



WE FUEL THE WORLD'S WELLNESS NEEDS

**Func Food Group**

Financial Release / Q2 2017

# func food

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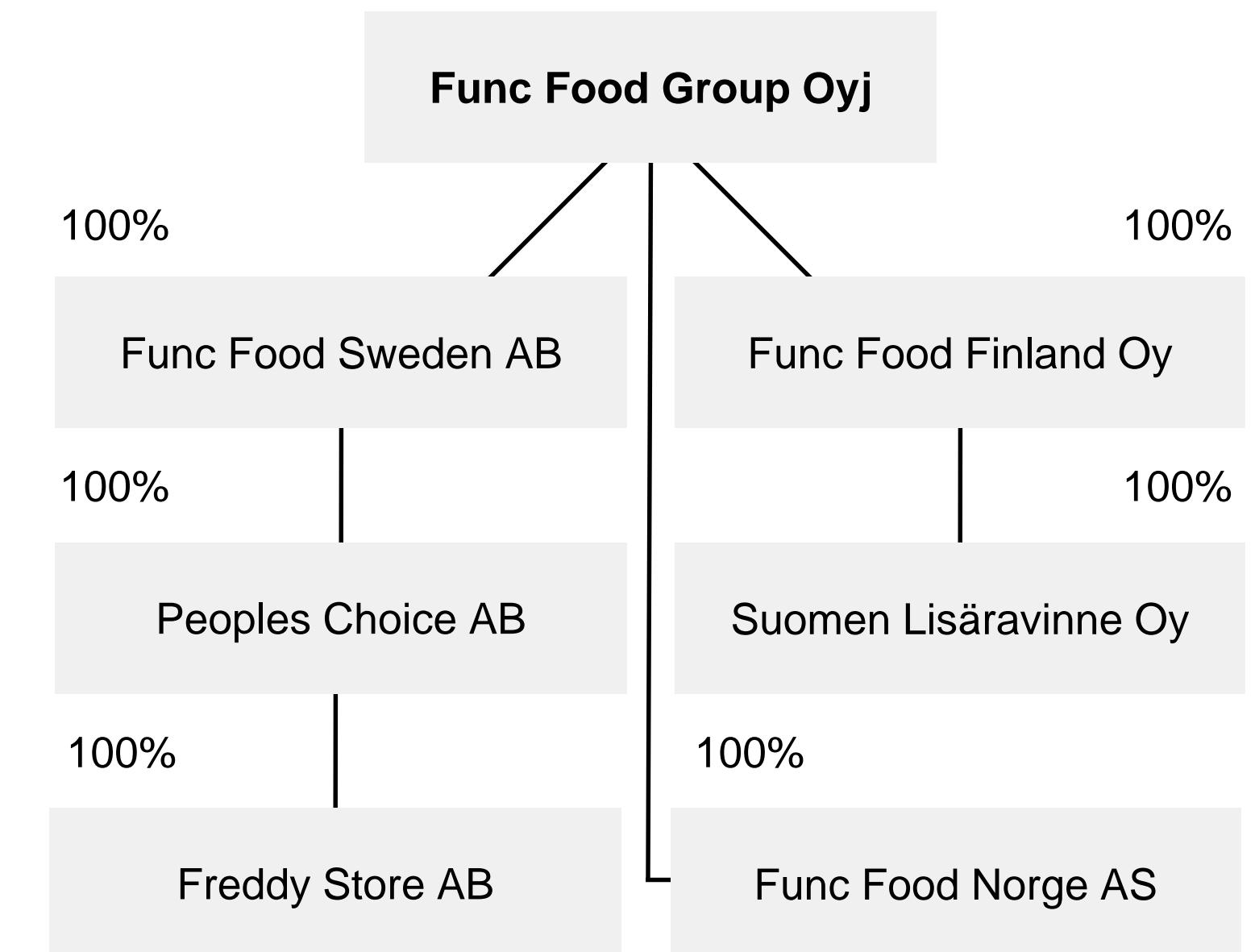
## FUNC FOOD GROUP IN BRIEF

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 is preparing to start operations there later in 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 2016. 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

### SECOND QUARTER 2017

- Consolidated Group revenues amounted to MEUR 10,0 (MEUR 10,2 in consolidated 2016).
- Revenues decreased by MEUR 0,2 or 1,9% in comparison to 2016.
- Consolidated Group EBITDA amounted to MEUR -0,1 (MEUR 0,9 in consolidated 2016).
- EBITDA decreased by MEUR 1,0 in comparison to 2016.
- EBITDA adjusted for items affecting comparability was MEUR -0,1 in 2017 and MEUR 1,0 in 2016 (reduction of MEUR 1,1).

### YEAR-TO-DATE JUNE 2017

- Consolidated Group revenues amounted to MEUR 20,5 (MEUR 21,0 in consolidated 2016).
- Revenues decreased by MEUR 0,5 or 2,2% in comparison to 2016.
- Consolidated Group EBITDA amounted to MEUR 0,5 (MEUR 1,6 in consolidated 2016).

EBITDA decreased by MEUR 1,0 or 66,0% in comparison to 2016.

EBITDA adjusted for items affecting comparability was MEUR 0,7 in 2017 and MEUR 1,8 in 2016 (reduction of MEUR 1,1 or 61,4%).

### MANAGEMENT COMMENTS

In Q2 2017 the Group had a negative EBITDA and adjusted EBITDA due to financial development in Finland, while the business in Sweden generated a positive EBITDA and adjusted EBITDA. The profitability in the quarter was significantly impacted by timing of marketing investments, which increased the overall cost level of the Group. Revenue performance of the Group's two largest brands Celsius and FAST was positive compared to the previous year. The sales of Freddy clothing were also in growth while other brands and private labels declined. Total net revenue was MEUR 10,0 (-1,9% vs. previous year). Excluding private label sales the net revenue development in the quarter was +1,9% vs. PY. Total EBITDA and adjusted EBITDA were both MEUR -0,1. Total sales margin-% was 38,6% (38,9% in Q2 2016).

The Group increased its ownership of Suomen Lisäravinne Oy from 71% to 100% during the quarter.

The Group's year-to-date revenue was MEUR 20,5 (-2,2% vs. PY and +3,2% vs. PY excluding private label sales). Celsius revenues increased by MEUR 1,4 or 14,3% vs. PY, followed by MEUR 0,6 (+13,1%) growth of FAST. Private label sales development was the biggest contributor to the overall revenue decline. EBITDA amounted to MEUR 0,5 in the first six months of 2017 (MEUR 1,6 in 2016) and adjusted EBITDA was MEUR 0,7 (MEUR 1,8 in 2016).

Revenues for the Finnish market have continued to decline in Q2, predominantly driven by discontinuation of most of the private label products in the portfolio. Additionally, the FAST brand has faced some changes in distribution during Q2, further impacting on the negative overall development. Total revenue development for Finland was -18,4%. FAST has maintained share in the bars category and successfully entered the category of protein puddings, which has provided a positive impact on the overall revenue. Celsius has shown strong growth in Q2, driven by activations for the summer period.

Total EBITDA and adjusted EBITDA in Finland amounted to MEUR -0,2 in the quarter.

In Sweden, Q2 net revenues grew by +9,1% vs. previous year in EUR and by +12,5% in local currency SEK (excluding intercompany sales). Celsius volume grew ca. +7% vs. PY, although negatively impacted by a short-term out-of-stock of one of the best selling flavors. The second quarter was characterized by increased competitive pressure in the market. Celsius consumer sales in Grocery (Nielsen) grew by +8,7% in volume and +7,6 in value vs. Q2 2016. The energy drink segment grew by +31,5% in value and +28,0% in volume. Celsius value share in Q2 declined by -2,7ppt to 14,4% in the quarter (-1,5ppt to 10,5% in volume). Despite the share pressure Celsius enjoyed solid volume and value growth driven by strong performances of the recent flavor introductions and a good start of the latest portfolio addition apple-ginger.

The Freddy clothing revenue was up +21,1% vs. PY in the quarter. Total EBITDA in Sweden was MEUR 0,1 and adjusted EBITDA was MEUR 0,2 in the quarter.

The Group's focus for FAST and CocoVi brands in the second quarter remained on creating availability and awareness in the highly competitive Swedish market. The distribution was expanded further by signing an agreement with one of largest pharmacy chains in Sweden (Apoteket AB).

Both of our core markets have shown positive retail development vs. Q1, with Swedish retail growing +5,3% in value vs June 2016 and taking overall YTD retail growth to positive vs PY. The growth estimate for the retail sector in Sweden remains positive for the full year 2017. In Finland, retail value sales grew +2,1% vs June 2016, bringing the YTD development to +1,2% vs PY, which was mainly driven by the growth of sales in large supermarkets. Consumer confidence indicators continue to show positive results in both core markets.

The Sports Nutrition category continues to develop as in Q1, with revenue growth predominantly driven by bars and drinks across both Sweden and Finland. In Sweden, functional drinks overall and sub-segment energy drinks showed double digit growth in Q2.

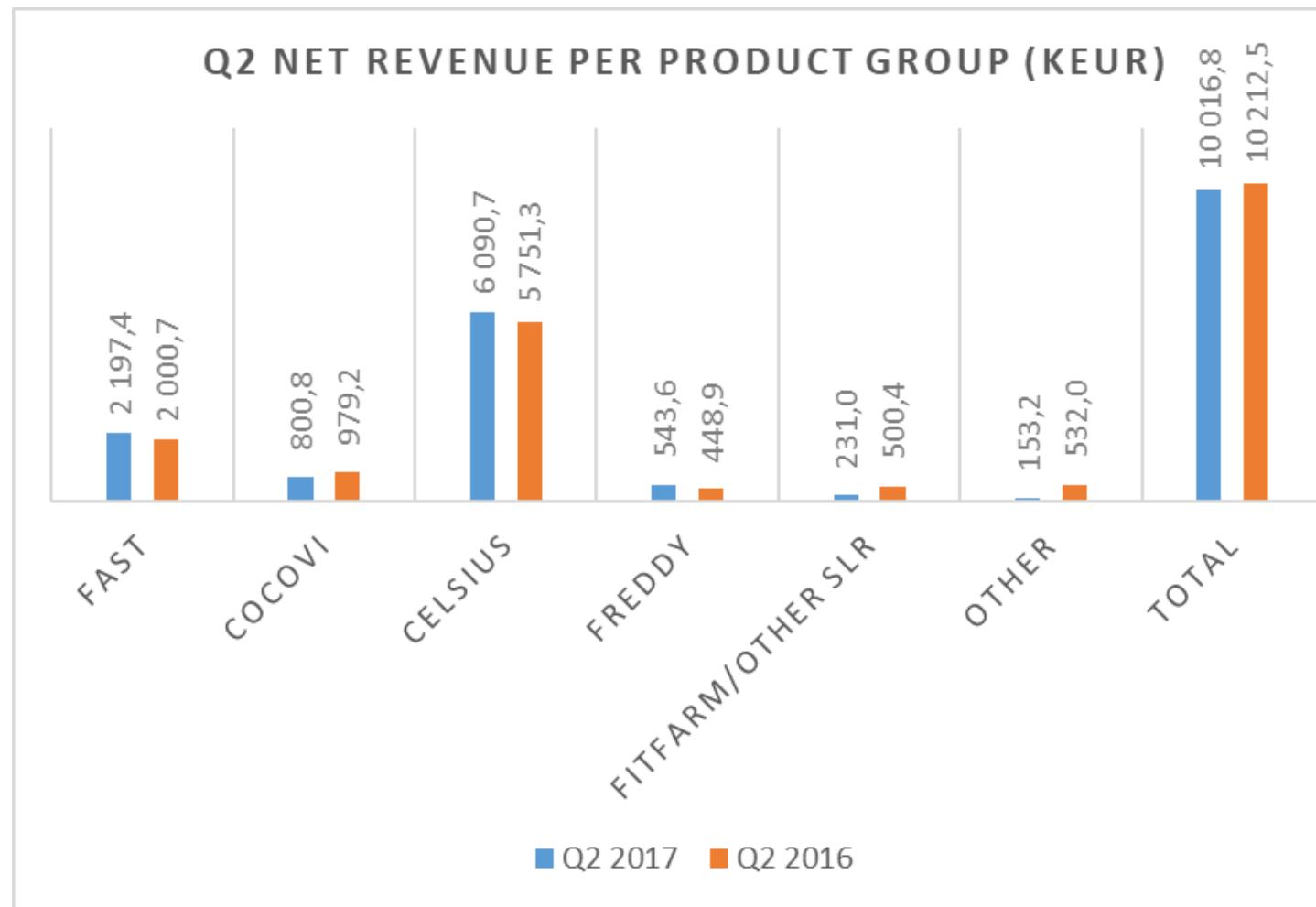
Compared to Q1, the overall Group results in Q2 are mixed, with Celsius in Sweden continuing to maintain strong momentum and FAST in Finland returning to growth during the first half of 2017, following a long period of negative development in the home market. CocoVi and Freddy results are still behind plan, having an impact on the overall results.

In terms of financial performance, Q2 is impacted by the timing of the biggest marketing investments during the year, which do not necessarily correspond with revenue increases during the same period. The Group is investing significantly behind growth while carefully managing our liquidity in order to meet our financial responsibilities.

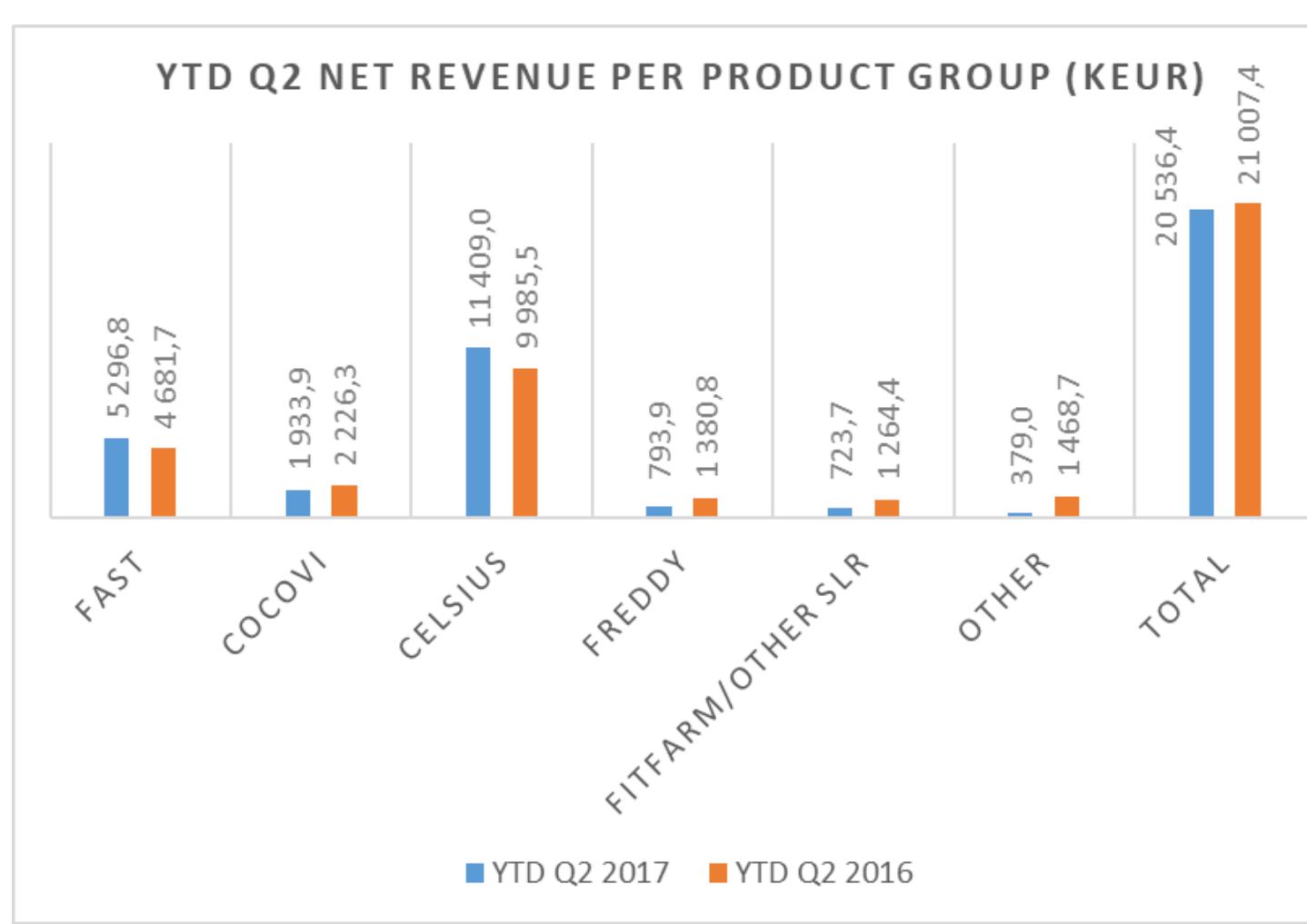
## NET REVENUE

Net revenue of Celsius amounted to MEUR 6,1 in the quarter (+5,9% vs. PY), and FAST net revenues totaled MEUR 2,2 (+9,8% vs. PY). Freddy generated net revenues of MEUR 0,5 (+21,1% vs. PY). Other brands as well as net revenue from private label sales declined. Total net revenue of the Group was MEUR 10,0 in the quarter (-1,9% vs. Q2 2016).

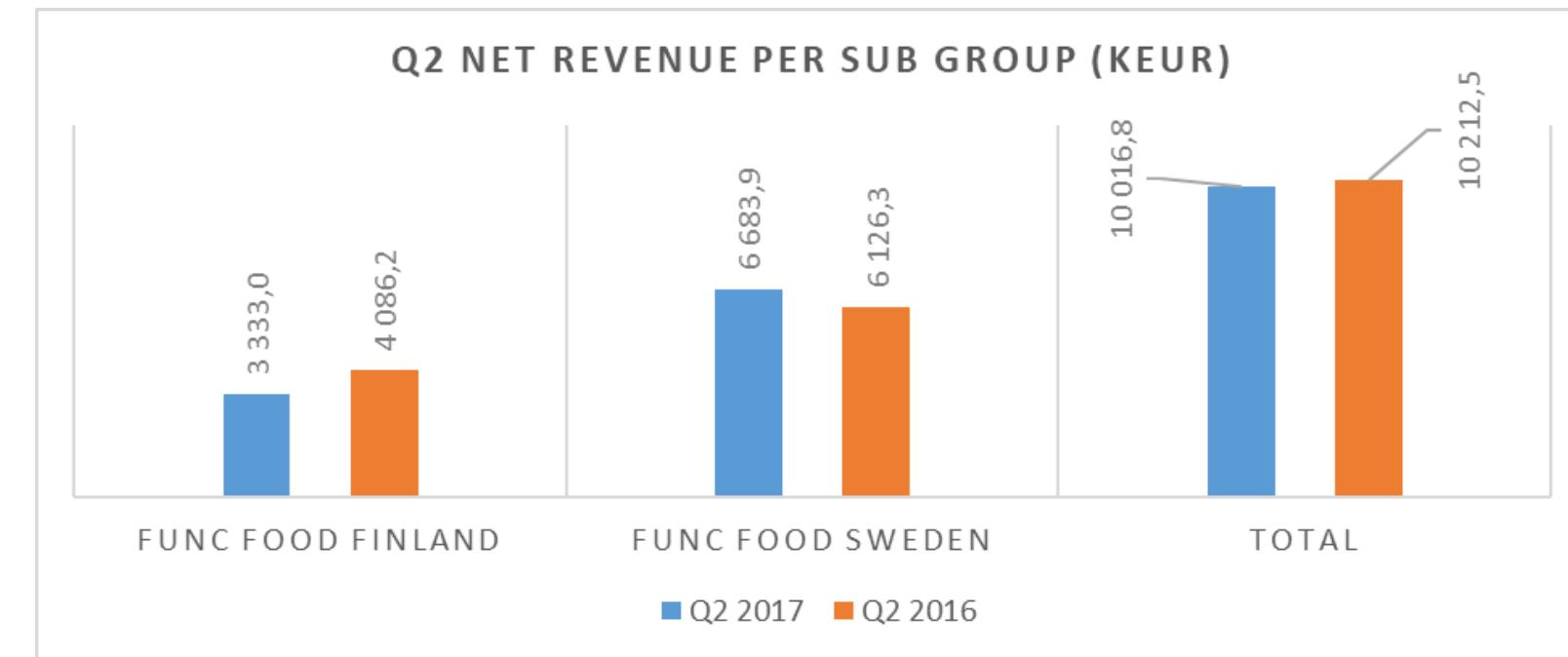
Net revenue in Finland declined mainly due to discontinuation of certain private label sales while the net revenue of the company's biggest brand in Finland FAST grew by 3,0%. CocoVi sales development accounted for roughly a third of the total decline in revenue during the quarter vs. PY. Within FAST the volume of the new protein pudding offering Pudix exceeded a million units in May. Protein bars declined 5% in volume in Q2 2017 vs. PY and powder propositions declined notably. Celsius volume grew by 83% in the quarter. Overall sales margin-% in Finland improved vs. Q2 2016 due to eg. lower private label sales.



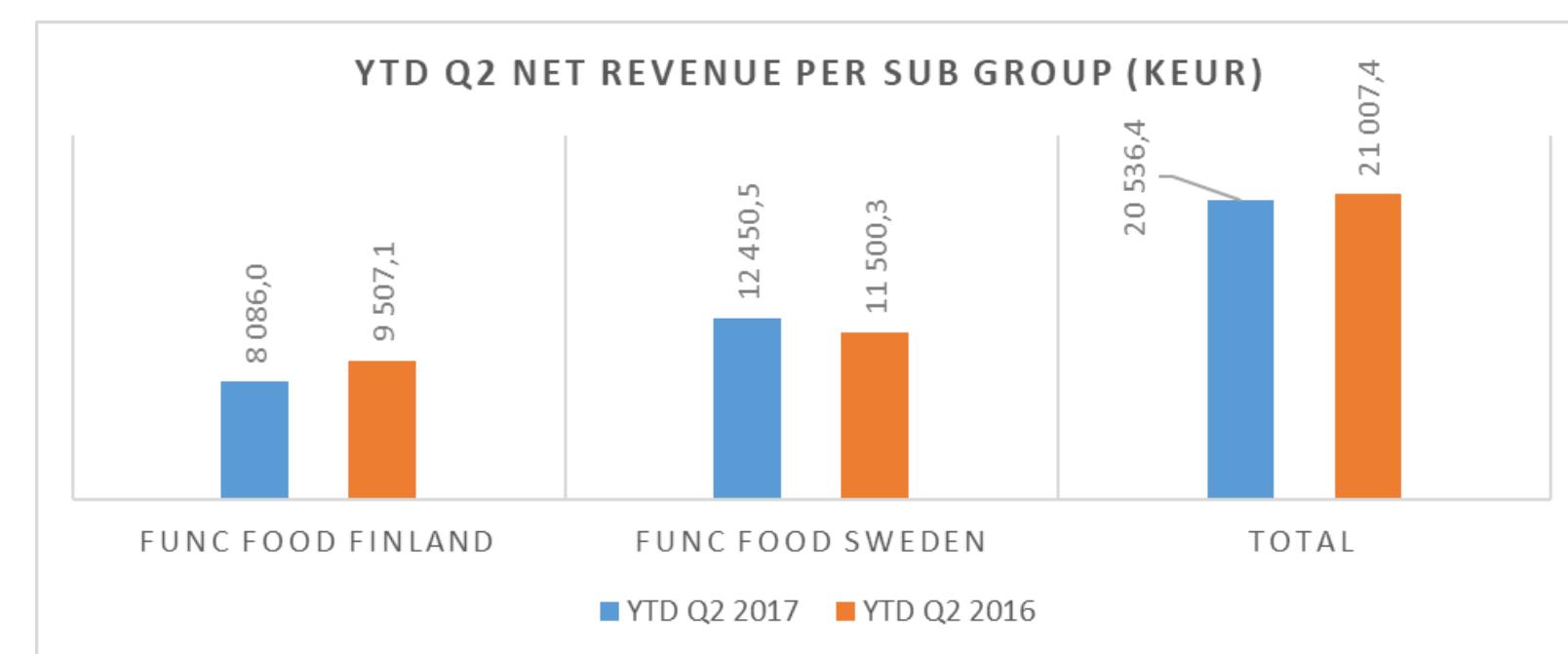
Net revenues per product group Q2 2017 vs. Q2 2016



Net revenues per product group YTD Q2 2017 vs. YTD Q2 2016



Net revenues per sub group Q2 2017 vs. Q2 2016



Net revenues per sub group YTD Q2 2017 vs. YTD Q2 2016

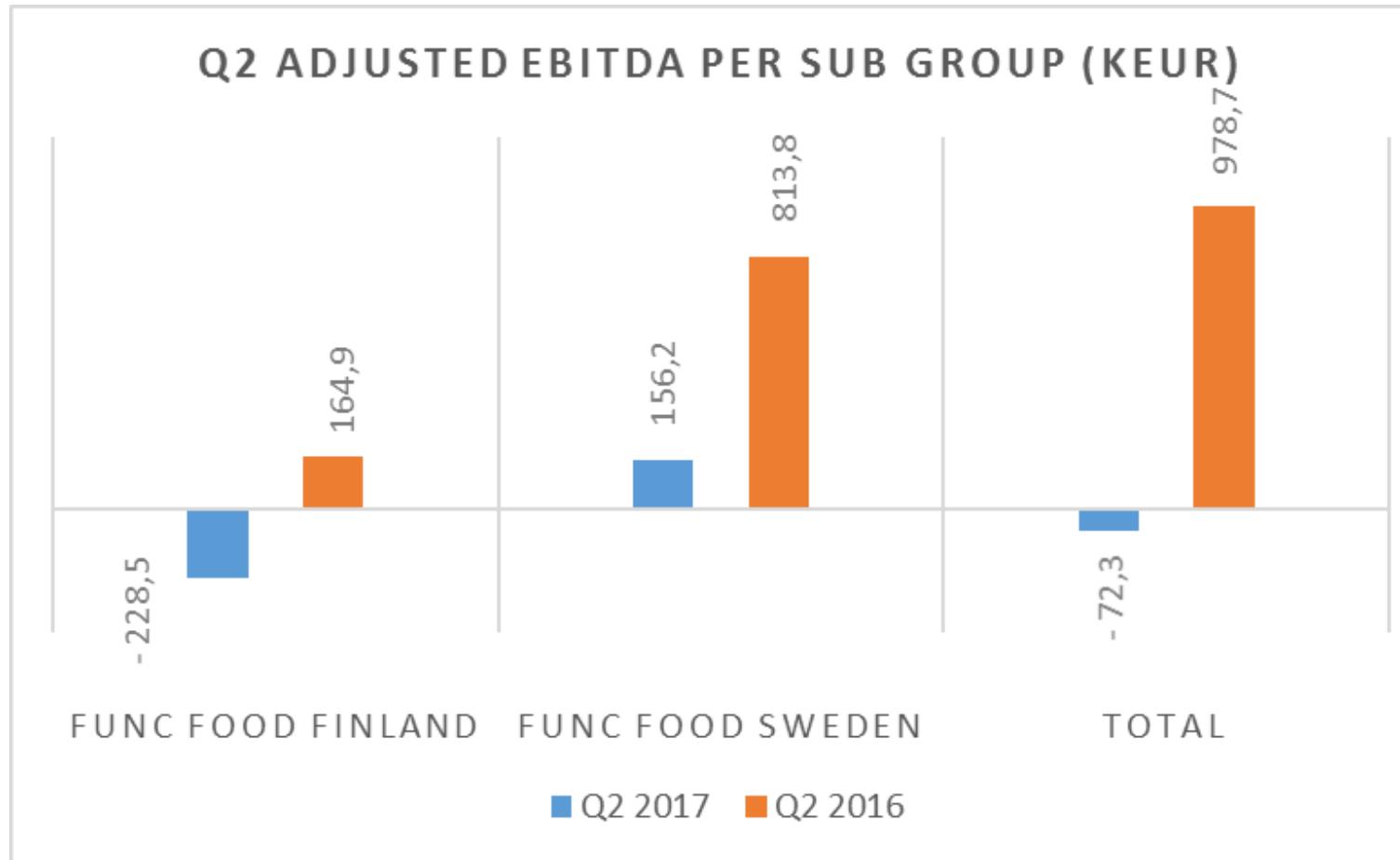
In Sweden, total net revenues in euros increased by 9,1% vs. PY in Q2 2017 (excluding intercompany sales). The net revenue growth in local currency SEK was 12,5%. The performance was driven by 7% volume growth of Celsius, growth of Freddy sales over previous year, and the continuation of FAST and CocoVi launches in the Swedish market.

Key highlight in the quarter was the launch of a new Celsius flavor apple-ginger, which boosted the brand's volumes. At the same time the company was able to grow the volumes of the popular lime and raspberry acai flavors, and maintain good volumes for the watermelon flavor, which was launched in Q1 2017. Celsius' revenue per consumer transaction remained stable vs. PY. Overall sales margin-% declined slightly vs. PY as a result of mix development, as FAST, CocoVi, and also Freddy gained more share in the portfolio.

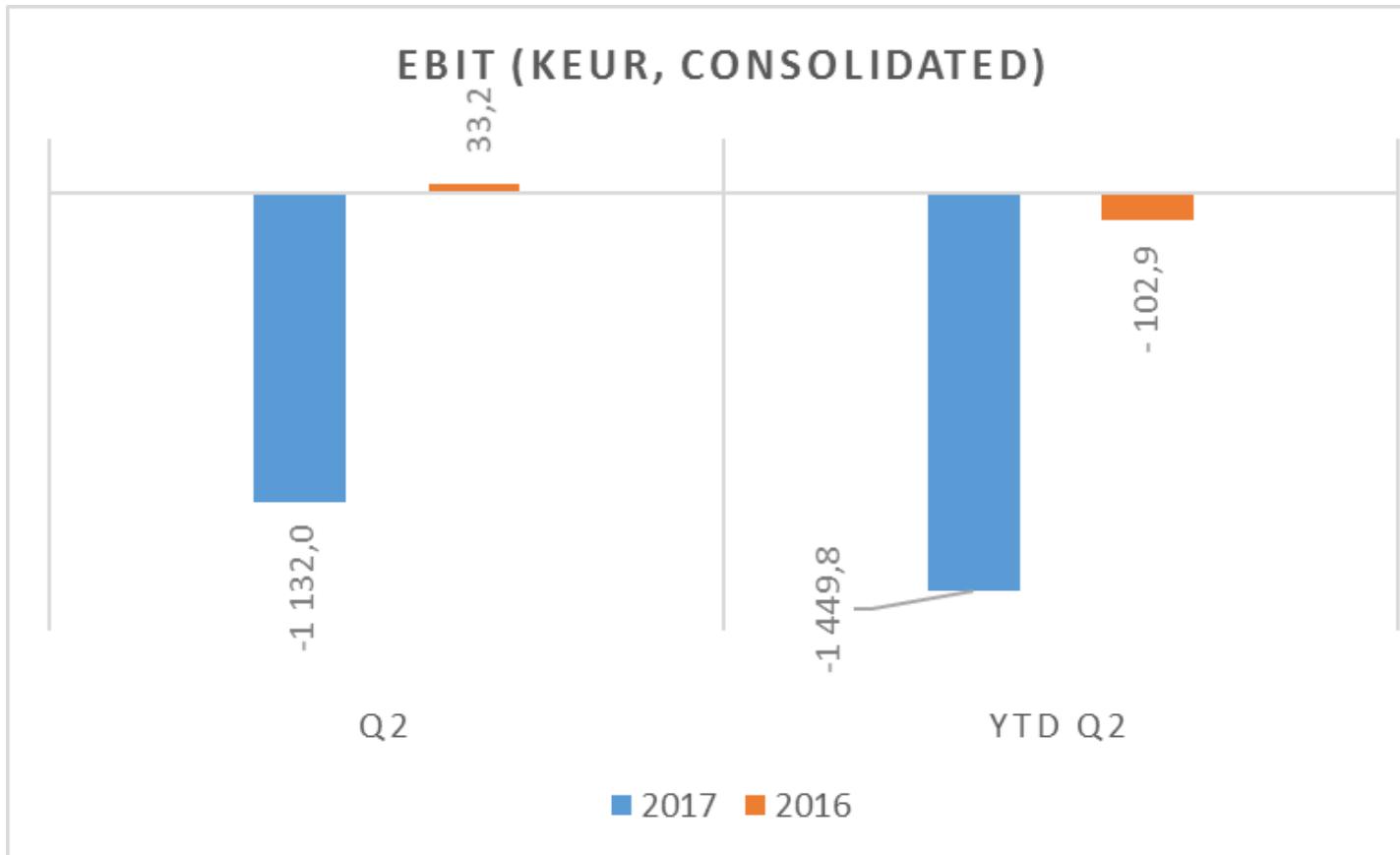
## EBITDA

The Group's EBITDA amounted to MEUR -0,1 (MEUR 0,9 in Q2 2016). Total adjusted EBITDA was also MEUR -0,1 (MEUR 1,0 in 2016). Sweden reported positive and Finland negative figures for the quarter, although the performance of both countries was impacted by timing of marketing investments. In Finland, absolute sales margins dropped vs. PY due to lower sales. Items affecting comparability amounted to ca. EUR 50.000.

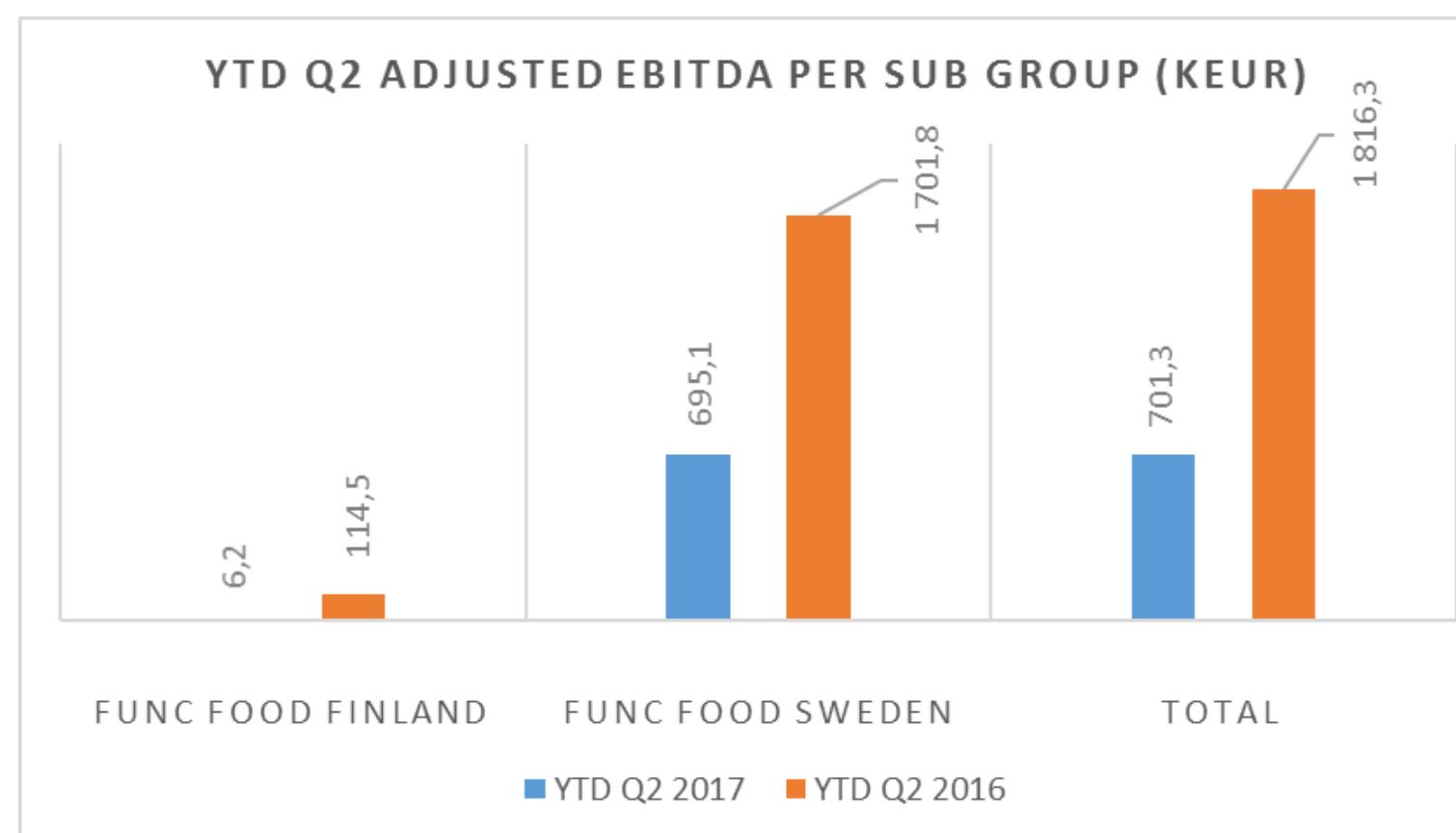
Total EBITDA and adjusted EBITDA in Finland for the quarter were MEUR -0,2. In Q2 2016 the results in the Finnish market were positive. The decline is due to lower sales than in previous year, and increased marketing, which is expected to bring benefits in future quarters. Other operating expenses than marketing declined vs. PY.



Adjusted EBITDA per sub group Q2 2017 vs. Q2 2016



Consolidated EBIT Q2 2017 vs. Q2 2016 and YTD Q2 2017 vs. YTD Q2 2016



Adjusted EBITDA per sub group YTD Q2 2017 vs. YTD Q2 2016

In Sweden the Q2 2017 EBITDA totaled MEUR 0,1 and adjusted EBITDA MEUR 0,2, while previous year's EBITDA and adjusted EBITDA figures were both MEUR 0,8. The decrease in the Swedish result is driven by marketing at People's Choice Ab. Almost half of the Swedish marketing spend took place during Q2 this year, while in previous year the spend was more evenly distributed to all quarters. Other operating expenses than marketing declined vs. PY, and revenues and absolute sales margins grew.

## EBIT

Total consolidated EBIT for the Group was MEUR -1,1 for the quarter (kEUR 33 in Q2 2016). Sales margin-% was at same level in the quarter vs. the corresponding period in prior year (38,6% vs. 38,9%). Operating expenses were MEUR 4,0 in the quarter i.e. MEUR 0,9 higher than in 2016. The increase is explained by heavy focus on marketing during the quarter, including notable investments behind FAST and CocoVi launches in Sweden. Personnel costs and other operating expenses decreased in the quarter vs. PY. Total depreciations and amortizations in euros were at a somewhat higher level in 2017 than in 2016.

## CASH FLOW

Consolidated cash and cash equivalents on 30 June 2017 amounted to MEUR 0,8 (MEUR 1,4 in the beginning of the quarter and MEUR 0,7 in the beginning of 2017). The Group generated a negative net cash flow of MEUR -0,4 from operating activities in the quarter, and a positive net cash flow of MEUR 6,3 during the first six months of the year. The positive development was largely impacted by decreased receivables relating to blocked bank account funds, which were used for bond amortization in Q1. Net cash flow from investing activities was MEUR -0,2 in the quarter and MEUR -0,3 year-to-date June. The Group did not take or repay loans during the quarter. Year-to-date impact of changes in loans was MEUR -5,9.

The Group's inventory levels were MEUR 0,6 lower than in the beginning of the quarter and MEUR -1,0 vs. December 2016. Total receivables (excl. changes in blocked bank accounts) and payables both decreased in the quarter and increased vs. the beginning of the year. The net effect of receivables and payables development in the quarter was an MEUR 0,2 increase in the working capital tied in the business (unchanged vs. the beginning of the year). Including inventory development the net working capital decreased by MEUR 0,4 in the quarter and MEUR 1,0 vs. the beginning of the year.

Func Food Finland's inventories amounted to MEUR 2,3 at the end of Q2 2017 (increase of MEUR 0,4 vs. Q1 and MEUR 0,1 vs. the beginning of the year). The inventories of Suomen Lisäravinne were MEUR 0,2 (unchanged vs. Q1 and reduction of MEUR 0,2 vs. the beginning of the year). Management believes that Func Food Finland's inventory levels are at a sustainable level. Overall, the Group's business in Finland tied less net working capital than in Q1 or at the end of 2016.

In Sweden, inventories of People's Choice amounted to MEUR 1,8 at the end of Q2 2017, down by MEUR 1,0 vs. Q1 and the beginning of the year. Freddy Store's inventory level was at MEUR 1,0, (unchanged vs. Q1 and the beginning of the year). Receivables and payables in the Swedish operative units both decreased vs. Q1 and increased vs. the beginning of the year. Overall, total net working capital was at a lower level than in Q1 or in the beginning of the year.

Net cash impact from investing activities was MEUR 0,2 negative in Q2 and MEUR 0,3 negative in the first six months of the year due to investments in shares of subsidiaries and cooler purchases in Finland and Sweden for both Celsius and FAST brands.

## EQUITY

Consolidated equity of the Group amounted to MEUR 11,4 at the end of Q2 2017, a decrease of MEUR 6,0 in comparison to Q2 2016, and a decrease of MEUR 3,6 in comparison to the opening balance for 2017.

## RISKS AND UNCERTAINTIES

Current main risks for the Group consist of the operation's ability to generate more revenue in its main markets Finland and Sweden, 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 sales for certain products in a few months, 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.

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 has continued to follow the expansion strategy established in 2016, with focus on driving the revenue of our core brands in their home markets and additionally investing behind expanded cross-sales for FAST and Celsius. Operations of Func Food Norge AS are proceeding as planned and the outlook remains unchanged.

## OUTLOOK

The Group will maintain the current strategy of developing cross-sales and strengthening our position in our core markets. Even though the retail channel is showing growth in both Sweden and Finland, the competitive pressure in the market has also increased significantly, with more impact on pricing across both more “traditional” products such as powders and growing categories such as bars. Given this, we still expect to see an overall increase in revenue for the company in 2017 with continued pressure on liquidity as the Group strives to grow its brands into new markets under the current conditions.

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

EUR in thousands	Current Quarter Q2 2017	Current Quarter PY Q2 2016	YTD 1-6/2017	YTD 1-6/2016	YTD 1-12/2016
<b>Continuing operations</b>					
Net revenue	10 016,8	10 212,5	20 536,4	21 007,4	39 965,3
Other income	58,9	15,4	204,3	15,7	8 249,6
Changes in inventories of finished goods and work in progress	-1 139,8	-280,0	-1 526,8	-616,8	-72,8
Raw materials and consumables used	-5 069,0	-5 976,3	-11 238,4	-12 515,2	-24 918,8
Employee benefits expenses	-1 166,3	-1 205,9	-2 410,8	-2 490,0	-4 796,3
Depreciation and amortisation	-1 013,9	-821,7	-1 989,0	-1 688,8	-3 985,3
Impairment	0,0	0,0	0,0	0,0	-5 593,5
Other operating expenses	-2 818,7	-1 910,9	-5 025,5	-3 815,2	-8 172,6
<b>Operating profit</b>	<b>-1 132,0</b>	<b>33,2</b>	<b>-1 449,8</b>	<b>-102,9</b>	<b>675,5</b>
Financial income	5,7	10,2	73,8	12,3	82,0
Financial expenses	-1 368,6	-1 197,9	-2 419,5	-2 208,3	-4 838,2
<b>Profit before taxes</b>	<b>-2 494,9</b>	<b>-1 154,4</b>	<b>-3 795,6</b>	<b>-2 298,9</b>	<b>-4 080,6</b>
Income taxes	265,2	-243,9	340,7	-91,5	798,0
<b>Profit for the period from continuing operations</b>	<b>-2 229,7</b>	<b>-1 398,3</b>	<b>-3 454,8</b>	<b>-2 390,4</b>	<b>-3 282,6</b>
<b>Profit for the period</b>	<b>-2 229,7</b>	<b>-1 398,3</b>	<b>-3 454,8</b>	<b>-2 390,4</b>	<b>-3 282,6</b>
<b>Distribution</b>					
To equity holders of the parent	-2 229,7	-1 398,3	-3 454,8	-2 390,4	-3 282,6
To non-controlling interests	0,0	0,0	-1,0	0,0	0,0
	-2 229,7	-1 398,3	-3 455,8	-2 390,4	-3 282,6
<b>Other comprehensive income</b>					
<b>Items that may be recognised in profit or loss in the future</b>					
Translation differences	-295,0	240,3	-151,9	130,8	-1 723,8
<b>Total comprehensive income for the year</b>	<b>-2 524,7</b>	<b>-1 158,1</b>	<b>-3 606,7</b>	<b>-2 259,6</b>	<b>-5 006,5</b>
<b>Distribution</b>					
To equity holders of the parent	-2 524,7	-1 158,1	-3 606,7	-2 259,6	-5 006,5
To non-controlling interests	0,0	0,0	-1,0	0,0	0,0
	-2 524,7	-1 158,1	-3 607,7	-2 259,6	-5 006,5

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

EUR in thousands	6/2017	6/2016	12/2016
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1 538,7	2 342,1	1 776,2
Goodwill	20 361,1	26 764,1	20 443,9
Other intangible assets	33 307,5	37 367,5	34 847,4
Other financial assets	1,9	1,9	1,9
Deferred tax assets	30,4	427,4	21,2
	<b>55 239,6</b>	<b>66 902,9</b>	<b>57 090,6</b>
Current assets			
Inventories	5 253,4	5 712,2	6 256,2
Trade and other receivables	2 783,7	17 012,6	9 871,9
Tax assets based on taxable income for the period	395,5	1 500,7	88,6
Cash and cash equivalents	832,4	1 110,6	735,1
	<b>9 265,0</b>	<b>25 336,0</b>	<b>16 951,8</b>
<b>Total assets</b>	<b>64 504,6</b>	<b>92 238,9</b>	<b>74 042,4</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	29 718,7	30 043,7
Translation differences	-1 803,4	136,0	-1 718,6
Retained earnings	-16 961,7	-12 547,6	-13 439,1
	<b>11 362,0</b>	<b>17 387,2</b>	<b>14 966,0</b>
<b>Total equity</b>	<b>11 362,0</b>	<b>17 387,2</b>	<b>14 966,0</b>
Non-current liabilities			
Deferred tax liabilities	7 285,4	9 019,0	7 632,7
Financial liabilities	34 803,0	40 908,8	37 598,9
Other liabilities	5 642,7	2 193,1	5 522,5
	<b>47 731,1</b>	<b>52 120,9</b>	<b>50 754,2</b>
Current liabilities			
Trade payables and other liabilities	5 341,8	10 805,7	5 021,1
Tax liabilities based on taxable income for the period	35,1	1 081,5	237,7
Financial liabilities	34,6	10 843,8	3 063,3
	<b>5 411,5</b>	<b>22 730,9</b>	<b>8 322,2</b>
<b>Total liabilities</b>	<b>53 142,6</b>	<b>74 851,8</b>	<b>59 076,4</b>
<b>Total equity and liabilities</b>	<b>64 504,6</b>	<b>92 238,9</b>	<b>74 042,4</b>

**Table 3:** Consolidated cashflow statement

EUR in thousands	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016
<b>Cash flows from operating activities</b>				
Profit for the period	-2 229,7	-1 398,5	-3 454,8	-2 390,4
Adjustments:				
Depreciation according to plan	1 013,9	821,7	1 989,0	1 688,8
Unrealized exchange rate gains and losses	-2,4	-373,3	-1,2	-274,3
Interest and other finance costs	1 370,9	1 197,9	2 420,7	2 208,3
Interest income	-5,7	-10,2	-73,8	-12,3
Taxes	-265,2	243,9	-340,7	91,5
Other adjustments	-146,5	0,0	-222,6	0,0
Working capital adjustments	424,8	-1 691,6	1 007,4	-1 161,1
Changes in blocked bank accounts	-57,9	-32,6	7 204,8	-2,1
Interest paid	-674,8	-879,4	-1 742,8	-1 900,2
Interest received	5,7	10,4	73,8	13,1
Taxes paid	197,9	-19,0	-526,2	-771,3
<b>Net cash flow from operating activities</b>	<b>-368,9</b>	<b>-2 130,6</b>	<b>6 333,5</b>	<b>-2 509,9</b>
<b>Cash flows used in investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	-177,6	0,0	262,4	0,0
Investments in tangible and intangible fixed assets	-27,7	64,7	-60,5	-23,2
<b>Net cash flow from investing activities</b>	<b>-205,3</b>	<b>64,7</b>	<b>-322,9</b>	<b>-23,2</b>
<b>Cash flows used in financing activities</b>				
Changes in share capital	0,0	77,5	0,0	77,5
Changes in invested non-restricted equity reserve	0,0	-77,5	0,0	-77,5
Short-term loans drawn	0,0	2 140,2	0,0	2 140,2
Long-term loans drawn	0,0	116,5	1 500,0	156,2
Repayment of long-term loans	0,0	-51,5	-7 398,5	-79,8
Repayment of short-term loans	0,0	0,0	0,0	0,0
<b>Net cash flow from financing activities</b>	<b>0,0</b>	<b>2 205,2</b>	<b>-5 898,5</b>	<b>2 216,6</b>
<b>Change in cash and cash equivalents</b>	<b>-574,2</b>	<b>139,3</b>	<b>112,0</b>	<b>-316,5</b>
Cash and cash equivalents at beginning of period	1 432,7	971,3	735,1	1 427,1
Cash assets transferred in conjunction with restructuring	0,0	0,0	0,0	0,0
Net foreign exchange difference	-26,2	0,0	-14,7	0,0
<b>Cash and cash equivalents at end of period</b>	<b>832,4</b>	<b>1 110,6</b>	<b>832,4</b>	<b>1 110,6</b>

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

EUR in thousands	Current Quarter Q2 2017	Current Quarter PY Q2 2016	YTD 1-6/2017	YTD 1-6/2016	YTD 1-12/2016
<b>Net Revenue</b>	<b>196,3</b>	<b>260,3</b>	<b>456,4</b>	<b>471,2</b>	<b>1 006,4</b>
<b>Personnel costs</b>					
Wages and salaries	-112,3	-105,2	-200,2	-228,0	-392,6
<b>Social security expenses</b>					
Pension expenses	-19,9	-20,7	-37,0	-35,7	-69,6
Other social security expenses	-7,6	-7,3	-18,2	-21,4	-38,2
<b>Total personnel costs</b>	<b>-139,8</b>	<b>-133,1</b>	<b>-255,4</b>	<b>-285,1</b>	<b>-500,4</b>
Other operating expenses	-148,5	-192,8	-480,1	-283,0	-781,0
<b>OPERATING PROFIT (LOSS)</b>	<b>-92,0</b>	<b>-65,6</b>	<b>-279,1</b>	<b>-96,9</b>	<b>-274,9</b>
<b>FINANCIAL INCOME AND EXPENSES:</b>					
Other interest and financial income from Group companies	863,9	887,6	1 828,3	1 770,9	3 754,6
From others	1,9	0,0	68,0	0,0	0,2
<b>Interest and other financial expenses</b>					
To Group companies	0,0	-42,8	0,0	-85,4	-161,9
To others	-871,6	-1 090,7	-1 896,7	-2 053,3	-4 196,0
<b>Total financial income and expenses</b>	<b>-5,9</b>	<b>-245,9</b>	<b>-0,5</b>	<b>-367,8</b>	<b>-603,1</b>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-97,9</b>	<b>-311,5</b>	<b>-279,6</b>	<b>-464,7</b>	<b>-878,0</b>
Income taxes	0,0	0,0	0,0	0,0	0,0
<b>PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR</b>	<b>-97,9</b>	<b>-311,5</b>	<b>-279,6</b>	<b>-464,7</b>	<b>-878,0</b>

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

EUR in thousands	6/2017	6/2016	12/2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Investments</b>			
Holdings in Group companies	29 623,3	20 257,4	24 433,2
Receivables from Group companies	35 836,5	36 882,0	40 382,0
<b>Total investments</b>	<b>65 459,8</b>	<b>57 139,4</b>	<b>64 815,2</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Receivables from Group companies	2 028,8	4 092,7	1 322,5
Accrued income	544,2	896,5	720,4
Other receivables	0,0	7 429,6	7 307,8
<b>Total current receivables</b>	<b>2 573,1</b>	<b>12 418,8</b>	<b>9 350,6</b>
Cash and bank deposits	43,5	40,0	105,0
<b>ASSETS</b>	<b>68 076,4</b>	<b>69 598,2</b>	<b>74 270,9</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	80,0	80,0	80,0
Invested non-restricted equity reserve	30 016,6	29 691,6	30 016,6
Retained earnings	-2 673,7	-1 795,6	-1 795,6
Profit (loss) for the financial year	-279,6	-464,7	-878,0
<b>Total equity</b>	<b>27 143,3</b>	<b>27 511,2</b>	<b>27 422,9</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bonds and debentures	29 626,5	29 570,4	34 500,0
Convertible loans	5 140,8	0,0	3 640,8
Amounts owed to Group companies	0,0	1 800,0	0,0
Other liabilities	577,0	577,0	577,0
<b>Total non-current liabilities</b>	<b>35 344,2</b>	<b>31 947,4</b>	<b>38 717,8</b>
<b>Current liabilities</b>			
Bonds and debentures	0,0	8 429,6	2 500,0
Trade payables	25,4	267,9	113,6
Amounts owed to Group companies	5 186,8	1 324,3	5 387,1
Other current liabilities	29,5	15,1	29,6
Accrued expenses	347,2	102,6	99,8
<b>Total current liabilities</b>	<b>5 588,9</b>	<b>10 139,6</b>	<b>8 130,2</b>
<b>Total liabilities</b>	<b>40 933,1</b>	<b>42 087,0</b>	<b>46 848,0</b>
<b>EQUITY AND LIABILITIES</b>	<b>68 076,4</b>	<b>69 598,2</b>	<b>74 270,9</b>

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

EUR in thousands	Q2 2017	Q2 2016	YTD Q2 2017	YTD Q2 2016
<b>Cash flows from operating activities</b>				
Profit for the period				
Adjustments:	-97,9	-311,5	-279,6	-464,7
Depreciation according to plan	0,0	0,0	0,0	0,0
Unrealized exchange rate gains and losses	0,0	187,8	0,0	187,8
Interest and other finance costs	871,6	1 133,5	1 896,7	2 138,7
Interest income	-865,7	-887,6	-1 896,3	-1 770,9
Taxes	0,0	0,0	0,0	0,0
Working capital adjustments	114,3	211,8	-16,2	470,7
Changes in blocked bank accounts	0,0	0,0	7 307,8	0,0
Interest and other financial costs paid	-674,6	-844,7	-1 533,0	-1 786,1
Interest received	828,1	503,1	1 025,7	887,4
Taxes paid	0,0	0,0	0,0	0,0
<b>Net cash flow from operating activities</b>	<b>175,8</b>	<b>-7,6</b>	<b>6 505,2</b>	<b>-337,2</b>
<b>Cash flows used in investing activities</b>				
Investments in shares of subsidiaries	0,0	0,0	-3,3	0,0
Loan repayments received	0,0	0,0	0,0	185,3
Loans given	-189,9	0,0	-689,9	0,0
<b>Net cash flow from investing activities</b>	<b>-189,9</b>	<b>0,0</b>	<b>-693,2</b>	<b>185,3</b>
<b>Cash flows used in financing activities</b>				
Changes in share capital	0,0	77,5	0,0	77,5
Changes in invested non-restricted equity reserve	0,0	-77,5	0,0	-77,5
Loans drawn	0,0	0,0	1 500,0	0,0
Repayment of loans	0,0	0,0	-7 373,5	0,0
<b>Net cash flow from financing activities</b>	<b>0,0</b>	<b>0,0</b>	<b>-5 873,5</b>	<b>0,0</b>
<b>Change in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of period	57,7	47,5	105,0	191,9
Cash assets transferred in conjunction with restruct	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>43,5</b>	<b>40,0</b>	<b>43,5</b>	<b>40,0</b>

**Table 7:** Consolidated statement of changes in equity year-to-date June 2016, attributable to the equity holders of the parent

EUR in thousands	Share capital	Share premium account	Invested non-restricted equity reserve	Other reserves	Treasury shares	Translation differences	Retained earnings	Equity instrument	Total	Share of non-controlling interest	Total equity
<b>Equity at 1 Jan 2016</b>	2,5		29 796,2				-10 167,5		19 636,4	0,0	19 636,4
Adjustment on the excise duties of previous accounting periods							10,3		10,3	0,0	10,3
<b>Adjusted equity at 1 Jan 2016</b>	2,5	0,0	29 796,2	0,0	0,0	5,2	-10 157,2	0,0	19 646,7	0,0	19 646,7
<b>Comprehensive income</b>											
Profit for the year							-2 390,4		-2 390,4	0,0	-2 390,4
Translation differences						130,8			130,8	0,0	130,8
<b>Total comprehensive income for the year</b>	0,0	0,0	0,0	0,0	0,0	130,8	-2 390,4	0,0	-2 259,6	0,0	-2 259,6
<b>Other items affecting equity</b>											
Other impacts of IFRS			0,0				0,0		0,0	0,0	0,0
<b>Total other items affecting equity</b>	0,0	0,0	0,0	0,0	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>	77,5	0,0	-77,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Equity at 30 June 2016</b>	80,0	0,0	29 718,7	0,0	0,0	136,0	-12 547,6	0,0	17 387,2	0,0	17 387,2

**Table 8:** Consolidated statement of changes in equity year-to-date June 2017, attributable to the equity holders of the parent

EUR in thousands	Issued capital	Share premium	Invested non-restricted equity reserve	Other reserves	Treasury shares	Translation differences	Retained earnings	Equity instrument	Total	Non-controlling interests	Total equity
<b>Equity at 1 Jan 2017</b>	80,0		30 043,7			-1 718,6	-13 439,1		14 966,0	0,0	14 966,0
<b>Adjusted equity at 1 Jan 2017</b>	80,0	0,0	30 043,7	0,0	0,0	-1 718,6	-13 439,1	0,0	14 966,0	0,0	14 966,0
<b>Comprehensive income</b>											
Profit for the year							-3 454,8		-3 454,8	0,0	-3 454,8
Translation differences						-151,9			-151,9	0,0	-151,9
<b>Total comprehensive income for the year</b>	0,0	0,0	0,0	0,0	0,0	-151,9	-3 454,8	0,0	-3 606,7	0,0	-3 606,7
<b>Other items affecting equity</b>											
Impact of equity share of convertible loan			3,4				-0,7		2,6	0,0	2,6
Transfer between items						67,1	-67,1		0,0	0,0	0,0
<b>Total other items affecting equity</b>	0,0	0,0	3,4	0,0	0,0	67,1	-67,8	0,0	2,6	0,0	2,6
<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	0,0	0,0	0,0	0,0
<b>Equity at 30 June 2017</b>	80,0	0,0	30 047,1	0,0	0,0	-1 803,4	-16 961,7	0,0	11 362,0	0,0	11 362,0

**Table 9:** Fair values of financial assets and liabilities on June 30 2016

Fair value hierarchy (level 2, except subordinated loans level 3) for financial assets and liabilities which are not measured at fair value in the statement of financial position but whose fair value is presented in the financial statements

**June 30 2016**

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		13 034,4			13 034,4	13 034,4
<b>Total</b>	0,0	13 034,4	0,0	0,0	13 034,4	13 034,4
<b>Non-current financial liabilities</b>						
Bonds and debentures			28 790,9	28 790,9	28 790,9	
Convertible loans			0,0	0,0	0,0	
Subordinated loans			84,7	84,7	84,7	
Amounts owed to credit institutions			179,0	179,0	179,0	
Other non-current liabilities			13 846,0	13 846,0	13 846,0	
<b>Current financial liabilities</b>						
Bonds and debentures			8 429,6	8 429,6	8 429,6	
Amounts owed to credit institutions			4,4	2 296,6	2 296,6	
Trade payables				8 543,5	8 543,5	
Other liabilities				1 633,9	1 633,9	
<b>Total</b>	0,0	0,0	0,0	37 488,6	63 804,2	63 804,2

**Table 10:** Fair values of financial assets and liabilities on June 30 2017

Fair value hierarchy (level 2, except subordinated loans level 3) for financial assets and liabilities which are not measured at fair value in the statement of financial position but whose fair value is presented in the financial statements

**June 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
<b>Current financial assets</b>						
Trade and other receivables				2 353,5		2 353,5
<b>Total</b>	0,0		2 353,5	0,0	0,0	2 353,5
<b>Non-current financial liabilities</b>						
Bonds and debentures				29 133,8	29 133,8	29 133,8
Convertible loans				5 356,8	5 356,8	5 356,8
Subordinated loans				64,7	64,7	64,7
Amounts owed to credit institutions				247,6	247,6	247,6
Other non-current liabilities				1 694,3	5 642,7	5 642,7
<b>Current financial liabilities</b>						
Bonds and debentures				0,0	0,0	0,0
Amounts owed to credit institutions				34,6	34,6	34,6
Trade payables					3 505,1	3 505,1
Other liabilities					691,8	691,8
<b>Total</b>		0,0	0,0	0,0	36 531,9	44 677,2

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 Q2 2017	Current Quarter PY Q2 2016	YTD 1-6/2017	YTD 1-6/2016	YTD 1-12/2016
Net revenue	10 016,8	10 212,5	20 536,4	21 007,4	39 965,3
Sales margin	3 867,0	3 971,6	7 975,5	7 891,1	23 223,4
Sales margin, % of net revenue	38,6%	38,9%	38,8%	37,6%	58,1%
Personnel expenses	-1 166,3	-1 205,9	-2 410,8	-2 490,0	-4 796,3
Marketing expenses	-1 970,8	-1 014,2	-3 319,7	-2 168,8	-4 310,7
Other operating expenses	-847,9	-896,6	-1 705,8	-1 646,3	-3 861,9
Total operating expenses	-3 985,1	-3 116,7	-7 436,3	-6 305,2	-12 969,0
EBITDA	-118,0	854,9	539,2	1 586,0	10 254,4
EBITDA, % of net revenue	-1,2%	8,4%	2,6%	7,5%	25,7%
Items affecting comparability	45,8	123,8	162,1	230,3	-7 094,5
Adjusted EBITDA	-72,3	978,7	701,3	1 816,3	3 159,8
Adjusted EBITDA, % of net revenue	-0,7%	9,6%	3,4%	8,6%	7,9%
EBIT	-1 132,0	33,2	-1 449,8	-102,9	675,5
EBIT, % of net revenue	-11,3%	0,3%	-7,1%	-0,5%	1,7%
Profit for the period	-2 229,7	-1 398,3	-3 454,8	-2 390,4	-3 282,6
Profit for the period, % of net revenue	-22,3%	-13,7%	-16,8%	-11,4%	-8,2%

**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.

**Table 12:** Func Food Group guarantees and contingent liabilities

EUR in thousands	Q2 2017	Q2 2016	Q4 2016
<b>Guarantees for bonds and debentures</b>			
Corporate mortgages	16 500,0	16 500,0	16 500,0
Pledges given	29 623,3	20 257,4	24 443,7
Pledged bank deposits	0,0	7 429,6	7 307,8
Total	46 123,3	44 187,0	48 251,4
The pledged assets at the end of Q2 2017 include pledged shares in subsidiaries of EUR (thousands) 29 623,3. The value of the liabilities is the nominal value or the book value of the item in question.			
<b>Other leases</b>			
Total	910,4	849,1	697,8

## INTERIM FINANCIAL REPORTING IN 2017 AND 2018

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 groups website at [www.funcfood.com](http://www.funcfood.com).

Q1 2017 May 2017

Q2 2017 August 2017

Q3 2017 November 2017

Q4 2017 February 2018

Q1 2018 May 2018

Q2 2018 August 2018

Q3 2018 November 2018

Q4 2018 February 2019

Helsinki 31 August 2017

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