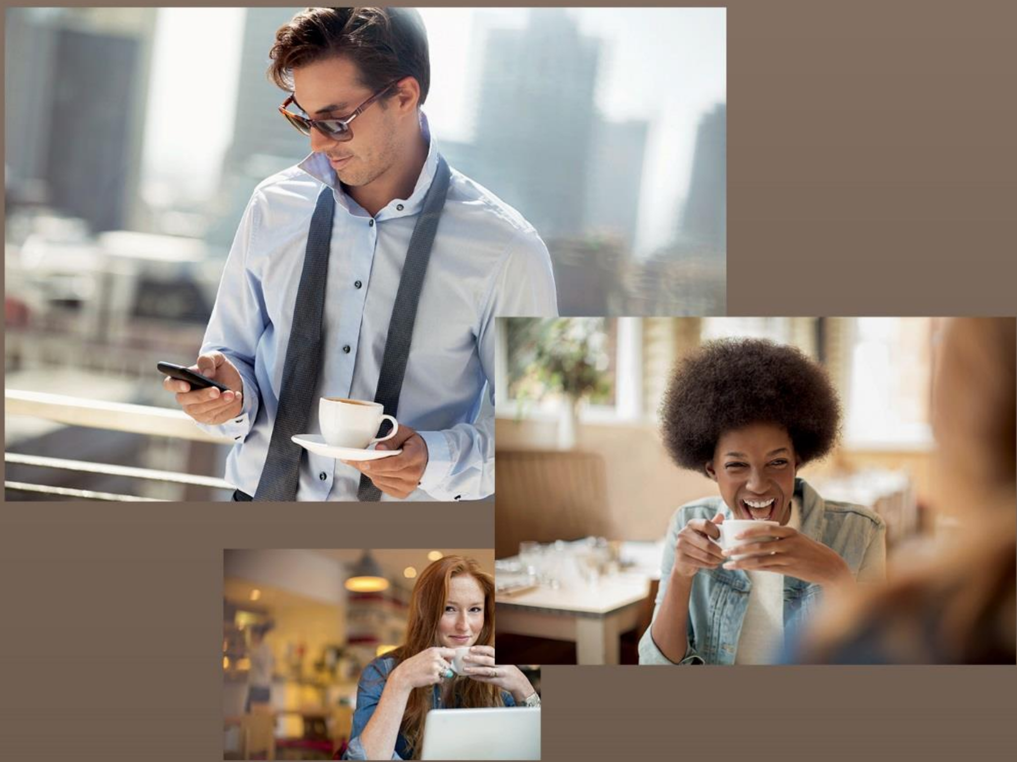
Interim Report as at and for the First Quarter ended 31 March 2018



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

Corporate Reporting Manager

Leonardo Rossi

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 2018, 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 2018

The following table sets forth the reclassified consolidated income statement for the three months ended 31 March 2018 and 2017:

	Three months ended 31 March				Change	
(in thousands of Euro)	**2018**	**(*)**	**2017**	**(*)**	**2018-2017**	
Revenue	211,202	100.0%	233,640	100.0%	(22,438)	-9.6%
Raw, ancillary, and consumable materials and goods	(118,014)	-55.9%	(136,889)	-58.6%	18,875	-13.8%
Gross Profit[(1)]	**93,188**	**44.1%**	**96,751**	**41.4%**	**(3,563)**	**-3.7%**
Purchases of services, leases and rentals	(42,812)	-20.3%	(45,012)	-19.3%	2,200	-4.9%
Personnel costs	(35,000)	-16.6%	(36,679)	-15.7%	1,679	-4.6%
Other operating costs, net[(2)]	233	0.1%	(32)	0.0%	265	>- 100%
Impairment[(3)]	(396)	-0.2%	(1,116)	-0.5%	720	-64.5%
EBITDA[(1)]	**15,213**	**7.2%**	**13,912**	**6.0%**	**1,301**	9.4%
Depreciation and amortization[(4)]	(8,852)	-4.2%	(9,079)	-3.9%	227	-2.5%
Operating profit	**6,361**	**3.0%**	**4,833**	**2.1%**	**1,528**	**31.6%**
Net finance costs[(5)]	(1,985)	-0.9%	(944)	-0.4%	(1,041)	> 100%
Share of losses of companies accounted for using the equity method	(138)	-0.1%	(80)	0.0%	(58)	72.5%
Profit before tax	**4,238**	**2.0%**	**3,809**	**1.6%**	**429**	**11.3%**
Income tax expense	(1,441)	-0.7%	(1,490)	-0.6%	49	-3.3%
Profit for the period	**2,797**	**1.3%**	**2,319**	**1.0%**	**478**	**20.6%**

(*) 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 for the first quarter of 2018 amounts to Euro 211,202 thousand, a decrease of Euro 22,438 thousand (-9.6%) compared to the same period of 2017. The decrease is mainly due to:

- the exchange rate impact, mainly due to the US dollar fluctuations (-6.7%)
- the decrease in the sales price of roasted coffee and other (-1.7%);
- the decrease in the volumes of roasted coffee sold (-0.9%);
- the impact of IFRS 15 prospective application on revenue from January 1, 2018 (-0.3%);

Specifically, applying IFRS 15 on revenues has implied the reclassification, in reduction of revenues, of amounts given to customer without specific goods or services being provided for, especially in the *Mass Market* channel. A retrospective application on 2017 would have implied a reclassification from "Purchase of services, leases and rentals" to "Revenues" of Euro 678 thousand. For additional information, reference should be made to note *5* - "*Impacts from new accounting standards*".

Net of the exchange rate fluctuations and the impact of IFRS 15, the change in revenue is mainly due to the reduction in "Sales of roasted coffee", down by Euro 5,415 thousand (-2.3%). The decrease is mainly due to the combined effect of:

- the decrease in the volumes of roasted coffee sold of 0.9% compared to the first three months of 2017. The volumes of roasted coffee sold amount to 30.6 thousand tonnes and 30.9 thousand tonnes for the three months ended 31 March 2018 and 2017, respectively. The decrease, which affected the Americas (0.9 thousand tonnes) in the *Private Label* and *Mass Market* channels, was partially offset by the positive performance of Southern Europe (0.5 thousand tonnes), mainly in the *Mass Market* and *Private Label* channels and, to a lesser extent, in Northern Europe and Asia-Pacific;
- the decrease in the sales prices of roasted coffee, which resulted in a -1.4% drop in revenue due to the overall market decline as a result of the lower cost of raw materials (green coffee).

The following table provides a breakdown of revenue of the Group for the three months ended 31 March 2018 and 2017, by sales channel:

	Three months ended 31 March				**Change**	
(in thousands of Euro)	**2018**	**(*)**	**2017**	**(*)**	**2018-2017**	
Foodservice	49,961	23.7%	49.758	21.3%	203	0.4%
Mass Market	78,990	37.4%	87.996	37.7%	(9.006)	-10.2%
Private Label	68,299	32.3%	81.833	35.0%	(13.534)	-16.5%
Other	13,952	6.6%	14.053	6.0%	(101)	-0.7%
Total	**211,202**	**100.0%**	**233,640**	**100.0%**	**(22.438)**	**-9.6%**

(*) Percentage of revenue

The following table provides a breakdown of revenue of the Group for the three months ended 31 March 2018 and 2017, by geographical area:

	Three months ended 31 March				Change	
(in thousands of Euro)	**2018**	**(*)**	**2017**	**(*)**	**2018-2017**	
Americas	91,707	43.4%	113,691	48.7%	(21,984)	-19.3%
Northern Europe	42,853	20.3%	43,491	18.6%	(638)	-1.5%
Southern Europe	57,258	27.1%	57,781	24.7%	(523)	-0.9%
Asia-Pacific and Cafés	19,384	9.2%	18,677	8.0%	707	3.8%
Total	**211,202**	**100.0%**	**233,640**	**100.0%**	**(22,438)**	**-9.6%**

(*) Percentage of revenue

Gross profit

Gross Profit of Euro 93,188 thousand for the three months ended 31 March 2018, was down by Euro 3,563 thousand (-3.7%) compared to the same period of 2017. This is due to:

- the impact of foreign currency exchange rate fluctuations (-5.4%);
- the increase in Gross Profit due to the sale of roasted coffee and other products (+2.4%);
- the impact IFRS 15 prospective application (-0,7%).

On a constant currency basis and net of the effects of IFRS 15, Gross Profit increases by Euro 2,336 thousand (+2.4%), mainly due to the sale of roasted coffee (+2.3%). The increase in Gross Profit from the sale of roasted coffee is in turn 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 2018 and 2017 (+3.1%), partially offset by the decrease in volumes of roasted coffee (-0.8%).

EBITDA

The following table provides a reconciliation between **EBITDA** and profit for the three months ended ended 31 March 2018 and 2017.

	Three months ended 31 March				Change	
(in thousands of Euro)	**2018**	**(*)**	**2017**	**(*)**	**2018-2017**	
Profit for the period	2,797	1.3%	2,319	1.0%	478	20.6%
Income tax expense	1,441	0.7%	1,490	0.6%	(49)	-3.3%
Finance costs	2,039	1.0%	1,000	0.4%	1,039	> 100%
Finance income	(54)	0.0%	(56)	0.0%	2	-3.6%
Share of losses of companies accounted for using the equity method	138	0.1%	80	0.0%	58	72.5%
Depreciation and amortization(1)	8,852	4.1%	9,079	3.9%	(227)	-2.5%
EBITDA(2)	**15,213**	**7.2%**	**13,912**	**5.9%**	**1,301**	**9.4%**

(*) 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 of Euro 15,213 thousand for the three months ended 31 March 2018, rose by Euro 1,301 thousand (+9.4%) compared to the same period in 2017, including the negative impact of exchange rate fluctuations for Euro 769 thousand.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position at 31 March 2018 and at 31 December 2017.

	As at 31 March	As at 31 December
(in thousands of Euro)	**2018**	**2017**
Investments:		
Intangible assets	181,687	183,231
Property, plant and equipment and investment properties(1)	213,816	217,717
Investments in joint ventures and associates	9,509	9,616
Non-current trade receivables	2,540	3,076
Deferred tax assets and other non-current assets(2)	25,383	23,913
Non-current assets (A)	**432,935**	**437,553**
Net working capital (B)(3)	**93,514**	**92,199**
Employee benefits	(9,037)	(8,987)
Other non-current provisions	(3,005)	(2,986)
Deferred tax liabilities and other non-current liabilities(4)	(26,189)	(25,942)
Non-current liabilities (C)	**(38,231)**	**(37,915)**
Net invested capital (A+B+C)	**488,218**	**491,837**
Sources:		
Equity	297,711	300,882
Net Financial Indebtedness	190,507	190,955
Sources of financing	**488,218**	**491,837**

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 2018 and at 31 December 2017.

	As at 31 March	As at 31 December
(in thousands of Euro)	**2018**	**2017**
Inventories	135,035	127,997
Trade receivables	114,884	123,405
Income tax assets	2,069	1,975
Other current assets (1)	16,772	15,868
Trade payables	(136,552)	(139,329)
Income tax liabilities	(1,678)	(1,433)
Other current liabilities	(37,016)	(36,284)
Net working capital(2)	**93,514**	**92,199**

(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 2018 and 2017.

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
EBITDA Adjusted*(1)*	**15,213**	**13,912**
Changes in Net Working Capital	(6,244)	(16,511)
Net recurring investments(2)	(5,796)	(7,931)
Income tax paid	(869)	(926)
Other operating items (3)	550	1,341
Free Cash Flow*(1)*	**2,854**	**(10,115)**
Net non-recurring investments(4)	(280)	(200)
Investments in financial receivables (5)	(709)	780
Interest paid	(1,768)	(2,079)
Net cash generated from financing activities	(3,155)	12,968
Exchange gains/(losses) on cash and cash equivalents	(908)	113
Net increase in cash and cash equivalents	**(3,966)**	**1,467**
Cash and cash equivalents at the beginning of the period	89,594	45,167
Cash and cash equivalents at the end of the period	**85,628**	**46,634**

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, positive for Euro 2,854 thousand for the three months ended 31 March 2018, shows an increase of Euro 12,969 thousand compared to the same period in 2017. This increase 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 2018 and 2017:

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
Changes in inventories	(8,392)	(20,239)
Changes in trade receivables	3,896	(5,300)
Changes in trade payables	(1,195)	9,087
Changes in other assets/liabilities	(448)	71
Payments of employee benefits	(105)	(130)
Changes in Net Working Capital(1)	**(6,244)**	**(16,511)**

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

Changes in Net Working Capital, with a negative balance of Euro 6,244 thousand for the first three months ended 31 March 2018 show a decrease of Euro 10,267 thousand compared to the same period in 2017. The decrease is mainly due to inventories and receivables, only partially compensated by trade payables.

Net recurring investments, absorbing cash in an amount of Euro 5,796 thousand for the first quarter of 2018, are decreasing compared to the first quarter of 2017 (Euro 7,391 thousand).

Net non-recurring investments show a negative balance of Euro 280 thousand and Euro 200 thousand for the first three months ended 31 March of 2018 and 2017, respectively.

In the first quarter of 2018, non-recurring investments, net, relate to the subscription of Virtus Pallacanestro Bologna S.S.D. a R.L.’s capital increase.

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

Investments in financial receivables 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 is negative for Euro 3,155 thousand for the three months ended 31 March 2018; it was positive for 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 2018 and 31 December 2017, determined in accordance with the CONSOB Communication dated 28 July 2006, and in compliance with the ESMA Recommendation 2013/319:

		As at 31 March	As at 31 December
(in thousands of Euro)		**2018**	**2017**
A	Cash and cash equivalents	(737)	(803)
B	Cash at bank	(84,891)	(88,791)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(85,628)**	**(89,594)**
E	**Current financial receivables**	**(2,931)**	**(2,327)**
F	Current loans	57,571	53,014
G	Current portion of non-current medium/long-term loans	28,519	24,259
H	Other current financial payables	1,179	1,459
I	**Current indebtedness (F+G+H)**	**87,269**	**78,732**
J	**Net current indebtedness (I+E+D)**	**(1,290)**	**(13,189)**
K	Non-current medium/long-term loans	189,116	201,453
L	Issued bonds	-	-
M	Other non-current financial payables	2,681	2,692
N	**Non-current indebtedness (K+L+M)**	**191,797**	**204,145**
O	**Net financial indebtedness (J+N)**	**190,507**	**190,956**

Net Financial Indebtedness amounted to Euro 190,507 thousand at 31 March 2018, a decrease of Euro 449 thousand compared to 31 December 2017. This decrease is mainly due to the combined effect generated by: *i*) positive *Free Cash Flow* by Euro 2,854 thousand in the first three months of 2018 partially offset by *ii)* interest paid in the first three months of 2018 amounting to Euro 1,768 thousand, and *iii*) exchange rate differences and other variations totalling Euro 637 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 2018 and 2017.

	Three months ended 31 March			
(in thousands of Euro)	**2018**		**2017**	
	Capital expenditure	**Cash-out**	**Capital expenditure**	**Cash-out**
Business combinations, including those under common control	-	-	200	200
Investments in associates	280	280	-	-
Intangible assets	380	380	439	439
Property, plant and equipment	5,740	5,740	7,808	7,808
Total non-current assets	**6,400**	**6,400**	**8,447**	**8,447**

Business combinations and Business combinations under common control
There were no investments in the first quarter of 2018. Cash-out amounted to Euro 200 thousand for the first three months of 2017 relating to the acquisition of a small local producer on the Italian market.

Investments in associates
Investments in associates amount to Euro 280 thousand at 31 March 2018 and refer to the subscription of Virtus Pallacanestro Bologna S.S.D. a R.L.'s capital increase.

Property, plant and equipment
The investments made in the first quarter of 2018 mainly refer to bar equipment and industrial and commercial equipment of Euro 3,701 thousand and Euro 868 thousand, respectively.

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.

Intangible assets
Capital expenditure was Euro 380 thousand and Euro 439 thousand for the first quarter of 2018 and 2017, respectively, and mainly relate to software and other intangible assets.

Key events for the three months ended 31 March 2018
No significant events occurred in the first quarter of 2018.

Subsequent events
On 10 April 2018, the Ordinary Shareholders' Meeting of Massimo Zanetti Beverage Group S.p.A. approved the 2017 financial statements and the distribution of a dividend of Euro 0.17 per share, for a total of Euro 5,831 thousand.

Within the scope of the ordinary fund raising activities, the Group entered into a medium-to-long term loan agreement with Banca Popolare di Sondrio in April 2018 for an overall amount of Euro 15,000 thousand reaching maturity in 2025.

Business outlook
Based on the results achieved for the three months ended 31 March 2018 and on the current market trends, the outlook for the Group performance in 2018 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 2017, no unusual transactions in terms of amount or importance were carried out in the three months ended 31 March 2018 with related parties with the exception of the long-established activities of green coffee sale and purchase that the Group maintains with Cofiroaster SA, an entity falling under the category of “Entities under Common Control”.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS ENDED 31 MARCH 2018

Consolidated Condensed Interim Income Statement

(in thousands of Euro)	**Nota**	**Three months ended 31 March**	
		2018	**2017**
Revenue	**8**	211,202	233,640
Other income		1,732	1,549
Raw, ancillary, and consumable materials and goods		(118,014)	(136,889)
Purchases of services, leases and rentals		(42,812)	(45,012)
Personnel costs		(35,000)	(36,679)
Other operating costs		(1,499)	(1,581)
Amortization, depreciation and impairment	**9**	(9,248)	(10,195)
Operating profit		**6,361**	**4,833**
Finance income		54	56
Finance costs		(2,039)	(1,000)
Share of losses of companies accounted for using the equity method		(138)	(80)
Profit before tax		**4,238**	**3,809**
Income tax expense		(1,441)	(1,490)
Profit for the period		**2,797**	**2,319**
Profit attributable to:			
Non-controlling interests		*16*	*47*
Owners of the parent		*2,781*	*2,272*
Basic/diluted earnings per share (in Euro)	**10**	**0.08**	**0.07**

Consolidated Condensed Interim Statement of Comprehensive Income

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
Profit for the period	**2,797**	**2,319**
Gains/(Losses) from cash flow hedges	162	(480)
Currency translation differences	(3,160)	(693)
Items that may be subsequently reclassified to profit or loss	**(2,998)**	**(1,173)**
Remeasurements of employee benefit obligations	**-**	-
Items that will not be reclassified to profit or loss	-	-
Total comprehensive (loss)/income for the period	**(201)**	**1,146**
Comprehensive income attributable to non-controlling interests	**16**	47
Comprehensive (loss)/income attributable to owners of the parent	**(217)**	**1,099**

Consolidated Interim Statement of Financial Position

(in thousands of Euro)	Note	As at 31 March 2018	As at 31 December 2017
Intangible assets		181,687	183,231
Property, plant and equipment		208,957	212,830
Investment properties		4,859	4,887
Investments in joint ventures and associates		9,509	9,616
Non-current trade receivables		2,540	3,076
Deferred tax assets		11,789	10,244
Other non-current assets		5,785	13,669
Non-current contract assets		7,809	-
Total non-current assets		**432,935**	**437,553**
Inventories		135,035	127,997
Trade receivables		114,884	123,405
Income tax assets		2,069	1,975
Other current assets		14,514	18,195
Current contract assets		5,189	-
Cash and cash equivalents		85,628	89,594
Total current assets		**357,319**	**361,166**
Total assets		**790,254**	**798,719**
Share capital		34,300	34,300
Other reserves		95,164	98,162
Retained earnings		166,271	166,443
Total equity attributable to owners of the Parent		**295,735**	**298,905**
Non-controlling interests		1,976	1,977
Total equity		**297,711**	**300,882**
Non-current borrowings	**6**	191,797	204,145
Employee benefits		9,037	8,987
Other non-current provisions		3,005	2,986
Deferred tax liabilities		23,274	22,895
Other non-current liabilities		2,447	3,047
Non-current contract liabilities		468	-
Total non-current liabilities		**230,028**	**242,060**
Current borrowings	**6**	87,269	78,731
Trade payables		136,552	139,329
Income tax liabilities		1,678	1,433
Other current liabilities		36,354	36,284
Current contract liabilities		662	-
Total current liabilities		**262,515**	**255,777**
Total liabilities		**492,543**	**497,837**
Total equity and liabilities		**790,254**	**798,719**

Consolidated Condensed Interim Statement of Cash Flows

(in thousands of Euro)	Note	Three months ended 31 March 2018	Three months ended 31 March 2017
Profit before tax		**4,238**	**3,809**
Adjustments for:			
Amortization, depreciation and impairment	**9**	9,248	10,195
Provisions for employee benefits and other charges		296	261
Finance costs		1,985	944
Other non-monetary items		(906)	44
Net cash generated from operating activities before changes in net working capital		**14,861**	**15,253**
Changes in inventories		(8,392)	(20,239)
Changes in trade receivables		3,896	(5,300)
Changes in trade payables		(1,195)	9,087
Changes in other assets/liabilities		454	71
Payments of employee benefits		(105)	(130)
Interest paid		(1,768)	(2,079)
Income tax paid		(869)	(926)
Net cash generated from/(used in) operating activities		**6,882**	**(4,263)**
Acquisition of subsidiary, net of cash acquired		-	(200)
Purchase of property, plant and equipment		(5,740)	(7,808)
Purchase of intangible assets		(380)	(439)
Proceeds from sale of property, plant and equipment		318	287
Proceeds from sale of intangible assets		6	29
Investments in joint ventures and associates		(280)	-
Changes in financial receivables		(721)	774
Interest received		12	6
Net cash used in investing activities		**(6,785)**	**(7,351)**
Proceeds from long-term borrowings		383	15,000
Repayment of long-term borrowings	**6**	(7,155)	(16,036)
Increase / (decrease) in short-term borrowings	**6**	3,617	14,004
Net cash (used in)/generated from financing activities		**(3,155)**	**12,968**
Exchange gains/(losses) on cash and cash equivalents		(908)	113
Net (decrease)/increase in cash and cash equivalents		**(3,966)**	**1,467**
Cash and cash equivalents at the beginning of the period		89,594	45,167
Cash and cash equivalents at the end of the period		**85,628**	**46,634**

Condensed Consolidated 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 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 loss for the period	**-**	**(1,173)**	**2,272**	**1,099**	**47**	**1,146**
Dividends paid	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	**-**
As at 31 March 2017	**34,300**	**123,565**	**151,329**	**309,194**	**1,896**	**311,090**

(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 31 December 2017	**34,300**	**98,162**	**166,443**	**298,905**	**1,977**	**300,882**
Profit for the year	-	-	2,781	2,781	16	**2,797**
Remeasurements of employee benefit obligations	-	-	-	-	-	**-**
Gain from cash flow hedges	-	162	-	162	-	**162**
Currency translation differences	-	(3,160)	-	(3,160)	-	**(3,160)**
Total income for the period	**-**	**(2,998)**	**2,781**	**(217)**	**16**	**(201)**
Effect of the first application of IFRS 9	-	-	(2,953)	(2,953)	(17)	**(2,970)**
Dividends paid	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	**-**
As at 31 March 2018	**34,300**	**95,164**	**166,271**	**295,735**	**1,976**	**297,711**

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 March 31, 2018 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 2017.

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 2017, with exception of those expressly applicable to interim reports, as well as with *IFRS 15 "Revenue from contracts with customers"* and with *IFRS 9 "Financial Instruments"* both being applied from January 1 2018. For further information please refer to note *2.5 "Recently issued accounting standards"* in the 2017 consolidated financial report and note *5* - "*Impacts from new accounting standards*".

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 10 May 2018 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	
		2018	2017	2018	2017	2016	2017	2016
United Arab Emirates Dinar	AED	4.52	3.91	4.52	3.92	4.18	4.40	3.87
Argentine Peso	ARS	24.20	16.69	24.82	16.46	16.62	22.93	16.75
Australian Dollar	AUD	1.56	1.41	1.60	1.40	1.48	1.53	1.46
Brazilian Real	BRL	3.99	3.35	4.09	3.38	4.12	3.97	3.43
Canadian Dollar	CAD	1.55	1.41	1.59	1.43	n.a.	1.50	1.42
Swiss Franc	CHF	1.17	1.07	1.18	1.07	1.09	1.17	1.07
Chilean Peso	CLP	740.15	697.59	744.58	711.48	763.86	737.29	704.95
Costarican Colon	CRC	700.21	592.78	698.17	597.99	608.61	682.85	580.81
Czech Koruna	CZK	25.40	27.02	25.43	27.03	27.05	25.54	27.02
Danish Crown	DKK	7.45	7.44	7.45	7.44	7.45	7.44	7.43
British Pound	GBP	0.88	0.86	0.87	0.86	0.79	0.89	0.86
Hong Kong Dollar	HKD	9.62	8.26	9.67	8.31	8.83	9.37	8.18
Croatian Kuna	HRK	7.44	7.47	7.43	7.45	7.53	7.44	7.56
Hungarian Forint	HUF	311.07	309.07	312.13	307.62	314.12	310.33	309.83
Indonesian Rupiah	IDR	16,694.55	n.a.	16,933.98	n.a	n.a.	16,239.12	n.a.
Japanese Yen	JPY	133.14	120.99	131.15	119.55	127.90	135.01	123.40
Mexican Peso	MXN	23.04	21.63	22.52	20.02	19.59	23.66	21.77
Malaysian Ringgit	MYR	4.82	4.73	4.77	4.73	4.41	4.85	4.73
New Zealand Dollar	NZD	1.69	1.50	1.71	1.53	1.64	1.69	1.52
Polish Zloty	PLN	4.18	4.32	4.21	4.23	4.26	4.18	4.41
Romanian Leu	RON	4.66	4.52	4.66	4.55	4.47	4.66	4.54
Singapore Dollar	SGD	1.62	1.51	1.62	1.49	1.53	1.60	1.52
Thai Bhat	THB	38.79	37.39	38.48	36.72	40.02	39.12	37.73
US Dollar	USD	1.23	1.06	1.23	1.07	1.14	1.20	1.05
Vietnamese Dong	VND	27,947.67	24,171.80	28,112.00	24,329.16	25,382.90	27,233.00	23,991.84

3. Management of Financial Risks and financial instruments

There have been no changes in the risk management department or in any risk management policies compared with the previous year.

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. Impacts from new accounting standards

IFRS 15

Under IFRS 15, an entity shall account for consideration payable to a customer as a reduction of revenue unless the payment to the customer is in exchange for a distinct good or service received from the customer and measured at fair value. Therefore, as of January 1, 2018, the Group has reclassified this type of consideration from “purchases of services, leases and rentals” to a decrease in “revenue”. The retrospective application of IFRS 15 would have implied in 2017 a reclassification from “Purchase of services, leases and rentals” to “Revenues” of Euro 678 thousand.

The table below shows the retrospective application of IFRS 15 on 2017 revenues by distribution channel:

(in thousands of Euro)	Three months ended March 31 2017		
	Reported Figures	**reclassification**	**Restated Figures**
Foodservice	49,758	67	49,825
Mass Market	87,996	(730)	87,266
Private Label	81,833	(15)	81,818
Other	14,053		14,053
Total	**233,640**	**(678)**	**232,962**

The following table shows the retrospective application of IFRS 15 on 2017 revenues by geographic area:

(in thousand of Euro)	Three months ended March 31 2017		
	Reported Figures	**reclassification**	**Restated Figures**
Americas	113,691		113,691
Northern Europe	43,491	280	43,771
Southern Europe	57,781	(958)	56,823
Asia-Pacific and Cafés	18,677		18,677
Total	**233,640**	**(678)**	**232,962**

Under IFRS 15, contract assets and liabilities shall be presented separately in the statement of financial position. Therefore the Group has reclassified some contract assets and liabilities (e.g., the discounts granted to the Foodservice channel customers and advances from customers) which are currently included in “other current assets”, “other non-current assets” and “other current liabilities” and “other non-current liabilities”. For these assets and liabilities it has been given separate evidence of those related to “contracts” with customers.

IFRS 9

Under the new impairment model applicable to financial assets, the accruals to the allowance for impairment are based on expected losses rather than on the losses already incurred as set out in IAS 39. According to the assessments carried out, the Group has made adjustments to the allowance for impairment related to trade receivables. Based on these valuations the Group has adjusted its customer bad debt fund, consequently reducing “ retained earnings”. This adjustment, net of tax, has implied a decrease in Equity, as of January 01 2018, by Euro 2,970 thousand.

6. Current and Non-current borrowings

The following tables provide a breakdown of current and non-current borrowings at 31 March 2018 and 31 December 2017.

As at March 31, 2018 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	28,519	187,513	1,603	217,635
Short-term borrowings	50,537	-	-	50,537
Advances from factors and banks	7,034	-	-	7,034
Finance lease liabilities	1,179	2,664	17	3,860
Total	**87,269**	**190,177**	**1,620**	**279,066**

As at December 31, 2017 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	24,259	199,484	1,969	225,712
Short-term borrowings	45,306	-	-	45,306
Advances from factors and banks	7,707	-	-	7,707
Finance lease liabilities	1,459	2,677	15	4,150
Total	**78,731**	**202,161**	**1,984**	**282,876**

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 2018 and 31 December 2017.

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

	As at 31 March	**As at 31 December**
(in thousands of Euro)	**2018**	**2017**
Principal amount of long-term borrowings		
- at variable rate	208,408	216,548
- at fixed rate	10,000	10,000
Notional value of derivatives on interest rates	88,000	90,833
Long-term borrowings converted at fixed rate	45%	45%
Remaining portion of long-term borrowings at variable rate	55%	55%
Long-term borrowings denominated in Euro	89%	88%
Long-term borrowings denominated in USD	11%	12%

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 2018 and 31 December 2017, determined in accordance with CONSOB communication dated 28 July 2006 and ESMA/2013/319 Recommendation:

		As at 31 March	**As at 31 December**
(in thousands of Euro)		**2017**	**2016**
A	Cash and cash equivalents	(737)	(803)
B	Cash at bank	(84,891)	(88,791)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(85,628)**	**(89,594)**
E	**Current financial receivables**	**(2,931)**	**(2,327)**
F	Current loans	57,571	53,014
G	Current portion of non-current medium/long-term loans	28,519	24,259
H	Other current financial payables	1,179	1,459
I	**Current indebtedness (F+G+H)**	**87,269**	**78,732**
J	**Net current indebtedness (I+E+D)**	**(1,290)**	**(13,189)**
K	Non-current medium/long-term loans	189,116	201,453
L	Issued bonds	-	-
M	Other non-current financial payables	2,681	2,692
N	**Non-current indebtedness (K+L+M)**	**191,797**	**204,145**
O	**Net financial indebtedness (J+N)**	**190,507**	**190,956**

7. Contingent liabilities

Massimo Zanetti Beverage USA, Inc, (MZB USA), the Group's U.S.-based entity, together with dozens of other coffee roasters and retailers, remains in litigation in the State of California regarding a California law which requires the placement of a warning on the packaging of products which contain acrylamide and imposes fines for non-compliance. Although this law contains exemptions to the warning placement requirement, the California court has not agreed that MZB USA and its co-defendants are entitled to their use. The Court's most recent ruling was delivered late in the first quarter of 2018 and, again, was adverse to MZB USA and its co-defendants. MZB USA and its co-defendants will continue to defend their position vigorously through California's court system. The Group is unable as of this writing to estimate reliably a potential impact to its results or financial position if this ruling ultimately remains unchanged.

8. Revenue

The tables in this note set forth a breakdown of revenue, the trends of which are illustrated in the management report.

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

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
Foodservice	49,961	49,758
Mass Market	78,990	87,996
Private Label	68,299	81,833
Other	13,952	14,053
Total	**211,202**	**233,640**

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

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
Americas	91,707	113,691
Northern Europe	42,853	43,491
Southern Europe	57,258	57,781
Asia-Pacific and Cafés	19,384	18,677
Total	**211,202**	**233,640**

9. Amortization, Depreciation and Impairment

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

	Three months ended 31 March	
(in thousands of Euro)	**2018**	**2017**
Depreciation of property, plant and equipment	7,564	7,814
Amortization of intangible assets	1,259	1,239
Depreciation of investment property	29	26
Allowances for doubtful accounts	396	1,116
Total	**9,248**	**10,195**

10. Earnings per share

The following table provides a breakdown of earnings per share:

	Three months ended 31 March	
(in thousands of Euro, unless otherwise indicated)	**2018**	**2017**
Average number of ordinary shares	34,300,000	34,300,000
Profit attributable to owners of the Parent	2,781	2,272
Basic and diluted earnings per share (in Euro)	**0.08**	**0.07**

Basic earnings per share and diluted earnings per share were the same for the three months ended 31 March 2018 and 2017 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 2018	31 December 2017
Massimo Zanetti Beverage S.A.	Ginevra	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	Ginevra	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	Salisburgo	31 December	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Bruxelles	31 December	EUR	3,892	100%	100%
Segafredo Zanetti (Brasil) Com. distr. de Cafè S.A.	Belo Horizonte	31 December	BRL	20,184	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	Praga	31 December	CSK	9,300	100%	100%
Segafredo Zanetti Deutschland Gmbh	Monaco	31 December	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Worldwide Ltd.	Ginevra	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.	Atene	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 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.	Edimburgo	31 December	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	31 December	EUR	152	100%	100%
Distribuidora Cafè Montaña S.A.	San Josè	31 December	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Josè	31 December	CRC	10	n.a.	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	Edimburgo	31 December	GBP	0	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	0	100%	100%
Kauai Coffee Company LLC	Hawaii	31 December	USD	0	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	31 December	USD	0	100%	100%
Segafredo Zanetti New Zealand Ltd	Auckland	31 December	NZD	0	100%	100%
Segafredo Zanetti Croatia d.o.o.	Zagreb	31 December	HRK	1,850	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	18,710	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%
Six Degrees Cafè Pte Ltd	Singapore	31 December	SGD	0	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%
Boncafe (Hong Kong) Ltd	Hong Kong	31 December	USD	500	100%	100%
Segafredo Zanetti Grandi Eventi Srl	Bologna	31 December	EUR	20	100%	100%
MZB Services SRL	Municipiul Brasov	31 December	RON	1	51%	51%

Company	Registered office	Reporting date	Share capital		Percentage held as at	
			Currency	Amount (000)	31 March 2018	31 December 2017
Boncafe Vietnam Company Ltd	Thuan An	31 December	VND	12,268,000	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%
Massimo Zanetti Beverage Iberia S.A.	Lisbona	31 December	EUR	40,000	100%	100%
Virtus pallacanestro Bologna SSD a.r.l.	Bologna	30 June	EUR	2,101	40%	40%
PT Bon cafe Indonesia	Jakarta	31 December	IDR	2,525,000	67%	67%

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

	Three months ended 31 March			
(in thousands of Euro)	**2018**	***of which related parties***	**2017**	***of which related parties***
Revenue	211,202	97	233,640	37
Other income	1,732		1,549	
Raw, ancillary, and consumable materials and goods	(118,014)	(40,271)	(136,889)	(56,675)
Purchases of services, leases and rentals	(42,812)	(403)	(45,012)	(122)
Personnel costs	(35,000)	(1,865)	(36,679)	(1,910)
Other operating costs	(1,499)		(1,581)	
Amortization, depreciation and impairment	(9,248)		(10,195)	
Operating profit	**6,361**		**4,833**	
Finance income	54	3	56	2
Finance costs	(2,039)	(270)	(1,000)	(382)
Share of losses of companies accounted for using the equity method	(138)		(80)	
Profit before tax	**4,238**		**3,809**	
Income tax expense	(1,441)		(1,490)	
Profit for the year	**2,797**		**2,319**	
Profit attributable to:				
Non-controlling interests	*16*		*47*	
Owners of the Parent	*2,781*		*2,272*	
Basic and diluted earnings per share (in Euro)	**0.08**		**0.07**	

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

	As at 31 March		As at 31 December	
(in thousands of Euro)	**2018**	**of which related parties**	**2017**	**of which related parties**
Intangible assets	181,687		183,231	
Property, plant and equipment	208,957		212,830	
Investment properties	4,859		4,887	
Investments in joint venture	9,509		9,616	
Non-current trade receivables	2,540		3,076	
Deferred tax assets	11,789		10,244	
Other non-current assets	5,785	310	13,669	120
Non-current contract assets	7,809		-	
Total non-current assets	**432,935**		**437,553**	
Inventories	135,035		127,997	
Trade receivables	114,884	250	123,405	228
Income tax assets	2,069		1,975	
Other current assets	14,514	200	18,195	31
Current contract assets	5,189		-	
Cash and cash equivalents	85,628		89,594	
Total current assets	**357,319**		**361,166**	
Total assets	**790,254**		**798,719**	
Share capital	34,300		34,300	
Other reserves	95,164		98,162	
Retained earnings	166,271		166,443	
Equity attributable to owners of the Parent	**295,735**		**298,905**	
Non-controlling interests	1,976		1,977	
Total equity	**297,711**		**300,882**	
Non-current borrowings	191,797		204,145	
Employee benefits	9,037		8,987	
Other non-current provisions	3,005		2,986	
Deferred tax liabilities	23,274		22,895	
Other non-current liabilities	2,447		3,047	
Non-current contract liabilities	468		-	
Total non-current liabilities	**230,028**		**242,060**	
Current borrowings	87,269		78,731	
Trade payables	136,552	38,813	139,329	36,903
Income tax liabilities	1,678		1,433	
Other current liabilities	36,354		36,284	
Current contract liabilities	662		-	
Total current liabilities	**262,515**		**255,777**	
Total liabilities	**492,543**		**497,837**	
Total equity and liabilities	**790,254**		**798,719**	

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

	Three months ended 31 March			
(in thousands of Euro)	**2018**	**of which related parties**	**2017**	**of which related parties**
Profit before tax	**4,238**		**3,809**	
Adjustments for:				
Amortization, depreciation and impairment	9,248		10,195	
Provisions for employee benefits and other charges	296		261	
Finance costs	1,985	267	944	380
Other non-monetary items	(906)		44	
Net cash generated from operating activities before changes in net working capital	**14,861**		**15,253**	
Changes in inventories	(8,392)		(20,239)	
Changes in trade receivables	3,896	(22)	(5,300)	217
Changes in trade payables	(1,195)	2,024	9,087	7,379
Changes in other assets/liabilities	454	(359)	71	(31)
Payments of employee benefits	(105)		(130)	
Interest paid	(1,768)	(270)	(2,079)	(382)
Income tax paid	(869)		(926)	
Net cash generated from/(used in) operating activities	**6,882**		**(4,263)**	
Acquisition of subsidiary, net of cash acquired	-		(200)	
Acquisition under common control, net of cash acquired	-	-	-	-
Purchase of property, plant and equipment	(5,740)		(7,808)	
Purchase of intangible assets	(380)		(439)	
Proceeds from sale of property, plant and equipment	318		287	
Changes in financial receivables	6		29	
Investments in joint ventures and associates	(280)		-	
Changes in financial receivables	(721)		774	
Interest received	12		6	
Net cash used in investing activities	**(6,785)**		**(7,351)**	
Proceeds from long-term borrowings	383		15,000	
Repayment of long-term borrowings	(7,155)		(16,036)	
Increase / (decrease) in short-term borrowings	3,617		14,004	
Proceeds from sale of shares	-		-	
Dividends paid	-		-	
Net cash (used in)/generated from financing activities	**(3,155)**		**12,968**	
Exchange gains/(losses) on cash and cash equivalents	(908)		113	
Net (decrease)/increase in cash and cash equivalents	**(3,966)**		**1,467**	
Cash and cash equivalents at the beginning of the period	89,594		45,167	
Cash and cash equivalents at the end of the period	**85,628**		**46,634**	

Declaration of the Manager on the Interim Report as at 31 March 2018 pursuant to Article 154-bis, paragraph 2 of Legislative Decree no, 58/98 as amended and supplemented

Pursuant to art. 154-bis, paragraph 2 of TUF, Leonardo Rossi, Manager in Charge of the Financial Reports, certifies that the accounting information contained in the present interim financial report at March 31, 2018 corresponds to the underlying documentary and accounting records.

Villorba (TV), May 10, 2018

Manager in Charge of the Company's
Financial Reports
Leonardo Rossi