

CHAIN-BASED SALES GROWTH OF 12.2% AND 21.9% GROWTH IN COMPARABLE EBITDA IN THE SECOND QUARTER OF THE FINANCIAL YEAR**May-July 2015 (May-July 2014)**

- Chain-based net sales of continuing operations grew 12.2% (-4.0%)
- Comparable net sales were 14.3 MEUR (13.6). Growth was 5.0%
- Comparable EBITDA was 1.48 MEUR (1.22). EBITDA growth was 21.9%
- Comparable EBIT was 1.34 MEUR (1.10)

February-July 2015 (February-July 2014)

- Chain-based net sales of continuing operations grew 8.1 % (-1.3%)
- Comparable net sales were 27.4 MEUR (25.6). Growth was 6.7%
- Comparable EBITDA was 2.33 MEUR (2.02)
- Comparable EBIT was 2.05 MEUR (1.82)
- Net gearing decreased to 38 percent (584%)
- Equity ratio increased to 40.4 percent (10.5%)

Guidance of the financial year 2016 unchanged

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

KEY FIGURES, EUR THOUSAND

	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Comparable figures					
Comparable net sales	14 285	13 605	27 356	25 642	52 226
Comparable EBITDA	1 482	1 216	2 328	2 020	4 197
Comparable EBITDA of net sales, %	10.4%	8.9%	8.5%	7.9%	8.0%
Comparable EBIT	1 338	1 103	2 052	1 817	3 719
Reported figures					
Chain-based net sales of continuing operations	19 963	17 790	37 207	34 426	70 459
Reported net sales	14 285	13 605	27 356	25 642	52 226
Reported EBITDA	1 283	1 315	1 519	2 209	4 272
Reported EBITDA of net sales, %	9.0%	9.7%	5.6%	8.6%	8.2%
Reported EBIT	1 139	1 202	1 243	2 006	3 794
Earnings per share	-0.26	0.20	-0.70	0.11	-0.43
Net cash flows from operating activities			-2 849	827	2 933
Net cash used in investment activities			-336	-681	-1 084
Net gearing, %			38.3	584.5	634.0
Equity ratio, %			40.4	10.5	9.3

Tommi Tervanen, CEO of Kotipizza Group

"Market development of fast food restaurant chains continued stable despite declining consumer confidence in Finland. Resilience against volatile economic development is typical for the fast food market. According to the Finnish Hospitality Association MaRa ry, the net sales of fast food restaurant chains increased by 4.1 percent in the second quarter of the calendar year. On the other hand, rather long-lasting upward trend in confidence for economy turned down in June and has sadly remained sluggish ever since. Consumer confidence indicator was 6.9 in July, whereas it was 10.8 in June and yet 15.5 in May.

Equal to whole fast food market sales, also Kotipizza chain's sales continued on a good level in terms of comparable net sales and customer volumes in the second quarter of the financial year. Kotipizza restaurants' chain-based net sales growth of continuing operations was 12.2 percent in May-July, being clearly above the average growth in the fast food market. Our chain-based sales exceeded 7 MEUR euros in July, which was a new all time high for monthly sales. We opened seven new Kotipizza restaurants during the review period and closed three, out of which one temporarily due to water damage. The number of Kotipizza restaurants was 269 (263) at the end of the review period. We have for a long time constantly worked towards closing restaurants directly owned by the group and at the end of July all Kotipizza restaurants were finally owned by franchisees. We also held opening ceremony of the first restaurant of our new Chalupa chain after the review period on 8 September 2015. We estimate to open two additional Chalupa restaurants by the end of September. Foodstock also gained a new customer from Swedish Espresso House coffee chain.

The unquestionable main event of the review period was the listing of the company's shares on the Nasdaq OMX Helsinki stock exchange. Trading of the shares commenced on 7 July 2015. According to our initial target, we collected altogether 25.5 MEUR in the share issue related to Initial Public Offering and have now a good bases to continue the implementation of Kotipizza Group's growth strategy. A status as a listed company on the Helsinki stock exchange supports perfectly both our growth strategy and our commitment to sustainability and transparency.

Group net sales grew 5.0% (-0.4%) in May-July and were 14.3 MEUR (13.6). Comparable EBITDA grew 20.9% despite 70 000 EUR negative EBITDA of the Chalupa segment. However, we estimate that the Chalupa segment, based on having three restaurants open, will reach somewhat positive EBITDA in the full financial year. Group's balance sheet went through a positive change in accordance with the Initial Public Offering, which is not yet fully seen in today reported numbers. We raised altogether 17 MEUR new term loans after the review period in the beginning of August, as announced earlier. With the proceeds from the Initial Public Offering and the new term loans we redeemed in full our three-year unsecured bond with a nominal value 30 MEUR. Therefore our balance sheet structure is now at our initial target.

Considering the figures reported today and management's view of the market development for the remaining of the financial year we don't have a need to change our previous guidance. For the full financial year, we estimate the Group's chain-based net sales from the continuing operations will during the present financial year grow by over 5% as compared to the previous financial year, and the comparable gross margin/EBITDA will grow as compared to the previous financial year."

GROUP NET SALES

May-July 2015

Chain-based net sales of the continuing operations grew 12.2% (-4.0%) year on year in the second quarter of the financial year and were 20.0 MEUR (17.8). The chain-based net sales of the continuing operations is the total combined net sales of the company's franchisees, based on which the company's franchising fees are invoiced monthly. The chain-based net sales of the continuing operations in the financial year ending 31 January 2015 do not include the chain-based net sales of the 55 Burger, Cola, Fries segment divested during the financial year.

Group comparable net sales for the second quarter of the financial year were 14.3 MEUR (13.6) and they grew 5.0% compared to same period in the previous year. Reported net sales were 14.3 MEUR (13.6). Sales growth was mainly based on Foodstock's increased sales volume to Kotipizza chain. The net sales of Foodstock grew 6.4% year on year in the second quarter of the financial year. The Kotipizza segment's net sales were down 1.7% compared to the previous year and were 3.0 MEUR (3.0). The decline in net sales was mainly due to the smaller number of restaurants directly owned by the Group. The restaurants directly owned by the segment are consolidated in full, and due to this their number may have a material effect on the consolidated figures. The Chalupa segment's net sales in the second quarter of the financial year were 0.05 MEUR.

The net sales of the discontinued operations were 0.05 MEUR in the second quarter and they declined 0.02 MEUR as compared to the net sales of 0.07 MEUR for the three-month period ending 31 July 2014.

February-July 2015

Chain-based net sales of the continuing operations grew 8.1% (-1.3%) year on year in the first half of the financial year and were 37.2 MEUR (34.4).

Group comparable net sales for the first half of the financial year were 27.4 MEUR (25.6) and they grew 6.7% compared to same period in the previous year. Reported net sales were 27.4 MEUR (25.6). The sales growth was mainly based on Foodstock's increased sales volume to the Kotipizza chain during the whole review period. The net sales of Foodstock grew 10.7% year on year in the second quarter of the financial year. The Kotipizza segment's net sales were down 7.0% compared to the previous year and were 5.8 MEUR (6.2). The decline in net sales was mainly due to the smaller number of restaurants directly owned by the Group. The restaurants directly owned by the segment are consolidated in full, and due to this their number may have a material effect on the consolidated figures. The Chalupa segment's net sales in the first half of the financial year were 0.05 MEUR.

The net sales of the discontinued operations were 0.06 MEUR in the second quarter and they declined 0.10 MEUR as compared to the net sales of 0.16 MEUR for the three-month period ending 31 July 2014.

GROUP EBIT

May-July 2015

Comparable EBIT of the Group was 1.34 MEUR (1.10) in the second quarter of the financial year. Reported EBIT was 1.14 MEUR (1.20). Reported EBIT includes 0.20 MEUR of items affecting comparability. Items affecting comparability were nonrecurring costs related to initial public offering of company's shares to the Nasdaq OMX Helsinki Oy's stock exchange. All items affecting comparability were cash based. Operational gearing based on increased sales volumes together with the smaller number of loss making directly owned restaurants had a positive impact on EBIT. Increased amount of depreciation (calculational, non-cash) and operational establishment costs related to the Chalupa segment had a negative impact on EBIT.

February-July 2015

Comparable EBIT of the Group was 2.05 MEUR (1.82) in the first half of the financial year. Reported EBIT was 1.24 MEUR (2.01). Reported EBIT includes 0.809 MEUR of items affecting comparability. Out of items affecting comparability 0.20 MEUR were due to nonrecurring costs 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 Oy's previous headquarters in Vaasa. These items affecting comparability were cash based. In addition reported EBIT includes 0.12 MEUR non-cash deferral error related to Foodstock's inventory as an item affecting comparability. Operational gearing based on increased sales

volumes together with the smaller number of loss making directly owned restaurants had a positive impact on EBIT. Increased amount of depreciation (calculational, non-cash) costs of double administration during the period and operational establishment costs related to the Chalupa segment had a negative impact on the EBIT. The company closed down its previous headquarter in Vaasa on 31 May 2015, which is estimated to result in cost savings of approximately EUR 50 thousand per month.

SALES AND EBITDA OF THE SEGMENTS

KOTIPIZZA SEGMENT					
EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	2 982	3 034	5 752	6 185	12 251
Comparable gross margin/EBITDA	1 640	1 055	2 479	1 901	4 169
Internal eliminations related to discontinued operations	0	38	0	83	95
Depreciation and impairments	-106	-80	-204	-150	-340
Comparable EBIT	1 534	975	2 275	1 751	3 829
Reported gross margin/EBITDA	1 640	1 093	2 210	1 984	4 152
Reported EBIT	1 534	1 013	2 006	1 834	3 812

May-July 2015

Net sales of Kotipizza for the second quarter of the financial year were 2.98 MEUR (3.03) and they declined 1.7% compared to same period in the previous year. The decline in net sales was mainly due to the smaller number of restaurants directly owned by the segment. The restaurants directly owned by the segment are consolidated in full, and due to this their number may have a material effect on the consolidated figures. During the second quarter of the year the number of directly owned restaurants averaged one (1) and it averaged seven (7) during the same period in the previous year.

Kotipizza's comparable EBITDA of was 1.64 MEUR (1.06) in the second quarter of the financial year and it grew 55.5% compared to same period in the previous year. Improvement in comparable EBITDA was mainly due to reduced number of directly owned loss-making restaurants and favourable development of chain-based net sales in Kotipizza. Reported EBITDA was 1.64 MEUR (1.09) in second quarter of the financial year. Reported EBITDA in Kotipizza did not include items affecting comparability in the second quarter. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

February-July 2015

Net sales of Kotipizza for the first half of the financial year were 5.75 MEUR (6.19) and they declined 7.0% compared to same period in the previous year. The decline in net sales was mainly due to the smaller number of restaurants directly owned by the segment. The restaurants directly owned by the segment are consolidated in full, and due to this their number may have a material effect on the consolidated figures. During the second quarter of the year the number of directly owned restaurants averaged two (2) and it averaged eight (8) during the same period in the previous year.

Kotipizza's comparable EBITDA of was 2.48 MEUR (1.90) in the first half of the financial year and it grew 30.4% compared to same period in the previous year. The improvement in comparable EBITDA was mainly due to reduced number of directly owned loss-making restaurants and favourable development of chain-based net sales in Kotipizza. On the other hand comparable EBITDA was burdened by double administration costs during the first four months of the review period. Kotipizza's reported EBITDA was 2.21 MEUR (1.98) in first half of the financial year and it grew 11.4% compared to the previous year. Reported EBIT includes 0.27 MEUR of items affecting comparability. Items affecting comparability were cash based, nonrecurring costs related to closing down company's old headquarters in Vaasa. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

FOODSTOCK SEGMENT

EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	11 245	10 564	21 531	19 450	39 954
Comparable gross margin/EBITDA	270	271	485	435	668
Internal eliminations related to discontinued operations	0	55	0	106	125
Depreciation and impairments	-29	-29	-57	-41	-114
Comparable EBIT	241	242	428	394	554
Reported gross margin/EBITDA	270	326	370	541	793
Reported EBIT	241	297	313	500	679

May-July 2015

Net sales of Foodstock for the second quarter of the financial year were 11.25 MEUR (10.56) and they grew 6.4% compared to same period in the previous year. 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. On the other hand deliveries to other customers were at the previous year's level in the second quarter of the financial year.

Foodstock's comparable EBITDA was 0.27 MEUR (0.27) in the second quarter of the financial year and it was practically at the previous year's level. Increase in net sales did not have a positive impact on comparable EBITDA mainly due to material increase in market prices of certain delivered raw materials and a change towards more expensive delivery mix. Foodstock was not able to fully compensate these increased costs in its selling prices during the period, which had a negative impact on sales margin and thus to comparable EBITDA. Increases in sales prices were negotiated after the review period and came into force at the beginning of September. Foodstock's reported EBITDA was 0.27 MEUR (0.33). Reported EBITDA did not include items affecting comparability in the second quarter of the current financial year. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

February-July 2015

Net sales of Foodstock for the first half of the financial year were 21.53 MEUR (19.45) and they grew 10.7% compared to same period in the previous year. The growth in net sales was mainly due to increased sales volume to the Kotipizza chain during the whole review period.

Foodstock's comparable EBITDA was 0.49 MEUR (0.44) in the first half of the financial year and it grew 11.5% compared to the same period in the previous year. Improvement in comparable EBITDA was mainly related to volume based operational gearing. Foodstock's reported EBITDA was 0.37 MEUR (0.54) in the first half of the financial year and it declined 31.6% from the previous year. Reported EBIT includes 0,12 MEUR non-cash deferral error related to Foodstock's inventory as an item affecting comparability. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

CHALUPA SEGMENT

EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	47	0	47	0	0
Comparable gross margin/EBITDA	-70	0	-70	0	0
Internal eliminations related to discontinued operations	0	0	0	0	0
Depreciation and impairments	-3	0	-3	0	0
Comparable EBIT	-73	0	-73	0	0
Reported gross margin/EBITDA	-70	0	-70	0	0
Reported EBIT	-73	0	-73	0	0

May-July 2015

Chalupa's net sales were 0.05 MEUR (0.0) in the second quarter of the financial year and comparable EBITDA together with reported EBITDA was -0.07 MEUR (0.0). Start in the Chalupa's business operations was materially delayed from the initial schedule in the second quarter due to delay in building permit of the first restaurant. Chalupa was not able to compensate occurred costs related to key personnel salaries, rent for the empty premises and other material opening costs of the new segment with occasional sales of Chalupa food truck nor with successful and profitable operations in Hernesaaren ranta restaurant, which was open only in the summer period.

First Chalupa restaurant was opened after the review period on 8 September 2015 and Chalupa is estimated to open two additional restaurants by the end of September. Chalupa's EBITDA for the full financial year is estimated to be slightly positive.

February-July 2015

Chalupa's business operations commenced at the second quarter of the financial year.

OTHERS SEGMENT

EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	11	7	26	7	21
Comparable gross margin/EBITDA	-358	-110	-566	-316	-640
Internal eliminations related to discontinued operations	0	6	0	0	-33
Depreciation and impairments	-6	-4	-12	-12	-24
Comparable EBIT	-364	-114	-578	-328	-664
Reported gross margin/EBITDA	-557	-104	-991	-316	-673
Reported EBIT	-563	-108	-1 003	-328	-697

Others segment includes mainly operations of the group headquarters.

May-July 2015

Net sales of the Others segment were 0.01 MEUR (0.01) in the second quarter of the financial year. Comparable EBITDA was -0.358 MEUR (-0.11). Comparable EBITDA was still partially burdened by double administration costs. Kotipizza's old headquarters in Vaasa was closed down on 31 May 2015. Reported EBITDA was -0.56 MEUR (-0.10). Reported EBITDA includes 0.20 MEUR of items affecting comparability. Items affecting comparability were cash based nonrecurring costs related to listing of company's shares to Nasdaq OMX Helsinki stock exchange. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

February-July 2015

Net sales of the Others segment were 0.03 MEUR (0.01) in the first half of the financial year. Comparable EBITDA was -0.56 MEUR (-0.32). Comparable EBITDA was still burdened by double administration costs. Kotipizza's old headquarters in Vaasa was closed down on 31 May 2015. Reported EBITDA was -0.56 MEUR (-0.10). Reported EBITDA includes 0.43 MEUR of items affecting comparability. Out of items

affecting comparability 0.20 MEUR were related to nonrecurring costs related to listing of company's shares to Nasdaq OMX Helsinki stock exchange and 0.226 MEUR nonrecurring costs related to closing down Kotipizza's Vaasa office. All items affecting comparability were on cash bases. Internal eliminations related to sold Francount business operations have been returned to the comparable EBITDA as an item affecting comparability for the previous year. Equivalent costs related to financial management are the segment's direct costs in the current corporate structure.

FINANCIAL ITEMS AND RESULT

Finance costs of the Group were 2.54 MEUR (1.63). In addition to the normal finance costs 0.90 MEUR nonrecurring cost related to early redemption of the company's 30 MEUR unsecured bond has been booked to the finance costs.

Group taxes were -0.10 MEUR (-0.18) in February-July.

The result of the period was -1.29 MEUR (0.30) in February-July.

Earnings per share were -0.21 EUR (0.02) in February-July.

THE GROUP'S FINANCIAL POSITION

Kotipizza Group's balance sheet total as of 31 July 2015 was 69.6 MEUR (52.8). The Group's non-current assets as at 31 July 2015 amounted to 38.6 MEUR (38.8), and current assets amounted to 30.9 MEUR (14.0).

The Group's net cash flow from operating activities for the six-month period ending 31 July 2015 was -2.9 MEUR (0.8). Working capital was tied up in the amount of EUR 1.4 MEUR (released 0.3). Cash tying up in working capital was due to temporary financing of expanding restaurant network. Labour and equipment costs related to building new restaurants are booked into current assets before opening the restaurant. These costs are billed from the franchisee after the opening.

The net cash flow from investment activities for the period was -0.3 MEUR (-0.7). Investments in tangible and intangible assets for the period amounted to -0.3 MEUR (-0.8), and proceeds from sales of tangible assets were 0.0 MEUR (0.01).

The net cash flow from financing activities was 18.4 MEUR (0.06).

The Group's equity ratio was 40.4% (10.5%). The increase in equity ratio was due to share issue implemented and transferring company's shareholder loan and interest related to shareholder loan into equity in accordance with the initial public offering. Initial public offering costs related to old shares of the company amounting 0.20 MEUR are booked to P&L having an income effect and costs related to issued shares adjusted with calculated taxes altogether 0.90 MEUR are booked into equity.

Interest-bearing debt without contingent considerations measured at fair value amounted to 31.2 MEUR (35.9), of which current debt accounted for 31.0 MEUR (0.08). Kotipizza Group Oyj redeem in full its three-year unsecured bond with a nominal value 30 MEUR after the review period on 11 August 2015 with the proceeds from the 4 June 2015 announced and 6 July 2015 implemented Initial Public Offering and the new 17.0 MEUR 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 for the year 2015 and in the company's prospectus released on 4 June 2015.

INVESTMENTS

The gross investments for the period amounted to -0.36 MEUR (-0.78). The Company's investments to fixed assets, related mainly to IT systems, amounted to -0.36 MEUR (-0.78). Gross investments related to acquisitions of subsidiaries amounted to 0.02 MEUR (0.0).

PERSONNEL

On 31 July 2015, Kotipizza Group employed 34 people, all of who worked in Finland. At the end of the previous financial year 31 January 2015, the Company employed 33 people, all of who worked in Finland. At the end of the financial year ending 31 January 2014, the number of personnel was 53 employees, and a year earlier it was 52 employees.

BUSINESS ARRANGEMENTS

The Group expanded during the period by establishing a new joint venture. Kotipizza Group, Chalupa Oy and Think Drinks Oy signed a shareholder agreement concerning Chalupa Oy on 13 March 2015. Kotipizza Group owns 60 percent of the joint venture and Think Drinks Oy owns the remaining 40 percent.

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 (CFO), Olli Väätäinen (Chief Operating Officer), Anssi Koivula (Chief Procurement Officer) and Antti Isokangas (Chief 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 1 February 2015 the number of the shares was 544,275,188. Extraordinary general meeting of Kotipizza Group Oyj decided on combining shares in accordance with the Finnish companies act 15 chapter 9 §, after which the number of shares decreased to 1,251,201. In accordance with the Initial Public Offering altogether 5,100,000 shares were issued. The Company has one share class and each share entitles to one vote in the Company's general meeting. All shares carry equal rights to dividends and other distribution of assets by the Company. At the end of the period, the Company had 430 (9) 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 and Board of Director and Corporate Management Board interests can be viewed on the company's website at www.kotipizzagroup.com.

RESOLUTIONS OF THE GENERAL MEETINGS

Kotipizza Group's extraordinary general meeting held on 2 March 2015 resolved to change the name of the Company from Frankis Group Oyj to Kotipizza Group Oyj.

Kotipizza Group's extraordinary general meeting held on 28 May 2015 resolved to change certain sections, like the redemption clause and the consent clause, in the articles of association, adding company's shares into the book-entry system and authorizing the Board of directors to decide on share issue in accordance with the potential Initial Public Offering. New articles of association were registered to the trade register.

Company's annual general meeting held on 29 May 2015 discussed about company's financial statements for the period ending 31 January 2015 and verified its P&L and balance sheet, resolved on distribution of profits, granted discharge from liability to CEO and the Board of directors, confirmed fees for the members of the Board of directors and chose auditors. Johan Wentzel, Mikael Autio, Kim Hanslin, Minna Nissinen, Petri Parvinen and Kalle Ruuskanen were chosen to continue as members of the Board of directors. Authorised public accountants firm Ernst & Young Oy with public accountant Mikko Järventausta were elected as auditors.

Company's extraordinary general meeting held on 3 June 2015 discussed about company's corrected financial statements for the period ending 31 January 2015 and verified its P&L and balance sheet, resolved on distribution of profits, granted discharge to CEO and the Board of directors, confirmed fees for the members of the Board and chose auditors. Johan Wentzel, Mikael Autio, Kim Hanslin, Minna Nissinen, Petri Parvinen and Kalle Ruuskanen were chosen to continue as members of the Board. Authorised public accountants firm Earnst & Young Oy with public accountant Mikko Järventausta were elected as auditors.

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, rent, entry, building, operating system, training and other 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. 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.

Further information on Kotipizza Group's risks and risk management is presented in the financial statements for the year 2015.

EVENTS AFTER THE REPORT PERIOD

Kotipizza Group Oyj completed the early redemption of its three-year unsecured bond with a nominal value of 30 MEUR with ISIN code SE0005100112 (the "Bond") announced on 11 August 2015. Pursuant to the terms and conditions of the Bond, the amount payable in the early redemption was EUR 103,000 for each bond with a nominal value of EUR 100,000. In addition, the Company has paid accrued interest for the period from, but excluding, 2 April 2015 up to and including 11 August 2015. The Company financed the redemption of the Bond with the proceeds from the initial public offering published on 4 June 2015 and completed on 6 July 2015 as well as with the new term loans withdrawn on 7 August 2015. The new term loans have covenants.

OUTLOOK FOR THE FINANCIAL YEAR 2016

The Company estimates the chain-based net sales of the continuing operations will grow during the present financial year by over 5 percent as compared to the previous financial year, and the comparable gross margin (EBITDA) will grow as compared to the previous financial year.

ACCOUNTING POLICIES

Kotipizza Group's unaudited interim report for the six-month period ending 31 July 2015, including the unaudited comparison figures for the six-month period ending 31 July 2014, 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

	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
	000 €	000 €	000 €	000 €	000 €
Continuing operations					
Net sales	14 285	13 605	27 356	25 642	52 226
Other income	7	18	46	32	65
Change in inventory of raw materials and finished goods (+/-)	836	521	1 535	704	-239
Raw materials and finished goods (-)	-12 220	-11 345	-23 229	-20 688	-40 670
Employee benefits/expenses (-)	-609	-568	-1 956	-1 253	-2 787
Depreciations (-)	-144	-113	-276	-203	-463
Impairments (-)	0	0	0	0	-15
Goodwill impairment (-)	0	0	0	0	0
Contingent consideration (-)	0	0	0	0	0
Other operating expenses (-)	-1 016	-916	-2 233	-2 228	-4 323
Operating profit	1 139	1 202	1 243	2 006	3 794
Finance income	13	11	14	23	35
Finance costs	-1 669	-807	-2 537	-1 626	-3 265
Loss / profit before taxes from continuing operations	-517	406	-1 280	403	564
Income taxes	-121	-83	-12	-100	-181
Loss / profit for the period from continuing operations	-638	323	-1 292	303	383
Discontinued operations					
Loss after tax for the period from discontinued operations	-53	-73	-59	-160	-918
Loss / profit for the period	-691	250	-1 351	143	-535
Earnings per share, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	-0.2646	0.1998	-0.6996	0.1143	-0.4276
Earnings per share for continuing operations, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	-0.2443	0.2582	-0.6690	0.2422	0.3061

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
	000 €	000 €	000 €	000 €	000 €
Profit (loss) for the period)	-691	250	-1 351	143	-535
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	0	-25	0	-9	-9
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	0	-25	0	-9	-9
Other comprehensive income for the period, net of tax	0	-25	0	-9	-9
Total comprehensive income for the period, net of tax	-691	225	-1 351	134	-544
Attributable to:					
Owners of the company	-662	225	-1 322	134	-544
Non-controlling interest	-29	0	-29	0	0
	-691	225	-1 351	134	-544

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31. 7. 2015	31.7.2014	31.1.2015
	000 €	000 €	000 €
Assets			
Non-current assets			
Property, plant and equipment	829	699	808
Goodwill	35 819	36 240	35 819
Intangible assets	1 287	960	1 229
Non-current financial assets	2	2	2
Non-current receivables	451	732	574
Deferred tax assets	276	117	90
	38 664	38 750	38 522
Current assets			
Inventories	4 478	3 985	2 938
Trade and other receivables	5 801	6 297	5 449
Current tax receivables	259	296	230
Prepayments	0	0	0
Cash and cash equivalents	20 406	3 463	5 201
	30 944	14 041	13 818
Assets classified as held for sale	34	0	82
Total Assets	69 642	52 791	52 422
	31. 7. 2015	31.7.2014	31.1.2015
	000 €	000 €	000 €
Equity and liabilities			
Share capital	80	80	80
Translation differences	0	0	0
Fund for invested unrestricted equity	29 958	5 362	5 362
Retained earnings	-1 900	100	-579
Non-controlling interests	-9	0	0
Total equity	28 129	5 542	4 863
Non-current liabilities			
Interest bearing loans and borrowings	192	35 779	35 860
Financial liabilities at fair value through profit or loss	124	225	179
Other non-current liabilities	2 618	3 657	3 850
Deferred tax liabilities	43	84	85
	2 977	39 745	39 974
Non-current liabilities			
Interest bearing loans and borrowings	30 988	75	183
Trade and other payables	7 510	7 407	7 307
Provisions	0	0	0
Current tax liabilities	10	22	10
	38 508	7 504	7 500
Liabilities related to assets held for sale	28	0	85
Total liabilities	41 513	47 249	47 559
Total shareholders' equity and liabilities	69 642	52 791	52 422

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the company						
EUR THOUSAND	Share capital	Fund for invested unrestricted equity	Retained earnings	Translation differences	Non-controlling interest	Total equity
1 February 2015	80	5 362	-579	0	0	4 863
Result for the period	0	0	-1 322	0	-29	-1 351
Other comprehensive income	0	0	0	0	0	0
Total incomprehensive income for the period	0	0	-1 322	0	-29	-1 351
Share issue	0	25 501	0	0	20	25 521
Initial public offering costs		-904	0	0	0	-904
Other change	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
31 July 2015	80	29 959	-1 901	0	-9	28 129

Equity attributable to owners of the company						
EUR THOUSAND	Share capital	Fund for invested unrestricted equity	Retained earnings	Translation differences	Non-controlling interest	Total equity
1 February 2014	80	5 362	-55	16	0	5 403
Result for the period	0	0	144	0	0	-107
Other comprehensive income	0	0	0	-10	0	0
Total incomprehensive income for the period	0	0	144	-10	0	134
Dividends	0	0	0	0	0	0
Other change	0	0	11	-6	0	10
31 July 2014	80	5 362	100	0	0	5 542

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>2-7/2015</u>	<u>2-7/2014</u>
	000 €	000 €
Operating activities		
Profit before tax	-1 280	403
Loss for discontinued operations	-73	-196
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	113	87
Depreciation and impairment of intangible assets	163	116
Depreciation and write-downs of discontinued operations	0	23
Contingent considerations	0	0
Gain on disposal of property, plant and equipment	0	0
Finance income	-14	-24
Finance costs	2 537	1 626
Change in working capital		
Change in trade and other receivables (+/-)	-85	269
Change in inventories (+/-)	-1 530	-704
Change in trade and other payables (+/-)	230	685
Change in provisions (+/-)	0	-31
Interest paid (-)	-2 894	-1 333
Interest received	14	24
Income tax paid (-)	-30	-118
Net cash flows from operating activities	-2 849	827
Investing activities		
Acquisition of subsidiaries	20	0
Investments for tangible assets (-)	-135	-306
Investments for non-tangible assets (-)	-221	-472
Repayment for loan assets	0	0
Proceeds from sale of assets-held-for-sale	0	0
Sale of property, plant and equipment	0	97
Net cash flows used in investing activities	-336	-681
Financing activities		
Funds received from the share issue	24 371	
Loans withdrawal	0	0
Loans repayments (-)	-5 886	0
Finance lease payments (+/-)	-95	62
Net cash flow used in financing activities	18 390	62
Net change in cash and cash equivalents	15 205	208
Cash and cash equivalents at 1 February	5 201	3 255
Cash and cash equivalents at 31 July	20 406	3 463

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SEGMENT INFORMATION

Reported segment information of the Group has been changed due to establishing the new Chalupa segment. Franchising and Kotipizza segments in the previous audited financial statements have been combined to the Kotipizza segment and Wholesale segment is now reported as the Foodstock segment. In addition to these operational segments a new operational Chalupa segment has been established. Business administration segment in the previous audited financial statements is now reported as Others segment.

KOTIPIZZA SEGMENT					
EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	2 982	3 034	5 752	6 185	12 251
Comparable gross margin/EBITDA	1 640	1 055	2 479	1 901	4 169
Internal eliminations related to discontinued operations	0	38	0	83	95
Depreciation and impairments	-106	-80	-204	-150	-340
Comparable EBIT	1 534	975	2 275	1 751	3 829
Reported gross margin/EBITDA	1 640	1 093	2 210	1 984	4 152
Reported EBIT	1 534	1 013	2 006	1 834	3 812

FOODSTOCK SEGMENT					
EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	11 245	10 564	21 531	19 450	39 954
Comparable gross margin/EBITDA	270	271	485	435	668
Internal eliminations related to discontinued operations	0	55	0	106	125
Depreciation and impairments	-29	-29	-57	-41	-114
Comparable EBIT	241	242	428	394	554
Reported gross margin/EBITDA	270	326	370	541	793
Reported EBIT	241	297	313	500	679

CHALUPA SEGMENT					
EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	47	0	47	0	0
Comparable gross margin/EBITDA	-70	0	-70	0	0
Internal eliminations related to discontinued operations	0	0	0	0	0
Depreciation and impairments	-3	0	-3	0	0
Comparable EBIT	-73	0	-73	0	0
Reported gross margin/EBITDA	-70	0	-70	0	0
Reported EBIT	-73	0	-73	0	0

OTHERS SEGMENT

EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	11	7	26	7	21
Comparable gross margin/EBITDA	-358	-110	-566	-316	-640
Internal eliminations related to discontinued operations	0	6	0	0	-33
Depreciation and impairments	-6	-4	-12	-12	-24
Comparable EBIT	-364	-114	-578	-328	-664
Reported gross margin/EBITDA	-557	-104	-991	-316	-673
Reported EBIT	-563	-108	-1 003	-328	-697

ALL SEGMENTS TOGETHER

EUR THOUSAND	5-7/15	5-7/14	2-7/15	2-7/14	2/14-1/15
Net sales	14 285	13 605	27 356	25 642	52 226
Comparable gross margin/EBITDA	1 482	1 216	2 328	2 020	4 197
Internal eliminations related to discontinued operations	0	99	0	189	187
Depreciation and impairments	-144	-113	-276	-203	-478
Comparable EBIT	1 338	1 103	2 052	1 817	3 719
Reported gross margin/EBITDA	1 283	1 315	1 519	2 209	4 272
Reported EBIT	1 139	1 202	1 243	2 006	3 794

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

The non-current assets held for sale and discontinued operations relate 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. Liquidation of the Russian company was completed on 29 July 2014.

	31/07/15	31/07/14
	2016	2015
	000 €	000 €
Net sales	22	473
Other operating income	0	16
Depreciation	0	-23
Expenses	-67	-659
Operating loss (EBIT)	-45	-193
Finance costs	0	-3
Capital loss related to discontinued operations	-28	0
Loss for the period from a discontinued operation before tax	-73	-196
Tax impact	14	36
Loss for the period from the discontinued operations	-59	-160

Earnings per share for discontinued operations, EUR:

Basic, profit for the period attributable to ordinary equity holders of the parent
(no dilutive instruments)

-0,0306	-0,1279
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The major classes of assets and liabilities related to discontinued operations:

	31/07/15	31/07/14
	2016	2015
	000 €	000 €
Assets		
Inventories	10	0
Trade receivable and other receivables	24	0
Assets related to discontinued operations	34	0
Liabilities		
Received collaterals	15	0
Other liabilities	5	0
Accrued expenses	8	0
Liabilities related to discontinued operations	28	0

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	2-7/15			38			
	2-7/14			18			
Other related parties	2-7/15	0		446	48	404	80
	2-7/14	102		109	12	191	35
Controlling entities	2-7/15	156					
	2-7/14	102					
Companies controlled by the members of the Board	2-7/15			0	0		
	2-7/14			64	6		

	2-7/15	Pension expenses	2-7/14	Pension expenses
	Salaries	000 €	Salaries	000 €
Management and key personnel of the Group:	322	57	514	91

The salaries of the Group's management and key personnel include car and telephone benefits, and there are no other benefits. No benefits are applied after service, and the Group has not paid any share-based payments. Key management personnel have not been granted a loan, and the Group has not guaranteed loans to the management personnel.

	2-7/15	Pension expenses	2-7/14	Pension expenses
	Salaries	000 €	Salaries	000 €
Managing director and board members:				
Tommi Tervanen, CEO	111	20	106	19
Johan Wentzel, Chairman of the Board	3	0	3	0
Rabbe Grönblom, Board member until 10 September 2014	0	0	3	0
Kim Hanslin, Board member	12	0	3	0
Olli Väätäinen, Board member until 23 January 2015	0	0	3	0
Minna Nissinen, Board member from 1 January 2015	12	0	0	0
Petri Parvinen, Board member from 1 January 2015	12	0	0	0
Kalle Ruuskanen, Board member from 1 January 2015	12	0	0	0
Mikael Autio, Board member from 1 February 2015	3	0	0	0

NOTE 4. EMPLOYEE BENEFITS EXPENSE

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

	2-7/15	2-7/14
	000 €	000 €
Wages and salaries	1 645	1 014
Social security costs	22	27
Pension costs (defined contribution plans)	289	212
Total employee benefits expense	1956	1253

NOTE 5. CONTINGENT LIABILITIES

<u>Commitments</u>	31/07/15	31/07/14
	000 €	000 €
Leasing commitments	30	32
Secondary commitments	12	23
Rental guarantees	572	590
Bank guarantees	920	920
Rental commitments for premises	3684	3426
 <u>Guarantees</u>		
Pledged deposits	352	361
Business mortgages	2500	2500
Guarantees	640	640
Guarantees for other than Group companies	445	661

NOTE 6: FAIR VALUE MEASUREMENT

Interest rate derivative instruments: The parent company has entered into an interest rate swap. The swap agreement no longer has an underlying asset. The market value of the interest rate swap was -0.124 MEUR on the reporting date. The negative market value of the interest rate swap (i.e. the change) is presented in the income statement as a financial expense.

In Helsinki on 24 September 2015

Kotipizza Group Oyj's Board of Directors

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

CALCULATION OF KEY FIGURES

Adjusted operating profit	Operating profit adjusted with non-recurring sales profit and loss and with expenses from restructuring of the Company's operations and personnel reductions
Adjusted operating profit %	Adjusted operating profit / Net sales * 100
Operating profit	Reported operating profit from the continuing operations
Operating profit, %	Operating profit / Net sales * 100
Return on equity	Net result / Equity * 100
Equity ratio	Equity / Total assets * 100
Earning per share	Loss / profit for the period / Number of shares
Net gearing	(Interest-bearing debt – liquid assets) / Own assets * 100 where Own assets = Equity in the balance sheet + Voluntary provisions + Equity's subordinated loans
Adjusted EBITDA	EBITDA adjusted with non-recurring sales profit and loss and with expenses from restructuring of the Company's operations and personnel reductions
Adjusted EBITDA %	Adjusted EBITDA / Net sales * 100
EBITDA	Net sales + Other income +/- Change in inventory of raw materials and finished goods - Raw materials and finished goods - Employee benefits/expenses - Other operating expenses
EBITDA %	EBITDA / Net sales * 1000