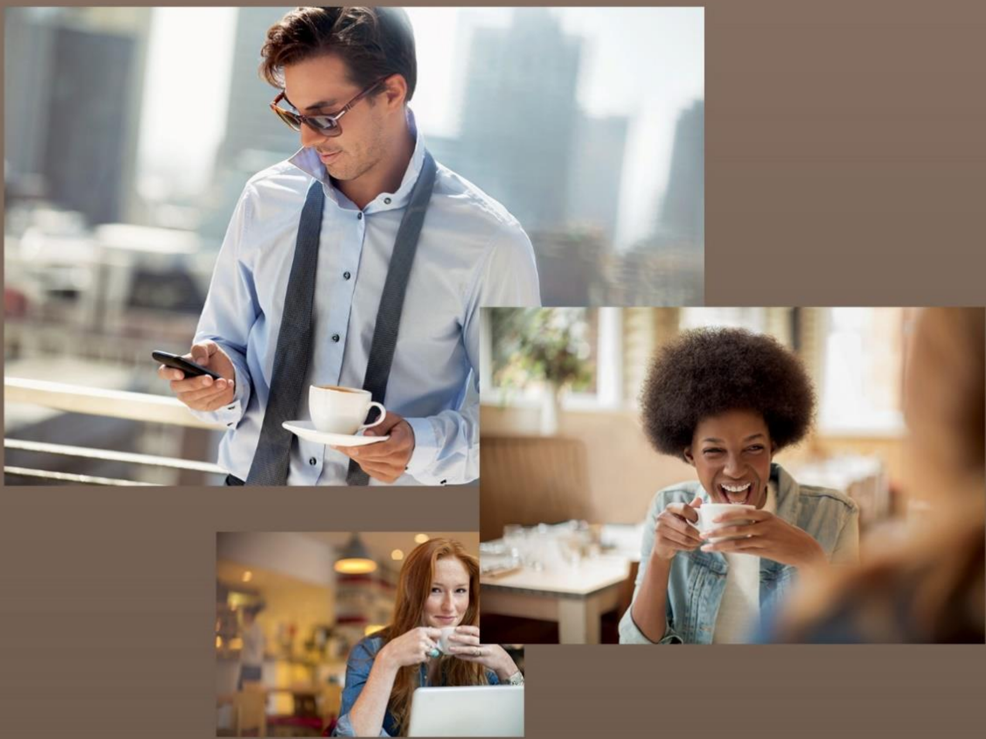
INTERIM FINANCIAL REPORT

as at and for the nine months ended September 30, 2017



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

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

Manager in charge of the preparation of the corporate accounting documents
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 nine months ended September 30, 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, the relevant changes that occurred during the period, and the significant events that have occurred affecting the results of 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, Portugal, Germany and Austria. The Group is also present, to a lesser extent in other countries such as the Netherlands, Poland, 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 nine months, should not be considered representative of all or a portion of the full year.

Results of operations for the nine months ended September 30, 2017

The following table sets forth the reclassified consolidated income statement for the nine months ended September 30, 2017 and 2016.

	Nine months ended September 30,				**Change**	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Revenue	708,514	100.0%	670,696	100.0%	37,818	5.6%
Raw, ancillary, and consumable materials and goods	(416,457)	-58.8%	(386,840)	-57.7%	(29,617)	7.7%
Gross Profit[(1)]	**292,057**	**41.2%**	**283,856**	**42.3%**	**8,201**	**2.9%**
Purchases of services, leases and rentals	(134,908)	-19.0%	(130,360)	-19.4%	(4,548)	3.5%
Personnel costs	(107,849)	-15.2%	(103,610)	-15.4%	(4,239)	4.1%
Other operating costs, net[(2)]	201	0.0%	(545)	-0.1%	746	> 100%
Impairment[(3)]	(2,055)	-0.3%	(3,186)	-0.5%	1,131	-35.5%
EBITDA[(1)]	**47,446**	**6.7%**	**46,155**	**6.9%**	**1,291**	2.8%
Non-recurring items	1,754	0.2%	-	0.0%	1,754	100.0%
Adjusted EBITDA [(1)]	**49,200**	**6.9%**	**46,155**	**6.9%**	**3,045**	**6.6%**
Depreciation and amortization[(4)]	(27,643)	-3.9%	(24,000)	-3.6%	(3,643)	15.2%
Operating profit	**19,803**	**2.8%**	**22,155**	**3.3%**	**(2,352)**	**-10.6%**
Net finance costs[(5)]	(5,986)	-0.8%	(5,040)	-0.8%	(946)	18.8%
Share of losses of companies accounted for using the equity method	(469)	-0.1%	(82)	0.0%	(387)	> 100%
Profit before tax	**13,348**	**1.9%**	**17,033**	**2.5%**	**(3,685)**	**-21.6%**
Income tax expense	(5,140)	-0.7%	(6,491)	-1.0%	1,351	-20.8%
Profit for the period	**8,208**	**1.2%**	**10,542**	**1.5%**	**(2,334)**	**-22.1%**

(*) 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 amounted to Euro 708,514 thousand for the nine months ended September 30, 2017, an increase of Euro 37,818 thousand (+5.6%) compared to the nine months ended September 30, 2016. This change is due to the combined effect of:

- increase in the sales prices and improved sales mix of roasted coffee and other items (+5.5%);
- decrease in the volumes of roasted coffee sold (-3.7%);
- the contribution to results of Nutricafés S.A. solely for the period from January to August, since it was acquired and included in the scope of consolidation in September 2016 (+3.6%); and
- impact of foreign currency exchange rate fluctuations (+0.2%).

At constant scope of consolidation and foreign currency exchange rates, the increase in revenue amounted to Euro 12,182 thousand and is mainly due to the change in "Roasted coffee sales", which amounted to Euro 11,476 thousand, with an increase of 1.9%. This change is, in turn, due to the combined effect of:

- the increase in the sales prices of roasted coffee and improvement to the mix in the sales channels which in turn led to an increase in revenues of 6.1%.
- the 4.2% decrease in the volumes of roasted coffee sold, compared to the first nine months of 2016. In particular, the volumes of roasted coffee sold amounted to 92.6 thousand tons and 96.7 thousand tons for the nine months ended September 30, 2017 and 2016, respectively. This decrease referred mainly to the Americas (-3.3 thousand tons) and Southern Europe (-1.1 thousand tons) in the Private Label and Mass Market channels, whereas Northern Europe remained stable and the Asia-Pacific and Cafés area showed a positive trend (+0.3 thousand tons) in all channels.

The following table provides a breakdown of revenue for the nine months ended September 30, 2017 and 2016, by sales channel.

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Mass Market	261,163	36.9%	251,114	37.4%	10,049	4.0%
Foodservice	157,613	22.2%	141,994	21.2%	15,619	11.0%
Private Label	245,219	34.6%	236,016	35.2%	9,203	3.9%
Other	44,519	6.3%	41,572	6.2%	2,947	7.1%
Total	**708,514**	**100.0%**	**670,696**	**100.0%**	**37,818**	**5.6%**

(*) Percentage of revenue.

The following table provides a breakdown of revenue for the nine months ended September 30, 2017 and 2016, by geographical area.

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Americas	334,780	47.3%	331,529	49.4%	3,251	1.0%
Northern Europe	134,661	19.0%	128,384	19.1%	6,277	4.9%
Southern Europe	182,711	25.8%	159,771	23.8%	22,940	14.4%
Asia-Pacific and Cafés (**)	56,362	8.0%	51,012	7.6%	5,350	10.5%
Total	**708,514**	**100.0%**	**670,696**	**100.0%**	**37,818**	**5.6%**

(*) Percentage of revenue.
(***) This geographical area includes the revenue generated by the international network of cafés.

Gross profit

Gross Profit amounted to Euro 292,057 thousand for the nine months ended September 30, 2017, an increase of Euro 8,201 thousand (+2.9%) compared to the nine months ended September 30, 2016. This result benefited from the contribution of Nutricafés (+4.5%) and, to a lesser extent, of the foreign currency exchange rate fluctuations (+0.1%).
At constant scope of consolidation and foreign currency exchange rates, *Gross Profit* decreased by Euro 4,971 thousand (-1.7%). This change is due to:

- the performance of roasted coffee (-2.7%), in turn the result of the decrease in volumes of roasted coffee (-3.6%) that was only partially offset by favourable trends in the sales and purchase prices respectively of roasted and green coffee (+0.9%) due to the different mix found in the sales channels in 2017 and 2016;
- the sound performance of other products (+1.0%).

EBITDA and Adjusted EBITDA

The following table provides reconciliation between **EBITDA** and profit for the nine months ended September 30, 2017 and 2016.

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Profit for the period	8,208	1.2%	10,542	1.6%	(2,334)	-22.1%
Income tax expense	5,140	0.7%	6,491	1.0%	(1,351)	-20.8%
Finance costs	6,191	0.9%	5,240	0.8%	951	18.1%
Finance income	(205)	0.0%	(200)	0.0%	(5)	2.5%
Share of losses of companies accounted for using the equity method	469	0.1%	82	0.0%	387	> 100%
Depreciation and amortization[(1)]	27,643	3.8%	24,000	3.6%	3,643	15.2%
EBITDA[(2)]	**47,446**	**6.7%**	**46,155**	**7.0%**	**1,291**	**2.8%**

(*) 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.

The following table provides reconciliation between EBITDA and **Adjusted EBITDA** for the nine months ended September 30, 2017 and 2016.

	Nine months ended September 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
EBITDA[(1)]	47,446	6.7%	46,155	6.9%	1,291	2.8%
Costs associated with reorganisation	1,754	0.2%	-	0.0%	1,754	100.0%
Adjusted EBITDA [(1)]	**49,200**	**6.9%**	**46,155**	**6.9%**	**3,045**	**6.6%**

(*) Percentage of 'Revenue'.
(1) For additional information, refer to the "Non-GAAP" alternative performance indicators section

Costs associated with reorganisation, amounting to Euro 1,754 thousand, refer to the reorganisation following the merger by incorporation of Segafredo Zanetti Portugal into Nutricafés and relate to *i)* Euro 307 thousand for service costs, and *ii)* Euro 1,447 thousand for personnel costs.

Adjusted EBITDA amounted to Euro 49,200 thousand for the nine months ended September 30, 2017 with an increase of Euro 3,045 thousand (+6.6%) compared to the same period in 2016. It includes the contribution to results of Nutricafés amounting to Euro 5,381 thousand (+11.7%).

At constant scope of consolidation and foreign currency exchange rates, the *Adjusted EBITDA* decreased by Euro 2,368 thousand mainly due to the combined effect of:

- the decrease in *Gross Profit* of Euro 4,971 thousand, due to the factors described above, and only partially offset:
- by the decrease in operating costs of Euro 2,603 thousand, mainly due to:
    - lower personnel costs (Euro 1,095 thousand) due to different scheduling in how to account for the variable part in the USA;
    - reduced allocations for impairment of trade receivables (Euro 1,136 thousand).

Operating profit

Operating profit amounted to Euro 19,803 thousand for the nine months ended September 30, 2017, showing a decrease of Euro 2,352 thousand (-10.6%) compared to the nine months ended September 30, 2016. This decrease, in addition to the points mentioned regarding the *Adjusted EBITDA*, is attributable to the increase in amortisation and depreciation, amounting to Euro 3,643 thousand, mainly as a result of the acquisition of Nutricafés.

Profit for the period

Profit for the period amounted to Euro 8,208 thousand for the nine months ended September 30, 2017, a decrease of Euro 2,334 thousand (-22.1%) compared to the nine months ended September 30, 2016. In addition to what was previously described for the operating profit, this decrease is also due to the combined effect of:

- the increase in net finance costs (Euro 946 thousand), principally due to exchange rate losses of Euro 1,447 thousand only partially offset by the reduction in interest expense of Euro 753 thousand;
- increase in the shares of losses of companies, accounted for according to the equity method, amounting to Euro 387 thousand;
- the decrease in income taxes amounting to Euro 1,351 thousand, mainly due to the lower taxable income generated by the Group in the first nine months of 2017 compared to 2016.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position at September 30, 2017 and at December 31, 2016.

(in thousands of Euro)	**As at September 30 2017**	**As at December 31 2016 ***
Investments:		
Intangible assets	184,092	190,943
Property, plant and equipment and investment properties(1)	218,533	224,492
Investments in joint ventures and associates	10,153	10,943
Non-current trade receivables	3,745	4,129
Deferred tax assets and other non-current assets(2)	27,666	26,315
Non-current assets (A)	**444,189**	**456,822**
Net working capital (B)(3)	**133,205**	**119,638**
Employee benefits	(9,251)	(9,268)
Other non-current provisions	(3,218)	(3,949)
Deferred tax liabilities and other non-current liabilities(4)	(31,637)	(32,414)
Non-current liabilities (C)	**(44,106)**	**(45,631)**
Net invested capital (A+B+C)	**533,288**	**530,829**
Sources:		
Equity	292,532	309,944
Net Financial Indebtedness	240,756	220,885
Sources of financing	**533,288**	**530,829**

* Restated figures (See Note 1)

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

(1) The item includes property, plant and equipment and investment properties.
(2) The item 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 as at September 30, 2017 and December 31, 2016.

	As at September 30	As at December 31
(in thousands of Euro)	**2017**	**2016 ***
Inventories	144,204	132,858
Trade receivables	125,753	120,074
Income tax assets	2,423	1,611
Other current assets (1)	15,845	18,519
Trade payables	(119,693)	(122,209)
Income tax liabilities	(1,542)	(644)
Other current liabilities	(33,785)	(30,571)
Net working capital(2)	**133,205**	**119,638**

* Restated figures (See 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 nine months ended September 30, 2017 and 2016.

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Adjusted EBITDA	**49,200**	**46,155**
Non-recurring items	(1,754)	-
Changes in Net Working Capital	(28,558)	21,156
Net recurring investments (2)	(26,167)	(21,763)
Income tax paid	(4,047)	(4,358)
Other operating items	2,019	3,570
Free Cash Flow (1)	**(9,307)**	**44,760**
Net non-recurring investments (3)	(3,423)	(52,320)
Investments (Disposals) in financial receivables	488	-
Interest paid	(5,309)	(5,164)
Net cash generated from financing activities	28,111	33,713
Net cash from discontinuing operations	-	-
Exchange gains/(losses) on cash and cash equivalents	(843)	(192)
Net increase in cash and cash equivalents	**9,717**	**20,797**
Cash and cash equivalents at the beginning of the period	45,167	25,574
Cash and cash equivalents at the end of the period	**54,884**	**46,371**

(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, net of asset deals.
(3) Net non-recurring investments include business combinations, asset deals and other minor items.

Free Cash Flow amounted to negative Euro 9,307 thousand for the nine months ended September 30, 2017, a decrease of Euro 54,067 thousand compared to the nine months ended September 30, 2016. This variation is mainly due to the changes in net working capital.

The following table shows the breakdown of changes in net working capital for the nine months ended September 30, 2017 and 2016.

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Changes in inventories	(17,445)	7,974
Changes in trade receivables	(11,520)	(15,717)
Changes in trade payables	1,156	26,995
Changes in other assets/liabilities	(348)	2,755
Payments of employee benefits	(401)	(851)
Changes in net working capital	**(28,558)**	**21,156**

Changes in Net Working Capital, with a negative balance of Euro 28,558 thousand for the nine months ended September 30, 2017 show a decrease of Euro 49,714 thousand compared to the nine months ended September 30, 2016.
This decrease is mainly due to the following items:

- the changes in inventories with a negative amount of Euro 25,419 thousand, reflecting the increase in the quantities of finished product and green coffee in stock with a view to the expected sales in the coming months;
- the changes in trade payables, with a negative amount of Euro 25,839 thousand; it should be remembered that in 2016 this item benefited from the change in payment terms agreed with the main supplier of green coffee; and
- the changes in trade receivables with a positive amount of Euro 4,197 thousand.

Net recurring investments amounted to Euro 26,167 thousand for the nine months ended September 30, 2017, an increase of Euro 4,404 thousand compared to the nine months ended September 30, 2016. This increase is mainly due to *i*) investments made by Nutricafés and *ii*) commercial investments sustained to assist with the development of business in Asia.

Net non-recurring investments amounted to Euro 3,423 thousand and Euro 52,320 thousand for the nine months ended September 30, 2017 and 2016, respectively.

The cash flow used in the net non-recurring investments in the nine months ended September 30, 2017 relate primarily to: *i)* the purchase of the business unit Tru Blue, in Australia *ii*) the purchase of Le.ma in Italy, and *iii)* the purchase of the stake in PT Caswells Indonesia and *iv)* the subscription of the share capital increase of 40% in the sports club Virtus Pallacanestro Bologna S.S.D. a R.L.

The cash flows absorbed by net non-recurring investments in the first nine months of 2016 refer mainly to *i)* the acquisition of Nutricafés S.A. for Euro 38,909 thousand, *ii)* the purchase of a minority stake of 15.1% in the capital of Club Coffee LP for CAD 15,100 thousand (Euro 10,139 thousand), and *iii)* the purchase of Segafredo Zanetti Worldwide net of acquired cash.

Cash flows from financing activities decreased from Euro 33,713 thousand for the nine months ended September 30, 2016 to Euro 28,111 thousand for the nine months ended September 30, 2017.

The cash flow generated in 2017 was mainly due to *i)* the issue of new long-term loans, which, net of repayments in the period, amounted to Euro 18,157 thousand, *ii)* the increase in short-term loans amounting to Euro 15,259 thousand, *iii)* the payment of dividends of Euro 5,305 thousand.

The cash flow generated in 2016 was mainly due to the issue of new long-term loans, which, net of repayments in the period, amounted to Euro 63,469 thousand, intended to finance the acquisition of Nutricafés S.A. and the restructuring of the non-current financial debt, which involved the early repayment of some loans. The cash thus generated is partly offset by the decrease in short-term loans for Euro 26,669 thousand as a result of the cash generated by operations; it is also partly offset by the payment of dividends in the amount of Euro 3,087 thousand.

Net Financial Indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at September 30, 2017 and at December 31, 2016, determined in accordance with the CONSOB Communication dated July 28, 2006, and in compliance with the ESMA Recommendation 2013/319:

		As at September 30	**As at December 31**
(in thousands of Euro)		**2017**	**2016**
A	Cash and cash equivalents	(747)	(931)
B	Cash at bank	(54,137)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(54,884)**	**(45,167)**
E	**Current financial receivables**	**(3,482)**	**(3,495)**
F	Current loans	66,030	50,870
G	Current portion of non-current loans	22,173	24,952
H	Other current financial payables	1,179	1,608
I	**Current indebtedness (F+G+H)**	**89,382**	**77,430**
J	**Net current indebtedness (I+E+D)**	**31,016**	**28,768**
K	Non-current medium/long-term loans	206,695	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	3,045	2,724
N	**Non-current indebtedness (K+L+M)**	**209,740**	**192,117**
O	**Net financial indebtedness (J+N)**	**240,756**	**220,885**

Net Financial Indebtedness amounted to Euro 240,756 thousand at September 30, 2017, an increase of Euro 19,871 thousand compared to December 31, 2016. This increase is mainly due to the combined effect of the following:

- negative *Free Cash Flow* of Euro 9,307 thousand for the nine months ended September 30, 2017;
- net non-recurring investments of Euro 3,423 thousand in the nine months ended September 30, 2017;
- interest paid of Euro 5,309 thousand in the nine months ended September 30, 2017;
- dividends paid in 2017 amounting to Euro 5,305 thousand;
- the Euro/USD foreign currency exchange rate impact and other non-cash items.

Capital expenditure

The following table sets forth capital expenditure in associates, business combinations, property, plant and equipment and intangible assets for the nine months ended September 30, 2017 and 2016:

	Nine months ended September 30			
(in thousands of Euro)	**2017**		**2016**	
	Capital expenditure	**Cash-out**	**Capital expenditure**	**Cash-out**
Business combinations, including those under common control	2,659	2,263	43,645	41,912
Investments in associates	840	840	10,139	10,139
Intangible assets	656	656	1,457	1,457
Property, plant and equipment	27,078	27,078	21,968	20,956
Total	**31,233**	**30,837**	**77,209**	**74,464**

Business combinations

Cash-out amounted to Euro 2,263 thousand and Euro 41,912 thousand for the nine months ended September 30, 2017 and 2016 respectively, and relate to the purchase of Le.ma and Tru Blue and also the purchase of the 67% stake in PT Caswell Indonesia in 2017, and the acquisition of Nutricafés S.A. (for more details, please see note 5 “Business Combinations”) and of Segafredo Zanetti Worldwide Italia S.p.A., and the purchase of a minority stake in the share capital of Club Coffee LP in 2016.

Investments in associates

In the six months ended June 30, 2017, the Group subscribed a share capital increase in Virtus Pallacanestro Bologna S.S.D. a R.L., located in Bologna, with an overall share of 40%. The investment amounted to Euro 840 thousand. The Group is of the opinion that it exercises significant influence over the club and so it has been classified as an associated company and accounted for using the equity method.

Investments in the six months to June 30, 2016 amounted to Euro 10,139 thousand and related to the acquisition of the minority stake in Club Coffee.

Property, plant and equipment

Capital expenditure in property, plant and equipment for the nine months ended September 30, 2017 mainly relates to bar equipment and assets under construction, amounting to Euro 15,128 thousand and Euro 5,959 thousand, respectively.

Capital expenditure in property, plant and equipment for the nine months ended September 30, 2016 mainly relates to bar equipment and assets under construction, amounting to Euro 10,872 thousand and Euro 4,694 thousand, respectively.

Intangible assets

Capital expenditure in the nine months ended September 30, 2017 relate to software and other intangible assets and to trademarks and licences.

Capital expenditure in the nine months ended September 30, 2016 relate to software and other intangible assets and to trademarks and licences.

Key events in the nine months ended September 30, 2017

On April 11, 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 December 31, 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 December 31, 2019.

Within the scope of the ordinary fund raising activities, the Group entered into:

- a medium-to-long term loan agreement with Banco BPM in April 2017 for an overall amount of Euro 10,000 thousand reaching maturity in 2022;
- a medium-to-long term loan agreement with UBI Banca in May 2017 for an overall amount of Euro 15,000 thousand reaching maturity in 2022.

In order to reduce the Group's exposure to interest rate fluctuations, certain Interest Rate Swap agreements on existing loans were entered into in the six months ended June 30, 2017. For additional details, one should refer to note 7 "*Current and non-current borrowings*".

Legislative Decree no. 254 of December 30, 2016 introduced in Italy, Directive 2014/95/EU of the European Parliament (so called *"Barnier directive*") regarding non-financial disclosure reporting by certain large enterprises and groups. In particular, it specifies that as from the year 2017, all listed companies must prepare a non-financial disclosure report to be annexed to the Management Report or to be published separately.

To ensure proper compliance with this reporting requirement, the Group launched a project in May 2017 for the collection, processing and analysis of such information, with support from external consultants.

In September, the subsidiaries Nutricafés SA and Segafredo Zanetti Portugal SA were merged to establish MZB Iberia SA. This operation would allow a more effective presence throughout Portugal and would reinforce growth in the Spanish market, also enabling the Group to implement important synergies over the coming years.

During the third quarter, the reorganisation of the Group in the Danish market also got underway and will reach its climax point with the merger by incorporation of Segafredo Zanetti Danmark Aps. into Meira Oy on December 31, 2017. This operation will allow the Group to continue trading locally with greater efficiency as it will be managed through an independent distributor.

Subsequent events

In October, a project was launched for the reorganisation of business activities of the Italian subsidiary Segrafredo Zanetti S.p.A. which will be completed and fully operational by the end of 2018. The aim of this reorganisation is to build a more effective network in Italy led by the sales team and to create efficiencies in the logistics and distribution network, enabling the Group to reap significant benefits over the coming years.

Business outlook

Based on the results of the first 9 months of 2017 and of the current market trends, the guidance for 2017 at Group level is confirmed at *Gross Profit*, *EBITDA Adjusted* and *Net Financial Position* level. Volumes instead will be affected by the softness that the Americas is experiencing in the *Private Label* channel. As a consequence, the forecast for 2017 volumes has been adjusted to the market condition and is now expected to be in line with that of 2016.

"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 purchases 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 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

With respect to the information provided in the notes to the consolidated condensed interim financial statements as at and for the six months ended June 30, 2017 and the consolidated financial statements for the year ended December 31, 2016, it should be noted that no related-party transactions with unusual characteristics or of significant amount were carried out in the third quarter of 2017.

In accordance with the regulations on transactions with related parties introduced pursuant to Consob Resolution no. 17221 dated March 12, 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 July 15, 2015 and amended on August 28, 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.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Consolidated Condensed Interim Income Statement

(in thousands of Euro)	**Note**	**Nine months ended September 30, 2017**	**2016**
Revenue	**9**	708,514	670,696
Other income		5,376	4,420
Raw, ancillary, and consumable materials and goods		(416,457)	(386,840)
Purchases of services, leases and rentals		(134,908)	(130,360)
Personnel costs		(107,849)	(103,610)
Other operating costs		(5,175)	(4,965)
Amortization, depreciation and impairment	**10**	(29,698)	(27,186)
Operating profit		**19,803**	**22,155**
Finance income		205	200
Finance costs		(6,191)	(5,240)
Share of losses of companies accounted for using the equity method		(469)	(82)
Profit before tax		**13,348**	**17,033**
Income tax expense		(5,140)	(6,491)
Profit for the year		**8,208**	**10,542**
Profit attributable to:			
Non-controlling interests		*144*	*138*
Owners of the parent		*8,064*	*10,404*
Basic/diluted earnings per share (in Euro)	**11**	**0.24**	**0.30**

Consolidated Condensed Interim Statement of Comprehensive Income

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Profit for the period	**8,208**	**10,542**
Gains/(Losses) from cash flow hedges	(2,758)	131
Currency translation differences	(17,644)	(2,418)
Items that may be subsequently reclassified to profit or loss	**(20,402)**	**(2,287)**
Remeasurements of employee benefit obligations	(148)	(108)
Items that will not be reclassified to profit or loss	**(148)**	**(108)**
Total comprehensive (loss)/income for the period	**(12,342)**	**8,147**
Comprehensive income attributable to non-controlling interests	136	134
Comprehensive (loss)/income attributable to owners of the parent	**(12,478)**	**8,013**

Consolidated Condensed Interim Statement of Financial Position

(in thousands of Euro)	Note	As at September 30 2017	As at December 31 2016 *
Intangible assets		184,092	190,943
Property, plant and equipment		214,292	220,173
Investment properties		4,241	4,319
Investments in joint ventures and associates		10,153	10,943
Non-current trade receivables		3,745	4,129
Deferred tax assets		12,196	10,279
Other non-current assets		15,470	16,036
Total non-current assets		**444,189**	**456,822**
Inventories		144,204	132,858
Trade receivables		125,753	120,074
Income tax assets		2,423	1,611
Other current assets		19,327	22,014
Cash and cash equivalents		54,884	45,167
Total current assets		**346,591**	**321,724**
Total assets		**790,780**	**778,546**
Share capital		34,300	34,300
Other reserves		99,601	124,738
Retained earnings		156,571	149,057
Equity attributable to owners of the Parent		**290,472**	**308,095**
Non-controlling interests		2,060	1,849
Total equity		**292,532**	**309,944**
Non-current borrowings	**7**	209,740	192,117
Employee benefits		9,251	9,268
Other non-current provisions	**8**	3,218	3,949
Deferred tax liabilities		28,068	29,069
Other non-current liabilities		3,569	3,345
Total non-current liabilities		**253,846**	**237,748**
Current borrowings	**7**	89,382	77,430
Trade payables		119,693	122,209
Income tax liabilities		1,542	644
Other current liabilities		33,785	30,571
Total current liabilities		**244,402**	**230,854**
Total liabilities		**498,248**	**468,602**
Total equity and liabilities		**790,780**	**778,546**

* Restated figures (See Note 1)

Consolidated Condensed Interim Statement of Cash Flows

(in thousands of Euro)	**Note**	**Nine months ended September 30, 2017**	**2016**
Profit before tax		**13,348**	**17,033**
Adjustments for:			
Amortization, depreciation and impairment		29,698	27,186
Provisions for employee benefits and other charges		590	421
Finance costs		5,986	5,122
Other non-monetary items		(157)	(37)
Net cash generated from operating activities before changes in net working capital		**49,465**	**49,725**
Changes in inventories		(17,445)	7,974
Changes in trade receivables		(11,520)	(15,717)
Changes in trade payables		1,156	26,995
Changes in other assets/liabilities		(348)	2,755
Payments of employee benefits		(401)	(851)
Interest paid		(5,309)	(5,164)
Income tax paid		(4,047)	(4,358)
Net cash generated from operating activities		**11,551**	**61,359**
Acquisition of subsidiary, net of cash acquired	**5**	(2,583)	(39,288)
Acquisition under common control, net of cash acquired		-	(2,624)
Purchase of property, plant and equipment		(27,078)	(20,956)
Purchase of intangible assets		(656)	(1,457)
Proceeds from sale of property, plant and equipment		1,561	528
Changes in financial receivables		6	122
Investments in joint ventures and associates		(840)	(10,139)
Changes in financial receivables		419	(278)
Interest received		69	9
Net cash used in investing activities		**(29,102)**	**(74,083)**
Proceeds from long-term borrowings	**7**	41,681	129,000
Repayment of long-term borrowings	**7**	(23,524)	(65,531)
Increase / (decrease) in short-term borrowings		15,259	(26,669)
Proceeds from sale of shares		-	-
Dividends paid		(5,305)	(3,087)
Net cash generated from financing activities		**28,111**	**33,713**
Exchange gains/(losses) on cash and cash equivalents		(843)	(192)
Net increase (decrease) in cash and cash equivalents		**9,717**	**20,797**
Cash and cash equivalents at the beginning of the period		45,167	25,574
Cash and cash equivalents at the end of the period		**54,884**	**46,371**

Consolidated Condensed Interim Statement of Changes in Equity

(in thousands of Euro)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As at December 31, 2016	**34,300**	**124,738**	**149,057**	**308,095**	**1,849**	**309,944**
Profit for the year	-	-	8,064	8,064	144	**8,208**
Remeasurements of employee benefit obligations	-	-	(140)	(140)	(8)	**(148)**
Losses from cash flow hedges	-	(2,758)	-	(2,758)	-	**(2,758)**
Currency translation differences	-	(17,644)	-	(17,644)	-	**(17,644)**
Total income for the period	**-**	**(20,402)**	**7,924**	**(12,478)**	**136**	**(12,342)**
Shareholders transactions	-	-	-	-	-	**-**
Purchase of Caswells Indonesia	-	-	-	-	235	**235**
Dividends paid	-	(5,145)	-	(5,145)	(160)	**(5,305)**
Reclassifications	-	410	(410)	-	-	**-**
Other changes	-	-	-	-	-	**-**
As at September 30, 2017	**34,300**	**99,601**	**156,571**	**290,472**	**2,060**	**292,532**

(in thousands of Euro)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As of December 31, 2015	**34,300**	**121,803**	**135,786**	**291,889**	**1,797**	**293,686**
Profit for the period	-	-	10,404	10,404	138	**10,542**
Remeasurements of employee benefit obligations	-	-	(104)	(104)	(4)	**(108)**
Gain from cash flow hedges	-	131	-	131	-	**131**
Currency translation differences	-	(2,418)	-	(2,418)	-	**(2,418)**
Total loss for the period	**-**	**(2,287)**	**10,300**	**8,013**	**134**	**8,147**
Shareholders transactions						**-**
Acquisition of Segafredo Zanetti World Wide SpA	-	-	(1,374)	(1,374)	-	**(1,374)**
Dividends paid	-	(3,087)	-	(3,087)	-	**(3,087)**
Reclassifications	-	18	(18)	-	-	**-**
At September 30, 2016	**34,300**	**116,447**	**144,694**	**295,441**	**1,931**	**297,372**

Notes

1. General information

Massimo Zanetti Beverage Group S.p.A. (hereinafter the “**Company**” or the “**Parent Company**”) 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 colonial products, including coffee, tea, cocoa and spices.

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

The Group’s interim report as at September 30, 2017 was prepared in accordance with article 154 ter, paragraph 5 of Legislative Decree no. 58/98 - TUF (Consolidated Law on Finance) as amended, and also article 2.2.3, paragraph 3 of the Regulation on Markets Organised and Managed by Borsa Italiana S.p.A., and taking account of Notice 7587 of April 21 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 December 31, 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 December 31, 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 December 31, 2017 are not expected to produce any significant impacts on the consolidated financial statements of the Group.

The items current and non-current trade receivables, other current and non-current assets, deferred tax assets and goodwill relating to December 31, 2016 and shown for comparative purposes in the Statement of Financial Position were reclassified to improve comparability with the corresponding balances as at September 30, 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 09 November 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 those 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 September 30,			Exchange rate as at December 31,	
		2017	2016	2017	2016	2015	2016	2015
US Dollar	USD	1.11	1.12	1.18	1.12	1.12	1.05	1.09
Australian Dollar	AUD	1.45	1.51	1.51	1.47	1.59	1.46	1.49
Japanese Yen	JPY	124.56	121.11	132.82	113.09	134.69	123.40	131.07
Swiss Franc	CHF	1.09	1.09	1.15	1.09	1.09	1.07	1.08
Brazilian Real	BRL	3.53	3.96	3.76	3.62	4.48	3.43	4.31
British Pound	GBP	0.87	0.80	0.88	0.86	0.74	0.86	0.73
Costarican Colon	CRC	631.08	603.60	677.20	615.59	599.06	580.81	585.64
Argentine Peso	ARS	18.09	16.22	20.66	17.02	10.55	16.75	14.10
Danish Crown	DKK	7.44	7.45	7.44	7.45	7.46	7.43	7.46
Polish Zloty	PLN	4.26	4.36	4.30	4.32	4.24	4.41	4.26
Chilean Peso	CLP	727.43	758.99	751.64	734.35	783.24	704.95	772.71
Czech Koruna	CZK	26.55	27.04	25.98	27.02	27.19	27.02	27.02
Mexican Peso	MXN	21.00	20.41	21.46	21.74	18.98	21.77	18.91
New Zealand Dollar	NZD	1.56	1.61	1.64	1.54	1.76	1.52	1.59
Singapore Dollar	SGD	1.55	1.53	1.60	1.52	1.59	1.52	1.54
Thai Bhat	THB	38.11	39.33	39.34	38.70	40.71	37.73	39.25
United Arab Emirates Dinar	AED	4.09	4.10	4.34	4.10	4.11	3.87	4.00
Malaysian Ringgit	MYR	4.84	4.56	4.98	4.61	4.92	4.73	4.70
Vietnamese Dong	VND	25,284.89	24,907.29	26,832.76	24,891.82	25,179.00	23,991.84	24,475.10
Croatian Kuna	HRK	7.44	7.54	7.50	7.52	7.64	7.56	7.64
Hong Kong Dollar	HKD	8.67	8.66	9.22	8.65	8.68	8.18	8.44
Romanian Leu	RON	4.55	4.49	4.60	4.45	n.a.	4.54	4.52
Hungarian Forint	HUF	308.47	312.16	310.67	309.79	313.45	309.83	315.98
Indonesian Rupiah	IDR	14,836.61	n.a.	15,888.51	n.a.	n.a.	n.a.	n.a.
Canadian Dollar	CAD	1.45	1.48	1.47	1.47	n.a.	1.42	n.a.

3. Management of Financial Risks

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

For the nine months ended September 30, 2017

The acquisition of Le.ma, a small local operator in the Italian market, took place in the first nine months of 2017 and in June, the Group acquired the business unit Tru Blue, operating in the distribution of coffee in Australia.

As regards the latter acquisition, the following table provides a comparison between the amount paid and the carrying amount of the net assets acquired:

(in thousands of Euro)	**Provisional Fair value**
Property, plant and equipment	9
Inventories	118
Net assets acquired	**127**
Consideration	(1,734)
Provisional goodwill	**1,607**

In addition, the purchase of a 67% stake in PT Caswell Indonesia, was completed in August. The following table provides a comparison between the amount paid and the carrying amount of the net assets acquired:

(in thousands of Euro)	**Provisional Fair value**
Property, plant and equipment	86
Inventories	192
Trade receivables	110
Other assets	131
Cash and cash equivalents	76
Loans	(139)
Trade payables	(26)
Other liabilities	(10)
Net assets acquired	**420**
Consideration	(725)
Provisional goodwill	**305**

For the nine months ended September 30, 2016

Nutricafés S.A.
In September 2016, the Group acquired Nutricafés S.A., for the sum of Euro 40,459 thousand.

In February 2016, the Group acquired the entire share capital of Segafredo Zanetti Worldwide Italia S.p.A., for an overall amount of Euro 2,800 thousand, on the basis of an independent expert's valuation.

Moreover, in the first nine months of 2016 the Group made several acquisitions, not as significant yet still supporting the business in Vietnam, Italy and Australia, for a total amount of Euro 379 thousand net of cash acquired, which led to the recognition of goodwill of Euro 276 thousand.

6. Operating Segments

IFRS 8 defines an operating segment as a component of an entity: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker; and (iii) for which discrete financial information is available. For the purposes of IFRS 8, the Group has a single operating segment.

Details of revenue by product line, distribution channel and geographical area are provided in Note 9 - Revenue.

7. Current and Non-current borrowings

The following tables provide a breakdown of current and non-current borrowings at September 30, 2017 and December 31, 2016.

As at September 30, 2017 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	22,173	204,465	2,230	228,868
Short-term borrowings	58,279	-	-	58,279
Advances from factors and banks	7,751	-	-	7,751
Finance lease liabilities	1,179	2,800	245	4,224
Total	**89,382**	**207,265**	**2,475**	**299,122**

As at December 31, 2016 *(in thousands of Euro)*	**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
Finance lease liabilities	1,608	2,041	683	4,332
Total	**77,430**	**142,919**	**49,198**	**269,547**

Long-term borrowings

The following table provides details of the main long-term borrowings in place as at September 30, 2017 and December 31, 2016:

			As at September 30	**As at December 31**
Interest rate	**Year**	**Initial principal amount**	**2017**	**2016**
		(in thousands)	*(in thousands of Euro)*	
denominated in Euro				
Euribor 6M + 3.00%	2013	20,000	-	8,459
Euribor 3M + 3.50%	2013	12,000	-	2,518
Euribor 6M + 2.50%	2011	15,000	-	2,774
Euribor 6M + 1.25%	2015	5,000	847	2,524
Euribor 3M + 1.25%	2015	12,000	8,667	9,667
Euribor 6M + 1%	2016	5,000	3,201	4,437
Euribor 3M + 1.10%	2016	15,000	11,634	14,969
Euribor 6M + 1.35%	2016	50,000	50,000	50,000
Euribor 6M + 0.90%	2016	9,000	8,991	8,987
Euribor 6M + 1.05%	2016	50,000	49,815	49,787
Euribor 6M + 0.9%	2016	10,000	9,996	9,995
Euribor 3M + 0.75%	2016	10,000	9,995	9,995
Euribor 6M +1%	2016	10,000	9,984	4,962
0.80%	2017	10,000	9,984	-
Euribor 3M +0.85%	2017	15,000	14,985	-
Euribor 3M +0.85%	2017	10,000	9,512	-
Other loans	-	-	2,580	1,068
		subtotal	**200,190**	**180,142**
denominated in USD				
Libor 1M + 2.50%	2015	39,620	26,669	31,680
6.5% Libor 3M + 7.5%	2015	3,000	2,008	2,523
		subtotal	**28,677**	**34,203**
Total			**228,868**	**214,345**
of which non-current			*206,695*	*189,393*
of which current			*22,173*	*24,952*

The Group's loan contracts require compliance with the so-called negative pledge and financial covenant commitments considered standard international practice for such agreements.

These covenants are constantly monitored by the Group's management and were complied with as at September 30, 2017 and December 31, 2016.

In the nine months ended September 30, 2017, the Group entered into two medium-to-long term financing agreements with the following financial institutions:

- Banco BPM – entered into on April 07, 2017 for a principal amount of Euro 10,000 thousand and with a maturity date of June 30, 2022;
- UBI Banca – entered into on May 18, 2017 for a principal amount of Euro 15,000 thousand and with a maturity date of May 18, 2022;

In order to reduce the Group's exposure to interest rate fluctuations, Interest Rate Swap agreements were entered into on existing loans.

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

	As at September 30	**As at December 31**
(in thousands of Euro)	**2017**	**2016**
Principal amount of long-term borrowings		
- at variable rate	218,884	214,995
- at fixed rate	9,984	-
Notional value of derivatives on interest rates	91,167	23,476
Long-term borrowings converted at fixed rate	44%	11%
Remaining portion of long-term borrowings at variable rate	56%	89%
Long-term borrowings denominated in Euro	87%	84%
Long-term borrowings denominated in USD	13%	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 factors or other banks in relation to trade receivables assigned during the year that do not meet the criteria established for the de-recognition of the financial asset.

Net financial indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at September 30, 2017 and December 31, 2016, determined in accordance with CONSOB communication dated July 28, 2006 and ESMA/2013/319 Recommendation:

		As at September 30	As at December 31
(in thousands of Euro)		2017	2016
A	Cash and cash equivalents	(747)	(931)
B	Cash at bank	(54,137)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(54,884)**	**(45,167)**
E	**Current financial receivables**	**(3,482)**	**(3,495)**
F	Current loans	66,030	50,870
G	Current portion of non-current loans	22,173	24,952
H	Other current financial payables	1,179	1,608
I	**Current indebtedness (F+G+H)**	**89,382**	**77,430**
J	**Net current indebtedness (I+E+D)**	**31,016**	**28,768**
K	Non-current medium/long-term loans	206,695	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	3,045	2,724
N	**Non-current indebtedness (K+L+M)**	**209,740**	**192,117**
O	**Net financial indebtedness (J+N)**	**240,756**	**220,885**

8. Contingent liabilities

On May 9, 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 the appeal proceedings, Massimo Zanetti Beverage USA Inc. and the defendants in the court case, though not considering an unfavourable outcome of the dispute very likely, do not exclude a possible extra-judicial resolution of the dispute. Considering that we are in the initial phases of the dispute and that numerous other factors will influence the outcome, the companies involved are not currently capable of estimating an amount that needs to be put aside.

9. Revenue

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

	Nine months ended September 30,	
(in thousands of Euro)	2017	2016
Sales of roasted coffee	630,517	594,114
Sale of regional products and other food related products	33,478	35,010
Sales of coffee machines	24,695	24,038
Revenue from café network	8,447	8,453
Other revenue	11,377	9,081
Total	**708,514**	**670,696**

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

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Mass Market	261,163	251,114
Foodservice	157,613	141,994
Private Label	245,219	236,016
Other	44,519	41,572
Total	**708,514**	**670,696**

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

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Americas	334,780	331,529
Northern Europe	134,661	128,384
Southern Europe	182,711	159,771
Asia-Pacific and Cafés	56,362	51,012
Total	**708,514**	**670,696**

10. Amortization, Depreciation and Impairment

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

	Nine months ended September 30,	
(in thousands of Euro)	**2017**	**2016**
Depreciation of property, plant and equipment	23,334	21,394
Amortization of intangible assets	4,232	2,529
Depreciation of investment property	77	77
Allowances for doubtful accounts	2,055	3,186
Total	**29,698**	**27,186**

11. Earnings per share

The following table provides a breakdown of earnings per share:

	Nine months ended September 30,	
(in thousands of Euro, unless otherwise indicated)	**2017**	**2016**
Average number of ordinary shares	34,300,000	34,300,000
Profit attributable to owners of the Parent	8,064	10,404
Basic and diluted earnings per share (in Euro)	**0.24**	**0.30**

Basic earnings per share and diluted earnings per share were the same for the nine months ended September 30, 2017 and 2016, as there were no dilutive options or other potentially dilutive ordinary shares.

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)	September 30, 2017	December 31, 2016
Massimo Zanetti Beverage S.A.	Geneva	December 31	CHF	149,900	100%	100%
Segafredo Zanetti S.p.A.	Bologna	December 31	EUR	38,800	100%	100%
La San Marco S.p.A.	Gorizia	December 31	EUR	7,000	90%	90%
Segafredo Zanetti Sarl	Geneva	December 31	CHF	20	100%	100%
Segafredo Zanetti Argentina S.A.	Buenos Aires	December 31	ARS	4,913	100%	100%
Segafredo Zanetti Australia Pty Ltd.	Sydney	December 31	AUD	4,400	100%	100%
Segafredo Zanetti Austria GmbH	Salzburg	December 31	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Brussels	December 31	EUR	3,892	100%	100%
Segafredo Zanetti (Brasil) Com. Distr. de Café SA	Belo Horizonte	December 31	BRL	16,479	100%	100%
Segafredo Zanetti Chile S.A.	Santiago	December 31	CLP	25,000	100%	100%
Segafredo Zanetti Coffee System S.p.A.	Treviso	December 31	EUR	6,000	100%	100%
Segafredo Zanetti CR spol.sro	Prague	December 31	CSK	9,300	100%	100%
Segafredo Zanetti Danmark Aps	Copenhagen	December 31	DKK	141	100%	100%
Segafredo Zanetti Deutschland GmbH	Munich	December 31	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Worldwide Ltd.	Geneva	December 31	CHF	38,000	98%	98%
Segafredo Zanetti Espresso Worldwide Japan Inc.	Tokyo	December 31	YEN	179,500	98%	98%
Segafredo Zanetti France S.A.S.	Rouen	December 31	EUR	8,500	100%	100%
Segafredo Zanetti Hellas S.A.	Athens	December 31	EUR	950	100%	100%
Segafredo Zanetti Hungaria KFT	Budapest	December 31	HUF	46,630	100%	100%
Tiktak/Segafredo Zanetti Nederland BV	Groningen	December 31	EUR	18	100%	100%
Segafredo Zanetti Poland Sp.z.o.o.	Bochnia	December 31	PLN	47,615	100%	100%
Segafredo Zanetti Portugal S.A.	Porto	December 31	EUR	40,300	n.a.	100%
Segafredo Zanetti SR Spol S.r.o.	Bratislava	December 31	EUR	200	100%	100%
Segafredo Zanetti Trgovanje s kavo. d.o.o.	Ljubljana	December 31	EUR	651	100%	100%
Brodie Merlose Drysdale & CO Ltd.	Edinburgh	December 31	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	December 31	EUR	152	100%	100%
Distribuidora Cafè Montaña S.A.	San Jose	December 31	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Jose	December 31	CRC	10	100%	100%
Massimo Zanetti Beverage U.S.A. Inc.	Suffolk	December 31	USD	73,641	100%	100%
Meira Eesti Oü	Tallin	December 31	EUR	15	100%	100%
Meira Oy Ltd.	Helsinki	December 31	EUR	1,000	100%	100%
Puccinos Worldwide Ltd	Edinburgh	December 31	GBP	0	100%	100%
Massimo Zanetti Beverage Mexico SA de CV	Mazatlán	December 31	MXN	1,806	50%	50%
MZB Cafes USA Inc	Suffolk	December 31	USD	0	100%	100%
Kauai Coffee Company LLC	Hawaii	December 31	USD	0	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	December 31	USD	0	100%	100%
Coffee Care (South West) Ltd	Weddmore	December 31	GBP	0	50%	50%
Segafredo Zanetti New Zealand Ltd	Auckland	December 31	NZD	0	100%	100%
Segafredo Zanetti Croatia d.o.o.	Zagreb	December 31	HRK	1,850	100%	100%
Massimo Zanetti Beverage Vietnam Company Ltd	Ben Cat district - Binh Duong	December 31	VND	21,000,000	100%	100%
Segafredo Zanetti (Thailand) Ltd	Bangkok	December 31	THB	15,300	100%	100%
Boncafe International Pte Ltd	Singapore	December 31	SGD	18,300	100%	100%
Boncafe (Cambodia) Ltd	Phnom Penh	December 31	KHR	108,000	100%	100%
Boncafe (M) Sendirian Berhad	Kuala Lumpur	December 31	MYR	200	100%	100%
Boncafe (East Malaysia) Sdn Bhd	Kota Kinabalu	December 31	MYR	0	n.a.	100%
Six Degrees Cafè Pte Ltd	Singapore	December 31	SGD	0	100%	100%
BeanToCup (Thailand) Ltd	Bangkok	December 31	THB	4,000	100%	100%
Boncafe Middle East Co LLC	Dubai	December 31	AED	300	100%	100%
Boncafe (Thailand) Ltd	Bangkok	December 31	THB	150,000	100%	100%
Massimo Zanetti Beverage (Thailand) Ltd	Bangkok	December 31	THB	30,000	100%	100%
Boncafe (Hong Kong) Ltd	Hong Kong	December 31	USD	500	100%	100%
Segafredo Zanetti Grandi Eventi Srl	Bologna	December 31	EUR	20	100%	100%
MZB Services SRL	Municipiul Brasov	December 31	RON	1	51%	51%
Boncafe Vietnam Company Ltd	Thuan An	December 31	VND	12,268,000	100%	100%
Massimo Zanetti Beverage USA (Canada), Inc.	Suffolk	December 31	USD	0	100%	100%
Massimo Zanetti Beverage Canada Investment ULC	Vancouver	December 31	CAD	0	100%	100%
Club Coffee LP	Toronto	April 25	CAD	4,000	15%	15%
Massimo Zanetti Beverage Iberia S.A.	Lisbon	December 31	EUR	40,000	100%	100%
Virtus pallacanestro Bologna SSD a.r.l.	Bologna	June 30	EUR	2,101	40%	n.a.
PT Casewell Indonesia	Jakarta	December 31	IDR	2,525,000,000	67%	n.a.

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

	Nine months ended September 30,			
(in thousands of Euro)	**2017**	***of which related parties***	**2016**	***of which related parties***
Revenue	708,514	848	670,696	84
Other income	5,376		4,420	
Raw, ancillary, and consumable materials and goods	(416,457)	(152,690)	(386,840)	(126,837)
Purchases of services, leases and rentals	(134,908)	(725)	(130,360)	(342)
Personnel costs	(107,849)	(4,350)	(103,610)	(2,667)
Other operating costs	(5,175)		(4,965)	
Amortization, depreciation and impairment	(29,698)		(27,186)	
Operating profit	**19,803**		**22,155**	
Finance income	205	4	200	-
Finance costs	(6,191)	(1,050)	(5,240)	(803)
Share of losses of companies accounted for using the equity method	(469)		(82)	
Profit before tax	**13,348**		**17,033**	
Income tax expense	(5,140)		(6,491)	
Profit for the year	**8,208**		**10,542**	
Profit attributable to:				
Non-controlling interests	*144*		*138*	
Owners of the parent	*8,064*		*10,404*	
	-		-	
Basic and diluted earnings per share (in Euro)	**0.24**		**0.30**	

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

	As at September 30		As at December 31	
(in thousands of Euro)	**2017**	*of which related parties*	**2016 ***	*of which related parties*
Intangible assets	184,092		190,943	
Property, plant and equipment	214,292		220,173	
Investment properties	4,241		4,319	
Investments in joint venture	10,153		10,943	
Non-current trade receivables	3,745		4,129	
Deferred tax assets	12,196		10,279	
Other non-current assets	15,470	240	16,036	120
Total non-current assets	**444,189**		**456,822**	
Inventories	144,204		132,858	
Trade receivables	125,753	178	120,074	359
Income tax assets	2,423		1,611	
Other current assets	19,327	52	22,014	-
Cash and cash equivalents	54,884		45,167	
Total current assets	**346,591**		**321,724**	
Total assets	**790,780**		**778,546**	
Share capital	34,300		34,300	
Other reserves	99,601		124,738	
Retained earnings	156,571		149,057	
Equity attributable to owners of the Parent	**290,472**		**308,095**	
Non-controlling interests	2,060		1,849	
Total equity	**292,532**		**309,944**	
Non-current borrowings	209,740		192,117	
Employee benefits	9,251		9,268	
Other non-current provisions	3,218		3,949	
Deferred tax liabilities	28,068		29,069	
Other non-current liabilities	3,569		3,345	
Total non-current liabilities	**253,846**		**237,748**	
Current borrowings	89,382		77,430	
Trade payables	119,693	44,520	122,209	46,647
Income tax liabilities	1,542		644	
Other current liabilities	33,785		30,571	
Total current liabilities	**244,402**		**230,854**	
Total liabilities	**498,248**		**468,602**	
Total equity and liabilities	**790,780**		**778,546**	

* Restated figures (See Note 1)

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

	Nine months ended September 30,			
(in thousands of Euro)	**2017**	*of which related parties*	**2016**	*of which related parties*
Profit before tax	**13,348**		**17,033**	
Adjustments for:	-		-	
Amortization, depreciation and impairment	29,698		27,186	
Provisions for employee benefits and other charges	590		421	
Finance costs	5,986	1,046	5,122	803
Other non-monetary items	(157)		(37)	
Net cash generated from operating activities before changes in net working capital	**49,465**		**49,725**	
Changes in inventories	(17,445)		7,974	
Changes in trade receivables	(11,520)	181	(15,717)	(47)
Changes in trade payables	1,156	(1,487)	26,995	22,938
Changes in other assets/liabilities	(348)	(172)	2,755	117
Payments of employee benefits	(401)		(851)	
Interest paid	(5,309)	(1,050)	(5,164)	(446)
Income tax paid	(4,047)		(4,358)	
Net cash generated from operating activities	**11,551**		**61,359**	
Acquisition of subsidiary, net of cash acquired	(2,583)		(39,288)	
Acquisition under common control, net of cash acquired	-	-	(2,624)	(2,624)
Purchase of property, plant and equipment	(27,078)		(20,956)	
Purchase of intangible assets	(656)		(1,457)	
Proceeds from sale of property, plant and equipment	1,561		528	
Changes in financial receivables	6		122	
Investments in joint ventures and associates	(840)		(10,139)	
Changes in financial receivables	419		(278)	
Interest received	69		9	
Net cash used in investing activities	**(29,102)**		**(74,083)**	
Proceeds from long-term borrowings	41,681		129,000	
Repayment of long-term borrowings	(23,524)		(65,531)	
Increase / (decrease) in short-term borrowings	15,259		(26,669)	
Proceeds from sale of shares	-		-	
Dividends paid	(5,305)		(3,087)	
Net cash generated from financing activities	**28,111**		**33,713**	
Exchange gains/(losses) on cash and cash equivalents	(843)		(192)	
Net increase (decrease) in cash and cash equivalents	**9,717**		**20,797**	
Cash and cash equivalents at the beginning of the period	45,167		25,574	
Cash and cash equivalents at the end of the period	**54,884**		**46,371**	

Declaration of the Manager in charge of the preparation of the corporate accounting documents on the Interim Report as at 30 September 2016 pursuant to Article 154-bis, paragraph 2 of Legislative Decree no. 58/98 as amended and supplemented

Pursuant to art. 154-bis para. 2 of TUF, Massimo Zuffi, the Manager in Charge of the Financial Reports, declares that the accounting information contained in the present interim financial report at September 30, 2017 corresponds to the underlying documentary and accounting records.

Villorba (TV), November 9, 2017

Manager in Charge of the Company's
Financial Reports
Massimo Zuffi