KOTIPIZZA GROUP OYJ FINANCIAL STATEMENTS BULLETIN 1 FEBRUARY 2016 – 31 JANUARY 2017

FINANCIAL YEAR ENDED WITH STRONG FOURTH QUARTER, BOARD OF DIRECTORS PROPOSES 0.50 EUROS PER SHARE DISTRIBUTION FROM FUND FOR INVESTED UNRESTRICTED EQUITY

November 2016–January 2017 (11/2016-1/2017)

- Chain-based net sales were 23.8 MEUR (20.4). Growth was 16.6%
- Comparable net sales were 17.5 MEUR (14.6). Growth was 19.5%
- Comparable EBITDA was 1.53 MEUR (1.17). EBITDA growth was 31.3%
- Comparable EBIT was 1.29 MEUR (0.85)

February 2016–January 2017 (2/2016-1/2017)

- Chain-based net sales were 89.9 MEUR (77.3). Growth was 16.3%
- Comparable net sales were 66.6 MEUR (56.4). Growth was 18.1%
- Comparable EBITDA was 6.73 MEUR (5.03). EBITDA growth was 33.8%
- Comparable EBIT was 5.75 MEUR (4.27)
- Net gearing was 24.0 percent (31.8%)
- Equity ratio was 51.7 percent (51.8%)

OUTLOOK FOR THE FINANCIAL YEAR 2018

The Group estimates for the full financial year that the chain-based net sales will grow by over five (5) percent as compared to the previous financial year and that comparable EBITDA will grow as compared to the previous year.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION FROM FUND FOR INVESTED UNRESTRICTED EQUITY

The board of directors proposes 0,50 euros per share distribution from Fund for invested unrestricted equity for the financial year of 1 February 2016 – 31 January 2017.

IMPACT OF NEW ESMA GUIDELINES

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) became 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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable figures				
Comparable net sales	17 452	14 605	66 580	56 370
Comparable EBITDA	1 530	1 165	6 726	5 026
Comparable EBITDA of net sales, %	8.8%	8.0%	10.1%	8.9%
Comparable EBIT	1 290	846	5 747	4 274
Reported figures				
Chain-based net sales	23 838	20 442	89 893	77 266
Reported net sales	18 407	14 605	68 737	56 370
Reported EBITDA	1 338	1 165	6 225	4 187
Reported EBITDA of net sales, %	7.7%	8.0%	9.3%	7.4%
Reported EBIT	1 098	846	5 246	3 435
Earnings per share	0.10	0.13	0.55	0.05
Net cash flows from operating activities			5 278	-671

Net cash used in investment activities	-449	-1 770
Net gearing, %	24.0	31.8
Equity ratio, %	51.7	51.8

Tommi Tervanen, CEO of Kotipizza Group

“Kotipizza’s chain-based net sales continued their strong growth in the fourth quarter of the financial year. The chain’s net sales continued their excellent development both in terms of same-store sales and the number of customers. In brick-and-mortar restaurants, the number of customers increased by 15.3% and the average purchase by 4.2%. The online store also continued to make progress – 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 16.6% in the fourth quarter, exceeding the average growth in the Finnish fast food market. According to the Finnish Hospitality Association MaRa, the domestic fast food market grew by 6.8% in 2016.

We expect the chain-based net sales to continue to develop favorably. Achieving similar relative growth figures will, however, become more challenging month by month as we draw comparisons to months of very strong growth in the previous year.

There are several factors behind the strong growth in chain-based net sales. One of the main reasons is Kotipizza’s brand and concept reform that was launched at full speed in 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, emphasizing the freshness, authenticity and sustainability of our food, as well as actively following the developments in food trends and consumer preferences.

For example, we have noted the rise in demand for vegetarian options and have therefore added Härkis, a pizza topping made of fava beans, as well as vegan cheese to our menu. During the review period, the sales of vegetarian pizzas in our online store increased by 419 percent compared to previous financial year. In turn, a good example of our achievements in working towards greater sustainability is the MSC ecolabel awarded to the Kotipizza chain during the review period, proving that all fish and seafood products we use come from sustainable sources and responsible fisheries. Kotipizza is the first pizza chain in the world to merit the MSC ecolabel.

After the review period, the Group’s largest shareholder, Sentica Partners, made an exit from the Group selling its entire 63.3 percent stake in an accelerated book-building process to international and Finnish institutional investors. International investors were particularly interested in the Group, as their share grew from 4.5 percent to 41.9 percent in the transaction. The share can be considered exceptionally high for a Finnish company of this size. At the same time, the number of shares being traded, i.e. the free float, grew considerably, which has also been reflected in the daily trading of shares by a clear perking-up in the trading volume. I would once again like to welcome all our new owners.

Comparable net sales of the Group grew 20% in the fourth quarter of the year and were 17.5 MEUR (14.6). Comparable EBITDA was 1.53 MEUR (1.17) in the fourth quarter, representing a growth of 31%. The corresponding growth figures for the full financial year were 18 and 34 percent, respectively. 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 Group had a solid financial standing at the end of the quarter with net gearing at 24 percent and equity ratio of 52 percent.

According to MaRa’s estimates, the growth of sales in the restaurant sector will continue in 2017 at nearly the previous year’s level, along with the growth of the Finnish national economy and the increased consumer confidence. The development will be particularly positive in the fast food sector, as fast food restaurants account for a considerable proportion of restaurant dining.

The growth of sales in the Kotipizza chain has continuously outperformed the growth of the entire restaurant market and the fast food market. It can even be estimated that the strong growth of the Kotipizza chain has contributed to the more positive development of the fast food market compared with the rest of the restaurant market. We believe that the financial development of the restaurant business and consumer trends support Kotipizza Group’s investment in the fast casual concept, that is, restaurants that offer casual, fresh and responsibly produced food in a restaurant environment.

We estimate that the group’s chain-based net sales will, during the present financial year, grow by more than five (5) percent as compared to the previous financial year, and that the comparable gross margin / EBITDA will grow as compared to the previous financial year.”

GROUP NET SALES

November 2016–January 2017
Chain-based net sales continued strong and grew 16.6% (15.2%) year on year in the fourth quarter of the financial year and were 23.8 MEUR (20.4). Average purchase grew 4.2% and the number of customers 15.3% 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 continued to seek visibility with successful campaigns on TV as well as social and online media in the last quarter of the financial year. In November, Kotipizza had lower-calorie Kotzones and in December the classic Lihamestari pizza in a TV campaign. Launched in January, our cooperation with the very famous TV show Putous was received well. The show reached 3.6 million Finnish spectators and 78% of all families with children. Our Hokituur collaboration with Radio Rock Korporaatio, realized in November–December, was also received well. Kotipizza had altogether 56 campaign days during the fourth quarter of this financial year compared to the 45 in the previous year.

Increased investments in our own social media channels gained very positive feedback too. We continued, for example, with our online series on Kotipizza franchisees on Facebook and our cooperation with top Finnish YouTube stars, who also took part in our Kotipizza Games in January. By doing so, we were able to create a strong increase in the extent to which viewers retain our ads compared to previous year. Three new Kotipizza restaurants were opened and none were closed during the fourth quarter of the financial year.

Comparable net sales for the fourth quarter of the financial year were 17.5 MEUR (14.6) and they grew 19.5% compared to same period in the previous year. Reported net sales were 18.4 MEUR (14.6) and they grew 26.0% compared to same period in the previous year. The reported sales included 1.0 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 restaurant chain sales development. Foodstock's new customers such as Espresso House, Fafa's and the Siipiravintolat chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 24.3% year on year in the fourth quarter of the financial year and were 14.2 MEUR (11.4). The Kotipizza segment's net sales increased 38.4% compared to the previous year and were 4.2 MEUR (3.0). The Chalupa segment's net sales in the fourth quarter of the financial year were EUR 41 thousand (EUR 165 thousand). Decline in net sales compared to the previous year was due to 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.

February 2016–January 2017
Chain-based net sales grew 16.3% (9.7%) year on year in the financial year and were 89.9 MEUR (77.3). The chain-based net sales growth was based on both an increase in the average purchase and increase in the number of customers. A comprehensive menu reform was carried out in the summer 2014, and successful new products together with targeted, influential marketing that emphasizes sustainability have positively changed consumers' brand experience of Kotipizza. This has translated into an increase in the number of customers. Twelve new Kotipizza restaurants were opened and twelve closed during the review period.

The chain-based net sales are 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 the financial year were 66.6 MEUR (56.4) and they grew 18.1% compared to same period in the previous year. Reported net sales were 68.7 MEUR (56.4). The reported sales included 2.2 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. Foodstock's new customers such as Espresso House, Fafa's and the Siipiravintolat chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 20.6% year on year in the financial year and were 53.2 MEUR (44.1). The Kotipizza segment's net sales increased 27.7% compared to the previous year and were 15.1 MEUR (11.8). The Chalupa segment's net sales in the financial year were 0.5 MEUR (0.4).

GROUP EBIT

November 2016–January 2017
Comparable EBIT of the Group was 1.29 MEUR (0.85) in the fourth quarter of the financial year. Reported EBIT was 1.10 MEUR (0.85). Reported EBIT included MEUR 0,19 of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within 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 the sales margin also improved slightly from the previous year.

February 2016–January 2017
Comparable EBIT of the Group was 5.75 MEUR (4.27) in the financial year. Reported EBIT was 5.25 MEUR (3.44). Reported EBIT included MEUR 0,50 of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within 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 the permanent closing of Kotipizza Oyj's previous headquarters in Vaasa had a cash flow effect. In addition, the 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 the sales margin also improved slightly from the previous year. Fixed cost growth was also below the volume growth. The 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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	3 247	3 035	12 894	11 784
Net sales	4 202	3 035	15 051	11 784
Comparable gross margin/EBITDA	1 552	1 379	6 633	5 465
Depreciation and impairments	-148	-269	-589	-584
Comparable EBIT	1 404	1 110	6 044	4 881
Reported gross margin/EBITDA	1 499	1 379	6 517	5 196
Reported EBIT	1 352	1 110	5 929	4 612

Olli Väätäinen, COO of Kotipizza

"Growth in sales in the Kotipizza chain has continued strong during the review period. It should be noted that in addition to the rollout of the restaurant design facelift, the reform of the restaurant network has been finalized. In the past two years, several particularly unprofitable shop-in-shop restaurants have been closed, and while new brick-and-mortar restaurants have simultaneously been opened, the total number of restaurants has decreased. At the end of the review period, the number of restaurants stood at 257 (257), after which the number has once again started to rise through the opening of new brick-and-mortar restaurants. During the review period, Kotipizza also 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. Online sales were particularly significant in brick-and-mortar restaurants offering a delivery service, constituting nearly a fifth of total sales."

November 2016–January 2017
Comparable net sales of Kotipizza for the fourth quarter of the financial year were 3.25 MEUR (3.04) and they increased 7.0% compared to same period in the previous year. Net sales of Kotipizza for the fourth quarter of the financial year were 4.20 MEUR (3.04) and they increased 38.4% compared to same period in the previous year. The reported sales included 1.00 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 was 1.55 MEUR (1.38) in the fourth quarter of the financial year and it grew 12.5% compared to same period in the previous year. Improvement in comparable EBITDA was mainly due to favourable development in chain-based net sales of Kotipizza. Reported EBITDA was 1.50 MEUR (1.38) in the fourth quarter of the financial year. Reported EBITDA included EUR 52 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within the group.

February 2016–January 2017
Comparable net sales of Kotipizza for the financial year were 12.89 MEUR (11.78) and they had increased by 9.4% compared to same period in the previous year. Net sales of Kotipizza for the financial year were 15.05 MEUR (11.78) and they increased by 27.7% compared to same period in the previous year. The reported sales included 2.16 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 was 6.63 MEUR (5.47) in the financial year and it grew 21.4% 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 6.52 MEUR (5.20) in the financial year. Reported EBITDA included EUR 115 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within the group. The previous year's comparable EBITDA for the fourth quarter included in EUR 269 thousand of items affecting comparability related to costs of closing company's previous headquarters. These items had a cash flow effect.

FOODSTOCK SEGMENT

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	14 165	11 396	53 198	44 096
Net sales	14 165	11 396	53 198	44 096
Comparable gross margin/EBITDA	252	218	1 596	964
Depreciation and impairments	-38	-28	-143	-113
Comparable EBIT	214	190	1 453	851
Reported gross margin/EBITDA	239	218	1 566	849
Reported EBIT	200	190	1 423	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 strong growth, we have managed to ensure the reliability of our deliveries and the quality of 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 sustainability and sourcing responsibly produced ingredients. The MSC ecolabel awarded to Kotipizza during the review period is a direct result of our long-standing commitment to sustainable fishing and using responsibly produced fish and seafood products."

November 2016–January 2017

Comparable net sales of Foodstock for the fourth quarter of the financial year were 14.17 MEUR (11.40) and they grew 24.3% compared to same period in the previous year. Reported net sales of Foodstock for the fourth quarter of the financial year were 14.17 MEUR (11.40) and they grew 24.3% 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 in 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. The positive volume effect of Foodstock gaining new customers from the previous year was also visible in the reported numbers.

Foodstock's comparable EBITDA improved by 15.7% from the previous year and was 0.25 MEUR (0.22) in the fourth 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 0.24 MEUR (0.22) in the fourth quarter of the financial year. Reported EBITDA included EUR 14 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within the group.

February 2016–January 2017

Comparable net sales of Foodstock for the financial year were 53.20 MEUR (44.10) and they grew 20.6% compared to same period in the previous year. Reported net sales of Foodstock for the financial year were 53.20 MEUR (44.10) and they grew 20.6% 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 the favourable development in Kotipizza chain-based net sales, which gave 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 also increased the net sales.

Foodstock's comparable EBITDA was 1.60 MEUR (1.00) in the financial year and it grew 65.6% 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 1.57 MEUR (0.86) in the financial year. Reported EBITDA included EUR 30 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within 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

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	41	165	487	443
Net sales	41	165	487	443
Comparable gross margin/EBITDA	-13	1	-161	-66
Depreciation and impairments	-1	-9	-27	-18
Comparable EBIT	-14	-8	-188	-84
Reported gross margin/EBITDA	-17	1	-169	-66
Reported EBIT	-18	-8	-196	-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 transferred to Foodstock. At the end of the review period, Chalupa restaurants were operating in Helsinki in three locations as well as in Kauniainen, Tampere, and Jyväskylä, one in each. Of the six restaurants, five are operated by franchisees. In addition, Chalupa products were available in one Kotipizza lunch restaurant."

November 2016–January 2017
Chalupa's comparable net sales were EUR 41 thousand (EUR 165 thousand) in the fourth quarter of the financial year and comparable EBITDA was EUR -13 thousand (EUR 1 thousand). Chalupa's reported net sales were EUR 41 thousand (EUR 165 thousand) in the fourth quarter of the financial year and reported EBITDA was EUR -13 thousand (EUR 1 thousand). Decline in net sales compared to the previous year was due to 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 4 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within 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 2016–January 2017
Chalupa's reported net sales were EUR 487 thousand (EUR 443 thousand) in the financial year and comparable EBITDA was EUR -161 thousand (EUR -66 thousand). Chalupa's reported net sales were EUR 487 thousand (EUR 443 thousand) in the financial year and reported EBITDA was EUR -169 thousand (EUR -66 thousand). Reported EBITDA included EUR 8 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within the group. 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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	0	9	0	47
Net sales	0	9	0	47
Comparable gross margin/EBITDA	-261	-433	-1 342	-1 337
Depreciation and impairments	-53	-13	-219	-37
Comparable EBIT	-314	-446	-1 561	-1 374
Reported gross margin/EBITDA	-383	-433	-1 690	-1 792
Reported EBIT	-436	-446	-1 909	-1 829

The ‘Others’ segment mainly includes operations of the group headquarters.

November 2016–January 2017
Comparable and reported net sales of the Others segment were 0.00 MEUR (0.01) in the fourth quarter of the financial year. Comparable EBITDA was -0.26 MEUR (-0.43). Reported EBITDA was -0.38 MEUR (-0.43). Reported EBITDA included EUR 122 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive programs introduced on 6 May 2016 and other incentive schemes in the group.

February 2016–January 2017
Net sales of the Others segment were 0.04 MEUR (0.05) in the financial year. Comparable EBITDA was -1.34 MEUR (-1.34). Reported EBITDA was -1.69 MEUR (-1.79). Reported EBITDA included EUR 348 thousand of items affecting comparability (calculatory, non-cash), which were related to the incentive program introduced on 6 May 2016 and other incentive schemes within the group. In the previous year, the 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 Kotipizza’s Vaasa office. These items had a cash flow effect.

FINANCIAL ITEMS AND RESULT

Finance costs in the fourth quarter of the year were MEUR 0.21 (0.19). Finance costs in the financial year were MEUR 0.81 (3.01). The materially higher financing costs in the previous financial year were based on a significantly more leveraged balance sheet structure together with higher interest rates on debt. In addition to the normal finance costs, in the previous year a MEUR 0.90 cost related to the early redemption of the company’s MEUR 30 unsecured bond was booked.

Group taxes were MEUR -1.00 (-0.12) in the financial year.

The result of the period was MEUR 3.46 (0.22) in the financial year.

Earnings per share were EUR 0.55 (0.05) in the financial year.

THE GROUP’S FINANCIAL POSITION

Kotipizza Group’s balance sheet total as of 31 October 2016 was MEUR 59.2 (56.5). The Group’s non-current assets as at 31 October 2016 amounted to MEUR 40.6 (40.0), and current assets amounted to MEUR 18.5 (16.5).

The Group’s net cash flow from operating activities for the financial year was MEUR 5.3 (-0.7). Working capital was released in the amount of MEUR 0.90 (released 0.05).

The net cash flow from investment activities for the period was MEUR -0.45 (-1.77). Investments in tangible and intangible assets for the period amounted to MEUR 0.85 (1.98), and proceeds from sales of tangible assets were MEUR 0.40 (0.19).

The net cash flow from financing activities was MEUR -3.3 (5.4). 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 51.7% (51.8%).

Interest-bearing debt amounted to MEUR 17.0 (17.4), of which current debt accounted for MEUR 1.17 (1.04). 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 0.85 (1.98). The Company's investments to fixed assets, related mainly to IT systems, amounted to MEUR 0.85 (1.98).

PERSONNEL

On 31 January 2017, Kotipizza Group employed 47 people, all of whom worked in Finland. At the end of the previous financial year on 31 January 2016, the Company employed 38 people, all of whom worked in Finland.

BUSINESS TRANSACTIONS

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 continued by merging Kotipizza Oyj to Domipizza Oy, which was registered to trade register on 31 January 2017 and by simultaneously renaming Domipizza Oy as Kotipizza Oyj.

CHANGES IN THE MANAGEMENT

There were no changes in Kotipizza Group's operative management, Board of Directors or Management Board during the review 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 Corporate Responsibility and Communications 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 on 1 February 2016, the number of the shares was 6,351,201. At the end of the period, the Company had 1615 (549) shareholders. The Company does not hold any treasury shares.

Information about the company's shareholder structure by sector and size of holding, as well as 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 that 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 the 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 tough 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 major impact on the company's franchising and rent income, income received from selling raw materials and supplies, and income related to transport and the flow of goods, thus affecting the company's financial result.

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

EVENTS AFTER THE REPORT PERIOD

On 1 February 2017, Kotipizza Group acquired all business operations of Helsinki Pizzapalvelu Oy with the intention of merging the 22 Pizzataksi restaurants operating in the Helsinki region and Southern Finland with the operations of the Kotipizza chain. The transaction was aimed at strengthening Kotipizza's home delivery service offering in the Helsinki region.

Helsinki Foodstock Oy a sourcing and logistics operator wholly owned by Kotipizza Group Oyj signed an agreement with Street Gastro Oy making it responsible for supply chain management for the chain of restaurants operating under the name Street Gastro in Finland on 9 February 2017.

Group's Chief Operating Officer and member of the Management Board Olli Väätäinen resigned from his position on 17 February 2017.

'OUTLOOK FOR THE FINANCIAL YEAR 2018

According to the report of the Finnish Hospitality Association MaRa, sales grew briskly in the restaurant business in 2016. The total sales of the restaurant business increased by 3.5 per cent in January–September 2016 and the sales of fast food restaurants increased by 6.8 per cent in the year 2016.

The total value of the Finnish restaurant market is approximately five billion euros. The most important factors influencing the development of the sector include the general economic development, consumers' disposable income, taxation and government regulation. Consumers' preferences and, increasingly, food trends influence financial development within the sector.

Finns are dining at restaurants more and more often, which is a key driver of growth in the business. According to the trend survey published by MaRa in December 2016, altogether 77 per cent of the respondents had dined at a restaurant during the previous two weeks. The figure was 67 per cent in 2014 and only about 40 per cent at the turn of the millennium.

The growth of sales in the Kotipizza chain has continuously outperformed the growth of the entire restaurant market and the fast food market. It can even be estimated that the strong growth of the Kotipizza chain has contributed to the more positive development of the fast food market compared with the rest of the restaurant market.

According to MaRa's estimate, the growth of sales in the restaurant sector will continue in 2017 at nearly the previous year's level, along with the growth of the Finnish national economy and the increased consumer confidence. The development will be particularly positive in the fast food sector, as fast food restaurants account for a considerable proportion of restaurant dining. In the fast food sector, the influence of taxation and government regulation on financial development is not as strong compared with the rest of the restaurant business, particularly restaurants licensed to serve alcohol.

Finnish consumers are still spending a considerably smaller proportion of their income on restaurant dining than consumers in most of the countries of comparison. Thus, we have reason to believe that dining at restaurants will increase in the next few years. MaRa has estimated that fast food restaurants will be well-positioned for growth, particularly regarding staff restaurants, in which the growth of sales is forecast to slow down or even turn negative.

According to MaRa's trend survey, rising phenomena in the restaurant business include fast dining, leisure-time dining, hamburgers and pizza, as well as the increased importance of the quality of food. The survey shows that hamburgers and pizza, previously classified as 'fast food', have an increasingly important role also when it comes to dinner as well as lunch dining.

We believe that the financial development of the restaurant business and consumer trends support Kotipizza Group’s investment in the fast casual concept, that is, restaurants that offer in a restaurant environment.

The Group estimates for the full financial year that the restaurant chain sales will grow by approximately five (5) percent as compared to the previous financial year and that comparable EBITDA will grow as compared to the previous year.

ACCOUNTING POLICIES

Kotipizza Group's unaudited interim report for the twelve-month period ending 31 January 2017, including the audited comparison figures for the nine-month period ending 31 January 2016, 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

	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
	000 €	000 €	000 €	000 €
Continuing operations				
Net sales	**18 407**	**14 605**	**68 737**	**56 370**
Other income	48	58	96	126
Change in inventory of raw materials and finished goods (+/–)	436	-285	-3	458
Raw materials and finished goods (–)	-14 521	-11 292	-52 872	-45 106
Employee benefits/expenses (–)	-1 139	-839	-3 887	-3 605
Depreciations (–)	-240	-302	-978	-735
Impairments (–)	-	-17	-	-17
Other operating expenses (–)	-1 894	-1 082	-5 846	-4 056
Operating profit	**1 098**	**846**	**5 246**	**3 435**
Finance income	11	9	35	28
Finance costs	-205	-191	-812	-3 011
Loss / profit before taxes from continuing operations	**904**	**664**	**4 469**	**452**
Income taxes	-238	145	-1 005	-124
Loss / profit for the period from continuing operations	**666**	**809**	**3 464**	**328**
Discontinued operations				
Loss after tax for the period from discontinued operations	-	-	-	-113
Loss / profit for the period	**666**	**809**	**3 464**	**215**
Earnings per share, EUR:				
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0,10	0,13	0,55	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)	0,10	0,13	0,55	0,08

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
	000 €	000 €	000 €	000 €
Profit (loss) for the period)	**666**	**809**	**3 464**	**215**
Other comprehensive income: Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cash flow hedges	56	-71	69	-367
Taxes related to other comprehensive income	-11	-59	-14	-73
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**45**	**-57**	**56**	**-294**
Other comprehensive income for the period, net of tax	**45**	**-57**	**56**	**-294**
Total comprehensive income for the period, net of tax	**710**	**752**	**3 520**	**-79**
Attributable to:				
Owners of the company	730	756	3 597	-45
Non-controlling interest	-19	-4	-77	-34
	711	752	3 520	-79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	31.1.2017 000 €	31.1.2016 000 €
Non-current assets		
Property, plant and equipment	1 138	1 002
Goodwill	35 819	35 819
Intangible assets	2 321	2 118
Non-current financial assets	2	2
Non-current receivables	872	783
Deferred tax assets	488	289
	40 641	**40 013**
Current assets		
Inventories	3 087	3 385
Trade and other receivables	5 761	4 945
Current tax receivables	4	58
Cash and cash equivalents	9 650	8 099
	18 502	**16 487**
Assets classified as held for sale	**13**	19
Total Assets	**59 156**	**56 519**

	31.1.2017 000 €	31.1.2016 000 €
Equity and liabilities		
Share capital	80	80
Translation differences	27 595	29 818
Fund for invested unrestricted equity	2 989	-624
Retained earnings	30 664	29 274
Non-controlling interests	-91	-14
Total equity	**30 573**	**29 260**
Non-current liabilities		
Interest bearing loans and borrowings	15 829	16 363
Financial liabilities at fair value through profit or loss	298	367
Other non-current liabilities	2 745	2 462
Deferred tax liabilities	66	54
	18 938	**19 246**
Current liabilities		
Interest bearing loans and borrowings	1 165	1 041
Trade and other payables	8 480	6 882
Provisions	-	90
Current tax liabilities	-	-
	9 645	**8 013**
Liabilities related to assets held for sale	**-**	**-**
Total liabilities	**28 583**	**27 259**
Total shareholders' equity and liabilities	**59 156**	**56 519**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR THOUSAND	Equity attributable to owners of the company					
	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	-	-	3 541	3 541	-77	3 506
Other comprehensive income	-	-	56	56	-	14
Total incomprehensive income for the period	-	-	3 597	3 597	-77	3 520
Transactions with owners						
Management incentive scheme	-	-	16	16	-	16
Dividends	-	-2 223	-	-2 223	-	-2 223
Transactions with owners total	-	-2 223	16	-2 207		-2 207
31 January 2017	**80**	**27 595**	**2 989**	**30 664**	**-91**	**30 573**

EUR THOUSAND	Equity attributable to owners of the company					
	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	-	-	249	249	-34	215
Other comprehensive income	-	-	-294	-294	-	-294
Total incomprehensive income for the period	-	-	-45	-45	-34	-79
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 January 2016	**80**	**29 818**	**-624**	**29 274**	**-14**	29 260

CONSOLIDATED STATEMENT OF CASH FLOWS

	2/16-1/17	2/15-1/16
Operating activities	**000 €**	**000 €**
Profit before tax	4 469	452
Loss for discontinued operations	-	-140
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	453	278
Depreciation and impairment of intangible assets	525	474
Other non-cash items	16	-
Gain on disposal of property, plant and equipment	-70	-50
Finance income	-35	-28
Finance costs	812	3 011
Change in working capital		
Change in trade and other receivables (+/-)	-557	578
Change in inventories (+/-)	299	-428
Change in trade and other payables (+/-)	1 443	-50
Change in provisions (+/-)	-90	90
Interest paid (-)	-816	-5 058
Interest received	35	28
Income tax paid (-)	-1 206	172
Net cash flows from operating activities	**5 278**	**-671**
Investing activities		
Acquisition of subsidiaries	-	20
Investments for tangible assets (-)	-121	-611
Investments for non-tangible assets (-)	-728	-1 364
Repayment for loan assets	-	-
Proceeds from sale of assets-held-for-sale	-	-
Sale of property, plant and equipment	400	185
Net cash flows used in investing activities	**-449**	**-1 770**
Financing activities		
Funds received from the share issue	-2 223	24 194
Loans withdrawal	-	17 000
Loans repayments (-)	-850	-36 074
Finance lease payments (+/-)	-207	219
Net cash flow used in financing activities	**-3 280**	**5 339**
Net change in cash and cash equivalents	1 550	2 898
Cash and cash equivalents at 1 February	8 100	5 201
Cash and cash equivalents at 31 October	**9 650**	**8 099**

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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	3 247	3 035	12 894	11 784
Net sales	4 202	3 035	15 051	11 784
Comparable gross margin/EBITDA	1 552	1 379	6 633	5 465
Depreciation and impairments	-148	-269	-589	-584
Comparable EBIT	1 404	1 110	6 044	4 881
Reported gross margin/EBITDA	1 499	1 379	6 517	5 196
Reported EBIT	1 352	1 110	5 929	4 612

FOODSTOCK SEGMENT

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	14 165	11 396	53 198	44 096
Net sales	14 165	11 396	53 198	44 096
Comparable gross margin/EBITDA	252	218	1 596	964
Depreciation and impairments	-38	-28	-143	-113
Comparable EBIT	214	190	1 453	851
Reported gross margin/EBITDA	239	218	1 566	849
Reported EBIT	200	190	1 423	736

CHALUPA SEGMENT

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	41	165	487	443
Net sales	41	165	487	443
Comparable gross margin/EBITDA	-13	1	-161	-66
Depreciation and impairments	-1	-9	-27	-18
Comparable EBIT	-14	-8	-188	-84
Reported gross margin/EBITDA	-17	1	-169	-66
Reported EBIT	-18	-8	-196	-84

OTHERS SEGMENT

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	0	9	0	47
Net sales	0	9	0	47
Comparable gross margin/EBITDA	-261	-433	-1 342	-1 337
Depreciation and impairments	-53	-13	-219	-37
Comparable EBIT	-314	-446	-1 561	-1 374
Reported gross margin/EBITDA	-383	-433	-1 690	-1 792
Reported EBIT	-436	-446	-1 909	-1 829

ALL SEGMENTS TOGETHER

EUR THOUSAND	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Comparable net sales	17 452	14 605	66 580	56 370
Net sales	18 407	14 605	68 737	56 370
Comparable gross margin/EBITDA	1 530	1 165	6 726	5 026
Depreciation and impairments	-240	-319	-978	-752
Comparable EBIT	1 290	846	5 747	4 274
Reported gross margin/EBITDA	1 338	1 165	6 225	4 187
Reported EBIT	1 098	846	5 246	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, the sale of franchising segment's 55 Burger, Cola, Fries concept and the 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.

	31/01/2017	31/01/2016
	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)	-	-0,03

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

	31/01/2017	31/01/2016
Assets	**000 €**	**000 €**
Inventories	-	-
Trade receivable and other receivables	13	19
Assets related to discontinued operations	**13**	**19**
Liabilities		
Received collaterals	-	-
Other liabilities	-	-
Accrued expenses	-	-
Liabilities related to discontinued operations	**-**	**-**

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						
2/16-1/17	-	-	31	-	2	-
2/15-1/16	-	-	94	3	536	8
Other related parties						
2/16-1/17	-	-	437	74	-	-
2/15-1/16	-	-	632	46	-	-
Controlling entities						
2/16-1/17	-	-	-	-	-	-
2/15-1/16	156	-	-	-	-	-
Companies controlled by the members of the Board						
2/16-1/17						
2/15-1/16	-	-	3	-	-	-

NOTE 4. EMPLOYEE BENEFITS EXPENSE

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

	2/16-1/17	2/15-1/16
	000 €	000 €
Wages and salaries	3 173	2 981
Social security costs	132	103
Pension costs (defined contribution plans)	582	521
Total employee benefits expense	**3 887**	**3 605**

NOTE 5. CONTINGENT LIABILITIES

Commitments	31/10/2016	31/10/2015
	000 €	000 €
Leasing commitments	238	158
Secondary commitments	-	-
Rental guarantees	760	644
Bank guarantees	420	420
Rental commitments for premises	3 633	3 073
Loans from financial institutions	15 963	16 813
Guarantees for other than Group companies	3	422
Guarantees		
Pledged deposits	146	352
Business mortgages	17 500	17 500
Guarantees	12	20
Pledged shares, book value	19 984	29 637
General guarantee for other Group companies	unlimited	unlimited

NOTE 6: ALTERNATIVE PERFORMANCE MEASURES (APMs)

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) became 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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
Net sales	18 407	14 605	68 737	56 370
Items affecting comparability	-955	0	-2 157	0
Comparable net sales	17 452	14 605	66 580	56 370

Items affecting comparability in 11/16-1/17 and 2/16-1/17 relate 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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
EBIT	1 098	846	5 246	3 435
Items affecting comparability	191	0	501	839
Comparable EBIT	1 290	846	5 747	4 274

Reported EBIT in 11/16-1/17 included EUR 293 thousand and in 2/16-1/17 EUR 602 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive program introduced on 6 May 2016 and other incentive schemes within the group.

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	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
EBIT	1 098	846	5 246	3 435
Depreciation and impairments	240	319	978	752
EBITDA	1 338	1 165	6 225	4 187

COMPARABLE EBITDA

EUR thousand	11/16-1/17	11/15-1/16	2/16-1/17	2/15-1/16
EBIT	1 098	846	5 246	3 435
Depreciation and impairments	240	319	978	752
Items affecting comparability	191	0	501	839
Comparable EBITDA	1 530	1 165	6 726	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	31.1.2017	31.1.2016
Long term interest bearing debt	15 829	16 363
Short term interest bearing debt	1 165	1 041
Cash and cash equivalents	-9 650	-8 099
Net debt	7 344	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 March 2017

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