

A STRONG THIRD QUARTER FOR KOTIPIZZA GROUP, 25.1% GROWTH IN COMPARABLE EBITDA ON THE PREVIOUS YEAR**August-October 2015 (August-October 2014)**

- Chain-based net sales of continuing operations grew 7.3% (3.9%)
- Comparable net sales were 14.4 MEUR (13.7). Growth was 5.3%
- Comparable EBITDA was 1.53 MEUR (1.23). EBITDA growth was 25.1%
- Comparable EBIT was 1.38 MEUR (1.11)

February-October 2015 (February-October 2014)

- Chain-based net sales of continuing operations grew 7.8 % (0.5%)
- Comparable net sales 41.8 MEUR (39.3). Growth was 6.2%
- Comparable EBITDA was 3.86 MEUR (3.25). Growth was 19%
- Comparable EBIT was 3.43 MEUR (2.93)
- Net gearing was 37.0 percent (576.3%)
- Equity ratio was 52.4 percent (11.0%)

Guidance of the financial year 2016 has been reviewed

New estimation: 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 significantly as compared to the previous year.

Old estimation: 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

	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Comparable figures					
Comparable net sales	14 409	13 685	41 765	39 327	52 226
Comparable EBITDA	1 533	1 225	3 861	3 245	4 197
Comparable EBITDA of net sales, %	10.6%	9.0%	9.2%	8.3%	8.0%
Comparable EBIT	1 376	1 112	3 428	2 929	3 719
Comparable EBIT of net sales, %	9.5%	8.1%	8.2%	7.4%	7.1%
Reported figures					
Chain-based net sales of continuing operations	19 617	18 280	56 792	52 707	70 459
Reported net sales	14 409	13 685	41 765	39 327	52 226
Reported EBITDA	1 503	1 241	3 022	3 450	4 272
Reported EBITDA of net sales, %	10.4%	9.1%	7.2%	8.8%	8.2%
Reported EBIT	1 346	1 128	2 589	3 134	3 794
Reported EBIT of net sales, %	9.3%	8.2%	6.2%	8.0%	7.3%
Earnings per share	0.12	0.18	-0.17	0.29	-0.43
Net cash flows from operating activities			-2 905	1 531	2 933
Net cash used in investment activities			-773	-938	-1 084
Net gearing, %			37.0	576.3	634.0
Equity ratio, %			52.4	11.0	9.3

Tommi Tervanen, CEO of Kotipizza Group

The third quarter of the financial year was the first that Kotipizza Group spent entirely as a public company listed on the Nasdaq OMX Helsinki stock exchange. Although the floating of the stock has not affected the day-to-day operations at Kotipizza restaurants, on the group level we have noticed an increased interest in our actions, not only from investors and analysts but also from the media and the general public.

The sales in the Kotipizza chain also continued on a good level in the third quarter of the financial year, both in terms of comparable net sales and customer volumes. The chain-based net sales growth of continuing operations in Kotipizza restaurants was 7.3 percent in August–October, being clearly above the average growth in the Finnish fast food market.

The number of Kotipizza restaurants was 264 (262) 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 owned by franchisees apart from one restaurant used as a product development and training unit of the chain.

One of the most important developments during the review period was the opening of the first brick-and-mortar restaurant of the Mexican-style Chalupa chain on 8 September. At the end of the review period, three Chalupa restaurants were already operating in Helsinki. Chalupa is a testament to Kotipizza Group's faith in fast casual concepts, that is, reasonably priced restaurant emphasizing freshness, authenticity, and sustainability in their food. Fast casual has already led to major shifts in the U.S. restaurant market, and all signs point to it becoming a significant phenomenon in Finland as well.

Group net sales grew 5.3% in August–October and were 14.4 MEUR (13.7). The cumulative chain-based sales of continuing operations have increased 7.8% since the beginning of the financial year. Comparable EBITDA was 1.53 MEUR (1.22) in August–October, a growth of 25%. Comparable EBITDA has now grown 19% since the beginning of the financial year as compared to the corresponding period in the previous year. That means we are on pace to reach our medium-term financial goals, both in terms of the development of chain-based sales as well as that of EBITDA. We also paid off in full our three-year unsecured bond with a nominal value 30 MEUR on 11 August. Our net debt-to-equity ratio stands at 37% and equity ratio at 52% at the end of the review period which was visible as lower financing costs at the third quarter. The new balance-sheet position which has been improved by the public offering perfectly supports both our growth strategy and our commitment to sustainability and transparency.

Considering the figures reported today and management's view of the market development for the remaining of the financial year we reviewed 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 significantly as compared to the previous financial year.

GROUP NET SALES

August-October 2015

Chain-based net sales of the continuing operations grew 7.3% (3.9%) year on year in the third quarter of the financial year and were 19.6 MEUR (18.3). The chain-based net sales of the continuing operations are the total combined net sales of the company's franchisees, based on which the company's franchising fees are invoiced monthly. They also include sales of the restaurants owned directly by the Group. 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 third quarter of the financial year were 14.4 MEUR (13.7) and they grew 5.3% compared to same period in the previous year. Reported net sales were 14.4 MEUR (13.7). Sales growth was mainly based on Foodstock's increased sales volume to Kotipizza chain. The net sales of Foodstock grew 4.3% year on year in the third quarter of the financial year. The Kotipizza segment's net sales grew 0.9% compared to the previous year and were 3.0 MEUR (3.0). The Chalupa segment's net sales in the third quarter of the financial year were 0.32 MEUR (0.00).

The net sales of the discontinued operations were 0.01 MEUR in the third quarter and they declined 0.19 MEUR as compared to the net sales of 0.20 MEUR for the three-month period ending 31 October 2014.

February-October 2015

Chain-based net sales of the continuing operations grew 7.8% (0.5%) year on year in February-October and were 56.8 MEUR (52.7).

Group comparable net sales for February-October were 41.7 MEUR (39.3) and they grew 6.2% compared to same period in the previous year. Reported net sales were 41.7 MEUR (39.3). The sales growth was mainly based on Foodstock's increased sales volume to the Kotipizza chain. The net sales of Foodstock grew 8.4% year on year in the third quarter of the financial year. The Kotipizza segment's net sales were down 4.4% compared to the previous year and were 8.8 MEUR (9.2). 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. During the third quarter of the year, the number of directly owned restaurants averaged one (1) and it averaged eight (8) during the same period in the previous year. The Chalupa segment's net sales in the February-October were 0.28 MEUR (0.00).

The net sales of the discontinued operations were 0.03 MEUR in the third quarter and they declined 0.64 MEUR as compared to the net sales of 0.67 MEUR for the nine months' period ending 31 October 2014.

GROUP EBIT

August-October 2015

Comparable EBIT of the Group was 1.38 MEUR (1.11) in the third quarter of the financial year. Reported EBIT was 1.35 MEUR (1.13). Reported EBIT includes 0.03 MEUR of items affecting comparability. Items affecting comparability were nonrecurring costs related to the initial public offering of company's shares on the Nasdaq OMX Helsinki stock exchange. All items affecting comparability were cash based. Operational gearing based on increased sales volumes together with the smaller number of loss-making Kotipizza segment's directly owned restaurants had a positive impact on EBIT. Increased amount of depreciation (calculational, non-cash) had a negative impact on EBIT.

February-October 2015

Comparable EBIT of the Group was 3.43 MEUR (2.93) in February-October. Reported EBIT was 2.59 MEUR (3.13). Reported EBIT includes 0.84 MEUR of items affecting comparability. Out of items affecting comparability 0.23 MEUR were due to nonrecurring costs related to initial public offering of company's shares on the Nasdaq OMX Helsinki stock exchange and 0.50 MEUR due to closing permanently down Kotipizza Oyj's previous headquarters in Vaasa. These items affecting comparability were cash based. In addition, the 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 had a positive impact on EBIT. Increased amount of depreciation (calculational, non-cash) 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	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	2 997	2 970	8 749	9 155	12 251
Comparable gross margin/EBITDA	1 607	1 009	4 086	2 910	4 169
Internal eliminations related to discontinued operations	0	11	0	94	95
Depreciation and impairments	-111	-84	-315	-234	-340
Comparable EBIT	1 496	925	3 771	2 676	3 829
Reported gross margin/EBITDA	1 607	1 020	3 817	3 004	4 152
Reported EBIT	1 496	936	3 502	2 770	3 812

August-October 2015

Net sales of Kotipizza for the third quarter of the financial year were 3.00 MEUR (2.97) and they increased 0.9% compared to same period in the previous year. The increase in net sales was based on growth in chain-based net sales.

Kotipizza's comparable EBITDA was 1.61 MEUR (1.01) in the third quarter of the financial year and it grew 59.3% 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, restructuring measures implemented in the segment's operations and favourable development of chain-based net sales in Kotipizza. 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 third quarter of the year, the number of directly owned restaurants averaged one (1) and it averaged six (6) during the same period in the previous year. Reported EBITDA was 1.61 MEUR (1.02) in the third quarter of the financial year. Reported EBITDA in Kotipizza did not include items affecting comparability in the third quarter. Internal eliminations related to the 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-October 2015

Net sales of Kotipizza for February-October were 8.75 MEUR (9.16) and they declined 4.4% 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 third quarter of the year, the number of directly owned restaurants averaged one (1) and it averaged eight (8) during the same period in the previous year.

Kotipizza's comparable EBITDA of was 4.09 MEUR (2.91) in February-October and it grew 40.4% 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, restructuring measures implemented in the segment's operations 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 3.82 MEUR (3.00) in February-October and it grew 27.1% 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	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	11 169	10 710	32 700	30 160	39 954
Comparable gross margin/EBITDA	261	366	746	801	668
Internal eliminations related to discontinued operations	0	22	0	128	125
Depreciation and impairments	-28	-23	-85	-64	-114
Comparable EBIT	233	343	661	737	554
Reported gross margin/EBITDA	261	388	631	929	793
Reported EBIT	233	365	546	865	679

August-October 2015

Net sales of Foodstock for the third quarter of the financial year were 11.17 MEUR (10.71) and they grew 4.3% 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. Net sales to the Rolls burger chain also increased as compared to the previous year.

Foodstock's comparable EBITDA was 0.26 MEUR (0.36) in the third quarter of the financial year. Foodstock's reported EBITDA was 0.26 MEUR (0.39) in the third quarter of the financial year and it declined 32.7% compared to the previous year. Reported EBITDA did not include items affecting comparability in the third 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-October 2015

Net sales of Foodstock for February-October were 32.70 MEUR (30.16) and they grew 8.4% compared to same period in the previous year. The growth in net sales was mainly due to increased sales volume to the Kotipizza chain. Net sales to the Rolls burger chain also increased compared to the previous year.

Foodstock's comparable EBITDA was 0.75 MEUR (0.80) in the February-October and declined 6.9% compared to the same period in the previous year. The increase in net sales did not have a positive impact on comparable EBITDA mainly due to a 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. Foodstock's reported EBITDA was 0.63 MEUR (0.93) in the February-October and it declined 32.1% from the previous year. Reported EBIT includes a 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	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	231	0	278	0	0
Comparable gross margin/EBITDA	3	0	-67	0	0
Internal eliminations related to discontinued operations	0	0	0	0	0
Depreciation and impairments	-6	0	-9	0	0
Comparable EBIT	-3	0	-76	0	0
Reported gross margin/EBITDA	3	0	-67	0	0
Reported EBIT	-3	0	-76	0	0

August-October 2015

Chalupa's net sales were 0.23 MEUR (0.00) in the third quarter of the financial year and comparable EBITDA together with reported EBITDA was 0.00 MEUR (0.00). Chalupa opened three restaurants in August-October and costs related to openings had a negative impact to EBITDA.

February-October 2015

Chalupa commenced its true business operations during the third quarter of the financial year due to delay in building permit process for the first restaurant.

OTHERS SEGMENT

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	12	5	38	12	21
Comparable gross margin/EBITDA	-338	-150	-904	-466	-640
Internal eliminations related to discontinued operations	0	-17	0	-17	-33
Depreciation and impairments	-12	-6	-24	-18	-24
Comparable EBIT	-350	-156	-928	-484	-664
Reported gross margin/EBITDA	-368	-167	-1 359	-483	-673
Reported EBIT	-380	-173	-1 383	-501	-697

Others segment includes mainly operations of the group headquarters.

August-October 2015

Net sales of the Others segment were 0.01 MEUR (0.01) in the third quarter of the financial year. Comparable EBITDA was -0.34 MEUR (-0.15). Reported EBITDA was -0.37 MEUR (-0.17). Reported EBITDA includes 0.03 MEUR of items affecting comparability. Items affecting comparability were cash based nonrecurring costs related to listing of company's shares on the 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-October 2015

Net sales of the Others segment were 0.04 MEUR (0.01) in the February-October. Comparable EBITDA was -0.90 MEUR (-0.47). 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 -1.36 MEUR (-0.48). Reported EBITDA includes 0.46 MEUR of items affecting comparability. Out of items affecting comparability 0.23 MEUR was related to nonrecurring costs related to listing of company's shares on the Nasdaq OMX Helsinki stock exchange and 0.23 MEUR nonrecurring costs related to closing down Kotipizza's Vaasa office. All items affecting comparability were on cash basis. 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 2.82 MEUR (2.44). In addition to the normal finance costs, a 0.90 MEUR nonrecurring cost related to the early redemption of the company's 30 MEUR unsecured bond on 11 August 2015 has been booked to the finance costs.

Group taxes were -0.27 MEUR (-0.18) in February-October.

The result of the period was -0.48 MEUR (0.55) in February-October.

Earnings per share were -0.17 EUR (0.29) in February-October.

THE GROUP'S FINANCIAL POSITION

Kotipizza Group's balance sheet total as of 31 October 2015 was 54.4 MEUR (52.4). The Group's non-current assets as of 31 October 2015 amounted to 38.9 MEUR (38.9), and current assets amounted to 15.4 MEUR (13.6).

The Group's net cash flow from operating activities for the six-month period ending 31 October 2015 was -2.9 MEUR (1.5). Working capital was tied up in the amount of EUR 0.9 MEUR (released 1.0). Cash tying up in working capital was due to the 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 -0.8 MEUR (-0.9). Investments in tangible and intangible assets for the period amounted to -0.8 MEUR (-0.9), and proceeds from sales of tangible assets were 0.02 MEUR (0.10).

The net cash flow from financing activities was 5.1 MEUR (0.06).

The Group's equity ratio was 52.4% (11.0%). The increase in equity ratio was due to the share issue implemented and transferring company's shareholder loan and interest related to the shareholder loan into equity in accordance with the initial public offering. Initial public offering costs related to old shares of the company amounting 0.23 MEUR are booked to P&L having an income effect and costs related to issued shares adjusted with calculated taxes a total of 1.04 MEUR is booked into equity.

Interest-bearing debt without contingent considerations measured at fair value amounted to 19.7 MEUR (39.7), of which current debt accounted for 0.8 MEUR (0.06). Kotipizza Group Oyj redeem in full its three-year unsecured bond with a nominal value 30 MEUR on 11 August 2015 with the proceeds from the 4 June 2015 announced and 6 October 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 -0.8 MEUR (-0.9). The Company's investments to fixed assets, related mainly to IT systems, amounted to -0.8 MEUR (-1.1). Gross investments related to acquisitions of subsidiaries amounted to 0.02 MEUR (0.00).

PERSONNEL

On 31 October 2015, Kotipizza Group employed 35 people, all of whom worked in Finland. At the end of the previous financial year, on 31 January 2015, the Company employed 33 people, all of whom 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 review 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 on 6 July 2015 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 486 (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, such as 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 the 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 the Company's corrected financial statements for the period ending 31 January 2015 and verified its P&L and balance sheet, resolved on the distribution of profits, granted discharge to the 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 Ernst & Young Oy with public accountant Mikko Järventausta were

elected as auditors. During the review period public accountant Antti Suominen was elected as chief auditor.

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 the 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 building a well-established customer base. Failure in launching a new concept causes costs to the company and has a material adverse impact on the 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

Helsinki Foodstock Oy, a sourcing and logistics operator wholly owned by Kotipizza Group Oyj received a letter of intent from EIPC Limited, a non-profit making organization owned by SUBWAY Franchisees in Europe, confirming the intention to extend Helsinki Foodstock's current contract to provide distribution services to the Subway restaurants in Finland on 4 December 2015. Helsinki Foodstock will continue to be responsible for managing the supply chain from suppliers to restaurants. The final agreement is not estimated to have a material effect on Kotipizza Group's earnings in 2015.

On 16 December, Helsinki Foodstock Oy signed an agreement with Fafa's Plats Oy making it responsible for supply chain management from suppliers to restaurants for the Fafa's chain of restaurants. The agreement is estimated not to have a significant effect on Kotipizza Group's earnings in 2015.

OUTLOOK FOR THE FINANCIAL YEAR 2016 HAS BEEN REVIEWED

New estimation: 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 significantly as compared to the previous year.

Old estimation: 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.

ACCOUNTING POLICIES

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

	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
	000 €	000 €	000 €	000 €	000 €
Continuing operations					
Net sales	14 409	13 685	41 765	39 327	52 226
Other income	22	13	68	45	65
Change in inventory of raw materials and finished goods (+/-)	-792	-755	743	-51	-239
Raw materials and finished goods (-)	-10 585	-9 893	-33 814	-30 581	-40 670
Employee benefits/expenses (-)	-810	-716	-2 766	-1 969	-2 787
Depreciations (-)	-157	-113	-433	-316	-463
Impairments (-)	0	0	0	0	-15
Goodwill impairment (-)	0	0	0	0	0
Contingent consideration (-)	0	0	0	0	0
Other operating expenses (-)	-741	-1 093	-2 974	-3 321	-4 323
Operating profit	1 346	1 128	2 589	3 134	3 794
Finance income	5	2	19	25	35
Finance costs	-283	-809	-2 820	-2 435	-3 265
Loss / profit before taxes from continuing operations	1 068	321	-212	724	564
Income taxes	-257	-75	-269	-175	-181
Loss / profit for the period from continuing operations	811	246	-481	549	383
Discontinued operations					
Loss after tax for the period from discontinued operations	-54	-24	-113	-184	-918
Loss / profit for the period	757	222	-594	365	-535
Earnings per share, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0.12	0.18	-0.17	0.29	-0.43
Earnings per share for continuing operations, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0.13	0.20	-0.14	0.44	0.31

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
			000 €	000 €	000 €
Profit (loss) for the period)	757	222	-594	365	-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	-1	0	-10	-9
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-296	-1	-296	-10	-9
Other comprehensive income for the period, net of tax	-237	-1	-237	-10	-9
Total comprehensive income for the period, net of tax	520	221	-831	355	-544
Attributable to:					
Owners of the company	521	221	-801	355	-544
Non-controlling interest	-1	0	-30	0	0
	520	221	-831	355	-544

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31. 10. 2015	31.10.2014	31.1.2015
	000 €	000 €	000 €
Assets			
Non-current assets			
Property, plant and equipment	806	727	808
Goodwill	35 819	36 240	35 819
Intangible assets	1 632	1 360	1 229
Non-current financial assets	2	2	2
Non-current receivables	516	403	574
Deferred tax assets	128	114	90
	38 903	38 846	38 522
Current assets			
Inventories	3 381	3 181	2 938
Trade and other receivables	5 063	6 236	5 449
Current tax receivables	270	271	230
Prepayments	0	0	0
Cash and cash equivalents	6 711	3 907	5 201
	15 425	13 595	13 818
Assets classified as held for sale	28	0	82
Total Assets	54 356	52 441	52 422
	31. 10. 2015	31.10.2014	31.1.2015
	000 €	000 €	000 €
Equity and liabilities			
Share capital	80	80	80
Translation differences	0	0	0
Fund for invested unrestricted equity	29 818	5 362	5 362
Retained earnings	-1 380	321	-579
Non-controlling interests	-10	0	0
Total equity	28 508	5 763	4 863
Non-current liabilities			
Interest bearing loans and borrowings	16 442	37 058	35 860
Financial liabilities at fair value through profit or loss	296	205	179
Other non-current liabilities	2 477	2 587	3 850
Deferred tax liabilities	44	66	85
	19 259	39 916	39 974
Non-current liabilities			
Interest bearing loans and borrowings	813	62	183
Trade and other payables	5 755	6 678	7 307
Provisions	0	0	0
Current tax liabilities	10	22	10
	6 578	6 762	7 500
	11	0	85
Liabilities related to assets held for sale			
Total liabilities	25 848	46 678	47 559
Total shareholders' equity and liabilities	54 356	52 441	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	-564	0	-30	-594
Other comprehensive income	0	0	-237	0	0	-237
Total incomprehensive income for the period	0	0	-801	0	-30	-831
Share issue	0	25 501	0	0	20	25 521
Initial public offering costs		-1 045	0	0	0	-1 045
Other change	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
31 October 2015	80	29 818	-1 380	0	-10	28 508

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	-55	16	0	5 403
Result for the period	0	0	365	0	0	-107
Other comprehensive income	0	0	0	-10	0	0
Total incomprehensive income for the period	0	0	365	-10	0	355
Dividends	0	0	0	0	0	0
Other change	0	0	11	-6	0	10
31 October 2014	80	5 362	321	0	0	5 763

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>2-10/2015</u>	<u>2-10/2014</u>
	000 €	000 €
Operating activities		
Profit before tax	-212	724
Loss for discontinued operations	-140	-226
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	170	146
Depreciation and impairment of intangible assets	263	170
Depreciation and write-downs of discontinued operations	0	34
Contingent considerations	0	0
Gain on disposal of property, plant and equipment	-20	10
Finance income	-19	-25
Finance costs	2820	2435
Change in working capital		
Change in trade and other receivables (+/-)	656	330
Change in inventories (+/-)	-431	101
Change in trade and other payables (+/-)	-1092	589
Change in provisions (+/-)	0	-31
Interest paid (-)	-4 879	-2574
Interest received	19	25
Income tax paid (-)	-40	-177
Net cash flows from operating activities	-2905	1531
Investing activities		
Acquisition of subsidiaries	20	0
Investments for tangible assets (-)	-184	-391
Investments for non-tangible assets (-)	-629	-658
Repayment for loan assets	0	0
Proceeds from sale of assets-held-for-sale	0	0
Sale of property, plant and equipment	20	111
Net cash flows used in investing activities	-773	-938
Financing activities		
Funds received from the share issue	24194	
Loans withdrawal	17000	0
Loans repayments (-)	-35886	0
Finance lease payments (+/-)	-120	59
Net cash flow used in financing activities	5188	59
Net change in cash and cash equivalents	1510	652
Cash and cash equivalents at 1 February	5201	3255
Cash and cash equivalents at 31 October	6711	3907

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SEGMENT INFORMATION

Reported segment information of the Group has been changed due to the establishment of the new Chalupa segment. The Franchising and Kotipizza segments in the previous audited financial statements have been combined to the Kotipizza segment and the 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 the Others segment.

KOTIPIZZA SEGMENT

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	2 997	2 970	8 749	9 155	12 251
Comparable gross margin/EBITDA	1 607	1 009	4 086	2 910	4 169
Internal eliminations related to discontinued operations	0	11	0	94	95
Depreciation and impairments	-111	-84	-315	-234	-340
Comparable EBIT	1 496	925	3 771	2 676	3 829
Reported gross margin/EBITDA	1 607	1 020	3 817	3 004	4 152
Reported EBIT	1 496	936	3 502	2 770	3 812

FOODSTOCK SEGMENT

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	11 169	10 710	32 700	30 160	39 954
Comparable gross margin/EBITDA	261	366	746	801	668
Internal eliminations related to discontinued operations	0	22	0	128	125
Depreciation and impairments	-28	-23	-85	-64	-114
Comparable EBIT	233	343	661	737	554
Reported gross margin/EBITDA	261	388	631	929	793
Reported EBIT	233	365	546	865	679

CHALUPA SEGMENT

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	231	0	278	0	0
Comparable gross margin/EBITDA	3	0	-67	0	0
Internal eliminations related to discontinued operations	0	0	0	0	0
Depreciation and impairments	-6	0	-9	0	0
Comparable EBIT	-3	0	-76	0	0
Reported gross margin/EBITDA	3	0	-67	0	0
Reported EBIT	-3	0	-76	0	0

OTHERS SEGMENT

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	12	5	38	12	21
Comparable gross margin/EBITDA	-338	-150	-904	-466	-640
Internal eliminations related to discontinued operations	0	-17	0	-17	-33
Depreciation and impairments	-12	-6	-24	-18	-24
Comparable EBIT	-350	-156	-928	-484	-664
Reported gross margin/EBITDA	-368	-167	-1 359	-483	-673
Reported EBIT	-380	-173	-1 383	-501	-697

ALL SEGMENTS TOGETHER

EUR THOUSAND	8-10/15	8-10/14	2-10/15	2-10/14	2/14-1/15
Net sales	14 409	13 685	41 765	39 327	52 226
Comparable gross margin/EBITDA	1 533	1 225	3 861	3 245	4 197
Internal eliminations related to discontinued operations	0	16	0	205	187
Depreciation and impairments	-157	-113	-433	-316	-478
Comparable EBIT	1 376	1 112	3 428	2 929	3 719
Reported gross margin/EBITDA	1 503	1 241	3 022	3 450	4 272
Reported EBIT	1 346	1 128	2 589	3 134	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, the sale of Franchising segment's 55 Burger, Cola, Fries concept and divestment of the Financial management services segment. The 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 October 2014.

	31/10/15	31/10/14
	2016	2015
	000 €	000 €
Net sales	32	674
Other operating income	0	16
Depreciation	0	-34
Expenses	-144	-879
Operating loss (EBIT)	-112	-223
Finance costs	0	-3
Capital loss related to discontinued operations	-28	0
Loss for the period from a discontinued operation before tax	-140	-226
Tax impact	27	42
Loss for the period from the discontinued operations	-113	-184

Earnings per share for discontinued operations, EUR:

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

-0,0178	-0,1471
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The major classes of assets and liabilities related to discontinued operations:

	31/10/15	31/10/14
	2016	2015
	000 €	000 €
Assets		
Inventories	6	0
Trade receivable and other receivables	21	0
Assets related to discontinued operations	27	0
Liabilities		
Received collaterals	0	0
Other liabilities	11	0
Accrued expenses	0	0
Liabilities related to discontinued operations	11	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 to the terms and conditions applied to transactions between independent parties.

	Interest paid	Amounts owed to related parties	Purchases from related parties	Outstanding trade payables	Sales to related parties	Outstanding trade receivables
	000 €	000 €	000 €	000 €	000 €	000 €
Key management of the group						
2-10/15			84	3		
2-10/14			27	0		
Other related parties						
2-10/15	0		542	12	205	148
2-10/14	120		211	51	165	58
Controlling entities						
2-10/15	156					
2-10/14	181					
Companies controlled by the members of the Board						
2-10/15			3	0		
2-10/14			85	8		

	2-10/15		2-10/14	
	Salaries	Pension expenses	Salaries	Pension expenses
	000 €	000 €	000 €	000 €
Management and key personnel of the Group:	535	96	772	134

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.

Managing director and board members:	2-10/15		2-10/14	
	Salaries	Pension expenses	Salaries	Pension expenses
	000 €	000 €	000 €	000 €
Tommi Tervanen, CEO	165	30	156	28
Johan Wentzel, Chairman of the Board	5	0	5	0
Rabbe Grönblom, Board member until 10 September 2014	0	0	4	0
Kim Hanslin, Board member	18	0	5	0
Olli Väätäinen, Board member until 23 January 2015	0	0	5	0
Minna Nissinen, Board member from 1 January 2015	18	0	0	0
Petri Parvinen, Board member from 1 January 2015	18	0	0	0
Kalle Ruuskanen, Board member from 1 January 2015	18	0	0	0
Mikael Autio, Board member from 1 February 2015	5	0	0	0

NOTE 4. EMPLOYEE BENEFITS EXPENSE

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

	2-10/15	2-10/14
	000 €	000 €
Wages and salaries	2 308	1 596
Social security costs	56	55
Pension costs (defined contribution plans)	402	318
Total employee benefits expense	2 766	1 969

NOTE 5. CONTINGENT LIABILITIES

<u>Commitments</u>	31/10/15	31/10/14
	000 €	000 €
Leasing commitments	353	42
Secondary commitments	6	54
Rental guarantees	604	552
Bank guarantees	800	920
Rental commitments for premises	3236	3054
Loans from financial institutions	17000	0
<u>Guarantees</u>		
Pledged deposits	352	392
Business mortgages	18500	2500
Guarantees	520	620
Guarantees for other than Group companies	432	701
Pledged shares, book value	25391	0

In Helsinki on 18 December 2015

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

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