



WE FUEL THE WORLD'S WELLNESS NEEDS

**Func Food Group**

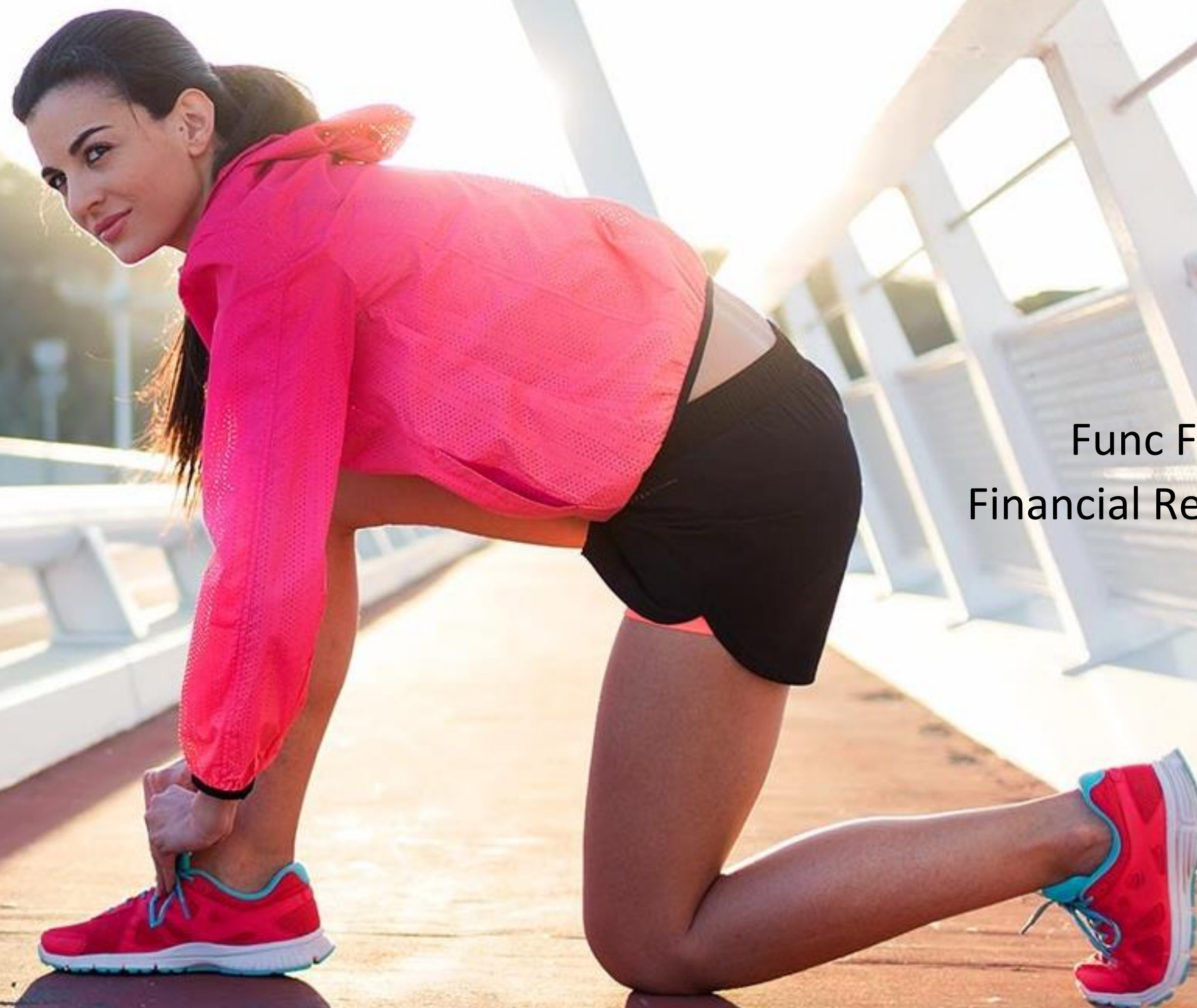
Financial Release / Q1 2019



# FUNC FOOD

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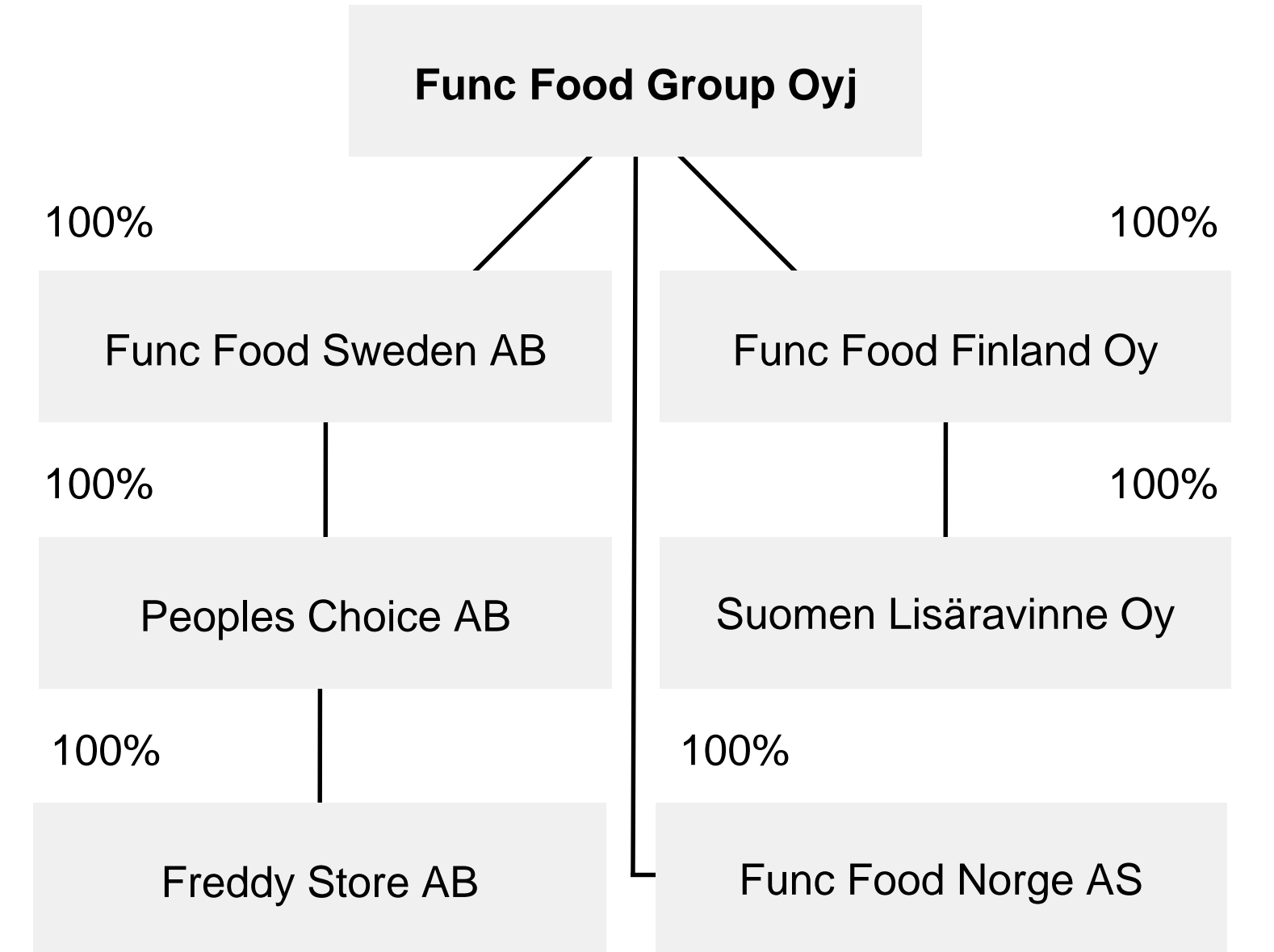
**FUNC FOOD GROUP IN BRIEF**

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 2018. In addition, the report is in compliance with changes to the existing IFRS standards effective January 1 2019, as approved by the European Union. As of January 1 2019, Func Food Group has implemented the IFRS 16 standard, which affect the information provided in the consolidated financial statements and quarterly reports. Further information on the new standard 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





## FIRST QUARTER 2019

- Consolidated Group revenues amounted to MEUR 8.8 (MEUR 8.8 in consolidated 2018).
- Revenues increased by 0,4% in comparison to 2018.
- Consolidated Group EBITDA amounted to MEUR -0.4 (MEUR -0.4 in consolidated 2018). EBITDA decreased by MEUR 0.1 in comparison to 2018.
- EBITDA adjusted for items affecting comparability was MEUR +0.3 in 2019 and MEUR -0.3 in 2018.

## MANAGEMENT COMMENTS

In Q1 2019 the Group's net revenue increased 0,4% in total and was +4,5% excluding Freddy and private label. Sales in Sweden increased 8,2% (+15,4% excl. Freddy) due to successful new launches and disposal sales of discontinued products. Finland sales decreased 12,7% due to expected decline in non-focus portfolio. Group's reported EBITDA was affected by sales of discontinued products in Sweden. Adjusted EBITDA was EUR 0.3 million reflecting improved sales margin and applied cost structure savings in both Finland and Sweden.

In Sweden, Q1 net revenue increased by 10,2% vs. previous year in local currency SEK (excluding intercompany sales) and increased by 8,2% in EUR. Excluding the Freddy business the quarterly net revenue in SEK was +17,5% and in EUR +14,6% vs. previous year.

Sweden and Finland launched successful Celsius Peach Vibe flavor in Q1. Sweden also launched Celsius Passionfruit and Celsius Unlimited flavors at end of Q1.

Sweden's Q1 EBITDA was EUR -0.5 million (-0.3 vs PY) and adjusted EBITDA in Q1 was EUR 0.1 million (+0.3 vs PY). Finland's Q1 EBITDA was EUR -0.0 million (+0.1 vs PY) and adjusted EBITDA in Q1 was EUR 0.1 million (+0.1 vs PY). EBITDA in both countries was affected by sales of discontinued products. Adjusted EBITDA reflects successful launch performance and applied cost structure savings.

Total sales margin-% was at 25,7% vs. 32,7% in Q1 2018 and was mainly affected by sales of discontinued products.

Norway's impact to the Group's overall net revenue stayed at a low level in Q1.

The retail index for Sweden was -2,0% Q1 YTD. In Finland, the retail index was +0,4% Q1 YTD and the retail prices increased by 1,8%.



The Group started on 20<sup>th</sup> December 2018 a written procedure for waiving December 2018 bond coupon. Process was completed successfully on 23<sup>th</sup> January 2019 and amended terms including waiving the bond coupon retroactively became effective on the same date.

The company has been in event of default after non-payment of bond coupon interest at 26<sup>th</sup> March 2019. Standstill period was agreed with bondholders on 17<sup>th</sup> April 2019, which was to enable finalizing acquisition negotiations with potential buyer. Acquisition negotiations and standstill period ended on 9<sup>th</sup> May 2019. New discussions are underway with bondholders. As a result most likely new standstill period will begin or bondholders will start a formal written procedure process during which shareholders and bondholders negotiate changes in ownership structure.

## **GOING CONCERN**

Quarterly report has been prepared in accordance with the going concern principle. Group's bond is due at 26<sup>th</sup> June 2019, but Group has been in event of default since 26<sup>th</sup> March 2019 due to non-payment of bond coupon interest. Negotiations with bondholders are underway. Ownership or financing structure of the Group is expected to change as a result of the negotiations without remarkable effect on business operations. However there is a risk that ownership restructuring and/or bond refinancing will not be successful. Many factors affect the result of the process, incl. Company's financial position, resulting in risk for going concern. Management estimates that despite the risks, going concern principle applies and restructuring or refinancing is expected to be successful. Therefore management sees that financial statements have been prepared in accordance with the going concern principle.



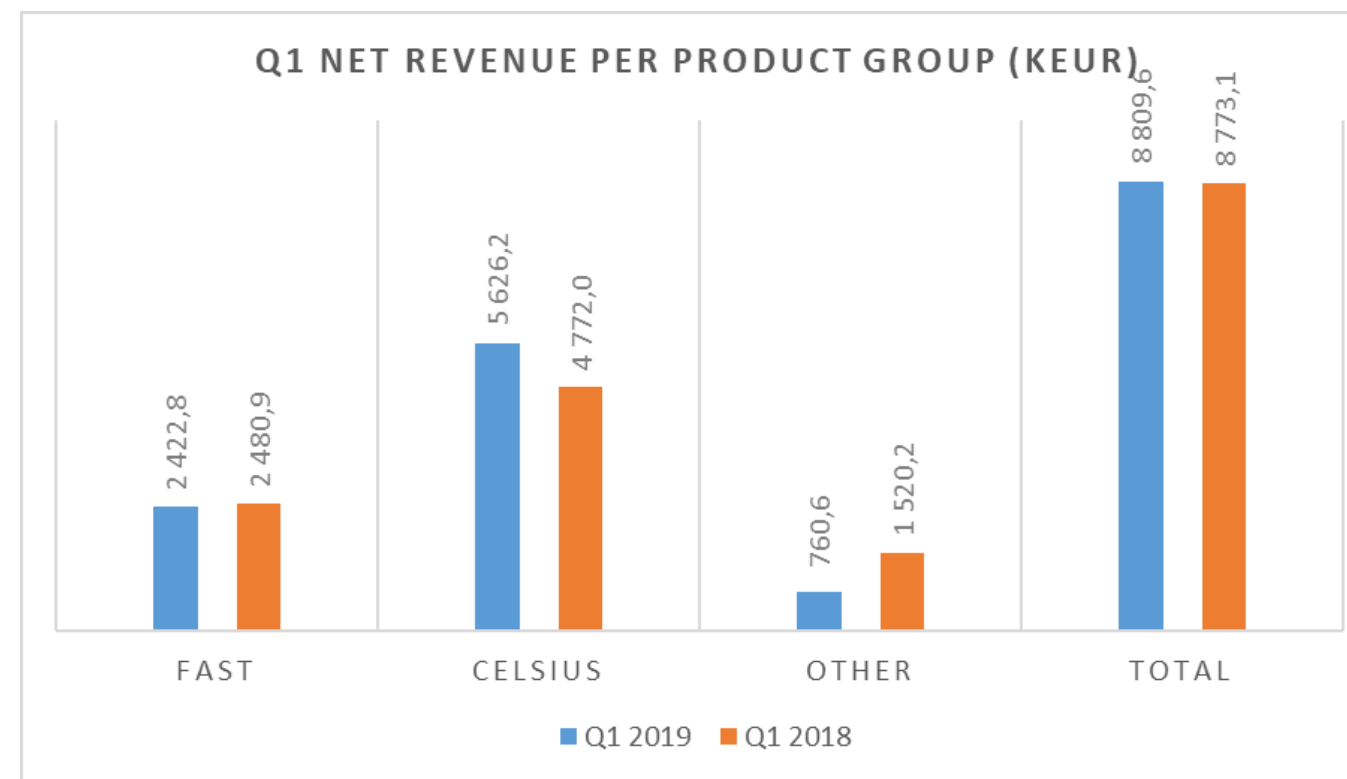
### NET REVENUE

Net revenue of Celsius amounted to MEUR 5.6 in the quarter (+17,9% vs. PY), and FAST net revenue was MEUR 2.4 (-2,3% vs. PY). Other brands represented less than 9% of the Group's revenues. Total net revenue of the Group was MEUR 8.8 in the quarter (+0,4% vs. Q1 2018). Excluding private labels and Freddy sales the net revenue of the Group increased by 4,5% in the quarter.

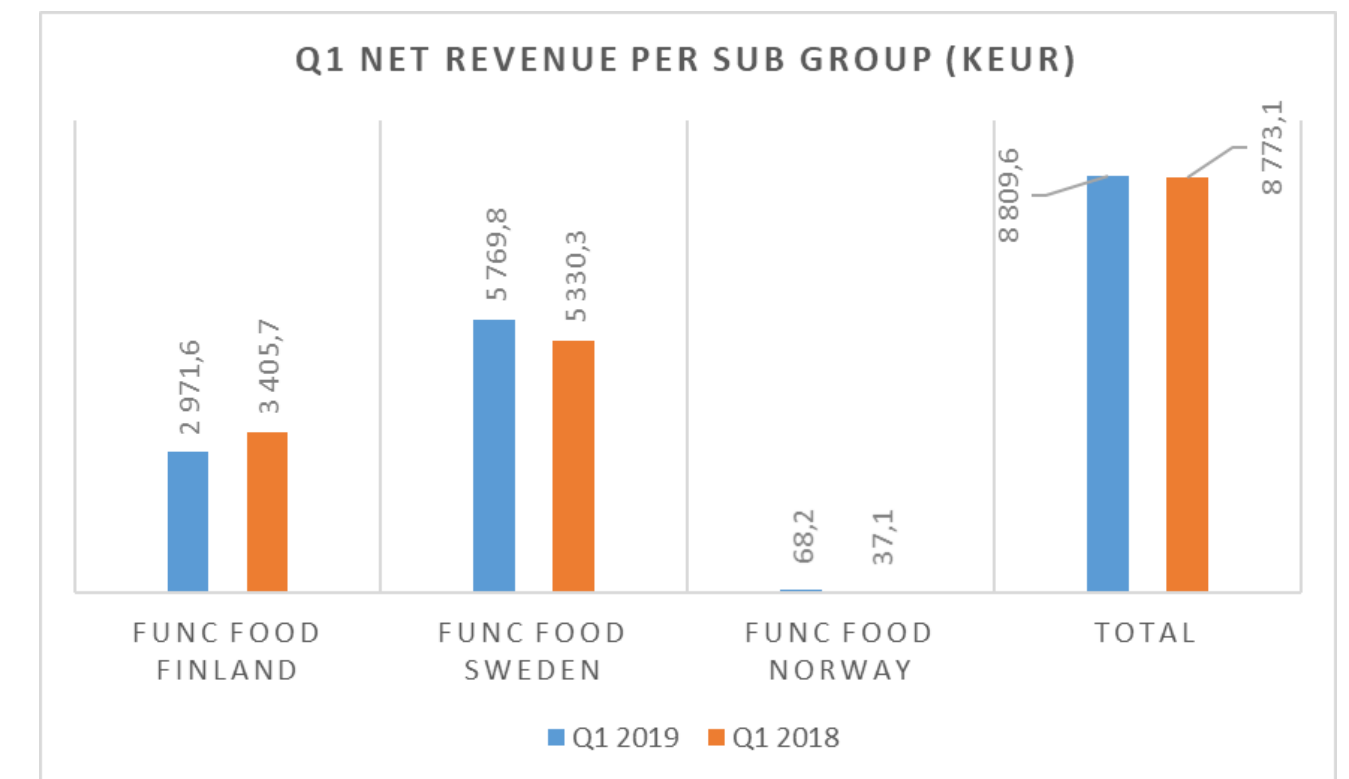
In Sweden, total net revenues in local currency SEK increased by 10,2% vs. PY in the quarter. The increase in euros was 7,5%. Excluding the Freddy business the change in revenues was +17,5% in SEK and +14,6% in EUR. Sales growth was due to successful new Celsius flavors, FAST bars growth and disposal sales of old stock.

Net revenue in Finland declined by 12,7% due to expected decrease in non-focus portfolio. Key categories for FAST and Celsius had were growing.

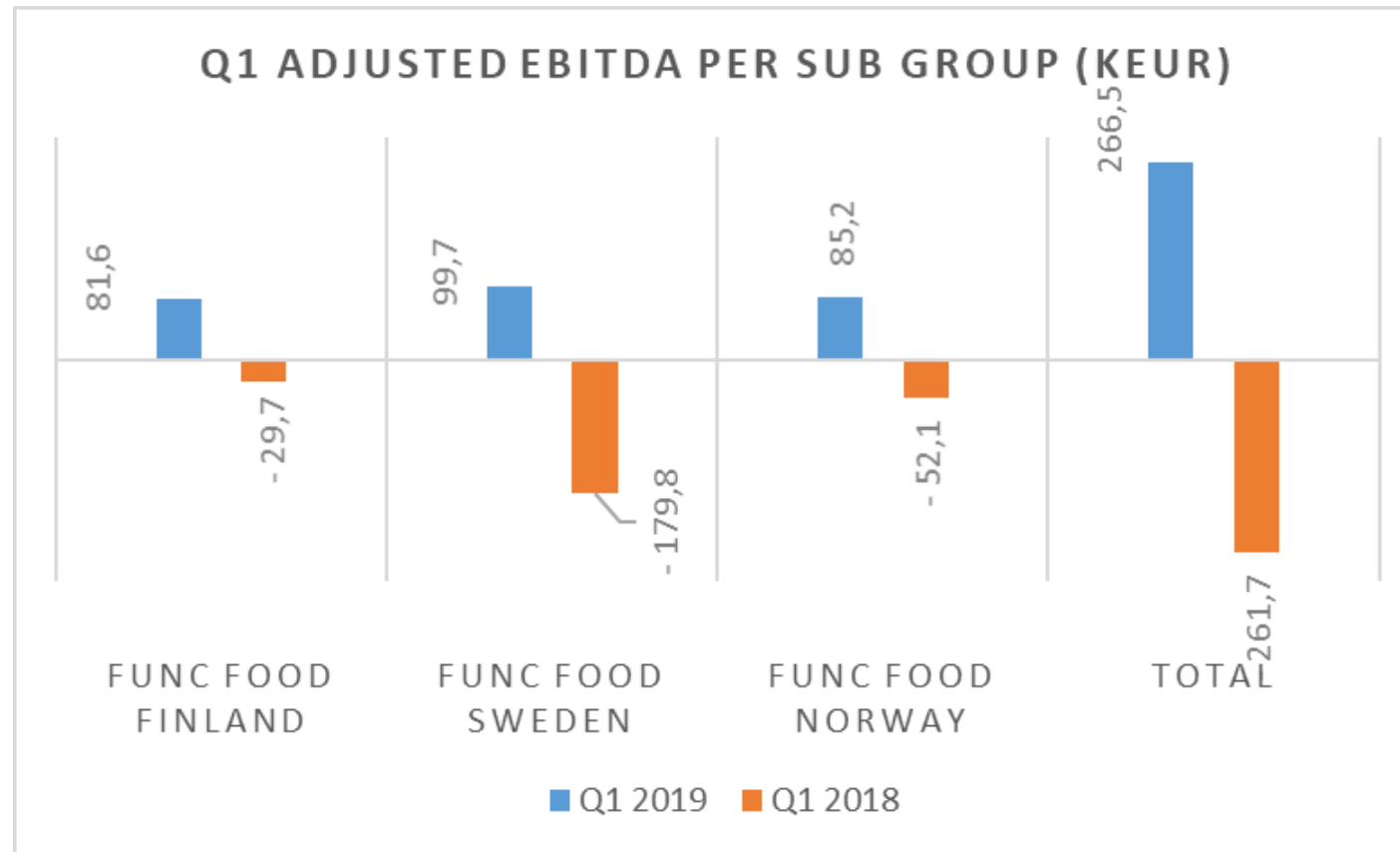
In Norway, the business was still in an emerging phase.



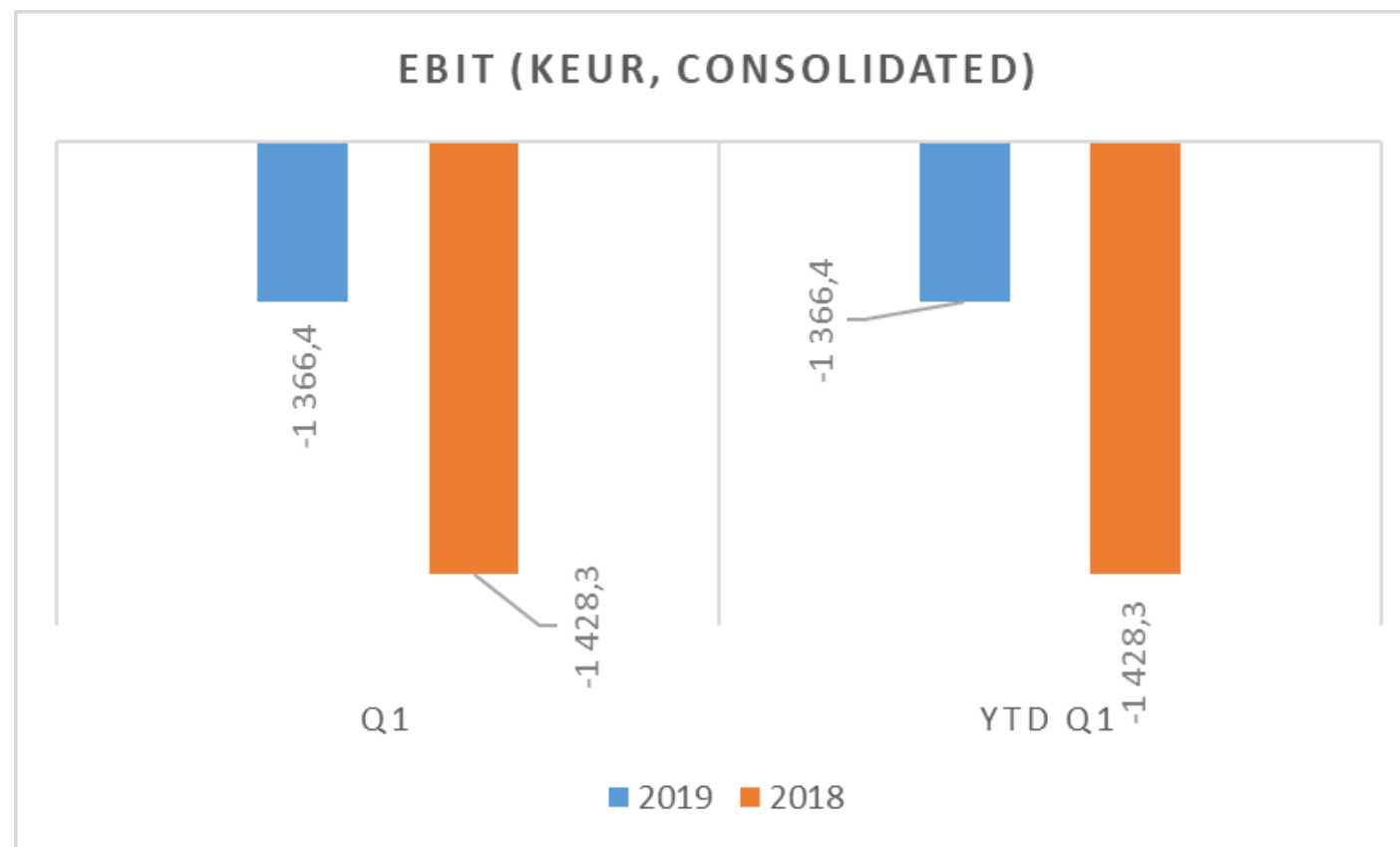
Net revenue per product group Q1 2019 vs. Q1 2018



Net revenue per sub group Q1 2019 vs. Q1 2018



Adjusted EBITDA per sub group Q1 2019 vs. Q1 2018



Consolidated EBIT Q1 2019 vs. Q1 2018 and YTD Q1 2019 vs. Q1 2018

### EBITDA

The Group's EBITDA in the quarter amounted to MEUR -0.4 (MEUR -0.4 in Q1 2018). Total adjusted EBITDA was MEUR +0.3 (MEUR -0.3 Q1 2018). Sales margin-% was at 25,7% vs 32,7% previous year. Sales margin was mainly affected by sales of discontinued products in both countries, but especially in Sweden. Items affecting comparability amounted to MEUR 0.7 in the quarter (MEUR 0.1 in Q1 2018).

In Sweden, the Q1 2019 EBITDA was MEUR -0.5 and adjusted EBITDA MEUR +0.1, while previous year's EBITDA was MEUR -0,3 and adjusted EBITDA were MEUR -0.2. Adjusted EBITDA increase was mainly driven by successful launch performance and applied cost structure savings. Reported EBITDA was affected by sales margin decrease from disposal sales.

Total EBITDA in Finland for the quarter was MEUR -0.0 and adjusted EBITDA MEUR +0.1. In Q1 2018 EBITDA was -0.1 and adjusted EBITDA was MEUR -0.0. Adjusted EBITDA increase was mainly driven by FAST bars and Celsius sales performance and applied cost structure savings. Reported EBITDA was affected by sales margin decrease from disposal sales.

### EBIT

Total consolidated EBIT for the Group was MEUR -1.4 for the quarter (MEUR -1.4 in Q1 2018). Investments in marketing decreased by MEUR 0.2 and other operating expenses decreased by MEUR 0.2, while personnel expenses decreased by MEUR 0.1 vs. PY. Total depreciations and amortizations decreased MEUR 0,1 compared to Q1 2018.





## CASH FLOW

Consolidated cash and cash equivalents on 31<sup>st</sup> March 2019 amounted to MEUR 0.6 (MEUR 0.4 in the beginning of the year). The Group's net cash flow from operations in the quarter was MEUR +0.4, mainly driven by continued inventory reduction, less negative EBITDA and the non-payment of bond coupon interest. Net working capital at end of Q1 was MEUR -0.4.

Net cash flow from YTD investing activities was MEUR 0.1, and the Group had no loans withdrawn. Payments relating to financial leasing liabilities amounted to MEUR 0.1.

The Group's inventory level (MEUR 4.1) were MEUR 1.7 lower than in the beginning of the year due to executed reduction of inventories for discontinued products.

Total inventories in Finnish subsidiaries amounted to MEUR 1.4 at the end of Q1. Total net working capital in Finland was at a lower level than in the beginning of the year.

In Sweden inventories of amounted to MEUR 2.4 at the end of Q1 2019. 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 -15.9 at the end of Q1 2019 (MEUR -13.2 at the beginning of year).

## NEW IFRS STANDARDS

As of 1<sup>st</sup> January 2019, Func Food Group has implemented the IFRS 16 standard, which affects the information provided in the consolidated financial statements and quarterly reports.

Due to the implementation of IFRS 16, Leases, all leases are presented in the lessee's statement of financial position. The company has implemented IFRS 16 as a modified retrospective approach, where a company applies the new standard from the beginning of the current period. Lease assets and lease liabilities have been calculated from 1<sup>st</sup> January 2019 position. The implementation of IFRS 16 increased liabilities in balance sheet by EUR 0.2 million and EBITDA effect in Q1 was below EUR 0.1 million.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.



## RISKS AND UNCERTAINTIES

The Group has significant uncertainty factors relating to the continuity of its operations. Uncertainty relates to the Group's financing and liquidity. Group's bond is due at 26th June 2019, but Group has been in event of default since 26th March 2019 due to non-payment of bond coupon interest. Negotiations with bondholders are underway. Ownership or financing structure of the Group is expected to change as a result of the negotiations without remarkable effect on business operations. However there is a risk that ownership restructuring and/or bond refinancing will not be successful. Many factors affect the result of the process, incl. Company's financial position, resulting in risk for going concern.

Current operational 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.

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. Group also has considerable amount of overdue accounts payables and due to tight liquidity payment plans have been and will be negotiated with suppliers.

In order to manage 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.

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.

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

## EVENTS AFTER BALANCE SHEET DAY

People's Choice AB has on-going case with Swedish tax office regarding incorrect 2016 tax form submission. Penalty fee is MEUR 0.4. People's Choice has made an appeal to amend the penalty fee in to proportional level compared to the error. Company received negative decision in May 2019 and continues the appeal process. Appeal process usually takes 4-12 months before final decision is made and payment is due. The fee has been fully accrued in tax expenses in Q4 result.

The Group agreed standstill period with bondholders on 17<sup>th</sup> April 2019, which was to enable finalizing acquisition negotiations with potential buyer. Acquisition negotiations and current standstill period ended on 9<sup>th</sup> May 2019. However discussions with all parties are continuing.

## OUTLOOK FOR 2019

The Group estimates its net revenue and adjusted EBITDA to slightly grow from 2018. Risks related to estimate are described in going concern and risks sections.



**Table 1: Consolidated statement of comprehensive income (IFRS)**

EUR in thousands	Current Quarter Q1 2019	Current Quarter PY Q1 2018	YTD 1-12/2018
<b>Continuing operations</b>			
Net revenue	8 809,6	8 773,1	33 027,8
Other income	3,2	129,4	218,7
Raw materials and consumables used	-6 549,4	-6 031,8	-24 499,7
Employee benefits expense	-1 115,8	-1 245,7	-5 013,6
Depreciation and amortisation	-915,0	-1 048,2	-3 795,6
Impairment	0,0	0,0	-7 723,0
Other operating expenses	-1 599,0	-2 005,1	-6 735,5
<b>Operating profit</b>	<b>-1 366,4</b>	<b>-1 428,3</b>	<b>-14 520,8</b>
Financial income	0,1	2,1	2,0
Financial expenses	-1 201,5	-1 205,8	-4 509,4
<b>Profit before taxes</b>	<b>-2 567,8</b>	<b>-2 632,0</b>	<b>-19 028,2</b>
Income taxes	127,4	120,7	187,5
<b>Profit for the period from continuing operations</b>	<b>-2 440,3</b>	<b>-2 511,3</b>	<b>-18 840,7</b>
<b>Profit for the period</b>	<b>-2 440,3</b>	<b>-2 511,3</b>	<b>-18 840,7</b>
<b>Distribution</b>			
To equity holders of the parent	-2 440,3	-2 511,3	-18 840,7
To non-controlling interests	0,0	0,0	0,0
	-2 440,3	-2 511,3	-18 840,7
<b>Other comprehensive income</b>			
Items that may be recognised in profit or loss in the future			
Profit for the financial year	-2 440,3	-2 511,3	-18 840,7
Items of the comprehensive income statement			
Translation differences	-226,7	-993,1	-918,6
<b>Total comprehensive income for the year</b>	<b>-2 667,0</b>	<b>-3 504,5</b>	<b>-19 759,2</b>
<b>Distribution</b>			
To equity holders of the parent	-2 667,0	-3 504,5	-19 759,2
To non-controlling interests	0,0	0,0	0,0
	-2 667,0	-3 504,5	-19 759,2



**Table 2: Consolidated statement of financial position (IFRS)**

EUR in thousands	3/2019	3/2018	12/2018
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1 150,7	1 414,4	1 093,5
Goodwill	12 060,6	19 534,5	12 229,1
Other intangible assets	26 450,8	29 823,0	27 361,3
Other financial assets	1,9	1,9	1,9
Deferred tax assets	35,9	67,9	57,8
	<b>39 699,9</b>	<b>50 841,7</b>	<b>40 743,5</b>
Current assets			
Inventories	4 078,6	8 189,8	5 846,5
Trade and other receivables	2 085,7	3 093,4	1 771,8
Tax assets based on taxable income for the period	33,7	21,9	22,1
Cash and cash equivalents	643,0	405,8	432,0
	<b>6 841,0</b>	<b>11 710,9</b>	<b>8 072,4</b>
<b>Total assets</b>	<b>46 540,8</b>	<b>62 552,6</b>	<b>48 816,0</b>
<b>EQUITY AND LIABILITIES</b>			
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	-3 507,0	-3 354,9	-3 280,3
Retained earnings	-42 533,2	-23 760,7	-40 090,0
	<b>-15 913,1</b>	<b>3 011,6</b>	<b>-13 243,2</b>
<b>Total equity</b>	<b>-15 913,1</b>	<b>3 011,6</b>	<b>-13 243,2</b>
Non-current liabilities			
Deferred tax liabilities	5 756,9	6 439,5	5 943,0
Appropriations and reservations	356,5		361,5
Financial liabilities	11 434,3	38 770,3	11 085,0
Other liabilities	5 641,7	5 518,6	5 685,3
	<b>23 189,4</b>	<b>50 728,4</b>	<b>23 074,8</b>
Current liabilities			
Trade payables and other liabilities	9 313,1	8 533,1	9 159,5
Tax liabilities based on taxable income for the period	0,0	0,0	0,0
Financial liabilities	29 951,4	279,5	29 824,9
	<b>39 264,5</b>	<b>8 812,6</b>	<b>38 984,4</b>
<b>Total liabilities</b>	<b>62 453,9</b>	<b>59 541,0</b>	<b>62 059,2</b>
<b>Total equity and liabilities</b>	<b>46 540,8</b>	<b>62 552,6</b>	<b>48 816,0</b>

**Table 3: Consolidated cashflow statement**

EUR in thousands	Q1 2019	Q1 2018	YTD Q4 2018
<b>Cash flows from operating activities</b>			
Profit for the period	-2 440,3 €	-2 511,3 €	-18 840,7 €
Adjustments:			
Depreciation according to plan	915,0 €	1 048,2 €	11 518,6 €
Unrealized exchange rate gains and losses	-33,2 €	0,0 €	-227,2 €
Interest and other finance costs	1 201,5 €	1 205,8 €	4 509,4 €
Interest income	-0,1 €	2,1 €	-2,0 €
Taxes	-127,4 €	-120,7 €	-187,5 €
Other adjustments	-82,5 €	-185,2 €	-415,8 €
Working capital adjustments	1 080,1 €	-121,3 €	3 691,8 €
Changes in blocked bank accounts	0,0 €	0,0 €	0,0 €
Interest and other financial costs paid	-129,8 €	-800,6 €	-2 221,0 €
Interest received	0,1 €	2,1 €	2,0 €
Taxes paid	2,2 €	0,0 €	0,0 €
<b>Net cash flow from operating activities</b>	<b>385,4 €</b>	<b>-1 480,8 €</b>	<b>-2 172,4 €</b>
<b>Cash flows used in investing activities</b>			
Investments in intangible and intangible fixed assets	0,0 €	0,0 €	0,8 €
Investments in tangible and intangible fixed assets	-53,7 €	0,0 €	-189,7 €
Sales of tangible fixed assets	0,0 €	0,0 €	0,0 €
<b>Net cash flow from investing activities</b>	<b>-53,7 €</b>	<b>0,0 €</b>	<b>-188,9 €</b>
<b>Cash flows used in financing activities</b>			
Long-term loans drawn	0,0 €	724,4 €	1 924,4 €
Repayment of long-term loans	0,0 €	-25,0 €	-25,0 €
Payment of financial lease liabilities	-120,2 €	-104,5 €	-385,6 €
<b>Net cash flow from financing activities</b>	<b>-120,2 €</b>	<b>594,9 €</b>	<b>1 513,8 €</b>
<b>Change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period	432,0 €	1 319,2 €	1 319,2 €
Cash assets transferred in conjunction with restructuring	0,0 €	0,0 €	0,0 €
Net foreign exchange difference	-0,5 €	-27,8 €	-39,8 €
<b>Cash and cash equivalents at end of period</b>	<b>643,0 €</b>	<b>405,8 €</b>	<b>432,0 €</b>



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

EUR in thousands	Current Quarter Q1 2019	Current Quarter PY Q1 2018	YTD 1-12/2018
<b>Net Revenue</b>	<b>174,6</b>	<b>165,2</b>	<b>803,8</b>
Raw materials and consumables used			
<b>Personnel costs</b>			
Wages and salaries	-87,9	-98,7	-535,7
<b>Social security expenses</b>			
Pension expenses	-24,9	-5,5	-77,6
Other social security expenses	-3,3	2,2	-19,1
<b>Total personnel costs</b>	<b>-116,1</b>	<b>-102,0</b>	<b>-632,3</b>
Other operating expenses	-104,8	-86,2	-323,1
<b>OPERATING PROFIT (LOSS)</b>	<b>-46,3</b>	<b>-23,1</b>	<b>-151,7</b>
<b>FINANCIAL INCOME AND EXPENSES:</b>			
Other interest and financial income from Group companies	645,5	738,2	2 596,1
From others	-0,1	0,0	0,2
<b>Reduction in value of investments held as non-current assets</b>			<b>-18 508,3</b>
<b>Interest and other financial expenses</b>			
To Group companies	0,0	0,0	0,0
To others	-1 013,9	-961,7	-3 863,8
<b>Total financial income and expenses</b>	<b>-368,6</b>	<b>-223,5</b>	<b>-19 775,8</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-414,9</b>	<b>-246,6</b>	<b>-19 927,4</b>
Income taxes	0,0	0,0	0,0
<b>PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR</b>	<b>-414,9</b>	<b>-246,6</b>	<b>-19 927,4</b>

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

EUR in thousands	3/2019	3/2018	12/2018
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1 150,7	1 414,4	1 093,5
Goodwill	12 060,6	19 534,5	12 229,1
Other intangible assets	26 450,8	29 823,0	27 361,3
Other financial assets	1,9	1,9	1,9
Deferred tax assets	35,9	67,9	57,8
	<b>39 699,9</b>	<b>50 841,7</b>	<b>40 743,5</b>
Current assets			
Inventories	4 078,6	8 189,8	5 846,5
Trade and other receivables	2 085,7	3 093,4	1 771,8
Tax assets based on taxable income for the period	33,7	21,9	22,1
Cash and cash equivalents	643,0	405,8	432,0
	<b>6 841,0</b>	<b>11 710,9</b>	<b>8 072,4</b>
<b>Total assets</b>	<b>46 540,8</b>	<b>62 552,6</b>	<b>48 816,0</b>
<b>EQUITY AND LIABILITIES</b>			
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	-3 507,0	-3 354,9	-3 280,3
Retained earnings	-42 533,2	-23 760,7	-40 090,0
	<b>-15 913,1</b>	<b>3 011,6</b>	<b>-13 243,2</b>
<b>Total equity</b>	<b>-15 913,1</b>	<b>3 011,6</b>	<b>-13 243,2</b>
Non-current liabilities			
Deferred tax liabilities	5 756,9	6 439,5	5 943,0
Appropriations and reservations	356,5		361,5
Financial liabilities	11 434,3	38 770,3	11 085,0
Other liabilities	5 641,7	5 518,6	5 685,3
	<b>22 832,9</b>	<b>50 728,4</b>	<b>22 713,3</b>
Current liabilities			
Trade payables and other liabilities	9 313,1	8 533,1	9 159,5
Tax liabilities based on taxable income for the period	0,0	0,0	0,0
Financial liabilities	29 951,4	279,5	29 824,9
	<b>39 264,5</b>	<b>8 812,6</b>	<b>38 984,4</b>
<b>Total liabilities</b>	<b>62 097,4</b>	<b>59 541,0</b>	<b>61 697,7</b>
<b>Total equity and liabilities</b>	<b>46 540,8</b>	<b>62 552,6</b>	<b>48 816,0</b>

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

EUR in thousands	Q1 2019	Q1 2018	YTD Q1 2019	YTD Q1 2018
<b>Cash flows from operating activities</b>				
Profit for the period	-414,9 €	-246,6 €	-414,9 €	-246,6 €
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	1 013,9 €	961,7 €	1 013,9 €	961,7 €
Interest income	-645,5 €	-738,2 €	-645,5 €	-738,2 €
Taxes	0,0 €	0,0 €	0,0 €	0,0 €
Other adjustments	0,0 €	0,0 €	0,0 €	0,0 €
Working capital adjustments:				
Increase (-) / decrease (+) in current non-interest receivables	-586,8 €	-183,9 €	-586,8 €	-183,9 €
Increase (+) / decrease (-) in current non-interest liabilities	-3,5 €	34,3 €	-3,5 €	34,3 €
Changes in blocked bank accounts	0,0 €	0,0 €	0,0 €	0,0 €
Interest and other financial costs paid	-68,3 €	-662,3 €	-68,3 €	-662,3 €
Interest received	711,1 €	659,8 €	711,1 €	659,8 €
Taxes paid	0,0 €	0,0 €	0,0 €	0,0 €
<b>Net cash flow from operating activities</b>	<b>6,1 €</b>	<b>-175,1 €</b>	<b>6,1 €</b>	<b>-175,1 €</b>
<b>Cash flows used in investing activities</b>				
Investments in shares of subsidiaries	0,0 €	0,0 €	0,0 €	0,0 €
Loans given	0,0 €	-715,0 €	0,0 €	-715,0 €
<b>Net cash flow from investing activities</b>	<b>0,0 €</b>	<b>-715,0 €</b>	<b>0,0 €</b>	<b>-715,0 €</b>
<b>Cash flows used in financing activities</b>				
Loans drawn	0,0 €	724,4 €	0,0 €	724,4 €
Repayment of loans	0,0 €	0,0 €	0,0 €	0,0 €
<b>Net cash flow from financing activities</b>	<b>0,0 €</b>	<b>724,4 €</b>	<b>0,0 €</b>	<b>724,4 €</b>
<b>Change in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of period	12,9 €	199,7 €	12,9 €	199,7 €
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 €
<b>Cash and cash equivalents at end of period</b>	<b>19,0 €</b>	<b>34,0 €</b>	<b>19,0 €</b>	<b>34,0 €</b>



**Table 7:** Consolidated statement of changes in equity year-to-date December 2017, 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
<b>Equity at 1 Jan 2018</b>	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
<b>Adjusted equity at 1 Jan 2018</b>	80,0	30 047,1	-2 361,7	-21 249,3	6 516,0	0,0	6 516,0
<b>Comprehensive income</b>							
Profit for the year				-2 511,3	-2 511,3	0,0	-2 511,3
Translation differences			-993,1		-993,1	0,0	-993,1
<b>Total comprehensive income for the year</b>	0,0	0,0	-993,1	-2 511,3	-3 504,5	0,0	-3 504,5
<b>Other items affecting equity</b>							
<b>Total other items affecting equity</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Transactions with equity owners</b>							
<b>Total transactions with equity owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 31 Mar 2018</b>	80,0	30 047,1	-3 354,9	-23 760,7	3 011,6	0,0	3 011,6

**Table 8:** Consolidated statement of changes in equity year-to-date December 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
<b>Equity at 1 Jan 2019</b>	80,0	30 047,1	-3 280,3	-40 090,0	-13 243,2	0,0	-13 243,2
Adjustment for implementing IFRS 16				-2,8	-2,8	0,0	-2,8
<b>Adjusted equity at 1 Jan 2019</b>	80,0	30 047,1	-3 280,3	-40 092,8	-13 246,0	0,0	-13 246,0
<b>Comprehensive income</b>							
Profit for the year				-2 440,3	-2 440,3	0,0	-2 440,3
Translation differences			-226,7		-226,7	0,0	-226,7
<b>Total comprehensive income for the year</b>	0,0	0,0	-226,7	-2 440,3	-2 667,0	0,0	-2 667,0
<b>Other items affecting equity</b>							
<b>Total other items affecting equity</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Transactions with equity owners</b>							
<b>Total transactions with equity owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 31 Mar 2019</b>	80,0	30 047,1	-3 507,0	-42 533,2	-15 913,1	0,0	-15 913,1



**Table 9:** Fair values of financial assets and liabilities on March 31 2018

March 31 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
<b>Current financial assets</b>						
Trade and other receivables		2 813,6			2 813,6	2 813,6
<b>Total</b>	0,0	2 813,6	0,0	0,0	2 813,6	2 813,6
<b>Non-current financial liabilities</b>						
Bonds and debentures				29 298,6	29 298,6	29 298,6
Convertible loans				8 842,9	8 842,9	8 842,9
Subordinated loans					49,7	49,7
Amounts owed to credit institutions				579,2	579,2	579,2
Other non-current liabilities					5 518,6	5 518,6
<b>Current financial liabilities</b>						
Bonds and debentures				0,0	0,0	0,0
Convertible loans				0,0	0,0	0,0
Amounts owed to credit institutions				279,5	279,5	279,5
Trade payables					6 025,5	6 025,5
Other liabilities					564,1	564,1
<b>Total</b>	0,0	0,0	0,0	39 000,2	51 158,1	51 158,1

**Table 10:** Fair values of financial assets and liabilities on March 31 2019

March 31 2019						
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
<b>Current financial assets</b>						
Trade and other receivables		1 872,8			1 872,8	1 872,8
<b>Total</b>	0,0	1 872,8	0,0	0,0	1 872,8	1 872,8
<b>Non-current financial liabilities</b>						
Bonds and debentures				0,0	0,0	0,0
Convertible loans				10 912,2	10 912,2	10 912,2
Subordinated loans				49,7	49,7	49,7
Amounts owed to credit institutions				472,5	472,5	472,5
Other non-current liabilities				5 641,7	5 641,7	5 641,7
<b>Current financial liabilities</b>						
Bonds and debentures				29 560,2	29 560,2	29 560,2
Amounts owed to credit institutions				393,9	393,9	393,9
Trade payables					6 418,5	6 418,5
Other liabilities					382,4	382,4
<b>Total</b>	0,0	0,0	0,0	47 030,0	53 830,9	53 830,9

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 Q1 2019	Current Quarter PY Q1 2018	YTD 1-12/2018
Net revenue	8 809,6	8 773,1	33 027,8
Sales margin	2 263,4	2 870,7	8 746,9
Sales margin, % of net revenue	25,7%	32,7%	26,5%
Personnel expenses	-1 115,8	-1 245,7	-5 013,6
Marketing expenses	-935,3	-1 132,3	-4 022,9
Other operating expenses	-663,6	-872,8	-2 712,6
Total operating expenses	-2 714,8	-3 250,8	-11 749,1
EBITDA	-451,4	-380,1	-3 002,2
EBITDA, % of net revenue	-5,1%	-4,3%	-9,1%
Items affecting comparability	717,9	118,5	1 674,2
Adjusted EBITDA	266,5	-261,7	-1 328,0
Adjusted EBITDA, % of net revenue	3,0%	-3,0%	-4,0%
EBIT	-1 366,4	-1 428,3	-14 520,8
EBIT, % of net revenue	-15,5%	-16,3%	-44,0%
Profit for the period	-2 440,3	-2 511,3	-18 840,7
Profit for the period, % of net revenue	-27,7%	-28,6%	-57,0%

**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	Q1 2019	Q1 2018	Q4 2018
<b>Guarantees for bonds and debentures</b>			
Corporate mortgages	16 500,0	16 500,0	16 500,0
Pledges given	21 124,9	39 629,8	31 910,1
Pledged bank deposits	0,0	0,0	0,0
<b>Total</b>	<b>37 624,9</b>	<b>56 129,8</b>	<b>48 410,1</b>
<p>The pledged assets at the end of Q1 2019 include pledged shares in subsidiaries of EUR 21.115,3 thousand.            The value of the liabilities is the nominal value or the book value of the item in question.</p>			
<b>Other leases</b>			
	Q1 2019	Q1 2018	Q4 2018
<b>Total</b>	<b>0,0</b>	<b>677,0</b>	<b>403,5</b>



## FINANCIAL REPORTING IN 2019 AND 2020

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](http://www.funcfood.com).

Q1 2019	May 2019
Q2 2019	August 2019
Q3 2019	November 2019
Q4 2019	February 2020
Q1 2020	May 2020
Q2 2020	August 2020
Q3 2020	November 2020
Q4 2020	February 2021

The 2019 consolidated financial statements will be published in April 2020.

Helsinki 31 May 2019

**Robin Lybeck**

CEO

**Jani Partanen**

CFO

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