KOTIPIZZA GROUP OYJ HALF YEAR FINANCIAL REPORT 1 FEBRUARY – 31 JULY 2016

STRONG GROWTH CONTINUED IN THE SECOND QUARTER, 18% NET SALES GROWTH AND 37% COMPARABLE EBITDA GROWTH COMPARED TO THE PREVIOUS YEAR

May-July 2016 (5-7/2016)

- Chain-based net sales grew 14.2% (12.2%)
- Comparable net sales were 16.9 MEUR (14.3). Growth was 18.3%
- Comparable EBITDA was 2.03 MEUR (1.48). EBITDA growth was 36.7%
- Comparable EBIT was 1.78 MEUR (1.34)

February-July 2016 (2-7/2016)

- Chain-based net sales grew 16.1% (8.1%)
- Comparable net sales were 32.3 MEUR (27.4). Growth was 18.0%
- Comparable EBITDA was 3.31 MEUR (2.33). EBITDA growth was 42.3%
- Comparable EBIT was 2.82 MEUR (2.05)
- Net gearing was 31.7 percent (38.3%)
- Equity ratio was 50.4 percent (40.4%)

Guidance for the financial year 2017 in accordance with the upgrade on 23 August 2016

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

IMPACT OF NEW ESMA GUIDELINES

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

KEY FIGURES, EUR THOUSAND

	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Comparable figures					
Comparable net sales	16 904	14 285	32 291	27 356	56 370
Comparable EBITDA	2 027	1 482	3 313	2 328	5 026
Comparable EBITDA of net sales, %	12.0%	10.4%	10.3%	8.5%	8.9%
Comparable EBIT	1 775	1 338	2 820	2 052	4 274
Reported figures					
Chain-based net sales	22 801	19 966	43 208	37 209	77 266
Reported net sales	16 904	14 285	32 291	27 356	56 370
Reported EBITDA	1 885	1 283	3 171	1 519	4 187
Reported EBITDA of net sales, %	11.1%	9.0%	9.8%	5.6%	7.4%
Reported EBIT	1 633	1 139	2 678	1 243	3 435
Earnings per share	0.18	-0.26	0.28	-0.70	0.05
Net cash flows from operating activities			3 117	-2 849	-671
Net cash used in investment activities			-56	-336	-1 770
Net gearing, %			31.7	38.3	31.8
Equity ratio, %			50.4	40.4	51.8

Tommi Tervanen, CEO of Kotipizza Group
"The second quarter of the financial year was marked by continuously strong chain-based net sales in the Kotipizza chain. In the three months of the review period, Kotipizza twice reached the highest monthly sales in its 29-year history. The previous record in chain-based net sales, 7.14 MEUR, was set in April, just before the review period. In June, the new record was set at 7.29 MEUR, and in July, a whole new level was reached as sales of 8.64 MEUR were recorded.

The Kotipizza chain's net sales continued on a good level both in same-store sales and in number of customers. The number of customers increased 10.2% and the average purchase 6.6% in the brick-and-mortar restaurants. 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 14.2% in May–July, being clearly above the average growth in the Finnish fast food market.

The growth in net sales is particularly significant considering that the net number of Kotipizza restaurants continued to decrease during the review period. At the end of the period, the number of Kotipizza restaurants stood at 254 (266). The decrease in the number of restaurants is due to the consistent closing of non-profitable restaurants. At the same time, the chain also invests in the opening of new brick-and-mortar restaurants, so it can be estimated that the number of restaurants will start growing again during 2016. We expect that chain-based net sales will continue to develop favorably. Achieving similar relative growth figures will however become more challenging month after month as comparison months from the previous year are getting tougher.

One of the reasons for chain-based net sales growth is Kotipizza's brand and concept renewal, which was started at full speed at the beginning of 2015. The renewal will be finalized by the end of this year. The Group has consistently developed the Kotipizza chain in the spirit of the fast casual phenomenon, that is, emphasizing the freshness, authenticity and sustainability of the food, as well as actively following developments in food trends and consumer tastes. During the review period, this emphasis has been particularly evident in new vegetarian options on the Kotipizza menus.

Part of our emphasis on fast casual is the Mexican-style Chalupa chain started in September 2015. During the review period, Chalupa continued to expand outside the Helsinki region on a franchising basis. At the end of the review period, three brick-and-mortar Chalupa restaurants were operating in Helsinki, and one in each of Kauniainen, Tampere, and Jyväskylä. In addition, Chalupa products were available in one Kotipizza lunch restaurant.

Group net sales grew 18.3% in the second quarter of the year and were 16.9 MEUR (14.3). Comparable EBITDA was 2.03 MEUR (1.48) in the second quarter, a growth of 37.6%. Previous year's EBITDA was still burdened by two administrative costs as company's previous headquarter in Vaasa was closed at the end of May 2015. Anyway, we were on pace with our medium-term financial goals, both in terms of the development of chain-based sales as well as that of EBITDA. The financial standing of the Group is also on a solid ground at the end of the quarter including the MEUR 2.2 distribution from the Fund for invested unrestricted equity in the quarter. Net gearing was 32 percent and equity ratio 50 percent.

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

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

Our guidance for 2017 is in accordance with the upgrade on 23 August 2016. We estimate the group's chain-based net sales will during the present financial year grow by over 10% 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

May-July 2016

Chain-based net sales continued, in accordance with the first quarter, strong and grew 14.2% (12.2%) year on year in the second quarter of the financial year and were 22.8 MEUR (20.0). The relative growth figures deteriorated from the first quarter as expected as comparison moths from previous year got tougher, but were nevertheless stronger than expected. Average purchase grew 6.6% and the number of customers 10.2% compared to the same period in the previous year. Chain-based net sales broke records during the quarter as June's monthly sales reached to a chain's new record of MEUR 7.29 just to exceed MEUR 8 first time in the company's history with MEUR 8.64 net sales in July. The strong performance is based on renewed concept, brand, successful marketing, and the emphasis placed on our online store and digital presence.

Group comparable net sales for the second quarter of the financial year were 16.9 MEUR (14.3) and they grew 18.3% compared to same period in the previous year. Reported net sales were 16.9 MEUR (14.3). Sales growth was mainly based on Foodstock's increased sales volume to Kotipizza underpinned by the good chain-based sales development. New customers of Foodstock, Fafa's, Espresso House and Siipiveikot-chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 17.0% year on year in the second quarter of the financial year. The Kotipizza segment's net sales increased 19.0% compared to the previous year and were 3.6 MEUR (3.0). The Chalupa segment's net sales in the second quarter of the financial year were 0.2 MEUR (0.0).

February-July 2016

Chain-based net sales grew 16.1% (8.1%) year on year in February-July and were 43.2 MEUR (37.2). The chain-based net sales growth was based on both increase in the average purchase and increase in number of customers. The comprehensive menu renewal done in summer 2014, successful new products together with targeted, influential and sustainability emphasized marketing has positively changed consumers' brand experience of Kotipizza. This has been seen as an increase in the number of customers.

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. It also includes sales of the restaurants owned directly by the group.

Group comparable net sales for February-July were 32.3 MEUR (27.4) and they grew 18.0% compared to same period in the previous year. Reported net sales were 32.3 MEUR (27.4). Sales growth was mainly based on Foodstock's increased sales volume to Kotipizza underpinned by the good chain-based sales development. New customers of Foodstock, Fafa's, Espresso House and Siipiravintolat-chain, which were not yet Foodstock's customers in the previous year, increased net sales. The net sales of Foodstock grew 17.3% year on year in the second quarter of the financial year. The Kotipizza segment's net sales increased 15.5% compared to the previous year and were 6.6 MEUR (5.8). The Chalupa segment's net sales in the February-July were 0.4 MEUR (0.0).

GROUP EBIT

May-July 2016

Comparable EBIT of the Group was 1.78 MEUR (1.34) in the second quarter of the financial year. Reported EBIT was 1.63 MEUR (1.14). Reported EBIT included MEUR 0,14 of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT of the previous year included 0.20 MEUR items affecting comparability related to listing the company's shares to the Nasdaq OMX Helsinki stock exchange. These items had a cash flow effect.

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

February-July 2016
Comparable EBIT of the Group was 2.82 MEUR (2.05) in February-July. Reported EBIT was 2.68 MEUR (1.24). Reported EBIT included MEUR 0,14 of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The reported EBIT of the previous year included 0.81 MEUR of items affecting comparability. Costs amounting to MEUR 0.20 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 previous headquarters in Vaasa had a cash flow effect. In addition, previous year's reported EBIT included 0.12 MEUR non-cash deferral error related to Foodstock's inventory as an item affecting comparability.

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

SALES AND EBITDA OF THE SEGMENTS

KOTIPIZZA-SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	3 549	2 982	6 645	5 752	11 784
Comparable gross margin/EBITDA	1 783	1 640	3 261	2 479	5 465
Depreciation and impairments	-145	-106	-292	-204	-584
Comparable EBIT	1 639	1 534	2 970	2 275	4 881
Reported gross margin/EBITDA	1 755	1 640	3 233	2 210	5 196
Reported EBIT	1 610	1 534	2 942	2 006	4 612

Olli Väätäinen, COO of Kotipizza

"Continuously strong sales growth has marked all operations in the Kotipizza chain during the review period. The chain has managed to effectively respond to growth. For example, the rollout of the facelift of the restaurant design has been largely finalized, and more than 90% of the chain's brick-mortar restaurants have now been renovated. At the end of the review period, the number of restaurants stood at 254 (266). During the review period, Kotipizza continued to develop its online store. Orders made through the online store amounted to roughly a tenth of the net sales in brick-and-mortar restaurants during the period."

May-July 2016
Net sales of Kotipizza for the second quarter of the financial year were 3.55 MEUR (2.98) and they increased 19.0% compared to same period in the previous year. Out of the sales increase MEUR 0.39 was related to 30 May 2016 announced Kotipizza's Marketing Co-operative change into Franchisee Co-operative from 1 July 2016 onwards. As it was already stated in the 30 May 2016 release, the change will grow the segment's, and thus the Group's turnover without affecting profit, but will have an effect on relative profitability. 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 1.78 MEUR (1.64) in the second quarter of the financial year and it grew 8.7% compared to same period in the previous year. Improvement in comparable EBITDA was mainly due to favourable development of chain-based net sales in Kotipizza. Reported EBITDA was 1.77 MEUR (1.64) in the second quarter of the financial year. Reported EBITDA included EUR 28 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group.

February-July 2016
Net sales of Kotipizza for February-July were 6.65 MEUR (5.75) and they increased 15.5% compared to same period in the previous year. Out of the sales increase MEUR 0.39 was related to 30 May 2016 announced Kotipizza's Marketing Co-operative change into Franchisee Co-operative from 1 July 2016

onwards. 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 3.26 MEUR (2.48) in February-July and it grew 31.6% 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 3.23 MEUR (2.21) in February-July. Reported EBITDA included EUR 28 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The previous year's comparable EBITDA for the second quarter was adjusted with EUR 269 thousand of items affecting comparability related to costs of closing down company's previous headquarters. These items had a cash flow effect.

FOODSTOCK-SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	13 152	11 245	25 264	21 531	44 096
Comparable gross margin/EBITDA	535	270	869	485	964
Depreciation and impairments	-36	-29	-67	-57	-113
Comparable EBIT	499	241	802	428	851
Reported gross margin/EBITDA	528	270	862	370	849
Reported EBIT	492	241	795	313	736

Anssi Koivula, CEO of Foodstock

"The review period has been marked by the strong sales growth in the Kotipizza chain, which has also been reflected in Foodstock's operations. Notably, despite the growth, we have managed to take care of the reliability of our deliveries and our customer service, thanks to which our customer satisfaction has remained high. Within the Group, Foodstock's operations have been especially affected by the Kotipizza chain's growing emphasis on the sustainability and local ingredients. Foodstock has also taken a continuously larger role in planning of the sourcing of the ingredients for the Chalupa chain and is now responsible for the chain's sourcing."

May-July 2016
Net sales of Foodstock for the second quarter of the financial year were 13.15 MEUR (11.25) and they grew 17.0% 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 Rolls burger chain increased notably compared to the previous year. Positive volume effect of Foodstock's new customers got in the previous year were also visible in the reported numbers.

Foodstock's comparable EBITDA improved 98,2% from the previous year and was 0.54 MEUR (0.27) in the second 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 0.53 MEUR (0.27) in the second quarter of the financial year. Reported EBITDA included EUR 8 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group.

February-July 2016
Net sales of Foodstock for the first half of the financial year were 25.26 MEUR (21.53) and they grew 17.3% 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 Rolls-burger chain also increased notably compared to the previous year. The positive volume effect of Foodstock's new customers like Fafa's, Espresso House and Siipiravintolat chain were also visible in the reported numbers.

Foodstock's comparable EBITDA was 0.87 MEUR (0.49) in February-July and it grew 79.3% 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 0.86 MEUR (0.37) in the first half of the financial year. Reported EBITDA included EUR 8 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. Previous year's EBITDA included EUR 115 thousand of items (non-cash) affecting comparability, which were related to Foodstock's accrual error.

CHALUPA-SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	202	47	382	47	443
Comparable gross margin/EBITDA	-22	-70	-94	-70	-66
Depreciation and impairments	-9	-3	-21	-3	-18
Comparable EBIT	-31	-73	-115	-73	-84
Reported gross margin/EBITDA	-24	-70	-96	-70	-66
Reported EBIT	-33	-73	-117	-73	-84

Iman Gharagozlu, Creative Director of Chalupa

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

May-July 2016
Chalupa's net sales were 0.20 MEUR (0.00) in the second quarter of the financial year and comparable EBITDA together with reported EBITDA was -0.02 MEUR (0.00). Restaurants in Kauniainen and in Kallio, Helsinki were sold to franchisees during the review period and Chalupa owned only one restaurant in Punavuori, Helsinki at the end of the review period. This will in practise mean change in Chalupa-segments reporting from fully consolidating restaurants into segments numbers to consolidating fees related to franchising contracts.

February-July 2016
Chalupa's net sales were 0.38 MEUR (0.00) in the second quarter of the financial year and comparable EBITDA together with reported EBITDA was -0.10 MEUR (0.00). Chalupa opened a new restaurant in Helsinki in Munkkiniemi and in Tampere during the review period. Both of the new restaurants were opened with franchising agreements. Restaurants in Kauniainen and in Kallio, Helsinki were sold to franchisees during the review period and Chalupa owned only one restaurant in Punavuori, Helsinki at the end of the review period. This will in practise mean change in Chalupa segments reporting from fully consolidating restaurants into segments numbers to consolidating fees related to franchising contracts.

OTHERS-SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	0	11	0	26	47
Comparable gross margin/EBITDA	-270	-358	-724	-566	-1 337
Depreciation and impairments	-63	-6	-114	-12	-37
Comparable EBIT	-332	-364	-837	-578	-1 374
Reported gross margin/EBITDA	-374	-557	-828	-991	-1 792
Reported EBIT	-437	-563	-942	-1 003	-1 829

Others segment includes mainly operations of the group headquarters.

May-July 2016
Net sales of the Others segment were 0.00 MEUR (0.01) in the second quarter of the financial year. Comparable EBITDA was -0.27 MEUR (-0.36). Reported EBITDA was -0.37 MEUR (-0.56). Reported EBITDA included EUR 104 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. The previous year's comparable EBITDA included EUR 199 thousand of items affecting comparability related to listing the company's shares to the Nasdaq OMX Helsinki stock exchange. These items had a cash flow effect.

February-July 2016
Net sales of the Others segment were 0.00 MEUR (0.03) in February-July. Comparable EBITDA was -0.72 MEUR (-0.57). Reported EBITDA was -0.83 MEUR (-0.99). Reported EBITDA was -0.37 MEUR (-0.56). Reported EBITDA included EUR 104 thousand of items affecting comparability (calculatory, non-cash), which were related to incentive plan introduced on 6 May 2016 and other incentive plans in the group. In the previous year reported EBITDA included EUR 425 thousand of items affecting comparability. Out of items affecting comparability EUR 199 thousand were related to listing of company's shares to Nasdaq OMX Helsinki stock exchange and EUR 226 thousand related to closing down Vaasa office. These items had a cash flow effect.

FINANCIAL ITEMS AND RESULT

Finance costs of the Group were MEUR 0.19 (1.67). The materially higher financing costs in the previous year were based on materially more leveraged balance sheet structure together with higher interest rates on debt. In addition to the normal finance costs in the previous year MEUR 0.90 cost related to early redemption of the company's MEUR 30 unsecured bond.

Group taxes were MEUR -0.32 (-0.12) in the financial year.

The result of the period was MEUR 1.13 (-0.64) in the financial year.

Earnings per share were EUR 0.18 (-0.26) in the financial year.

THE GROUP'S FINANCIAL POSITION

Kotipizza Group's balance sheet total as of 31 July 2016 was MEUR 57.1 (69.6). The Group's non-current assets as at 31 July 2016 amounted to MEUR 40.2 (38.7), and current assets amounted to MEUR 16.8 (30.9).

The Group's net cash flow from operating activities for the financial year was MEUR 3.1 (-2.9). Working capital was released the amount of MEUR 0.48 (tied up 1.39).

The net cash flow from investment activities for the period was MEUR -0.06 (-0.34). Investments in tangible and intangible assets for the period amounted to MEUR 0.46 (0.36), and proceeds from sales of tangible assets were MEUR 0.40 (0.00).

The net cash flow from financing activities was MEUR -2.70 (-0.05). 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 50.4% (40.4%).

Interest-bearing debt amounted to MEUR 17.6 (31.2), of which current debt accounted for MEUR 0.60 (31.0). 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 for the 31 January 2016.

INVESTMENTS

The gross investments for the period amounted to MEUR 0.46 (0.36). The Company's investments to fixed assets, related mainly to IT systems, amounted to 0.46 MEUR (0.36).

PERSONNEL

On 31 July 2016, Kotipizza Group employed 36 people, all of who worked in Finland. At the end of the previous financial year 31 January 2016, the Company employed 38 people, all of who worked in Finland.

BUSINESS ARRANGEMENTS

There were no business arrangements during the review period.

CHANGES IN THE MANAGEMENT

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

MANAGEMENT BOARD

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

SHARES AND SHARE CAPITAL

Kotipizza Group Oyj's share capital at the end of the review period was EUR 80,000.00 and it comprised 6,351,201 shares. At the beginning of the review period 1 February 2016 the number of the shares was 6,351,201. At the end of the period, the Company had 658 (430) shareholders. The Company does not hold any treasury shares.

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

RESOLUTIONS OF THE GENERAL MEETINGS

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

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

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

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

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

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

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

RISKS AND UNCERTAINTIES

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

Restaurant openings also have a material impact on company's franchising, 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. Potential failure in launching a new concept causes costs to the company and has a material adverse impact on company's brand, financial position and financial result.

EVENTS AFTER THE REPORT PERIOD

The Group upgraded its outlook for the financial year ending 31 January 2017 after the review period on 22 August 2016. The reasons for the upgrade was the unexpectedly strong sales growth in the Kotipizza chain and the management's outlook on the sales in the remaining period of the financial year. According to the new outlook the Group estimates for the full financial year that the chain-based net sales will grow by over ten (10) per cent as compared to the previous financial year and that comparable EBITDA will grow significantly as compared to the previous year. The old outlook given on 23 March 2016 and reiterated on 20 June 2016 was that the Group estimates for the full financial year that the chain-based net sales will grow by over five (5) per cent as compared to the previous financial year and that comparable EBITDA will grow as compared to the previous year.

OUTLOOK FOR THE FINANCIAL YEAR 2017

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

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

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

ACCOUNTING POLICIES

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

SUMMARY OF THE FINANCIAL STATEMENT AND NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
	000 €	000 €	000 €	000 €	000 €
Continuing operations					
Net sales	**16 904**	**14 285**	**32 291**	**27 356**	**56 370**
Other income	-2	7	46	46	126
Change in inventory of raw materials and finished goods (+/–)	46	836	-449	1 535	458
Raw materials and finished goods (–)	-13 080	-12 220	-24 711	-23 229	-45 106
Employee benefits/expenses (–)	-810	-609	-1 638	-1 956	-3 605
Depreciations (–)	-252	-144	-493	-276	-735
Impairments (–)	0	0	0	0	-17
Goodwill impairment (–)	0	0	0	0	0
Contingent consideration (-)	0	0	0	0	0
Other operating expenses (–)	-1 172	-1 016	-2 367	-2 233	-4 056
Operating profit	**1 633**	**1 139**	**2 678**	**1 243**	**3 435**
Finance income	5	13	15	14	28
Finance costs	-191	-1 669	-391	-2 537	-3 011
Loss / profit before taxes from continuing operations	**1 447**	**-517**	**2 302**	**-1 280**	**452**
Income taxes	-318	-121	-518	-12	-124
Loss / profit for the period from continuing operations	**1 129**	**-638**	**1 784**	**-1 292**	**328**
Discontinued operations					
Loss after tax for the period from discontinued operations	0	-53	0	-59	-113
Loss / profit for the period	**1 129**	**-691**	**1 784**	**-1 351**	**215**
Earnings per share, EUR:					
Basic, profit for the period attributable to ordinary equity holders of the parent (no dilutive instruments)	0.18	-0.26	0.28	-0.70	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)	0.18	-0.24	0.28	-0.67	0.08

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
	000 €	**000 €**	**000 €**	**000 €**	**000 €**
Profit (loss) for the period)	**1 129**	**-691**	**1 784**	**-1 351**	**215**
Other comprehensive income: Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	-58	0	-48	0	-367
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-58**	**0**	**-48**	**0**	**-367**
Other comprehensive income for the period, net of tax	**-46**	**0**	**-38**	**0**	**-294**
Total comprehensive income for the period, net of tax	**1 083**	**-691**	**1 746**	**-1 351**	**-79**
Attributable to:					
Owners of the company	1 084	-662	1 781	-1 322	-45
Non-controlling interest	-1	-29	-35	-29	-34
	1 083	-691	1 746	-1 351	-79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.7.2016	31.7.2015	31.1.2016
Assets	**000 €**	**000 €**	**000 €**
Non-current assets			
Property, plant and equipment	1 342	829	1 002
Goodwill	35 819	35 819	35 819
Intangible assets	2 229	1 287	2 118
Non-current financial assets	2	2	2
Non-current receivables	547	451	783
Deferred tax assets	305	276	289
	40 243	**38 664**	**40 013**
Current assets			
Inventories	3 093	4 478	3 385
Trade and other receivables	5 224	5 801	4 945
Current tax receivables	58	259	58
Prepayments	0	0	0
Cash and cash equivalents	8 463	20 406	8 099
	16 838	**30 944**	**16 487**
Assets classified as held for sale	**13**	**34**	19
Total Assets	**57 095**	**69 642**	**56 519**

	31.7.2016	31.7.2015	31.1.2016
	000 €	**000 €**	**000 €**
Equity and liabilities			
Share capital	80	80	80
Translation differences	0	0	0
Fund for invested unrestricted equity	27 595	29 958	29 818
Retained earnings	1 165	-1 900	-624
Non-controlling interests	-49	-9	-14
Total equity	**28 791**	**28 129**	**29 260**
Non-current liabilities			
Interest bearing loans and borrowings	16 979	192	16 363
Financial liabilities at fair value through profit or loss	415	124	367
Other non-current liabilities	2 407	2 618	2 462
Deferred tax liabilities	55	43	54
	19 857	**2 977**	**19 246**
Non-current liabilities			
Interest bearing loans and borrowings	596	30 988	1 041
Trade and other payables	7 308	7 510	6 882
Provisions	23	0	90
Current tax liabilities	520	10	0
	8 448	**38 508**	**8 013**
Liabilities related to assets held for sale	**0**	**28**	**0**
Total liabilities	**28 304**	**41 513**	**27 259**
Total shareholders' equity and liabilities	**57 095**	**69 642**	**56 519**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the company					
EUR THOUSAND	**Share capital**	**Fund for invested unrestricted equity**	**Retai-ned earn-ings**	**Trans-lation differ-rences**	**Non-controlling interest**	**Total equity**
1 February 2016	80	29 818	-624	0	-14	29 260
Result for the period	0	0	1 781	0	-35	1 746
Other comprehensive income	0	0	0	0	0	0
Total incomprehensive income for the period	0	0	1 781	0	-35	1 746
Share issue	0	0	0	0	0	0
Initial public offering costs	0	0	0	0	0	0
Other change	0	0	8	0	0	8
Dividends	0	-2 223	0	0	0	-2 223
31 July 2016	**80**	**27 595**	**1 165**	**0**	**-49**	**28 791**

	Equity attributable to owners of the company					
EUR THOUSAND	**Share capital**	**Fund for invested unrestricted equity**	**Retai-ned earn-ings**	**Trans-lation differ-rences**	**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
Dividends		-904	0	0	0	-904
Other change	0	0	0	0	0	0
31 July 2015	**0**	**24 597**	**-1 322**	**0**	**-9**	**23 266**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2-7/2016	2-7/2015
Operating activities	**000 €**	**000 €**
Profit before tax	2 302	-1280
Loss for discontinued operations	0	-73
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	236	113
Depreciation and impairment of intangible assets	256	163
Depreciation and write-downs of discontinued operations	0	0
Contingent considerations	0	0
Gain on disposal of property, plant and equipment	-80	0
Finance income	-15	-14
Finance costs	391	2 537
Change in working capital		
Change in trade and other receivables (+/-)	-74	-85
Change in inventories (+/-)	292	-1 530
Change in trade and other payables (+/-)	266	230
Change in provisions (+/-)	-67	0
Interest paid (-)	-402	-2 894
Interest received	15	14
Income tax paid (-)	-4	-30
Net cash flows from operating activities	**3 117**	**-2 849**
Investing activities		
Acquisition of subsidiaries	0	20
Investments for tangible assets (-)	-89	-135
Investments for non-tangible assets (-)	-367	-221
Repayment for loan assets	0	0
Proceeds from sale of assets-held-for-sale	0	0
Sale of property, plant and equipment	400	0
Net cash flows used in investing activities	**-56**	**-336**
Financing activities		
Funds received from the share issue	-2 223	24 371
Loans withdrawal	0	0
Loans repayments (-)	-375	-5 886
Finance lease payments (+/-)	-100	-95
Net cash flow used in financing activities	**-2 698**	**18 390**
Net change in cash and cash equivalents	363	15 205
Cash and cash equivalents at 1 February	8 100	5 201
Cash and cash equivalents at 30 April	**8 463**	**20 406**

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	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	3 549	2 982	6 645	5 752	11 784
Comparable gross margin/EBITDA	1 783	1 640	3 261	2 479	5 465
Depreciation and impairments	-145	-106	-292	-204	-584
Comparable EBIT	1 639	1 534	2 970	2 275	4 881
Reported gross margin/EBITDA	1 755	1 640	3 233	2 210	5 196
Reported EBIT	1 610	1 534	2 942	2 006	4 612

FOODSTOCK- SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	13 152	11 245	25 264	21 531	44 096
Comparable gross margin/EBITDA	535	270	869	485	964
Depreciation and impairments	-36	-29	-67	-57	-113
Comparable EBIT	499	241	802	428	851
Reported gross margin/EBITDA	528	270	862	370	849
Reported EBIT	492	241	795	313	736

CHALUPA- SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	202	47	382	47	443
Comparable gross margin/EBITDA	-22	-70	-94	-70	-66
Depreciation and impairments	-9	-3	-21	-3	-18
Comparable EBIT	-31	-73	-115	-73	-84
Reported gross margin/EBITDA	-24	-70	-96	-70	-66
Reported EBIT	-33	-73	-117	-73	-84

OTHERS-SEGMENT

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	0	11	0	26	47
Comparable gross margin/EBITDA	-270	-358	-724	-566	-1 337
Depreciation and impairments	-63	-6	-114	-12	-37
Comparable EBIT	-332	-364	-837	-578	-1 374
Reported gross margin/EBITDA	-374	-557	-828	-991	-1 792
Reported EBIT	-437	-563	-942	-1 003	-1 829

ALL SEGMENTS TOGETHER

EUR THOUSAND	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	16 904	14 285	32 291	27 356	56 370
Comparable gross margin/EBITDA	2 027	1 482	3 313	2 328	5 026
Depreciation and impairments	-252	-144	-493	-276	-752
Comparable EBIT	1 775	1 338	2 820	2 052	4 274
Reported gross margin/EBITDA	1 885	1 283	3 171	1 519	4 187
Reported EBIT	1 633	1 139	2 678	1 243	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 and Swedish operations, Domi-pizzapalat, sale of Franchising segment's 55 Burger, Cola, Fries concept and divestment of the Financial management services segment. Selling price of the both divested businesses, Financial management services and 55 Burger, Cola, Fries concept, was 1 euro.

	31/07/16	31/07/15
	000 €	**000 €**
Net sales	0	22
Other operating income	0	0
Depreciation	0	0
Expenses	0	-67
Operating loss (EBIT)	**0**	**-45**
Finance costs	0	0
Capital loss related to discontinued operations	0	-28
Loss for the period from a discontinued operation before tax	0	-73
Tax impact	0	14
Loss for the period from the discontinued operations	**0**	**-59**
Earnings per share for discontinued operations, EUR:		
Basic, profit for the period attributable to ordinary equity holders of the parent		
(no dilutive instruments)	0.00	-0.04

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

	31/07/16	31/07/15
Assets	**000 €**	**000 €**
Inventories	0	10
Trade receivable and other receivables	0	24
Assets related to discontinued operations	**0**	**34**
Liabilities		
Received collaterals	0	15
Other liabilities	0	5
Accrued expenses	0	8
Liabilities related to discontinued operations	**0**	**28**

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						
2-7/16	0	0	19	3	2	0
2-7/15	0	0	38	0	317	80
Other related parties						
2-7/16	0	0	204	33	0	0
2-7/15	0	0	443	48	0	0
Controlling entities						
2-7/16	0	0	0	0	0	0
2-7/15	156	0	0	0	0	0
Companies controlled by the members of the Board						
2-7/16						
2-7/15	0	0	0	0	0	0

	2-7/16		2-7/15	
	Salaries	**Pension expenses**	**Salaries**	**Pension expenses**
	000 €	000 €	000 €	000 €
Management and key personnel of the Group:	389	70	322	57

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:	2-7/16		2-7/15	
	Salaries	**Pension expenses**	**Salaries**	**Pension expenses**
	000 €	**000 €**	**000 €**	**000 €**
Tommi Tervanen, CEO	114	21	111	20
Johan Wentzel, Chairman of the Board	3,0	0	3,0	0
Kim Hanslin, Board member	12	0	12	0
Minna Nissinen, Board member from	12	0	12	0
Petri Parvinen, Board member from	12	0	12	0
Kalle Ruuskanen, Board member from	12	0	12	0
Marjatta Rytömaa, Board member from 11 May 2016	1,5	0	0	0
Mikael Autio, Board member 1 Feb. 2015 - 11 May 2016	1,5	0	3	0

NOTE 4. EMPLOYEE BENEFITS EXPENSE

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

	2-7/16	2-7/15
	000 €	000 €
Wages and salaries	1339	1 645
Social security costs	45	22
Pension costs (defined contribution plans)	255	289
Total employee benefits expense	**1 638**	**1 956**

NOTE 5. CONTINGENT LIABILITIES

Commitments	**31/07/16**	**31/07/15**
	000 €	000 €
Leasing commitments	99	30
Secondary commitments	0	12
Rental guarantees	667	572
Bank guarantees	420	920
Rental commitments for premises	4 024	3 684
Loans from financial institutions	16 438	0
Guarantees for other than Group companies	410	445
Guarantees		
Pledged deposits	146	352
Business mortgages	17 500	2 500
Guarantees	20	640
Pledged shares, book value	19 984	0
General guarantee for other Group companies	unlimited	

NOTE 6: ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

CHAIN-BASED NET SALES

Chain-based net sales is the total combined net sales of the company's franchisees, based on which the company's franchising fees are invoiced monthly. It also includes sales of the restaurants owned directly by the group.

COMPARABLE NET SALES:

Net sales- items affecting comparability

EUR thousand	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
Net sales	16 904	14 285	32 291	27 356	56 370
Items affecting comparability	0	0	0	0	0
Comparable net sales	16 904	14 285	32 291	27 356	56 370

COMPARABLE EBIT:

EBIT- items affecting comparability

EUR thousand	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
EBIT	1 633	1 139	2 678	1 243	3 435
Items affecting comparability	142	199	142	809	839
Comparable EBIT	1 775	1 338	2 820	2 052	4 274

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	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
EBIT	1 633	1 139	2 678	1 243	3 435
Depreciation and impairments	252	144	493	276	752
EBITDA	1 885	1 283	3 171	1 519	4 187

COMPARABLE EBITDA

EUR thousand	5-7/16	5-7/15	2-7/16	2-7/15	2/15-1/16
EBIT	1 633	1 139	2 678	1 243	3 435
Depreciation and impairments	252	144	493	276	752
Items affecting comparability	142	199	142	809	839
Comparable EBITDA	2 027	1 482	3 313	2 328	5 026

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	31.7.2016	31.7.2015	31.1.2016
Long term interest bearing debt	16 979	192	16 363
Short term interest bearing debt	596	30 988	1 041
Cash and cash equivalents	-8 463	-20 406	-8 099
Net debt	9 113	10 774	9 305

NET GEARING, %

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

EQUITY RATIO, %

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

In Helsinki on 28 September 2016

Kotipizza Group Oyj's Board of Directors

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