

Interim Report as at and for the three months

ended 31 March 2017



**Dalla pianta alla tazzina, Massimo Zanetti Beverage Group
è l'ambasciatore italiano del caffè nel mondo.**

Massimo Zanetti

MASSIMO ZANETTI
BEVERAGE GROUP

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Parent Information

Massimo Zanetti Beverage Group S.p.A.

Registered Office

Viale G.G. Felissent, 53

31020 Villorba (Treviso)

Corporate Information

Share capital authorized Euro 34,300,000

Share capital subscribed and paid in Euro 34,300,000

Tax Code/Business Register/VAT No. 02120510371C

Corporate and supervisory bodies of the Parent

Board of Directors

Massimo Zanetti
Chairman and Chief Executive Officer

Matteo Zanetti (**)
Director

Laura Zanetti (**)
Director

Massimo Mambelli
Director

Lawrence L. Quier
Director

Maria Pilar Arbona Palmeiro Goncalves Braga
Pimenta (**)
Director

Sabrina Delle Curti (*) (2) (4)
Director

Mara Vanzetta (*) (2) (3)
Director

Giorgio Valerio (*) (1) (4)
Director

(*) *Independent Director pursuant to article 148, paragraph 3 of the TUF (Consolidated Law on Finance) and article 3 of the Code of Conduct*

(**) *Non-executive Director pursuant to article 2 of the Code of Conduct*

- (1) Chairman of the Appointment and Remuneration Committee
- (2) Member of the Appointment and Remuneration Committee
- (3) Chairman of the Audit and Risk Committee
- (4) Member of the Audit and Risk Committee

Board of Statutory Auditors

Fabio Facchini
Chairman

Simona Gnudi
Standing Auditor

Franco Squizzato
Standing Auditor

Cristina Mirri
Alternate Auditor

Alberto Piombo
Alternate Auditor

Corporate Reporting Manager

Massimo Zuffi

Independent Auditors

PricewaterhouseCoopers S.p.A.

DISCLAIMER

The document includes certain information considered to be "forward-looking statements" which are statements of expectation or belief, and therefore are not historical fact. By their very nature, they involve inherent risks and uncertainties, both general and specific, because they depend on the occurrence of future events and developments outside of the control of the Company. The actual results could therefore differ materially from the plans, objectives, expectations, estimates and intentions expressed in the forward-looking statements. Forward-looking statements use information available as at the date on which they are made, therefore Massimo Zanetti Beverage Group S.p.A. does not undertake any obligation to update or revise any of these after that date, whether as a result of new information, future events or otherwise, other than as required by applicable laws or regulations. The forward-looking statements do not represent and should not be considered to constitute legal, accounting, tax or investment advice of any kind, nor may the stakeholders rely on the same in any way to make investments of any kind.

INTERIM REPORT

Introduction

With reference to the three months ended 31 March 2017, the financial information included in this report and the comments reported therein are intended to provide an overview of the financial position and results of operations of the Group, the relevant changes that occurred during such period, and any key events that have occurred affecting the results for the period.

Structure and Operations of the Group

Massimo Zanetti Beverage Group S.p.A. (the “**Company**”) and its subsidiaries (together referred to as the “**Group**” or “**MZB Group**”) are international players in the production and sale of roasted coffee. In order to support its core business, the MZB Group also produces and sells (or grants free use of) coffee machines and coffee equipment for use in the home, the workplace and professional offices. The Group also operates an international network of cafés (primarily under a franchise model). To complement its range of products, the MZB Group sells certain selected colonial products (primarily tea, cocoa and spices) and other food products (including sauces, sugar, chocolates and biscuits). Finally, the MZB Group sells certain goods and services (such as green coffee), that are related to its core business.

The Group sells roasted coffee and related products, primarily in the following three sales channels, which are monitored separately by Management: i) Mass Market, ii) Foodservice, and iii) Private Label.

Customers in the Mass Market channel are businesses which buy and sell food and drinks for domestic consumption (typically local shops, hyper and supermarkets chains (Large-Scale Retail Channel), door-to-door salesmen and the so-called cash & carry).

Customers in the Foodservice channel are businesses which buy and sell food and drinks for consumption outside the home (typically coffee shops, bars and cafés, restaurants, hotels, franchising chains, licensing chains, chains of road and highway service stations, on-board catering companies, as well as cafeterias, schools, hospitals, catering and vending machine companies).

Customers in the Private Label are customers from both the Mass Market or Foodservice channels that sell food and drinks produced and supplied by third parties under their own brands.

The Group operates mainly in: Italy, the USA, France, Finland, Germany and Austria. The Group is also present, to a lesser extent in other countries such as the Netherlands, Poland, Portugal, Switzerland, Belgium, Czech Republic, Denmark, Greece, Hungary, Slovakia, Slovenia, United Kingdom, Estonia, Croatia, Brazil, Argentina, Chile, Costa Rica, Mexico, Japan, Australia, New Zealand, Thailand, Malaysia, United Arab Emirates and Singapore.

The structure of the Group is defined by product line, distribution channel and geographic area. The top management periodically reviews the results to make decisions, allocate resources and define the strategy of the Group based on a single vision of the business, which, therefore, is represented by a single operating segment.

Results of operations

Introduction

In addition to the financial statements and financial indicators required by the IFRS, this document presents reclassified financial statements and certain alternative performance indicators. Indeed, management believes that they enable readers to better assess the Group's financial position and financial performance. Such reclassified financial information and indicators should not be considered a substitute for financial information and indicators set forth by the IFRS.

The Group's business, while not showing significant seasonal or cyclical fluctuations in total annual revenue, is subject to different distribution in different months of the year which impact revenue and cost during the year. For this reason, the analysis of performance and financial and economic indicators for the first three months, should not be considered representative of all or a portion of the full year.

Results of operations for the three months ended 31 March 2017

The following table sets forth the reclassified consolidated income statement for the three months ended 31 March 2017 and 2016:

<i>(in thousands of Euro)</i>	Three months ended 31 March				Change	
	2017	(*)	2016	(*)	2017-2016	
Revenue	233,640	100.0%	218,123	100.0%	15,517	7.1%
Raw, ancillary, and consumable materials and goods	(136,889)	-58.6%	(129,304)	-59.3%	(7,585)	5.9%
Gross Profit⁽¹⁾	96,751	41.4%	88,819	40.7%	7,932	8.9%
Purchases of services, leases and rentals	(45,012)	-19.3%	(41,981)	-19.2%	(3,031)	7.2%
Personnel costs	(36,679)	-15.7%	(32,917)	-15.1%	(3,762)	11.4%
Other operating costs, net ⁽²⁾	(32)	0.0%	(425)	-0.2%	393	-92.5%
Impairment ⁽³⁾	(1,116)	-0.5%	(741)	-0.3%	(375)	50.6%
EBITDA⁽¹⁾	13,912	6.0%	12,755	5.8%	1,157	9.1%
Depreciation and amortization ⁽⁴⁾	(9,079)	-3.9%	(7,728)	-3.5%	(1,351)	17.5%
Operating profit	4,833	2.1%	5,027	2.3%	(194)	-3.9%
Net finance costs ⁽⁵⁾	(944)	-0.4%	(2,505)	-1.1%	1,561	-62.3%
Share of losses of companies accounted for using the equity method	(80)	0.0%	(2)	0.0%	(78)	> 100%
Profit before tax	3,809	1.7%	2,520	1.2%	1,289	51.2%
Income tax expense	(1,490)	-0.6%	(1,224)	-0.6%	(266)	21.7%
Profit for the period	2,319	1.1%	1,296	0.6%	1,023	78.9%

(*) Percentage of revenue

Reconciliation between the reclassified consolidated income statement and the condensed consolidated income statement:

- (1) For additional information, refer to the "Non-GAAP" alternative performance indicators section.
- (2) Includes other income and other operating costs
- (3) Includes impairment of receivables
- (4) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
- (5) Includes finance income and finance costs

Revenue

"Revenue" of Euro 233,640 thousand for the three months ended 31 March 2017 was up by Euro 15,517 thousand (+7.1%) compared to the same period of 2016. The increase is mainly due to:

- decrease in the volumes of roasted coffee sold (-3.6%);
- increase in the sales price of roasted coffee and other (+4.1%);
- contribution of Nutricafés S.A. (hereafter "Nutricafes") acquired in September 2016 (+4.4%);
- impact of foreign currency exchange rate fluctuations (+2.2%).

The increase in revenue is mainly related to "Roasted coffee Sales", amounting to Euro 15,450 thousand (+8.0%). The increase is mainly due to the combined effect of:

- a decrease in the volumes of roasted coffee sold of -4.0% compared to the first three months of 2016. At constant scope of consolidation, the volumes of roasted coffee sold amounted to 29.8 thousand tonnes and 31.1 thousand tonnes in the quarters ended 31 March 2017 and 2016, respectively. The decrease mainly concerned the Americas (1.1 thousand tons) in the *Private Label* and *Mass Market* channels; Northern Europe, Asia-Pacific and Southern Europe have remained substantially stable;
- contribution of Nutricafes (+4.9%);
- increase in the sales prices of roasted coffee, which led to a growth of revenues of +4.7%, due to i) an improvement of channel and product mix and ii) an increase in selling price lists due to the increased green coffee prices;
- impact of foreign currency exchange rate fluctuations (+2.4%).

The following table provides a breakdown of revenue of the Group for the three months ended 31 March 2017 and 2016, by sales channel:

<i>(in thousands of Euro)</i>	Three months ended 31 March				Change	
	2017	(*)	2016	(*)	2017-2016	
Mass Market	87,996	37.7%	81,407	37.3%	6,589	8.1%
Foodservice	49,758	21.3%	44,010	20.2%	5,748	13.1%
Private Label	81,833	35.0%	78,907	36.2%	2,926	3.7%
Other	14,053	6.0%	13,799	6.3%	254	1.8%
Total	233,640	100.0%	218,123	100.0%	15,517	7.1%

(*) Percentage of revenue

The following table provides a breakdown of revenue of the Group for the three months ended 31 March 2017 and 2016, by geographical area:

<i>(in thousands of Euro)</i>	Three months ended 31 March				Change	
	2017	(*)	2016	(*)	2017-2016	
Americas	113,691	48.7%	110,958	50.9%	2,733	2.5%
Northern Europe	43,491	18.6%	42,558	19.5%	933	2.2%
Southern Europe	57,781	24.7%	48,114	22.1%	9,667	20.1%
Asia-Pacific and Cafés	18,677	8.0%	16,493	7.6%	2,184	13.2%
Total	233,640	100.0%	218,123	100.0%	15,517	7.1%

(*) Percentage of revenue

Gross profit

Gross Profit of Euro 96,751 thousand for the three months ended 31 March 2017, was up by Euro 7,932 thousand (+8.9%) compared to the same period of 2016. This is partly due to Nutricafés' contribution, a company acquired in September 2016 (+6.1%).

On a constant currency basis and consistent scope of consolidation, *Gross Profit* increased by Euro 834 thousand (+0.9%), mainly due to the sale of roasted coffee and other products. The increase in *Gross*

Profit on the sale of roasted coffee was mainly due to the positive impact of the trends in sales and purchase prices respectively of roasted and green coffee and to the different mix found in the sales channels in 2017 and 2016 (+5.1%), partly compensated by the decrease in volumes of roasted coffee (-4.0%).

EBITDA

The following table provides a reconciliation between **EBITDA** and profit for the three months ended ended 31 March 2017 and 2016.

<i>(in thousands of Euro)</i>	Three months ended 31 March				Change	
	2017	(*)	2016	(*)	2017-2016	
Profit for the period	2,319	1.0%	1,296	0.6%	1,023	78.9%
Income tax expense	1,490	0.6%	1,224	0.6%	266	21.7%
Finance costs	1,000	0.4%	2,565	1.2%	(1,565)	-61.0%
Finance income	(56)	0.0%	(60)	0.0%	4	-6.7%
Share of losses of companies accounted for using the equity method	80	0.0%	2	0.0%	78	>100%
Depreciation and amortization ⁽¹⁾	9,079	3.8%	7,728	3.5%	1,351	17.5%
EBITDA⁽²⁾	13,912	5.8%	12,755	5.9%	1,157	9.1%

(*) Percentage of revenue

(1) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets

(2) For additional information, refer to the “Non-GAAP” alternative performance indicators section.

EBITDA, amounted to Euro 13,912 thousand for the three months ended 31 March 2017, an increase of Euro 1,157 thousand (+9.1%) compared to the same period in 2016.

In addition to the comments already set forth with regard to Gross Profit, this result is mainly due to the following factors:

- the positive contribution of the company Nutricafes (Euro 2,348 thousand); and
- the positive impact of foreign currency exchange rate fluctuations (Euro 215 thousand);
- partly compensated by the increase in net operating costs (Euro 2,240 thousand), as a result of *i*) maintenance, consultancy and IT collaboration costs and *ii*) personnel costs, whose growth is mainly connected to the increase in personnel in American subsidiaries.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position at 31 March 2017 and at 31 December 2016.

<i>(in thousands of Euro)</i>	As at 31 March 2017	As at 31 December 2016 *
Investments:		
Intangible assets	189,360	189,423
Property, plant and equipment and investment properties ⁽¹⁾	223,768	224,492
Investments in joint ventures and associates	10,715	10,943
Non-current trade receivables	4,148	4,129
Deferred tax assets and other non-current assets ⁽²⁾	28,114	25,835
Non-current assets (A)	456,105	454,822
Net working capital (B)⁽³⁾	134,364	121,638
Employee benefits	(9,368)	(9,268)
Other non-current provisions	(3,357)	(3,949)
Deferred tax liabilities and other non-current liabilities ⁽⁴⁾	(33,787)	(32,414)
Non-current liabilities (C)	(46,512)	(45,631)
Net invested capital (A+B+C)	543,957	530,829
Sources:		
Equity	311,090	309,944
Net Financial Indebtedness	232,867	220,885
Sources of financing	543,957	530,829

* Restated figures (Cf. Note 1)

Reconciliation between the reclassified consolidated statement of financial position and the consolidated statement of financial position:

- (1) Includes property, plant and equipment and investment properties
- (2) Includes deferred tax assets and other non-current assets
- (3) For additional information, refer to the "Non-GAAP" alternative performance indicators section.
- (4) Includes deferred tax liabilities and other non-current liabilities

The following table shows the breakdown of the Group's Net Working Capital at 31 March 2017 and at 31 December 2016.

<i>(in thousands of Euro)</i>	As at 31 March 2017	As at 31 December 2016 *
Inventories	152,196	132,858
Trade receivables	125,710	122,074
Income tax assets	2,397	1,611
Other current assets ⁽¹⁾	20,173	18,519
Trade payables	(130,807)	(122,209)
Income tax liabilities	(1,394)	(644)
Other current liabilities	(33,911)	(30,571)
Net working capital⁽²⁾	134,364	121,638

* Restated figures (Cf. Note 1)

- (1) Other current assets excludes current financial receivables which are included in net financial indebtedness
- (2) For additional information, refer to the "Non-GAAP" alternative performance indicators section.

Reclassified cash flow statement

The following table shows the reclassified cash flow statement for the three months ended 31 March 2017 and 2016.

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
EBITDA⁽¹⁾	13,912	12,755
Changes in Net Working Capital	(16,511)	2,387
Net recurring investments ⁽²⁾	(7,931)	(6,897)
Income tax paid	(926)	(1,537)
Other operating items ⁽³⁾	1,341	1,205
Free Cash Flow⁽¹⁾	(10,115)	7,913
Net non-recurring investments ⁽⁴⁾	(200)	(2,509)
Investments in financial receivables ⁽⁵⁾	780	-
Interest paid	(2,079)	(1,203)
Net cash generated from financing activities	12,968	13,719
Exchange gains/(losses) on cash and cash equivalents	113	(354)
Net increase in cash and cash equivalents	1,467	17,566
Cash and cash equivalents at the beginning of the period	45,167	25,574
Cash and cash equivalents at the end of the period	46,634	43,140

Reconciliation between the reclassified cash flow statement and the consolidated cash flow statement:

- (1) For additional information, refer to the “Non-GAAP” alternative performance indicators section.
- (2) Net recurring investments include purchases of property, plant and equipment and intangible assets, excluding asset deals
- (3) Other operating items mainly include non-monetary income statement items not included in the Adjusted EBIDA
- (4) Net non-recurring investments include business combinations, including those under joint-control and asset deals
- (5) Investments in financial receivables include the variations in financial receivables and interest received

Free Cash Flow, with a negative balance of Euro 10,115 thousand for the three months ended 31 March 2017, shows a decrease of Euro 18,028 thousand compared to the same period in 2016. This decrease is mainly due to the changes in Net Working Capital.

The following table shows the breakdown of the changes in the Net Working Capital for the three months ended 31 March 2017 and 2016:

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
Changes in inventories	(20,239)	7,181
Changes in trade receivables	(5,300)	(1,220)
Changes in trade payables	9,087	(3,464)
Changes in other assets/liabilities	71	217
Payments of employee benefits	(130)	(327)
Changes in Net Working Capital⁽¹⁾	(16,511)	2,387

- (1) For additional information, refer to the “Non-GAAP” alternative performance indicators section.

Changes in Net Working Capital, with a negative balance of Euro 16,511 thousand for the first three months ended 31 March 2017 show a decrease of Euro 18,898 thousand compared to the same period in 2016. The decrease is mainly due to stock variations, only partially compensated by a variation of trade payables.

Net recurring investments, absorbing cash in an amount of Euro 7,931 thousand for the first quarter of 2017, are increasing compared to the first quarter of 2016, mainly because of the effect of the addition of Nutricafes.

Net non-recurring investments show a negative balance of Euro 200 thousand and Euro 2,509 thousand for the first three months ended 31 March of 2017 and 2016, respectively.

In the first quarter of 2017, non-recurring investments concern the acquisition of a small local producer in the Italian market.

The cash flows used in net non-recurring investments for the three months ended 31 March 2016 mainly relate to the acquisition of Segafredo Zanetti Worldwide Italia S.p.A., net of cash acquired, amounting to Euro 2,624 thousand.

Investments in financial receivables mainly refer to the variations regarding hedging operations on the American market, carried out on the specific request of certain clients of the *Private Label* channel.

Cash flows from financing activities remain almost unchanged from Euro 13,719 thousand for the three months ended 31 March 2016 to Euro 12,968 thousand for the same period in 2017.

Net Financial Indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at 31 March 2017 and 31 December 2016, determined in accordance with the CONSOB Communication dated 28 July 2006, and in compliance with the ESMA Recommendation 2013/319:

<i>(in thousands of Euro)</i>		As at 31 March	As at 31 December
		2017	2016
A	Cash and cash equivalents	(2,029)	(931)
B	Cash at bank	(44,605)	(44,236)
C	Securities held for trading	-	-
D	Liquidity (A+B+C)	(46,634)	(45,167)
E	Current financial receivables	(2,557)	(3,495)
F	Current loans	64,782	50,870
G	Current portion of non-current medium/long-term loans	16,426	24,952
H	Other current financial payables	1,477	1,608
I	Current indebtedness (F+G+H)	82,685	77,430
J	Net current indebtedness (I+E+D)	33,494	28,768
K	Non-current medium/long-term loans	196,529	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	2,844	2,724
N	Non-current indebtedness (K+L+M)	199,373	192,117
O	Net financial indebtedness (J+N)	232,867	220,885

Net Financial Indebtedness amounted to Euro 232,867 thousand at 31 March 2017, an increase of Euro 11,982 thousand compared to 31 December 2016. This increase is mainly due to the combined effect generated by: *i*) negative *Free Cash Flow* by Euro 10,115 thousand in the first three months of 2017 and *ii*) interest paid in the first three months of 2017 amounting to Euro 2,079 thousand, partially compensated by *iii*) exchange rate differences and other variations totalling Euro 212 thousand.

Capital expenditure

The following table shows the breakdown of capital expenditure in property, plant and equipment, intangible assets and business combinations for the three months ended 31 March 2017 and 2016.

<i>(in thousands of Euro)</i>	Three months ended 31 March			
	2017		2016	
	Capital expenditure	Cash-out	Capital expenditure	Cash-out
Business combinations, including those under common control	200	200	2,800	2,624
Investments in associates	-	-	-	-
Intangible assets	439	439	316	316
Property, plant and equipment	7,808	7,808	7,867	6,842
Total non-current assets	8,447	8,447	10,983	9,782

Business combinations and Business combinations under common control

Cash-out amounted to Euro 200 thousand and Euro 2,624 thousand for the first three months of 2017 and 2016, respectively, relating to the acquisition of a small local producer on the Italian market and to the acquisition of Segafredo Zanetti Worldwide Italia S.p.A., net of the cash acquired.

Property, plant and equipment

Capital expenditure for the three months ended 31 March 2017 mainly relates to bar equipment and assets under construction, amounting to Euro 4,425 thousand and Euro 1,526 thousand, respectively.

Capital expenditure for the three months ended 31 March 2016 mainly relates to bar equipment, land and buildings in progress, amounting to Euro 3,240 thousand and Euro 1,901 thousand, respectively.

Intangible assets

Capital expenditure was Euro 439 thousand and Euro 316 thousand for the first quarter of 2017 and 2016, respectively, and mainly relate to software and other intangible assets.

Key events for the three months ended 31 March 2017

No significant events occurred in the first quarter of 2017.

Subsequent events

On 11 April 2017, the Ordinary Shareholders' Meeting of Massimo Zanetti Beverage Group S.p.A.:

- approved the 2016 financial statements and the distribution of a dividend of Euro 0.15 per share, for a total of Euro 5,145 thousand;
- appointed the members and the Chairman of the new Board of Directors, who will be in office up to the date of the Annual General Meeting for the approval of the financial statements as at 31 December 2019.
- appointed the Standing and Alternate members and the Chairman of the Board of Statutory Auditors, who will be in office up to the date of the Annual General Meeting called to approve the financial statements as at 31 December 2019.

In the context of the ordinary fund raising activities for April 2017, the Group closed a medium-to-long term borrowing agreement with Banco BPM for an overall amount of Euro 10,000 thousand reaching maturity in 2022.

Business outlook

Based on the results achieved for the three months ended 31 March 2017 and on the current market trends, the outlook for the Group performance in 2017 is unchanged.

“Non-GAAP” alternative performance indicators

Company management evaluates the performance of the Group using certain financial and operating indicators not required by IFRS. In particular, EBITDA is used as a primary indicator of profitability, since as it allows analysis of the profit margin of the Group, eliminating the effects of volatility due to non-recurring items or items unrelated to ordinary operations.

In accordance with Communication CESR/05-178b, a description of such items used by management is described below:

- Gross Profit is defined by the Group as the difference between revenue and purchase of raw, ancillary, and consumable materials and goods;
- Gross Margin is defined by the Group as the ratio of Gross Profit to Revenue;
- EBITDA is defined by the Group as the profit for the period adjusted to exclude amortization and depreciation, financial income and costs, income tax expense and losses for the period from discontinued operations;
- EBITDA Margin is defined by the Group as the ratio of EBITDA to Revenue;
- Adjusted EBITDA is defined by the Group as EBITDA adjusted for non-recurring items;
- Adjusted EBITDA Margin is defined by the Group as the ratio of Adjusted EBITDA to Revenue;
- Net Working Capital is calculated as the sum of inventories, trade receivables, income tax receivables and other current assets (excluding financial assets), net of trade payables, income tax liabilities and other current liabilities;
- Net Invested Capital is defined by the Group as the sum of non-current assets, non-current liabilities and Net Working Capital;
- Free Cash Flow is defined by the Group as the sum of EBITDA, changes in Net Working Capital, net recurring investments, income tax paid and other operating items.

Unusual transactions and/or events

No significant unusual transactions and/or events occurred in the period which have an impact on the Group's results of operations or financial position.

Treasury shares

The Company does not own nor has owned in the period treasury shares or shareholdings in parent companies, including through third parties or trust companies, and therefore, has not carried out any sales and purchase transactions for such shares and/or shareholdings.

Related-party transactions

In accordance with the regulations on transactions with related parties introduced pursuant to Consob Resolution no. 17221 dated 12 March 2010 as subsequently amended and integrated, the Company has adopted the procedure governing related-party transactions.

The aforementioned procedure was approved by the Board of Directors of the Company on 15 July 2014 and amended on 28 August 2015 with the approval of the independent directors.

The objective of the procedure is to ensure transparency and the substantial correctness of transactions with related parties and is published on the Company website – www.mzb-group.com.

With respect to the information provided in the notes to the consolidated financial statements at 31 December 2016, no unusual transactions in terms of amount or importance were carried out in the three

months ended 31 March 2017 with related parties, with the exception of the long-established activities of green coffee sale and purchase that the Group maintains with Cofiroasters SA, an entity falling under the category of “Entities under Common Control”.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTHS ENDED 31 March 2017

Consolidated Condensed Interim Income Statement

<i>(in thousands of Euro)</i>	Note	Three months ended 31 March	
		2017	2016
Revenue	8	233,640	218,123
Other income		1,549	1,324
Purchase of goods		(136,889)	(129,304)
Purchases of services, leases and rentals		(45,012)	(41,981)
Personnel costs		(36,679)	(32,917)
Other operating costs		(1,581)	(1,749)
Amortization, depreciation and impairment	9	(10,195)	(8,469)
Operating profit		4,833	5,027
Finance income		56	60
Finance costs		(1,000)	(2,565)
Share of losses of companies accounted for using the equity method		(80)	(2)
Profit before tax		3,809	2,520
Income tax expense		(1,490)	(1,224)
Profit for the period		2,319	1,296
<i>Profit attributable to:</i>			
<i>Non-controlling interests</i>		47	55
<i>Owners of the parent</i>		2,272	1,241
Earnings per share basic / diluted (in Euro)	10	0.07	0.04

Consolidated Condensed Interim Statement of Comprehensive Income

<i>(in thousands of Euro)</i>	Three months ended 31	
	2017	2016
Profit for the period	2,319	1,296
Gains/(Losses) from cash flow hedges	(480)	(1,209)
Losses on net investment hedges	-	-
Currency translation differences	(693)	(5,098)
Items that may be subsequently reclassified to profit or loss	(1,173)	(6,307)
Remeasurements of employee benefit obligations	-	16
Items that will not be reclassified to profit or loss	-	16
Total comprehensive (loss)/income for the period	1,146	(4,995)
Comprehensive income attributable to non-controlling interests	47	60
Comprehensive (loss)/income attributable to owners of the parent	1,099	(5,055)

Consolidated Interim Statement of Financial Position

<i>(in thousands of Euro)</i>	Note	As at 31 March	As at 31 December
		2017	2016 *
Intangible assets		189,360	189,423
Property, plant and equipment		219,475	220,173
Investment properties		4,293	4,319
Investments in joint ventures and associates		10,715	10,943
Non-current trade receivables		4,148	4,129
Deferred tax assets		10,871	9,799
Other non-current assets		17,243	16,036
Total non-current assets		456,105	454,822
Inventories		152,196	132,858
Trade receivables		125,710	122,074
Income tax assets		2,397	1,611
Other current assets		22,730	22,014
Cash and cash equivalents		46,634	45,167
Total current assets		349,667	323,724
Total assets		805,772	778,546
Share capital		34,300	34,300
Other reserves		123,565	124,738
Retained earnings		151,329	149,057
Equity attributable to owners of the Parent		309,194	308,095
Non-controlling interests		1,896	1,849
Total equity		311,090	309,944
Non-current borrowings		199,373	192,117
Employee benefits		9,368	9,268
Other non-current provisions		3,357	3,949
Deferred tax liabilities		30,530	29,069
Other non-current liabilities		3,257	3,345
Total non-current liabilities		245,885	237,748
Current borrowings		82,685	77,430
Trade payables		130,807	122,209
Income tax liabilities		1,394	644
Other current liabilities		33,911	30,571
Total current liabilities		248,797	230,854
Total liabilities		494,682	468,602
Total equity and liabilities		805,772	778,546

* Restated figures (Cf. Note 1)

Consolidated Condensed Interim Statement of Cash Flows

<i>(in thousands of Euro)</i>	Note	Three months ended 31 March	
		2017	2016
Profit before tax		3,809	2,520
Adjustments for:			
Amortization, depreciation and impairment	9	10,195	8,469
Provisions for employee benefits and other charges		261	417
Finance costs		944	2,507
Other non-monetary items		44	47
Net cash generated from operating activities before changes in net working capital		15,253	13,960
(Increase)/Decrease in inventories		(20,239)	7,181
(Increase)/Decrease in trade receivables		(5,300)	(1,220)
Increase/(Decrease) in trade payables		9,087	(3,464)
Changes in other assets/liabilities		71	217
Payments of employee benefits		(130)	(327)
Interest paid		(2,079)	(1,203)
Income tax paid		(926)	(1,537)
Net cash (absorbed)/generated from operating activities		(4,263)	13,607
Acquisition of subsidiary, net of cash acquired	5	(200)	-
Acquisition under common control, net of cash acquired	5	-	(2,624)
Purchase of property, plant and equipment		(7,808)	(6,842)
Purchase of intangible assets		(439)	(316)
Proceeds from sale of property, plant and equipment		287	261
Changes in financial receivables		29	-
Changes in financial receivables		774	73
Interest received		6	42
Net cash used in investing activities		(7,351)	(9,406)
Proceeds from long-term borrowings	6	15,000	20,000
Repayment of long-term borrowings	6	(16,036)	(4,413)
Increase / (decrease) in short-term borrowings		14,004	(1,868)
Net cash generated from financing activities		12,968	13,719
Exchange gains/(losses) on cash and cash equivalents		113	(354)
Net increase in cash and cash equivalents		1,467	17,566
Cash and cash equivalents at the beginning of the period		45,167	25,574
Cash and cash equivalents at the end of the period		46,634	43,140

Condensed Consolidated Statement of Changes in Equity

<i>(in thousands of Euro)</i>	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As of 31 December 2015	34,300	121,803	135,786	291,889	1,797	293,686
Profit for the period	-	-	1,241	1,241	55	1,296
Remeasurements of employee benefit obligations	-	-	11	11	5	16
Losses from cash flow hedges	-	(1,209)	-	(1,209)	-	(1,209)
Currency translation differences	-	(5,098)	-	(5,098)	-	(5,098)
Total loss for the period	-	(6,307)	1,252	(5,055)	60	(4,995)
<i>Shareholders transactions</i>						
Acquisition of Segafredo Zanetti World Wide S.p.A.	-	-	(1,374)	-	-	-
As at 31 March 2016	34,300	115,496	135,664	286,834	1,857	288,691
<hr/>						
<i>(in thousands of Euro)</i>	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As of 31 December 2016	34,300	124,738	149,057	308,095	1,849	309,944
Profit for the period	-	-	2,272	2,272	47	2,319
Remeasurements of employee benefit obligations	-	-	-	-	-	-
Losses from cash flow hedges	-	(480)	-	(480)	-	(480)
Currency translation differences	-	(693)	-	(693)	-	(693)
Total income for the period	-	(1,173)	2,272	1,099	47	1,146
<i>Shareholders transactions</i>						
Dividends paid	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
As at 31 March 2017	34,300	123,565	151,329	309,194	1,896	311,090

Notes

1. General information

Massimo Zanetti Beverage Group S.p.A. (hereinafter the “**Parent**”) is a company established and domiciled in Italy and organized under the laws of the Republic of Italy. The registered offices of the Company are located in Viale Felissent, Villorba (Treviso). The Company is controlled by Massimo Zanetti Industries S.A. (hereinafter also referred to as “**MZ Industries**”), based in Luxembourg. The Company and its subsidiaries (hereinafter referred to as the “**Group**”) operate in the coffee business. In particular, the Group manages numerous well-known international brands and a vast assortment of regional products, including coffee, tea, cocoa and spices.

The Company has been listed on the STAR segment of the Mercato Telematico Azionario - MTA (screen-based stock exchange) managed and organised by Borsa Italiana S.p.A. (Italian Stock Exchange) since 3 June 2015.

The Group’s interim report at 30 September 2016 was prepared in accordance with article 154 ter c. 5 of Legislative Decree no. 58/98 - TUF (Consolidated Law on Finance) - as subsequently amended and supplemented, and Article 2.2.3 (3) of the Regulation on Markets Organised and Managed by Borsa Italiana S.p.A. and holding into account Notice no.7587 of 21 April 2016 of Borsa italiana S.p.A.

The notes provide a summary and do not include all the information required for the annual financial statements, given that they refer only to those items which, in terms of amount, composition or changes, are essential to understand the economic and financial situation of the Group. This interim report must therefore be read together with the consolidated financial statements as at 31 December 2016.

This interim report was prepared in accordance with the same accounting standards and basis of preparation as those used for the consolidated financial statements as at 31 December 2016, with exception of those expressly applicable to interim reports. It should be noted that the amendments of the IFRS applicable to the financial year ending on 31 December 2017 are not expected to produce a significant impact on the consolidated financial statements of the Group.

In the consolidated statement of financial position as at 31 December 2016, the items of current and non-current receivables from clients have been reclassified to improve comparability with the corresponding balances as at 31 March 2017.

The interim report has been prepared and presented in Euro, which is the currency used in the countries where the Company mainly operates. Unless otherwise indicated, all the amounts included in this document are stated in thousands of Euro.

The interim report was approved by the Board of Directors on 11 May 2017 and is unaudited.

2. Conversion of the financial statements in currencies other than the Euro

The financial statements of subsidiaries are prepared in the currency of the primary economic environment in which they operate. Financial information presented in currencies other than the Euro are translated into Euro as follows:

- assets and liabilities are translated using the exchange rates applicable at the reporting date;
- revenues and expenditures are translated at the average exchange rate for the period;
- the reserve for currency translation differences includes exchange differences generated by translating balances at a rate other than the closing rate, as well as though generated by translating opening equity at a rate other than the rate applicable at the reporting date.

The following exchange rates were used to translate non-Euro financial information of subsidiaries:

Currency		Average exchange rate		Exchange rate as at 31 March			Exchange rate as at 31 December	
		2017	2016	2017	2016	2015	2016	2015
US Dollar	USD	1.06	1.10	1.07	1.14	1.08	1.05	1.09
Australian Dollar	AUD	1.41	1.53	1.40	1.48	1.42	1.46	1.49
Japanese Yen	JPY	120.99	127.02	119.55	127.90	128.95	123.40	131.07
Swiss Franc	CHF	1.07	1.10	1.07	1.09	1.05	1.07	1.08
Brazilian Real	BRL	3.35	4.31	3.38	4.12	3.50	3.43	4.31
British Pound	GBP	0.86	0.77	0.86	0.79	0.73	0.86	0.73
Costa Rican Colon	CRC	592.78	590.01	597.99	608.61	573.69	580.81	585.64
Argentine Peso	ARS	16.69	15.91	16.46	16.62	9.48	16.75	14.10
Danish Crown	DKK	7.44	7.46	7.44	7.45	7.47	7.43	7.46
Polish Zloty	PLN	4.32	4.37	4.23	4.26	4.09	4.41	4.26
Chilean Peso	CLP	697.59	773.34	711.48	763.86	676.53	704.95	772.71
Czech Koruna	CSK	27.02	27.04	27.03	27.05	27.53	27.02	27.02
Mexican Peso	MXN	21.63	19.89	20.02	19.59	16.51	21.77	18.91
New Zealand Dollar	NZD	1.50	1.66	1.53	1.64	1.44	1.52	1.59
Singapore Dollar	SGD	1.51	1.55	1.49	1.53	1.48	1.52	1.54
Thai Bhat	THB	37.39	39.28	36.72	40.02	35.02	37.73	39.25
United Arab Emirates Dinar	AED	3.91	4.04	3.92	4.18	3.95	3.87	4.00
Malaysian Ringgit	MYR	4.73	4.62	4.73	4.41	3.99	4.73	4.70
Vietnamese Dong	VND	24,171.80	24,618.47	24,329.16	25,382.90	23,182.20	23,991.84	24,475.10
Croatian Kuna	HRK	7.47	7.62	7.45	7.53	7.65	7.56	7.64
Hong Kong Dollar	HKD	8.26	8.57	8.31	8.83	8.34	8.18	8.44
Romanian Leu	RON	4.52	4.49	4.55	4.47	4.41	4.54	4.52
Hungarian Forint	HUF	309.07	312.07	307.62	314.12	299.43	309.83	315.98
Canadian Dollar	CAD	1.41	n.a.	1.43	n.a.	n.a.	1.42	n.a.

3. Management of Financial Risks and financial instruments

There have been no changes in the risk management department or in any risk management policies since 31 December 2016.

4. Seasonality

While the Group's business is not subject to significant seasonal or cyclical fluctuations, the revenue and cost flows are not entirely uniform throughout the year. The analysis of the financial and economic indicators and results for the period may therefore not be considered to be fully representative, and it would be incorrect to consider the indicators for the period as proportional to the year as a whole.

5. Business combinations

Three months ended 31 March 2017

No business combinations occurred in the first quarter of 2017.

Three months ended 31 March 2016

In the three months ended 31 March 2016, the Group acquired the entire share capital of Segafredo Zanetti Worldwide Italia S.p.A., a company owned directly by Massimo Zanetti, Chairman and CEO of the Parent, which deals above all in franchising transactions in the Foodservice channel. The agreed purchase price amounts to Euro 2,800 thousand on the basis of an expert valuation.

This acquisition is described as “*under common control*” and therefore the acquired assets and liabilities were recognised based on their historical carrying amounts, without recognising any gains.

6. Current and Non-current borrowings

The following tables provide a breakdown of current and non-current borrowings at 31 March 2017 and 31 December 2016.

As at 31 March 2017 <i>(in thousands of Euro)</i>	Less than 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term borrowings	16,426	160,899	35,630	212,955
Short-term borrowings	57,033	-	-	57,033
Advances from factors and banks	7,749	-	-	7,749
Loans from related parties	-	-	-	-
Finance lease liabilities	1,477	2,844	-	4,321
Total	82,685	163,743	35,630	282,058

As of 31 December 2016 <i>(in thousands of Euro)</i>	Less than 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term borrowings	24,952	140,878	48,515	214,345
Short-term borrowings	41,564	-	-	41,564
Advances from factors and banks	9,306	-	-	9,306
Loans from related parties	-	-	-	-
Finance lease liabilities	1,608	2,041	683	4,332
Total	77,430	142,919	49,198	269,547

Long-term borrowings

The Group’s loan contracts require compliance with negative pledges and covenants typical in international practice, to be met by the debtor companies.

These covenants are constantly monitored by the Group’s management and were complied with as at 31 March 2017 and 31 December 2016.

The following table reports the long-term borrowings by variable and fixed rates of interest and by currency (Euro and USD)

<i>(in thousands of Euro)</i>	As at 31 March	As at 31 December
	2017	2016
<i>Principal amount of long-term borrowings</i>		
- at variable rate	203,518	214,995
- at fixed rate	10,000	-
Notional value of derivatives on interest rates	11,867	23,476
Long-term borrowings converted at fixed rate	10%	11%
Remaining portion of long-term borrowings at variable rate	90%	89%
Long-term borrowings denominated in Euro	85%	84%
Long-term borrowings denominated in USD	15%	16%

It should be noted that the interest rate swaps, which the Group uses to reduce the exposure to interest rate fluctuations, do not comply with the requirements for hedge accounting set forth by IAS 39 “Financial instruments: recognition and valuation”.

Advances from factors and banks

Advances from factors and banks relate to advances received from factoring companies or other credit institutions, mainly in Italy, in relation to trade receivables assigned during the period that do not satisfy the criteria for derecognition of the related financial assets.

Net financial indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at 31 March 2017 and 31 December 2016, determined in accordance with CONSOB communication dated 28 July 2006 and ESMA/2013/319 Recommendation:

<i>(in thousands of Euro)</i>	As at 31 March	As at 31 December
	2017	2016
A Cash and cash equivalents	(2,029)	(931)
B Cash at bank	(44,605)	(44,236)
C Securities held for trading	-	-
D Liquidity (A+B+C)	(46,634)	(45,167)
E Current financial receivables	(2,557)	(3,495)
F Current loans	64,782	50,870
G Current portion of non-current medium/long-term loans	16,426	24,952
H Other current financial payables	1,477	1,608
I Current indebtedness (F+G+H)	82,685	77,430
J Net current indebtedness (I+E+D)	33,494	28,768
K Non-current medium/long-term loans	196,529	189,393
L Issued bonds	-	-
M Other non-current financial payables	2,844	2,724
N Non-current indebtedness (K+L+M)	199,373	192,117
O Net financial indebtedness (J+N)	232,867	220,885

7. Contingent liabilities

On 9 May 2011, Massimo Zanetti Beverage U.S.A. Inc. was summoned, along with several other companies operating in the production and marketing of coffee, by the Council for Education and Research on Toxics, which accused them of failing to include, in the product labels, a warning relating to the presence of a

component in coffee allegedly harmful to health (acrylamide). In December 2015, Massimo Zanetti Beverage U.S.A. Inc. and the defendants summoned in the court case were unsuccessful in the proceedings. Pending the opening of subsequent stages in the proceedings, Massimo Zanetti Beverage U.S.A. Inc. and the defendants in the court case, though not considering a successful outcome to the dispute very likely, do not exclude a possible extra-judicial resolution of the dispute.

8. Revenue

The following table sets forth a breakdown of revenue, the trends of which are illustrated in the management report:

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
Sales of roasted coffee	208,701	193,315
Sale of regional products and other food related products	10,885	11,009
Sales of coffee machines	8,132	8,357
Revenue from café network	2,773	2,623
Other revenue	3,149	2,819
Total	233,640	218,123

The following table shows a breakdown of revenue by distribution channel:

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
Mass Market	87,996	81,407
Foodservice	49,758	44,010
Private Label	81,833	78,907
Other	14,053	13,799
Total	233,640	218,123

The following table shows a breakdown of revenue by geographic area:

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
Americas	113,691	110,958
Northern Europe	43,491	42,558
Southern Europe	57,781	48,114
Asia-Pacific and Cafés	18,677	16,493
Total	233,640	218,123

9. Amortization, Depreciation and Impairment

The following table shows a breakdown of amortization, depreciation and impairment:

<i>(in thousands of Euro)</i>	Three months ended 31 March	
	2017	2016
Depreciation of property, plant and equipment	7,814	6,926
Amortization of intangible assets	1,239	776
Depreciation of investment property	26	26
Allowances for doubtful accounts	1,116	741
Total	10,195	8,469

10. Earnings per share

The following table provides a breakdown of earnings per share:

<i>(in thousands of Euro, unless otherwise indicated)</i>	Three months ended 31 March	
	2017	2016
Average number of ordinary shares	34,300,000	34,300,000
Profit attributable to owners of the Parent	2,272	1,241
Basic and diluted earnings per share (in Euro)	0.07	0.04

Basic earnings per share and diluted earnings per share were the same for the three months ended 31 March 2017 and 2016 as there were no dilutive effects.

List of companies included in the Consolidated Condensed Interim Financial Statements

Company	Registered office	Reporting date	Share capital		Percentage held as at	
			Currency	Amount (000)	31 March 2017	31 December 2016
Massimo Zanetti Beverage S.A.	Geneva	31 December	CHF	149,900	100%	100%
Segafredo Zanetti S.p.A.	Bologna	31 December	EUR	38,800	100%	100%
La San Marco S.p.A.	Gorizia	31 December	EUR	7,000	90%	90%
Segafredo Zanetti Sarl	Geneva	31 December	CHF	20	100%	100%
Segafredo Zanetti Argentina S.A.	Buenos Aires	31 December	ARS	4,913	100%	100%
Segafredo Zanetti Australia Pty Ltd.	Sydney	31 December	AUD	4,400	100%	100%
Segafredo Zanetti Austria GmbH	Salzburg	31 December	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Brussels	31 December	EUR	3,892	100%	100%
Segafredo Zanetti (Brasil) Com. Distr. de Café SA	Belo Horizonte	31 December	BRL	16,479	100%	100%
Segafredo Zanetti Chile S.A.	Santiago	31 December	CLP	25,000	100%	100%
Segafredo Zanetti Coffee System S.p.A.	Treviso	31 December	EUR	6,000	100%	100%
Segafredo Zanetti CR spol.sro	Prague	31 December	CSK	9,300	100%	100%
Segafredo Zanetti Danmark Aps	Copenhagen	31 December	DKK	141	100%	100%
Segafredo Zanetti Deutschland GmbH	Munich	31 December	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Texas Inc.	Houston	31 December	USD	-	100%	100%
Segafredo Zanetti Espresso Worldwide Ltd.	Geneva	31 December	CHF	38,000	98%	98%
Segafredo Zanetti Espresso Worldwide Japan Inc.	Tokyo	31 December	YEN	100,000	98%	98%
Segafredo Zanetti France S.A.S.	Rouen	31 December	EUR	8,500	100%	100%
Segafredo Zanetti Hellas S.A.	Athens	31 December	EUR	950	100%	100%
Segafredo Zanetti Hungaria KFT	Budapest	31 December	HUF	46,630	100%	100%
Tiktak/Segafredo Zanetti Nederland BV	Groningen	31 December	EUR	18	100%	100%
Segafredo Zanetti Poland Sp.z.o.o.	Bochnia	31 December	PLN	47,615	100%	100%
Segafredo Zanetti Portugal S.A.	Porto	31 December	EUR	40,300	100%	100%
Segafredo Zanetti SR Spol S.r.o.	Bratislava	31 December	EUR	200	100%	100%
Segafredo Zanetti Trgovanje s kavo. d.o.o.	Ljubljana	31 December	EUR	651	100%	100%
Brodie Merlose Drysdale & CO Ltd.	Edinburgh	31 December	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	31 December	EUR	152	100%	100%
Distribuidora Café Montaña S.A.	San Jose	31 December	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Jose	31 December	CRC	10	100%	100%
Massimo Zanetti Beverage U.S.A. Inc.	Suffolk	31 December	USD	73,641	100%	100%
Meira Eesti Oü	Tallin	31 December	EUR	15	100%	100%
Meira Oy Ltd.	Helsinki	31 December	EUR	1,000	100%	100%
Puccinos Worldwide Ltd	Edinburgh	31 December	GBP	-	100%	100%
Massimo Zanetti Beverage Mexico SA de CV	Mazatlán	31 December	MXN	1,806	50%	50%
MZB Cafes USA Inc	Suffolk	31 December	USD	-	100%	100%
Kauai Coffee Company LLC	Hawaii	31 December	USD	-	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	31 December	USD	-	100%	100%
Coffee Care (South West) Ltd	Weddmore	31 December	GBP	-	50%	50%
Segafredo Zanetti New Zealand Ltd	Auckland	31 December	NZD	-	100%	100%
Segafredo Zanetti Croatia d.o.o.	Zagreb	31 December	HRK	1,850	100%	100%
Doge Finland Oy	Helsinki	31 December	EUR	3	100%	100%
Massimo Zanetti Beverage Vietnam Company Ltd	Ben Cat district - Binh Duong	31 December	VND	21,000,000	100%	100%
Segafredo Zanetti (Thailand) Ltd	Bangkok	31 December	THB	15,300	100%	100%
Boncafe International Pte Ltd	Singapore	31 December	SGD	3,200	100%	100%
Boncafe (Cambodia) Ltd	Phnom Penh	31 December	KHR	108,000	100%	100%
Boncafe (M) Sendirian Berhad	Kuala Lumpur	31 December	MYR	200	100%	100%
Boncafe (East Malaysia) Sdn Bhd	Kota Kinabalu	31 December	MYR	-	100%	100%
Six Degrees Café Pte Ltd	Singapore	31 December	SGD	-	100%	100%
BeanToCup (Thailand) Ltd	Bangkok	31 December	THB	4,000	100%	100%
Boncafe Middle East Co LLC	Dubai	31 December	AED	300	100%	100%
Boncafe (Thailand) Ltd	Bangkok	31 December	THB	150,000	100%	100%
Massimo Zanetti Beverage (Thailand) Ltd	Bangkok	31 December	THB	30,000	100%	100%

Company	Registered office	Reporting date	Share capital		Percentage held as at	
			Currency	Amount (000)	31 March 2017	31 December 2016
Boncafe (Hong Kong) Ltd	Hong Kong	31 December	USD	500	100%	100%
Segafredo Zanetti Grandi Eventi Srl	Bologna	31 December	EUR	20	100%	100%
SZE Service SRL	Municipiul Brasov	31 December	RON	1	51%	51%
Boncafe Vietnam Company Ltd	Thuan An	31 December	VND	10,000,000	100%	100%
Massimo Zanetti Beverage USA (Canada), Inc.	Suffolk	31 December	USD	0	100%	100%
Massimo Zanetti Beverage Canada Investment ULC	Vancouver	31 December	CAD	0	100%	100%
Club Coffee LP	Toronto	25 April,	CAD	4,000	15%	15%
Nutricafés S.A.	Lisbon	31 December	EUR	23,900	100%	100%

Consolidated Condensed Income Statement pursuant to Consob Resolution no. 15519 dated 27 July 2006

<i>(in thousands of Euro)</i>	Three months ended 31 March			
	2017	<i>of which related parties</i>	2016	<i>of which related parties</i>
Revenue	233,640	37	218,123	20
Other income	1,549		1,324	
Purchase of goods	(136,889)	(56,675)	(129,304)	(40,635)
Purchases of services, leases and rentals	(45,012)	(122)	(41,981)	(43)
Personnel costs	(36,679)	(1,910)	(32,917)	(827)
Other operating costs	(1,581)		(1,749)	
Amortization, depreciation and impairment	(10,195)		(8,469)	
Operating profit	4,833		5,027	
Finance income	56	2	60	
Finance costs	(1,000)	(382)	(2,565)	(273)
Share of losses of companies accounted for using the equity method	(80)		(2)	
Profit before tax	3,809		2,520	
Income tax expense	(1,490)		(1,224)	
Profit for the period	2,319		1,296	
<i>Profit attributable to:</i>				
<i>Non-controlling interests</i>	47		55	
<i>Owners of the Parent</i>	2,272		1,241	
Basic and diluted earnings per share (in Euro)	0.07		0.04	

Consolidated Condensed Statement of Financial Position pursuant to Consob Resolution no. 15519 dated 27 July 2006

<i>(in thousands of Euro)</i>	As at 31 March		As at 31 December	
	2017	<i>of which related parties</i>	2016 *	<i>of which related parties</i>
Intangible assets	189,360		189,423	
Property, plant and equipment	219,475		220,173	
Investment properties	4,293		4,319	
Investments in joint venture	10,715		10,943	
Non-current trade receivables	4,148		4,129	
Deferred tax assets	10,871		9,799	
Other non-current assets	17,243	120	16,036	120
Total non-current assets	456,105		454,822	
Inventories	152,196		132,858	
Trade receivables	125,710	142	122,074	359
Income tax assets	2,397		1,611	
Other current assets	22,730	31	22,014	
Cash and cash equivalents	46,634		45,167	
Total current assets	349,667		323,724	
Total assets	805,772		778,546	
Share capital	34,300		34,300	
Other reserves	123,565		124,738	
Retained earnings	151,329		149,057	
Equity attributable to owners of the Parent	309,194		308,095	
Non-controlling interests	1,896		1,849	
Total equity	311,090		309,944	
Non-current borrowings	199,373	-	192,117	
Employee benefits	9,368		9,268	
Other non-current provisions	3,357		3,949	
Deferred tax liabilities	30,530		29,069	
Other non-current liabilities	3,257		3,345	
Total non-current liabilities	245,885		237,748	
Current borrowings	82,685	-	77,430	
Trade payables	130,807	53,935	122,209	46,647
Income tax liabilities	1,394		644	
Other current liabilities	33,911		30,571	
Total current liabilities	248,797		230,854	
Total liabilities	494,682		468,602	
Total equity and liabilities	805,772		778,546	

* Restated figures (Cf. Note 1)

Consolidated Condensed Statement of Cash Flows pursuant to Consob Resolution no. 15519 dated 27 July 2006

<i>(in thousands of Euro)</i>	Three months ended 31 March			
	2017	<i>of which related parties</i>	2016	<i>of which related parties</i>
Profit before tax	3,809		2,520	
Adjustments for:	-		-	
Amortization, depreciation and impairment	10,195		8,469	
Provisions for employee benefits and other charges	261		417	
Finance costs	944	380	2,507	273
Other non-monetary items	44		47	
Net cash generated from operating activities before changes in net working capital	15,253		13,960	
(Increase)/Decrease in inventories	(20,239)		7,181	
(Increase)/Decrease in trade receivables	(5,300)	217	(1,220)	(8)
Increase/(Decrease) in trade payables	9,087	7,379	(3,464)	16,565
Changes in other assets/liabilities	71	(31)	217	17
Payments of employee benefits	(130)		(327)	
Interest paid	(2,079)	(382)	(1,203)	(273)
Income tax paid	(926)		(1,537)	
Net cash (absorbed)/generated from operating activities	(4,263)		13,607	
Acquisition of subsidiary, net of cash acquired	(200)		-	
Acquisition under common control, net of cash acquired	-	-	(2,624)	(2,624)
Purchase of property, plant and equipment	(7,808)		(6,842)	
Purchase of intangible assets	(439)		(316)	
Proceeds from sale of property, plant and equipment	287		261	
Changes in financial receivables	29		-	
Investments in joint ventures and associates	-		-	
Changes in financial receivables	774		73	
Interest received	6		42	
Net cash used in investing activities	(7,351)		(9,406)	
Proceeds from long-term borrowings	15,000		20,000	
Repayment of long-term borrowings	(16,036)		(4,413)	
Increase / (decrease) in short-term borrowings	14,004		(1,868)	
Proceeds from sale of shares	-		-	
Dividends paid	-		-	
Net cash generated from financing activities	12,968		13,719	
Exchange gains/(losses) on cash and cash equivalents	113		(354)	
Net increase in cash and cash equivalents	1,467		17,566	
Cash and cash equivalents at the beginning of the period	45,167		25,574	
Cash and cash equivalents at the end of the period	46,634		43,140	

Declaration of the Manager on the Interim Report as at 31 March 2017 pursuant to Article 154-bis, paragraph 2 of Legislative Decree no. 58/98 as amended and supplemented

Il dirigente preposto alla redazione dei documenti contabili societari, Dr. Massimo Zuffi, dichiara ai sensi del secondo comma articolo 154-bis del Testo Unico della Finanza che l'informativa contabile contenuta nel resoconto intermedio di gestione al 31 Marzo 2017 di Massimo Zanetti Beverage Group S.p.A, corrisponde alle risultanze documentali, ai libri e alle scritture contabili.

Villorba (TV), 11 Maggio 2017

*Il dirigente preposto alla redazione
dei documenti contabili societari*
Massimo Zuffi

A handwritten signature in black ink, appearing to be 'MZuffi', written over a light blue horizontal line.