Kotipizza Group Oyj

Stock exchange release 5 February 2018 at 12.00am (EET)

Correction: Kotipizza Group announces updated strategy and financial goals, and launches new Tasty Market lunch restaurant concept

A correction to Kotipizza Group Oyj's stock exchange release, published earlier today, concerning the Kotipizza Group's updated strategy and financial goals as well as the new Tasty Market lunch restaurant concept. The correction concerns the expenditure of Finns eating out indicated. In CEO Tommi Tervanen's quote in the last paragraph, the previous release mistakenly stated that Finns spend two billion euros on eating out. The corrected release can be found in full below.

Kotipizza Group announces updated strategy and financial goals, and launches new Tasty Market lunch restaurant concept

Kotipizza Group Oyj's board of directors has approved a new strategy and financial goals for the next three years for the Group.

The Group's strategy is to manage a portfolio of brands. This means that the company will develop and operate various restaurant concepts and markets, building on the fast casual phenomenon, franchising business model and high-quality customer experience. Key mega trends influencing the company's operations include urbanisation and digitalisation.

The company's new mission is to 'make the world a better place, one bite at a time'. 'Love what you do', 'desire to experiment, will to succeed' and 'together' remain as company values.

In the *Roadmap to 2020* document, released alongside the new strategy, the company has defined the critical factors for success and must-win battles for its different restaurant chains. Furthermore, the company has set targets for chain sales and the number of restaurant units for the next three financial years.

Kotipizza

	Number of units	Chain sales (in euro millions)
2018	275	120
2019	290	140
2020	300	160

Chalupa

2018	20	3.5
2019	30	5.5
2020	40	8.0

Social Burgerjoint

2018	4	2.0
2019	12	7.0
2020	20	13.0

Total chain-based net sales of Kotipizza, Chalupa and Social Burgerjoint (in euro millions)

2018	126
2019	153
2020	181

”Now that we are genuinely a home of many brands, numerical objectives will help us focus on what’s important – the continuous development of customer experience, our expertise in franchising and marketing, and effective sourcing and logistics in the Foodstock business unit in particular. At this stage, it is not possible to set targets for every one of our new concepts. However, we believe that the international No Pizza concept, Kotipizza Go pizza slice concept and the Tasty Market lunch concept hold potential for significant growth already in the next few years”, says Tommi Tervanen, CEO of Kotipizza Group.

Tasty Market challenges the lunch market

Launched in tandem with the new strategy, Tasty Market is a lunch restaurant concept in which the consumer can pick and choose their lunch from the selection offered by several fast casual brands in a cosy environment. In the kick-off phase, Tasty Market will have products on its menu from at least Kotipizza and Chalupa.

The interior design of Tasty Market is made up of separate elements, thanks to which the concept can be modified depending on the surroundings and brands involved. The Kotipizza Group is looking for partners for the Tasty Market lunch restaurant project with whom to open restaurants in, for instance, business parks, office buildings and institutions of education. The concept is estimated not to have a significant impact on the Kotipizza Group’s earnings in 2018.

“In their spare time, Finns rely on high-quality restaurant brands. Tasty Market gives the opportunity to put together a fresh meal from the goods of popular brands. At the same time, the concept brings something familiar and something new to the table every day. On the basis of our estimations, lunch-time dining is worth up to two billion euros, nearly half of what Finns spend on eating out. I believe that the Tasty Market concept will become a strong challenger in the lunch market”, says Tommi Tervanen.

Kotipizza Group Oyj
Tommi Tervanen, CEO

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Kotipizza Group in brief
Kotipizza is a Finnish pizza chain founded in 1987. At the end of financial year 2016, the number of restaurants stood at 257. In the financial year 2016, the total sales of Kotipizza restaurants amounted to EUR 89.9 million. The Kotipizza chain is part of the Kotipizza Group, alongside the supply and logistics company Helsinki Foodstock Oy, Chalupa Oy that operates the Mexican-style restaurant chain Chalupa launched

in 2015, as well as Day After Day Oy, acquired in December 2017, that operates the Social Burgerjoint burger chain and the Social Food food truck.

In the financial year 2016, Helsinki Foodstock had net sales of EUR 53.2 million and the total sales of Chalupa restaurants were EUR 1,04 million. In the same period, the Kotipizza Group had net sales of EUR 66.6 million with a comparable EBITDA of EUR 6.73 million.