KOTIPIZZA GROUP OYJ INTERIM REPORT 1 FEBRUARY – 31 OCTOBER 2016

COMPARABLE NET SALES GROWTH OF 19% AND 23% COMPARABLE EBITDA GROWTH IN THE THIRD QUARTER OF THE FINANCIAL YEAR

August-October 2016 (8-10/2015)

- Chain-based net sales grew 16.4% (7.4%)
- Comparable net sales were 17.1 MEUR (14.4). Growth was 18.9%
- Comparable EBITDA was 1.88 MEUR (1.53). EBITDA growth was 22.8%
- Comparable EBIT was 1.64 MEUR (1.38)

February-October 2016 (2-10/2015)

- Chain-based net sales grew 16.2% (7.9%)
- Comparable net sales were 49.1 MEUR (41.8). Growth was 17.5%
- Comparable EBITDA was 5.20 MEUR (3.86). EBITDA growth was 34.6%
- Comparable EBIT was 4.46 MEUR (3.43)
- Net gearing was 27.3 percent (37.0%)
- Equity ratio was 51.8 percent (52.4%)

KOTIPIZZA GROUP UPGRADES ITS OUTLOOK FOR THE FINANCIAL YEAR

New outlook

The Group estimates for the full financial year that the chain-based net sales will grow by approximately fifteen (15) percent as compared to the previous financial year and that comparable EBITDA will grow significantly as compared to the previous year.

Old outlook, provided on 23 August, 2016, and reiterated on 28 September, 2016

The Group estimates for the full financial year that the chain-based net sales will grow by over ten (10) percent as compared to the previous financial year and that comparable EBITDA will grow significantly as compared to the previous year.

IMPACT OF NEW ESMA GUIDELINES

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Kotipizza Group presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. Items affecting comparability and APMs used by Kotipizza Group are defined in note 6 of this report.

KEY FIGURES, TEUR	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable figures					
Comparable net sales	17 132	14 409	49 079	41 765	56 370
Comparable EBITDA	1 883	1 533	5 196	3 861	5 026
Comparable EBITDA of net sales, %	11.0%	10.6%	10.6%	9.2%	8.9%
Comparable EBIT	1 638	1 376	4 458	3 428	4 274
Reported figures					
Chain-based net sales	22 847	19 635	66 055	56 844	77 266
Reported net sales	18 038	14 409	50 329	41 765	56 370
Reported EBITDA	1 716	1 503	4 886	3 022	4 187
Reported EBITDA of net sales, %	9.5%	10.4%	9.7%	7.2%	7.4%
Reported EBIT	1 470	1 346	4 148	2 589	3 435
Earnings per share	0.16	0.12	0.44	-0.17	0.05
Net cash flows from operating activities			4 190	-2 905	-671
Net cash used in investment activities			-179	-773	-1 770
Net gearing, %			27.3	37.0	31.8
Equity ratio, %			51.8	52.4	51.8

Tommi Tervanen, CEO of Kotipizza Group

“Kotipizza’s chain-based net sales continued their strong growth in the third quarter of the financial year. The chain’s net sales continued on a good level both in same-store sales and in number of customers. The number of customers increased 13.2% and the average purchase 5.7% in the brick-and-mortar restaurants. The online store also continued to develop and during the review period, orders made through the online store amounted to roughly a tenth of the net sales in brick-and-mortar restaurants. The chain-based net sales growth was 16.4% in August–October, being clearly above the average growth in the Finnish fast food market.

We expect that chain-based net sales will continue to develop favorably. Achieving similar relative growth figures will however become more challenging month after month as comparison months from the previous year are getting tougher.

There are several reasons behind the strong growth in chain-based net sales. One of the main reasons is Kotipizza’s brand and concept renewal, which was started at full speed at the beginning of 2015 and which has now been mostly finalized. The Group has consistently developed the Kotipizza chain in the spirit of the fast casual phenomenon, that is, emphasizing the freshness, authenticity and sustainability of the food, as well as actively following developments in food trends and consumer tastes. During the review period, this emphasis has been particularly evident in emphasis on vegetarian options. For example, during the popular “meat-free October” campaign the sales of vegetarian pizzas grew by 16% in the online store.

Part of our emphasis on fast casual is the Mexican-style Chalupa chain started in September 2015. During the review period, Chalupa continued to develop its concept and strengthen its position on a franchising basis. At the end of the review period, three brick-and-mortar Chalupa restaurants were operating in Helsinki, and one in each of Kauniainen, Tampere, and Jyväskylä. In addition, Chalupa products were available in one Kotipizza lunch restaurant. We don’t expect the Chalupa operations to become profitable in the near future, but rather see the segment as an investment in the fast casual phenomenon and the future growth of the Group.

Comparable net sales grew 18.9% in the third quarter of the year and were 17.1 MEUR (14.4). Comparable EBITDA was 1.88 MEUR (1.53) in the third quarter, a growth of 22.8%. We are still on pace with our medium-term financial goals, both in terms of the development of chain-based sales as well as that of EBITDA. The financial standing of the Group is also on a solid ground at the end of the quarter with Net gearing at 27 percent and equity ratio 52 percent. The Group’s net cash flow from operating activities in February-October was 4.2 MEUR.

We don’t expect any material changes to the chained fast food market this year compared to the previous year. The economic growth in Finland is expected to be slow and to underperform Eurozone. The development of the national economy has a direct impact to consumer demand and to demand for chained fast food. However, according to the statistics demand growth for fast food has been stable, closely following the overall economic development, during the past 15 years in Finland.

The growth of our chain-based net sales exceeded the market growth for chained fast food in year 2015 based on the ongoing brand and concept renewal in Kotipizza, innovative R&D and sustainable procurement. Based on the positive chain-based net sales development in the beginning of the year and management’s view on the market development for the rest of the year we expect our chain based net sales to exceed the fast food market average growth in Finland in 2016.

We have upgraded our outlook for the financial year. We estimate the group’s chain-based net sales will during the present financial year grow by approximately fifteen (15) percent as compared to the previous financial year, and the comparable gross margin/EBITDA will grow significantly as compared to the previous financial year.”

GROUP NET SALES

August-October 2016
Chain-based net sales continued strong and grew 16.4% (7.4%) year on year in the third quarter of the financial year and were 22.9 MEUR (19.6). Average purchase grew 5.7% and the number of customers 13.4% compared to the same period in the previous year. The strong performance is based on renewed concept, brand, successful marketing, and the emphasis placed on our online store and digital presence.

Kotipizza classic Americana together with Kotipizza premium product Lankkupizza had successful campaigns in TV, social and online media. At the end of October Kotipizza had lower calorie Kana Kotzone in a TV campaign and Kotipizza introduced alongside the campaign a new Falafel Kotzone, which received a very good response due to increased interest in vegetarian food. Kotipizza had altogether 50 campaign days during the third quarter this year compared to 41 in the previous year. Increased investments in our own social media channels received very positive feedback. We launched for example an online series on Kotipizza franchisees and started co-operation together with top Finnish YouTube stars. Three new Kotipizza restaurants were opened and two closed during the third quarter of the financial year.

Comparable net sales for the third quarter of the financial year were 17.1 MEUR (14.4) and they grew 18.9% compared to same period in the previous year. Reported net sales were 18.0 MEUR (14.3) and they grew 25.2% compared to same period in the previous year. The reported sales included 0.9 MEUR items affecting comparability related to advertising and marketing fund flows of Kotipizza's Franchisee Co-operative, which pass through Kotipizza-division's P&L without result effect. A separate stock exchange release on this was given on 30 May 2016. Comparable net sales growth was mainly based on Foodstock's increased sales volume to Kotipizza underpinned by the good chain-based sales development. New customers of Foodstock, Fafa's, Espresso House and Siipiravintolat chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 23.3% year on year in the third quarter of the financial year and were 13.8 MEUR (11.2). The Kotipizza segment's net sales increased 40.3% compared to the previous year and were 4.2 MEUR (3.0). The Chalupa segment's net sales in the third quarter of the financial year were EUR 65 thousand (EUR 231 thousand).

February-October 2016
Chain-based net sales grew 16.2% (7.9%) year on year in February-October and were 66.1 MEUR (56.8). The chain-based net sales growth was based on both an increase in the average purchase and increase in number of customers. The comprehensive menu renewal done in summer 2014, successful new products together with targeted, influential and sustainability emphasized marketing has positively changed consumers' brand experience of Kotipizza. This has been seen as an increase in the number of customers. Nine new Kotipizza restaurants were opened and twelve closed during the review period.

The chain-based net sales is the total combined net sales of the company's franchisees, based on which the company's franchising fees are invoiced monthly.

Comparable net sales for February-October were 49.1 MEUR (41.8) and they grew 17.5% compared to same period in the previous year. Reported net sales were 50.3 MEUR (41.8). The reported sales included 1.2 MEUR items affecting comparability related to advertising and marketing fund flows of Kotipizza's Franchisee Co-operative, which pass through Kotipizza division's P&L without result effect. A separate stock exchange release on Kotipizza's Marketing Co-operative's change into Franchisee Co-operative was given on 30 May 2016.

Comparable net sales growth was mainly based on Foodstock's increased sales volume to Kotipizza underpinned by the good chain-based sales development. New customers of Foodstock, Fafa's, Espresso House and the Siipiravintolat chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 19.4% year on year in February-October and were 39.0 MEUR (32.7). The Kotipizza segment's net sales increased 24.0% compared to the previous year and were 10.9 MEUR (8.8). The Chalupa segment's net sales in the February-October were 0.5 MEUR (0.3).

GROUP EBIT

August-October 2016
Comparable EBIT of the Group was 1.64 MEUR (1.38) in the third quarter of the financial year. Reported EBIT was 1.47 MEUR (1.35). Reported EBIT included MEUR 0,17 of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT of the previous year included EUR 30 thousand of items affecting comparability related to listing the company's shares to the Nasdaq OMX Helsinki stock exchange. These items had a cash flow effect.

The EBIT improved mainly due to volume improvement, but sales margin also improved slightly from the previous year. Clearly higher depreciations compared to the previous year (non-cash item) had a negative impact on the EBIT.

February-October 2016
Comparable EBIT of the Group was 4.46 MEUR (3.43) in February-October. Reported EBIT was 4.15 MEUR (2.59). Reported EBIT included MEUR 0,31 of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT of the previous year included 0.84 MEUR of items affecting comparability. Costs amounting to MEUR 0.23 related to initial public offering of company's shares to the Nasdaq OMX Helsinki Oy's stock exchange and 0.50 MEUR due to closing permanently down Kotipizza Oyj's previous headquarters in Vaasa had a cash flow effect. In addition, previous year's reported EBIT included 0.12 MEUR non-cash deferral error related to Foodstock's inventory as an item affecting comparability.

The EBIT improved mainly due to volume improvement, but sales margin also improved slightly from the previous year. Fixed cost growth was also below the volume growth. Clearly higher depreciations compared to the previous year (non-cash item) had a negative impact on the EBIT.

SALES AND EBITDA OF THE SEGMENTS

KOTIPIZZA SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	3 298	2 997	9 598	8 749	11 784
Net sales	4 204	2 997	10 849	8 749	11 784
Comparable gross margin/EBITDA	1 819	1 607	5 081	4 086	5 465
Depreciation and impairments	-150	-111	-441	-315	-584
Comparable EBIT	1 670	1 496	4 640	3 771	4 881
Reported gross margin/EBITDA	1 785	1 607	5 018	3 817	5 196
Reported EBIT	1 635	1 496	4 577	3 502	4 612

Olli Väätäinen, COO of Kotipizza

"Continuously strong sales growth has marked all operations in the Kotipizza chain during the review period. The rollout of the facelift of the restaurant design has been largely finalized, and at the end of the review period, only a handful of the chain's brick-mortar restaurants are yet to be renovated. At the end of the review period, the number of restaurants stood at 255 (265). During the review period, Kotipizza continued to develop its online store. Orders made through the online store amounted to roughly a tenth of the net sales in brick-and-mortar restaurants during the period."

August-October 2016
Comparable net sales of Kotipizza for the third quarter of the financial year were 3.30 MEUR (3.00) and they increased 10.0% compared to same period in the previous year. Net sales of Kotipizza for the third quarter of the financial year were 4.20 MEUR (3.00) and they increased 40.3% compared to same period in the previous year. The reported sales included 0.91 MEUR items affecting comparability related to advertising and marketing fund flows of Kotipizza's Franchisee Co-operative, which pass through

Kotipizza-division’s P&L without result effect. A separate stock exchange release on this was given on 30 May 2016. The rest of the sales increase was based on growth in chain-based net sales and in consequence all franchising contract based net sales increased.

Kotipizza’s comparable EBITDA of was 1.82 MEUR (1.61) in the third quarter of the financial year and it grew 13.2% compared to same period in the previous year. Improvement in comparable EBITDA was mainly due to favourable development of chain-based net sales in Kotipizza. Reported EBITDA was 1.79 MEUR (1.61) in the third quarter of the financial year. Reported EBITDA included EUR 34 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group.

February-October 2016
Comparable net sales of Kotipizza for the third quarter of the financial year were 9.60 MEUR (8.75) and they increased 9.7% compared to same period in the previous year. Net sales of Kotipizza for February-October were 10.85 MEUR (8.75) and they increased 24.3% compared to same period in the previous year. The reported sales included 1.25 MEUR items affecting comparability related to advertising and marketing fund flows of Kotipizza's Franchisee Co-operative, which pass through Kotipizza-division’s P&L without result effect. A separate stock exchange release on this was given on 30 May 2016. Rest of the increase in net sales was based on growth in chain-based net sales and in consequence all franchising contract based net sales increased.

Kotipizza’s comparable EBITDA of was 5.09 MEUR (4.09) in February-October and it grew 24.3% compared to same period in the previous year. Improvement in comparable EBITDA was mainly due to restructuring measures implemented in the segment’s operations and favourable development of chain-based net sales in Kotipizza. Reported EBITDA was 5.02 MEUR (3.82) in February-October. Reported EBITDA included EUR 63 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The previous year’s comparable EBITDA for the third quarter was adjusted with EUR 269 thousand of items affecting comparability related to costs of closing down company’s previous headquarters. These items had a cash flow effect.

FOODSTOCK SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	13 770	11 169	39 034	32 700	44 096
Net sales	13 770	11 169	39 034	32 700	44 096
Comparable gross margin/EBITDA	475	261	1 344	746	964
Depreciation and impairments	-38	-28	-105	-85	-113
Comparable EBIT	437	233	1 239	661	851
Reported gross margin/EBITDA	466	261	1 328	631	849
Reported EBIT	428	233	1 223	546	736

Anssi Koivula, CEO of Foodstock

“The strong sales growth in the Kotipizza chain has also been reflected in Foodstock’s operations during the review period. Despite the strong growth, we have managed to take care of the reliability of our deliveries and our customer service, thanks to which our customer satisfaction has remained high. Foodstock’s operations have also been affected by the Kotipizza chain’s growing emphasis on the sustainability and local ingredients. Foodstock has also taken a continuously larger role in planning of the sourcing of the ingredients for the Chalupa chain and is now responsible for the chain’s sourcing. For Foodstock, the review period has also been marked by the rollout of the unit’s new visual identity which reflects Foodstock’s principles and values: reliability, agility, continuously high quality, and modernity.”

August-October 2016
Comparable net sales of Foodstock for the third quarter of the financial year were 13.77 MEUR (11.17) and they grew 23.3% compared to same period in the previous year. Reported net sales of Foodstock for the third quarter of the financial year were 13.77 MEUR (11.17) and they grew 23.3% compared to same

period in the previous year. The reported net sales did not include items affecting comparability. The growth in net sales was mainly due to favourable development of Kotipizza chain-based net sales, which had a positive boost to Foodstock's delivery volumes for the chain. Net sales to the Rolls burger chain increased notably compared to the previous year. Positive volume effect of Foodstock's new customers got in the previous year were also visible in the reported numbers.

Foodstock's comparable EBITDA improved 81,9% from the previous year and was 0.48 MEUR (0.26) in the third quarter of the financial year. Improvement in the comparable EBITDA was due to operational gearing related to increase in sales volume and to favourable sales mix. Foodstock's reported EBITDA was 0.47 MEUR (0.26) in the third quarter of the financial year. Reported EBITDA included EUR 9 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group.

February-October 2016
Comparable net sales of Foodstock for February-October were 39.03 MEUR (32.70) and they grew 19.4% compared to same period in the previous year. Reported net sales of Foodstock for February-October were 39.03 MEUR (32.70) and they grew 19.4% compared to same period in the previous year. The reported net sales did not include items affecting comparability. The growth in net sales was mainly due to favourable development of Kotipizza chain-based net sales, which had a positive boost to Foodstock's delivery volumes for the chain. Net sales to Rolls burger chain also increased notably compared to the previous year. The positive volume effect of Foodstock's new customers such as Fafa's, Espresso House and the Siipiravintolat chain were also visible in the reported numbers.

Foodstock's comparable EBITDA was 1.34 MEUR (0.75) in February-October and it grew 80.2% compared to the same period in the previous year. Improvement in the comparable EBITDA was due to operational gearing related to increase in sales volume. Foodstock's reported EBITDA was 1.33 MEUR (0.63) in February-October. Reported EBITDA included EUR 16 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. Previous year's EBITDA included EUR 115 thousand of items (non-cash) affecting comparability, which were related to Foodstock's accrual error.

CHALUPA SEGMENT

TUHATTA EUROA	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	65	231	447	278	443
Net sales	65	231	447	278	443
Comparable gross margin/EBITDA	-54	3	-148	-67	-66
Depreciation and impairments	-5	-6	-26	-9	-18
Comparable EBIT	-59	-3	-174	-76	-84
Reported gross margin/EBITDA	-56	3	-152	-67	-66
Reported EBIT	-61	-3	-178	-76	-84

Iman Gharagozlu, Creative Director of Chalupa

"During the review period, the Chalupa chain continued to strengthen its position on a franchising basis. At the same time, the work of refining, testing and documenting the Chalupa concept continued, and the responsibility for sourcing of ingredients was shifted to Foodstock. At the end of the review period, three Chalupa restaurants were operating in Helsinki, and one each in Kauniainen, Tampere, and Jyväskylä. Of the six restaurants, five are operated by franchisees. In addition, Chalupa products were available in one Kotipizza lunch restaurant."

August-October 2016
Chalupa's comparable net sales were EUR 65 thousand (EUR 231thousand) in the third quarter of the financial year and comparable EBITDA was EUR -54 thousand (EUR 3 thousand). Chalupa's reported net sales were EUR 65 thousand (EUR 231thousand) in the third quarter of the financial year and reported EBITDA was EUR -56 thousand (EUR 3 thousand). Decline in net sales compared to the previous year was due Chalupa owning only one restaurant at the end of the review period. As the

remaining five restaurants are sold to franchisees, Chalupa's revenue recognition has changed from fully consolidating restaurants to consolidating fees related to franchising contracts. Reported EBITDA included EUR 2 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. Chalupa owned only one restaurant in Punavuori, Helsinki at the end of the review period and the remaining five operated with franchising model.

February-October 2016
Chalupa's reported net sales were EUR 447 thousand (EUR 278 thousand) in February-October and comparable EBITDA was EUR -148 thousand (EUR -67 thousand). Chalupa's reported net sales were EUR 447 thousand (EUR 278 thousand) in February-October and reported EBITDA was EUR -152 thousand (EUR -67 thousand). Reported EBITDA included EUR 4 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. Chalupa opened a new restaurant in Helsinki in Munkkiniemi and in Tampere during the review period. Both of the new restaurants were opened with franchising agreements. Restaurants in Kauniainen and in Kallio, Helsinki were sold to franchisees during the review period and Chalupa owned only one restaurant in Punavuori, Helsinki at the end of the review period. This will in practise mean a change in the Chalupa segment's reporting from fully consolidating restaurants into segments numbers to consolidating fees related to franchising contracts.

OTHERS SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	0	12	0	38	47
Net sales	0	12	0	38	47
Comparable gross margin/EBITDA	-357	-338	-1 081	-904	-1 337
Depreciation and impairments	-53	-12	-166	-24	-37
Comparable EBIT	-410	-350	-1 247	-928	-1 374
Reported gross margin/EBITDA	-479	-368	-1 307	-1 359	-1 792
Reported EBIT	-532	-380	-1 473	-1 383	-1 829

Others segment includes mainly operations of the group headquarters.

August-October 2016
Comparable and reported net sales of the Others segment were 0.00 MEUR (0.01) in the third quarter of the financial year. Comparable EBITDA was -0.36 MEUR (-0.34). Reported EBITDA was -0.48 MEUR (-0.37). Reported EBITDA included EUR 122 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The previous year's comparable EBITDA included EUR 30 thousand of items affecting comparability related to listing the company's shares to the Nasdaq OMX Helsinki stock exchange. These items had a cash flow effect.

February-October 2016
Net sales of the Others segment were 0.04 MEUR (0.05) in February-October. Comparable EBITDA was -1.08 MEUR (-0.90). Reported EBITDA was -1.31 MEUR (-1.36). Reported EBITDA included EUR 226 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. In the previous year reported EBITDA included EUR 455 thousand of items affecting comparability. Out of items affecting comparability EUR 229 thousand were related to listing of company's shares to Nasdaq OMX Helsinki stock exchange and EUR 226 thousand related to closing down Kotipizza's Vaasa office. These items had a cash flow effect.

FINANCIAL ITEMS AND RESULT

Finance costs in the third quarter of the year were MEUR 0.22 (0.28). Finance costs in February-October were MEUR 0.61 (2.82). The materially higher financing costs in February-October in the previous year were based on materially more leveraged balance sheet structure together with higher interest rates on debt. In addition to the normal finance costs in the previous year MEUR 0.90 cost related to early redemption of the company's MEUR 30 unsecured bond.

Group taxes were MEUR -0.25 (-0.26) in the financial year.

The result of the period was MEUR 1.01 (0.76) in the financial year.

Earnings per share were EUR 0.16 (0.12) in the financial year.

THE GROUP'S FINANCIAL POSITION

Kotipizza Group's balance sheet total as of 31 October 2016 was MEUR 57.7 (54.4). The Group's non-current assets as at 31 October 2016 amounted to MEUR 40.2 (38.9), and current assets amounted to MEUR 17.5 (15.4).

The Group's net cash flow from operating activities for the financial year was MEUR 4.2 (-2.9). Working capital was released the amount of MEUR 0.00 (released 0.87).

The net cash flow from investment activities for the period was MEUR -0.18 (-0.78). Investments in tangible and intangible assets for the period amounted to MEUR 0.58 (0.81), and proceeds from sales of tangible assets were MEUR 0.40 (0.00).

The net cash flow from financing activities was MEUR -2.94 (5.19). The Group payed out MEUR 2.2 as distribution from Fund for invested unrestricted equity to its shareholders during the review period.

The Group's equity ratio was 51.8% (52.4%).

Interest-bearing debt amounted to MEUR 17.3 (17.3), of which current debt accounted for MEUR 0.35 (0.81). Kotipizza Group Oyj redeem in full its three-year unsecured bond with a nominal value MEUR 30 on 11 August 2015 with the proceeds from the 4 June 2015 announced and 6 October 2015 implemented Initial Public Offering and the new MEUR 17.0 term loans withdrawn on 7 August 2015. New term loans have covenants.

Further information on Kotipizza Group's financial risks is presented in the financial statements released on 31 January 2016.

INVESTMENTS

The gross investments for the period amounted to MEUR 0.58 (0.81). The Company's investments to fixed assets, related mainly to IT systems, amounted to MEUR 0.58 (0.81).

PERSONNEL

On 31 July 2016, Kotipizza Group employed 42 people, all of who worked in Finland. At the end of the previous financial year 31 January 2016, the Company employed 38 people, all of who worked in Finland.

BUSINESS ARRANGEMENTS

Group structure was simplified by merging company shells Senhold 2 and Francount Oy to Domipizza Oy and Frankis Finland Oy to Kotipizza Group Oyj. Mergers were registered into the trade register on 30 June 2016. Simplifying will continue by merging Kotipizza Oyj to Domipizza Oy, which is expected to be registered to trade register on 31 January 2017.

CHANGES IN THE MANAGEMENT

There were no changes in Kotipizza Group's operative management, Board of Directors or Management Board during the period.

MANAGEMENT BOARD

Kotipizza Group's Management Board comprises five members: Tommi Tervanen (CEO), Timo Pirskanen (Deputy to the CEO, CFO), Olli Väätäinen (Chief Operating Officer), Anssi Koivula (Chief Procurement Officer) and Antti Isokangas (Chief Communications and Corporate Responsibility Officer).

SHARES AND SHARE CAPITAL

Kotipizza Group Oyj's share capital at the end of the review period was EUR 80,000.00 and it comprised 6,351,201 shares. At the beginning of the review period 1 February 2016 the number of the shares was 6,351,201. At the end of the period, the Company had 902 (486) shareholders. The Company does not hold any treasury shares.

Information about the company's shareholder structure by sector and size of holding, the largest shareholders can be viewed on the company's website at www.kotipizzagroup.com.

RESOLUTIONS OF THE GENERAL MEETINGS

Kotipizza Group's Annual General Meeting held on 11 May, 2016 resolved that no dividend is paid for the financial period ending 31 January 2016, but EUR 0,35 per share was decided to be paid from the reserves for invested unrestricted equity.

The AMG adopted the financial statements for financial year ending 31 January 2016 and discharged the members of the Board of Directors and CEO from liability for the financial year ending 31 January 2016.

The AGM resolved the number of Board members to be six. Johan Wentzel, Minna Nissinen, Petri Parvinen, Kim Hanslin and Kalle Ruuskanen were re-elected as members of Board of Directors for a term of office that lasts until the end of the next AGM. Marjatta Rytömaa was elected as a new member. Johan Wentzel was re-elected as Chairman of the Board of Directors.

The AGM resolved that the members of the Board will be paid as follows: Chairman of the Board of Directors Johan Wentzel and member Marjatta Rytömaa EUR 500 per month (EUR 6 000 p.a.) and other members of the Board of Directors EUR 2 000 per month (EUR 24 000 p.a.) each.

The AGM resolved that the remuneration for the auditor be paid according to invoice approved by the company. The AGM resolved to re-elect audit firm Ernst & Young Oy as the company's auditor for a term that ends at the closing of the next AGM.

The AGM resolved to authorize the Board of Directors to decide on a share issue on following terms:

1 The authorization may be used in full or in part by issuing shares in Kotipizza Group Oyj in one or more issues so that the maximum number of shares issued is 635 000 shares.
2 The Board of Directors may also decide on a directed share issue in deviation from the shareholders' pre-emptive rights in case there is a weighty financial reason to do so, such as in order to finance or carry out acquisitions or other business transactions, develop the company's capital structure, or in order to use the shares for an incentive scheme. The Board of Directors would be authorized to decide to whom and in which order the shares will be issued. In the share issues shares may be issued for subscription against payment or without charge.
3 Based on the authorization, the Board of Directors is also authorized to decide on a share issue without payment directed to the company itself, provided that the number of shares held by the company after the issue would be a maximum of 10 per cent of all shares in the company. This amount includes shares held by the company and its subsidiaries in the manner provided for in Chapter 15, section 11 (1) of the Companies Act.
4 This authorization includes the right for the Board of Directors to decide on the terms and conditions of the share issues and measures related to the share issues in accordance with the Companies Act, including the right to decide whether the subscription price will be recognized in full or in part in the invested unrestricted equity reserve or as an increase to the share capital.
5 The authorization is valid until 31 July 2017.
6 The authorization will supersede the authorization to decide upon share issues given to the company's Board of Directors on 28 May 2015.

RISKS AND UNCERTAINTIES

In the long term, Kotipizza Group's operative risks and uncertainties relate to a possible failure in predicting consumer preferences and in creating attractive new concepts, as well as to new business risks related to possible expansion to new cities and abroad. The competitive situation is expected to remain harsh in the fast food industry. Company's management cannot affect the general market development and consumer behaviour with its actions.

Restaurant openings also have a material impact on company's franchising and rent income, income received from selling raw materials and supplies and transport and flow of goods related income and thus to the company's financial result.

Kotipizza Group is currently launching a new fast casual concept, which is reported as Chalupa segment. Launching a new business concept has several risks related e.g. anticipation of consumer needs, habits, taste and behaviour. Launching a new concept has a risk of not reaching an established position at the market and not having a well-established clientele. Potential failure in launching a new concept causes costs to the company and has a material adverse impact on company's brand, financial position and financial result.

EVENTS AFTER THE REPORT PERIOD

Kotipizza-division introduced full vegan cheese and two new full vegan pizzas called Härkis Kotzone ja Härkis Burgerpizza.

KOTIPIZZA GROUP UPGRADES ITS OUTLOOK FOR THE FINANCIAL YEAR

Demand for chained fast food is estimated to remain stable. The economic growth in Finland is expected to be slow and to clearly underperform Eurozone. According to estimates the national economy in Finland is expected to remain on the previous years' level or to even slightly decline. The development of the national economy has a direct impact to consumer demand and to demand for chained fast food. According to the Finnish Hospitality Association (MaRa) the turnover of the chained based fast food restaurants in Finland grew 5.7% in 2015. Demand for fast food has according to statistics remained relatively stable, surely following the overall development of the economy. According to MaRa's statistics turnover of the chained based fast food restaurants in Finland has grown 2.2 percent a year (CAGR) in years 2000-2015.

The growth of our chain-based net sales exceeded the market growth for chained fast food in year 2015 based on the ongoing concept renewal in Kotipizza, innovative R&D and sustainable procurement. Based on the positive sales growth in the Kotipizza chain and the management's outlook on the sales in the remaining period of the financial year we expect company's chain based net sales growth to exceed the Finnish fast food market average growth also in 2016.

New outlook
The Group estimates for the full financial year that the chain-based net sales will grow by approximately fifteen (15) percent as compared to the previous financial year and that comparable EBITDA will grow significantly as compared to the previous year.

Old outlook, provided on 23 August, 2016, and reiterated on 28 September, 2016
The Group estimates the chain-based net sales will grow by over ten (10) per cent as compared to the previous financial year and that comparable EBITDA will grow significantly as compared to the previous year.

ACCOUNTING POLICIES

Kotipizza Group's unaudited interim report for the nine-month period ending 31 October 2016, including the audited comparison figures for the nine-month period ending 31 October 2015, have been prepared according to IAS 34 and applying the same accounting principles that were used in the previous audited full year financial statements.

SUMMARY OF THE FINANCIAL STATEMENT AND NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
	000 €	**000 €**	**000 €**	**000 €**	**000 €**
Continuing operations					
Net sales	**18 038**	**14 409**	**50 329**	**41 765**	**56 370**
Other income	2	22	48	68	126
Change in inventory of raw materials and finished goods (+/–)	10	-792	-439	743	458
Raw materials and finished goods (–)	-13 639	-10 585	-38 351	-33 814	-45 106
Employee benefits/expenses (–)	-1 110	-810	-2 749	-2 766	-3 605
Depreciations (–)	-245	-157	-738	-433	-735
Impairments (–)	-	-	-	-	-17
Other operating expenses (–)	-1 585	-741	-3 952	-2 974	-4 056
Operating profit	**1 470**	**1 346**	**4 148**	**2 589**	**3 435**
Finance income	8	5	23	19	28
Finance costs	-216	-283	-607	-2 820	-3 011
Loss / profit before taxes from continuing operations	**1 262**	**1 068**	**3 565**	**-212**	**452**
Income taxes	-248	-257	-766	-269	-124
Loss / profit for the period from continuing operations	**1 014**	**811**	**2 798**	**-481**	**328**
Discontinued operations					
Loss after tax for the period from discontinued operations	-	-54	-	-113	-113
Loss / profit for the period	**1 014**	**757**	**2 798**	**-594**	**215**
Earnings per share, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0,16	0,12	0,44	-0,17	0,05
Earnings per share for continuing operations, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0,16	0,13	0,44	-0,14	0,08

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
	000 €	**000 €**	**000 €**	**000 €**	**000 €**
Profit (loss) for the period)	**1 014**	**757**	**2 798**	**-594**	**215**
Other comprehensive income: Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	61	-296	13	-296	-367
Taxes related to other comprehensive income	12	-59	2	-59	-73
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**49**	**-237**	**11**	**-237**	**-294**
Other comprehensive income for the period, net of tax	**49**	**-237**	**11**	**-237**	**-294**
Total comprehensive income for the period, net of tax	**1 063**	**520**	**2 809**	**-831**	**-79**
Attributable to:					
Owners of the company	1 086	521	2 867	-801	-45
Non-controlling interest	-23	-1	-58	-30	-34
	1 063	520	2 809	-831	-79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	31.10.2016 000 €	31.10.2015 000 €	31.1.2016 000 €
Non-current assets			
Property, plant and equipment	1 265	806	1 002
Goodwill	35 819	35 819	35 819
Intangible assets	2 182	1 633	2 118
Non-current financial assets	2	2	2
Non-current receivables	606	516	783
Deferred tax assets	284	128	289
	40 159	**38 904**	**40 013**
Current assets			
Inventories	3 103	3 381	3 385
Trade and other receivables	5 153	5 063	4 945
Current tax receivables	58	270	58
Cash and cash equivalents	9 170	6 711	8 099
	17 484	**15 424**	**16 487**
Assets classified as held for sale	**13**	**28**	19
Total Assets	**57 657**	**54 356**	**56 519**

	31.10.2016 000 €	31.10.2015 000 €	31.1.2016 000 €
Equity and liabilities			
Share capital	80	80	80
Translation differences	27 595	29 818	29 818
Fund for invested unrestricted equity	2 258	-1 380	-624
Retained earnings	29 933	28 518	29 274
Non-controlling interests	-72	-10	-14
Total equity	**29 861**	**28 508**	**29 260**
Non-current liabilities			
Interest bearing loans and borrowings	16 979	16 442	16 363
Financial liabilities at fair value through profit or loss	354	296	367
Other non-current liabilities	2 454	2 477	2 462
Deferred tax liabilities	56	44	54
	19 843	**19 259**	**19 246**
Current liabilities			
Interest bearing loans and borrowings	354	813	1 041
Trade and other payables	6 833	5 755	6 882
Provisions	9	-	90
Current tax liabilities	757	10	-
	7 953	**6 578**	**8 013**
Liabilities related to assets held for sale	**-**	**11**	**-**
Total liabilities	**27 796**	**25 848**	**27 259**
Total shareholders' equity and liabilities	**57 657**	**54 356**	**56 519**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the company					
EUR THOUSAND	**Share capital**	**Fund for invested unrestricted equity**	**Retai-ned earn-ings**	**Total**	**Non-control-ling interest**	**Total equity**
1 February 2016	80	29 818	-624	29 274	-14	29 260
Result for the period	-	-	2 856	2 856	-58	2 798
Other comprehensive income	-	-	11	11	-	11
Total incomprehensive income for the period	-	-	2 867	2 867	-58	2 809
Transactions with owners						
Management incentive scheme	-	-	15	15	-	15
Dividends	-	-2 223	-	-2 223	-	-2 223
Transactions with owners total	-	-2 223	15	-2 208		-2 208
31 October 2016	**80**	**27 595**	**2 258**	**29 933**	**-72**	**29 861**

	Equity attributable to owners of the company					
EUR THOUSAND	**Share capital**	**Fund for invested unrestricted equity**	**Retai-ned earn-ings**	**Total**	**Non-control-ling interest**	**Total equity**
1 February 2015	80	5 362	-579	4 863	-	4 863
Result for the period	-	-	-564	-564	-30	-594
Other comprehensive income	-	-	-237	-237	-	-237
Total incomprehensive income for the period	-	-	-801	-801	-30	-831
Transactions with owners						
Share issue	-	25 501	-	25 501	20	25 521
Initial public offering costs		-1 045	-	-1 045	-	-1 045
Transactions with owners total		24 456	-	24 456	20	24 476
31 October 2015	**80**	**29 818**	**-1 380**	**28 518**	**-10**	**28 508**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2-10/2016	2-10/2015
Operating activities	**000 €**	**000 €**
Profit before tax	3 565	-212
Loss for discontinued operations	-	-140
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	347	170
Depreciation and impairment of intangible assets	391	263
Gain on disposal of property, plant and equipment	-80	-20
Finance income	-23	-19
Finance costs	607	2 820
Change in working capital		
Change in trade and other receivables (+/-)	-3	656
Change in inventories (+/-)	283	-431
Change in trade and other payables (+/-)	-226	-1 092
Change in provisions (+/-)	-81	-
Interest paid (-)	-607	-4 878
Interest received	23	19
Income tax paid (-)	-6	-40
Net cash flows from operating activities	**4 190**	**-2 905**
Investing activities		
Acquisition of subsidiaries	-	20
Investments for tangible assets (-)	-124	-184
Investments for non-tangible assets (-)	-455	-629
Repayment for loan assets	-	-
Proceeds from sale of assets-held-for-sale	-	-
Sale of property, plant and equipment	400	20
Net cash flows used in investing activities	**-179**	**-773**
Financing activities		
Funds received from the share issue	-2 223	24 194
Loans withdrawal	-	17 000
Loans repayments (-)	-563	-35 886
Finance lease payments (+/-)	-155	-120
Net cash flow used in financing activities	**-2 940**	**5 188**
Net change in cash and cash equivalents	1 071	1 510
Cash and cash equivalents at 1 February	8 100	5 201
Cash and cash equivalents at 31 October	**9 170**	**6 711**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SEGMENT INFORMATION

The segment information is presented in accordance with the previous financial statements.

KOTIPIZZA SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	3 298	2 997	9 598	8 749	11 784
Net sales	4 204	2 997	10 849	8 749	11 784
Comparable gross margin/EBITDA	1 819	1 607	5 081	4 086	5 465
Depreciation and impairments	-150	-111	-441	-315	-584
Comparable EBIT	1 670	1 496	4 640	3 771	4 881
Reported gross margin/EBITDA	1 785	1 607	5 018	3 817	5 196
Reported EBIT	1 635	1 496	4 577	3 502	4 612

FOODSTOCK SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	13 770	11 169	39 034	32 700	44 096
Net sales	13 770	11 169	39 034	32 700	44 096
Comparable gross margin/EBITDA	475	261	1 344	746	964
Depreciation and impairments	-38	-28	-105	-85	-113
Comparable EBIT	437	233	1 239	661	851
Reported gross margin/EBITDA	466	261	1 328	631	849
Reported EBIT	428	233	1 223	546	736

CHALUPA SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	65	231	447	278	443
Net sales	65	231	447	278	443
Comparable gross margin/EBITDA	-54	3	-148	-67	-66
Depreciation and impairments	-5	-6	-26	-9	-18
Comparable EBIT	-59	-3	-174	-76	-84
Reported gross margin/EBITDA	-56	3	-152	-67	-66
Reported EBIT	-61	-3	-178	-76	-84

OTHERS SEGMENT

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	0	12	0	38	47
Net sales	0	12	0	38	47
Comparable gross margin/EBITDA	-357	-338	-1 081	-904	-1 337
Depreciation and impairments	-53	-12	-166	-24	-37
Comparable EBIT	-410	-350	-1 247	-928	-1 374
Reported gross margin/EBITDA	-479	-368	-1 307	-1 359	-1 792
Reported EBIT	-532	-380	-1 473	-1 383	-1 829

ALL SEGMENTS TOGETHER

EUR THOUSAND	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Comparable net sales	17 132	14 409	49 079	41 765	56 370
Net sales	18 038	14 409	50 329	41 765	56 370
Comparable gross margin/EBITDA	1 883	1 533	5 196	3 861	5 026
Depreciation and impairments	-245	-157	-738	-433	-752
Comparable EBIT	1 638	1 376	4 458	3 428	4 274
Reported gross margin/EBITDA	1 715	1 503	4 886	3 022	4 187
Reported EBIT	1 470	1 346	4 148	2 589	3 435

NOTE 2. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The non-current assets held for sale and discontinued operations were related to Kotipizza Segment's Russian operations, Domi-pizzapalat, sale of Franchising segment's 55 Burger, Cola, Fries concept and divestment of the Financial management services segment. Selling price of the both divested businesses, Financial management services and 55 Burger, Cola, Fries concept, was 1 euro.

	31/10/2016	31/10/2015
	000 €	**000 €**
Net sales	-	32
Other operating income	-	-
Depreciation	-	-
Expenses	-	-144
Operating loss (EBIT)	**-**	**-112**
Finance costs	-	-
Capital loss related to discontinued operations	-	-28
Loss for the period from a discontinued operation before tax	-	-140
Tax impact	-	27
Loss for the period from the discontinued operations	**-**	**-113**
Earnings per share for discontinued operations, EUR: Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	-	-0,04

The major classes of assets and liabilities related to discontinued operations:

	31/10/2016	31/10/2015
Assets	**000 €**	**000 €**
Inventories	-	6
Trade receivable and other receivables	-	21
Assets related to discontinued operations	**-**	**27**
Liabilities		
Received collaterals	-	-
Other liabilities	-	11
Accrued expenses	-	-
Liabilities related to discontinued operations	**-**	**11**

Cash flows related to discontinued operations are not reported separately, and due to this, the information cannot be accurately reported..

NOTE 3. RELATED PARTY TRANSACTIONS

Parties are considered to be related when a party has control or significant influence over the other party relating to decision-making in connection to its finances and business. The Group's related parties include the parent company, subsidiaries, members of the board of directors and management board, managing director and their family members. The key management comprises the members of the management board. The table below sets forth the total amounts of related party transactions carried out during the period. The terms and conditions of the related party transactions correspond terms and conditions applied to transactions between independent parties.

	Interest paid	Amounts owed to related parties	Purchases from related parties	Outstanding trade payables	Sales to related parties	Outstanding trade receivables
	000 €	**000 €**	**000 €**	**000 €**	**000 €**	**000 €**
Key management of the group						
2-10/16	-	-	248	35	2	-
2-10/15	-	-	526	2	621	148
Other related parties						
2-10/16	-	-	99	10	-	-
2-10/15	-	-	103	13	-	-
Controlling entities						
2-10/16	-	-	-	-	-	-
2-10/15	156	-	-	-	-	-
Companies controlled by the members of the Board						
2-10/16						
2-10/15	-	-	-	-	-	-

NOTE 4. EMPLOYEE BENEFITS EXPENSE

All employee benefits expenses are included in administrative (fixed) expenses.

	2-10/16	2-10/15
	000 €	000 €
Wages and salaries	2 223	2 308
Social security costs	100	56
Pension costs (defined contribution plans)	426	402
Total employee benefits expense	**2 749**	**2 766**

NOTE 5. CONTINGENT LIABILITIES

Commitments	31/10/2016	31/10/2015
	000 €	000 €
Leasing commitments	89	353
Tertiary commitments	-	6
Rental guarantees	685	604
Bank guarantees	420	800
Rental commitments for premises	3 871	3 236
Loans from financial institutions	16 250	17 000
Guarantees for other than Group companies	6	432
Guarantees		
Pledged deposits	146	352
Business mortgages	17 500	18 500
Guarantees	32	520
Pledged shares, book value	19 984	29 637
General guarantee for other Group companies	unlimited	

NOTE 6: ALTERNATIVE PERFORMANCE MEASURES (APMs)

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Kotipizza Group presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. APMs used by Kotipizza Group are listed and defined in this note.

CHAIN-BASED NET SALES

Chain-based net sales is the total combined net sales of the company's franchisees, based on which the company's franchising fees are invoiced monthly.

COMPARABLE NET SALES:

Net sales- items affecting comparability

EUR thousand	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
Net sales	18 038	14 409	50 329	41 765	56 370
Items affecting comparability	906	0	1 251	0	0
Comparable net sales	17 132	14 409	49 079	41 765	56 370

Items affecting comparability in 8-10/16 and 2-10/16 related to advertising and marketing fund flows of Kotipizza's Franchisee Co-operative, which pass through Kotipizza division’s P&L without result effect. A separate stock exchange release on Kotipizza's Marketing Co-operative’s change into Franchisee Co-operative was given on 30 May 2016.

COMPARABLE EBIT:

EBIT- items affecting comparability

EUR thousand	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
EBIT	1 470	1 346	4 148	2 589	3 435
Items affecting comparability	168	30	310	839	839
Comparable EBIT	1 638	1 376	4 458	3 428	4 274

Reported EBIT in 8-10/16 included EUR 168 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT in 8-10/15 included EUR 30 thousand of items affecting comparability related to listing the company’s shares to the Nasdaq OMX Helsinki stock exchange. These items had a cash flow effect.

Reported EBIT in 2-10/16 included EUR 310 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT in 2-10/15 included EUR 839 thousand of items affecting comparability. Costs amounting to EUR 229 thousand related to initial public offering of company’s shares to the Nasdaq OMX Helsinki Oy’s stock exchange and EUR 495 thousand related to closing permanently down Kotipizza Oyj’s previous headquarters in Vaasa. These items had a cash flow effect. In addition, 2-10/15 reported EBIT included EUR 115 thousand non-cash deferral error related to Foodstock's inventory as an item affecting comparability.

The reported EBIT in 2/15-1/16 included EUR 839 thousand of items affecting comparability. Costs amounting to EUR 229 thousand related to initial public offering of company’s shares to the Nasdaq OMX Helsinki Oy’s stock exchange and EUR 495 thousand related to closing permanently down Kotipizza Oyj’s previous headquarters in Vaasa. These items had a cash flow effect. In addition, 2-10/15 reported EBIT included EUR 115 thousand non-cash deferral error related to Foodstock's inventory as an item affecting comparability.

Items affecting comparability are material items or transactions, which are relevant for understanding the financial performance of Kotipizza Group when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Kotipizza Group’s management view. Such items are always listed in Euros in Kotipizza Group’s interim-, half year and full year financial reports for the whole Group and for the operating segments.

EBITDA

EBIT + depreciation

EUR thousand	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
EBIT	1 470	1 346	4 148	2 589	3 435
Depreciation and impairments	245	157	738	433	752
EBITDA	1 715	1 503	4 886	3 022	4 187

COMPARABLE EBITDA

EUR thousand	8-10/16	8-10/15	2-10/16	2-10/15	2/15-1/16
EBIT	1 470	1 346	4 148	2 589	3 435
Depreciation and impairments	245	157	738	433	752
Items affecting comparability	168	30	310	839	839
Comparable EBITDA	1 883	1 533	5 196	3 861	5 026

Items affecting comparability have been detailed earlier in this Note in section COMPARABLE EBIT**.**

COMPARABLE EBITDA OF NET SALES, %

$$\frac{\text{Comparable EBITDA}}{\text{Net sales}} * 100$$

NET DEBT

Long term ja short term interest bearing debt – Cash and cash equivalents

EUR thousand	31.10.2016	31.10.2015	31.1.2016
Long term interest bearing debt	16 979	16 442	16 363
Short term interest bearing debt	354	813	1 041
Cash and cash equivalents	-9 170	-6 711	-8 099
Net debt	8 163	10 543	9 305

NET GEARING, %

$$\frac{\text{Net debt}}{\text{Total equity}} * 100$$

EQUITY RATIO, %

$$\frac{\text{Total equity}}{\text{Total assets}} * 100$$

In Helsinki on 21 December 2016

Kotipizza Group Oyj's Board of Directors

Further information: CEO Tommi Tervanen, tel. +358 207 716, and CFO Timo Pirskanen, tel. +358 207 716 747