-9/2017	YTD 1-12/2017
Net Revenue	118,2	260,1	508,0	716,5	898,9
Personnel costs					
Wages and salaries	-96,0	-91,2	-351,5	-291,3	-392,9
Social security expenses					
Pension expenses	-18,3	-19,4	-53,9	-56,4	-90,1
Other social security expenses	-5,4	-3,3	-10,5	-21,5	-28,4
Total personnel costs	-119,7	-113,8	-415,9	-369,2	-511,4
Other operating expenses	-74,4	-162,2	-244,4	-642,3	-755,7
OPERATING PROFIT (LOSS)	-75,8	-15,9	-152,3	-295,0	-368,2
FINANCIAL INCOME AND EXPENSES:					
Other interest and financial income from Group companies	611,6	821,3	1 950,0	2 649,6	3 439,2
From others	0,0	0,0	0,1	68,0	68,0
Interest and other financial expenses					
To Group companies	0,0	0,0	0,0	0,0	0,0
To others	-970,5	-919,0	-2 871,8	-2 815,7	-3 764,4
Total financial income and expenses	-358,9	-97,6	-921,7	-98,1	-257,2
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-434,7	-113,5	-1 074,0	-393,1	-625,4
Income taxes	0,0	0,0	0,0	0,0	0,0
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR	-434,7	-113,5	-1 074,0	-393,1	-625,4

Table 5: Parent company statement of financial position – Func Food Group Oyj (FAS)

EUR in thousands	9/2018	9/2017	12/2017
ASSETS			
NON-CURRENT ASSETS			
Investments			
Holdings in Group companies	39 623,3	29 623,3	39 623,3
Receivables from Group companies	25 313,9	31 288,7	33 385,9
Total investments	64 937,3	60 912,0	73 009,3
CURRENT ASSETS			
Current receivables			
Receivables from Group companies	1 154,4	1 453,5	1 605,0
Prepayments and accrued income	198,0	466,5	402,9
Other receivables	0,2	0,0	0,0
Total current receivables	1 352,6	1 920,0	2 007,9
Cash and cash equivalents	11,6	136,2	199,7
ASSETS	66 301,4	62 968,2	75 216,9
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80,0	80,0	80,0
Invested non-restricted equity reserve	30 016,6	30 016,6	30 016,6
Retained earnings	-3 299,1	-2 673,7	-2 673,7
Profit (loss) for the financial year	-1 074,0	-393,1	-625,4
Total equity	25 723,4	27 029,8	26 797,5
LIABILITIES			
Non-current liabilities			
Bonds and debentures	0,0	25 126,5	25 126,5
Convertible loans	9 449,8	5 140,8	7 925,4
Amounts owed to Group companies	0,0	0,0	0,0
Other liabilities	577,0	577,0	577,0
Total non-current liabilities	10 026,8	30 844,2	33 628,9
Current liabilities			
Bonds and debentures	29 626,5	4 500,0	4 500,0
Trade payables	46,2	25,1	51,0
Amounts owed to Group companies	107,4	69,3	10 078,3
Other current liabilities	6,2	29,3	6,8
Accrued expenses	764,9	470,6	154,4
Total current liabilities	30 551,2	5 094,2	14 790,5
Total liabilities	40 578,0	35 938,5	48 419,4
EQUITY AND LIABILITIES	66 301,4	62 968,2	75 216,9

Table 6: Parent company cashflow statement – Func Food Group Oyj

EUR in thousands	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017
Cash flows from operating activities				
Profit for the period	-434,7 €	-113,5 €	-1 074,0 €	-393,1 €
Adjustments:				
Depreciation according to plan	0,0 €	0,0 €	0,0 €	0,0 €
Unrealized exchange rate gains and losses	0,0 €	0,0 €	0,0 €	0,0 €
Interest and other finance costs	970,5 €	919,0 €	2 871,8 €	2 815,7 €
Interest income	-611,6 €	-821,4 €	-1 950,1 €	-2 717,6 €
Taxes	0,0 €	0,0 €	0,0 €	0,0 €
Working capital adjustments	-244,1 €	-226,8 €	916,6 €	-243,0 €
Changes in blocked bank accounts	0,0 €	0,0 €	0,0 €	7 307,8 €
Interest and other financial costs paid	-620,5 €	-683,5 €	-2 047,9 €	-2 216,5 €
Interest received	1 089,1 €	1 235,7 €	1 499,1 €	2 261,4 €
Taxes paid	0,0 €	0,0 €	0,0 €	0,0 €
Net cash flow from operating activities	148,7 €	309,4 €	215,5 €	6 814,6 €
Cash flows used in investing activities				
Investments in shares of subsidiaries	0,0 €	0,0 €	0,0 €	-3,3 €
Loans given	-958,0 €	-216,7 €	-1 928,0 €	-906,7 €
Net cash flow from investing activities	-958,0 €	-216,7 €	-1 928,0 €	-909,9 €
Cash flows used in financing activities				
Loans drawn	800,0 €	0,0 €	1 524,4 €	1 500,0 €
Repayment of loans	0,0 €	0,0 €	0,0 €	-7 373,5 €
Net cash flow from financing activities	800,0 €	0,0 €	1 524,4 €	-5 873,5 €
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period	20,9 €	43,5 €	199,7 €	105,0 €
Cash assets transferred in conjunction with restructuring	0,0 €	0,0 €	0,0 €	0,0 €
Net foreign exchange difference	0,0 €	0,0 €	0,0 €	0,0 €
Cash and cash equivalents at end of period	11,6 €	136,2 €	11,6 €	136,2 €

Table 7: Consolidated statement of changes in equity year-to-date September 2017, attributable to the equity holders of the parent

EUR in thousands	Share capital	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total	Share of non-controlling interest	Total equity
Equity at 1 Jan 2017	80,0	30 043,7	-1 718,6	-13 439,1	14 966,0	0,0	14 966,0
Adjusted equity at 1 Jan 2017	80,0	30 043,7	-1 718,6	-13 439,1	14 966,0	0,0	14 966,0
Comprehensive income					0,0		
Profit for the year				-3 967,7	-3 967,7	0,0	-3 967,7
Translation differences			-230,8		-230,8	0,0	-230,8
Total comprehensive income for the year	0,0	0,0	-230,8	-3 967,7	-4 198,6	0,0	-4 198,6
Other items affecting equity					0,0		
Impact of equity share of convertible loan		3,4		-0,7	2,6	0,0	2,6
Recognising other loans at amortised cost			67,1	-67,1	0,0	0,0	0,0
Total other items affecting equity	0,0	3,4	67,1	-67,8	2,6	0,0	2,6
Transactions with equity owners					0,0		
Total transactions with equity owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 30 September 2017	80,0	30 047,1	-1 882,4	-17 474,6	10 770,1	0,0	10 770,1

Table 8: Consolidated statement of changes in equity year-to-date September 2018, attributable to the equity holders of the parent

EUR in thousands	Share capital	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total equity	Share of non-controlling interests	Total equity
Equity at 1 Jan 2018	80,0	30 047,1	-2 361,7	-21 226,2	6 539,2	0,0	6 539,2
Adjustment for implementing IFRS 9				-23,1	-23,1	0,0	-23,1
Adjusted equity at 1 Jan 2018	80,0	30 047,1	-2 361,7	-21 249,3	6 516,0	0,0	6 516,0
Comprehensive income							
Profit for the year				-8 068,1	-8 068,1	0,0	-8 068,1
Translation differences			-1 027,9		-1 027,9	0,0	-1 027,9
Total comprehensive income for the year	0,0	0,0	-1 027,9	-8 068,1	-9 096,0	0,0	-9 096,0
Other items affecting equity					0,0		
Total other items affecting equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Transactions with equity owners					0,0		
Total transactions with equity owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Equity at 30 September 2018	80,0	30 047,1	-3 389,6	-29 317,4	-2 580,0	0,0	-2 580,0

Table 9: Fair values of financial assets and liabilities on September 30 2017

EUR in thousands	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Cash and cash equivalents available for sale	Financial liabilities measured at amortised cost	Carrying amounts of balance sheet items	Fair value
Current financial assets						
Trade and other receivables		2 976,3			2 976,3	2 976,3
Total	0,0	2 976,3	0,0	0,0	2 976,3	2 976,3
Non-current financial liabilities						
Bonds and debentures				24 694,5	24 694,5	24 694,5
Convertible loans				5 486,1	5 486,1	5 486,1
Subordinated loans				74,7	74,7	74,7
Amounts owed to credit institutions				727,7	727,7	727,7
Other non-current liabilities				1 698,3	5 643,5	5 643,5
Current financial liabilities						
Bonds and debentures				4 500,0	4 500,0	4 500,0
Amounts owed to credit institutions				50,5	50,5	50,5
Trade payables					6 029,2	6 029,2
Other liabilities					846,0	846,0
Total	0,0	0,0	0,0	37 231,6	48 052,0	48 052,0

Table 10: Fair values of financial assets and liabilities on September 30 2018

EUR in thousands	Financial assets and liabilities at fair value through profit and loss	Loans and receivables	Cash and cash equivalents available for sale	Financial liabilities measured at amortised cost	Carrying amounts of balance sheet items	Fair value
Current financial assets						
Trade and other receivables		1 843,1			1 843,1	1 843,1
Total	0,0	1 843,1	0,0	0,0	1 843,1	1 843,1
Non-current financial liabilities						
Bonds and debentures				0,0	0,0	0,0
Convertible loans				10 073,0	10 073,0	10 073,0
Subordinated loans					49,7	49,7
Amounts owed to credit institutions				496,4	496,4	496,4
Other non-current liabilities					5 571,4	5 571,4
Current financial liabilities						
Bonds and debentures				29 426,5	29 426,5	29 426,5
Amounts owed to credit institutions				350,1	350,1	350,1
Trade payables					4 926,0	4 926,0
Other liabilities					281,5	281,5
Total	0,0	0,0	0,0	40 346,0	51 174,6	51 174,6

Level 1 includes instruments whose fair value is based on the listed (unadjusted) prices of identical assets or liabilities in a well-functioning market.

Level 2 includes instruments with verifiable prices based on market data.

Level 3 includes instruments with prices not based on verifiable market data but, for example, on the company's internal information.

Table 11: Func Food Group key financial highlights

EUR in thousands	Current Quarter Q3 2018	Current Quarter PY Q3 2017	YTD 1-9/2018	YTD 1-9/2017	YTD 1-12/2017
Net revenue	7 126,9	10 602,3	25 658,6	31 138,8	40 085,3
Sales margin	1 453,4	4 255,1	6 734,2	12 230,6	14 355,2
Sales margin, % of net revenue	20,4%	40,1%	26,2%	39,3%	35,8%
Personnel expenses	-1 077,1	-1 076,2	-3 640,9	-3 487,0	-4 908,9
Marketing expenses	-534,0	-1 128,2	-2 984,0	-4 448,0	-5 122,0
Other operating expenses	-704,2	-838,2	-2 134,5	-2 544,0	-4 110,9
Total operating expenses	-2 315,3	-3 042,6	-8 759,5	-10 478,9	-14 141,7
EBITDA	-861,9	1 212,5	-2 025,3	1 751,7	213,5
EBITDA, % of net revenue	-12,1%	11,4%	-7,9%	5,6%	0,5%
Items affecting comparability	1 096,0	81,9	1 438,8	244,0	1 043,6
Adjusted EBITDA	234,0	1 294,4	-586,5	1 995,7	1 257,1
Adjusted EBITDA, % of net revenue	3,3%	12,2%	-2,3%	6,4%	3,1%
EBIT	-1 804,7	103,3	-4 984,6	-1 346,6	-4 023,3
EBIT, % of net revenue	-25,3%	1,0%	-19,4%	-4,3%	-10,0%
Profit for the period	-2 778,8	-512,9	-8 068,1	-3 967,7	-7 719,3
Profit for the period, % of net revenue	-39,0%	-4,8%	-31,4%	-12,7%	-19,3%

Definitions:

Sales margin: the net amount derived by adding to revenue other operating income, less used materials and goods adjusted with the change in inventories of finished goods and work in progress as well as expenses from production for company's own use.

Operating profit: the net amount derived by adding to revenue other operating income, less used materials and goods adjusted with the change in inventories of finished goods and work in progress as well as expenses from production for company's own use, less costs from employee benefits, depreciation and possible impairment losses, and other operating expenses. All other items of the income statement are presented below operating profit. Exchange differences and changes in the fair values of derivatives are included in operating profit, provided that they arise from items related to business operations. Otherwise, they are recognised in financial items.

EBIT: "EBIT" has the same definition as "Operating profit".

EBITDA: "EBIT" + "Depreciation and amortization" + "Impairment".

Adjusted EBITDA: "EBITDA" + "Items affecting comparability".

Items affecting comparability are defined as follows: costs or other items that are considered extraordinary due to restructuring, customs or product tax settlements, write-offs of ingredients, materials, or finished goods, material credit losses or product recalls, and costs incurred by professional services due to acquisitions or divestments, first time IFRS conversion, listing of the company's bond in Nasdaq Stockholm, or other material financing or other arrangements. Also, costs incurred due to implementation of significant financial or other systems, or costs due to change in accounting methods of fixed assets are included in Items affecting comparability. In addition, other extraordinary income or costs related to acquisitions of subsidiaries are recorded in Items affecting comparability.

Table 12: Func Food Group guarantees and contingent liabilities

EUR in thousands	Q3 2018	Q3 2017	Q4 2017
Guarantees for bonds and debentures			
Corporate mortgages	16 500,0	16 500,0	16 500,0
Pledges given	39 629,8	29 633,7	39 630,2
Pledged bank deposits	0,0	0,0	0,0
Total	56 129,8	46 133,7	56 130,2
<p>The pledged assets at the end of Q2 2018 include pledged shares in subsidiaries of EUR (thousands) 39 629,6. The value of the liabilities is the nominal value or the book value of the item in question.</p>			
Other leases			
	Q3 2018	Q3 2017	Q4 2017
Total	277,3	831,0	759,6



FINANCIAL REPORTING IN 2018 AND 2019

Func Food Group's interim reports will be published according to the below schedule.

The interim reports as well as year-end reports are available for down-loading on the Group's website at www.funcfood.com.

Q1 2018	May 2018
Q2 2018	August 2018
Q3 2018	November 2018
Q4 2018	February 2019
Q1 2019	May 2019
Q2 2019	August 2019
Q3 2019	November 2019
Q4 2019	February 2020

The 2018 consolidated financial statements will be published in April 2019 (week 18).

Helsinki 30 November 2018

Robin Lybeck

CEO

Jani Partanen

CFO

FOR FURTHER INFORMATION PLEASE CONTACT:

Robin Lybeck

CEO Func Food Group Oyj

Phone: +358 40 735 2464

Email: robin.lybeck@funcfood.com

Jani Partanen

CFO Func Food Group Oyj

Phone: +358 40 518 3076

Email: jani.partanen@funcfood.com

Address:

Func Food Group Oyj

Mannerheimintie 105, 00280 Helsinki

Finland

Corporate identity number:

2592369-6



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Func Food Group Oyj
Mannerheimintie 105, 00280 Helsinki,
Finland