

FINANCIAL
REPORT

FINANCIAL
REPORT
JUNE

2017

DANIELE ORAZI, ANDREA DE MICHELI e LUCA ODDO PRESENTANO


MOSTRA INTERNAZIONALE
D'ARTE CINEMATOGRAFICA
La Biennale di Venezia 2017
Venezia 74
Fuori Concorso


DIVA!

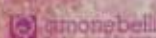
UN FILM DI FRANCESCO PATIERNO

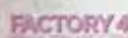
SCRITTO E DIRITTO DA FRANCESCO PATIERNO. CASTING: ANTONIO DI NUNNO. COSTUME: VALENTINA CORTESE. A CURA DI ENRICO ROTELLI.
CON BARBORA BOBULOVA, ANITA CAPRIOLI, CAROLINA LESCENTI, SILVIA D'AMICO, ISABELLA FERRARI, ANNA FOGLIETTA, CARLOTTA NATOLI, GRETA SCARANO e CON MICHELE RIONDINO.
PRODOTTO DA DANIELE ORAZI, ANDREA DE MICHELI, LUCA ODDO. PRESENTATO DA DANIELE ORAZI, ANDREA DE MICHELI, LUCA ODDO. PRODOTTORE ESECUTIVO CARLA MORI PER CASTA DIVA PICTURES.
MONTAGGIO: MARIA FANTASTICA VALMORI. MUSICA: ORIGINAL THE SPECTRUM. DIREZIONE DELLA FOTOGRAFIA: MICHELE D'ATANASIO. RITMICA: PARI MEDURI. COSTUME: MASSIMO CANTINI PARRINI. TRUCCO E PARRUCCO: SIMONE BELLI.

 CASTA DIVA PICTURES

 DOLBY DIGITAL

 MONDADORI

 SIMONEBELLI

 FACTORY 4

 AUGUSTUSCOLOR

 SUB-TI

IN COLLABORAZIONE CON

 SKY ARTE HD

 LUCE

 CINEMA

IN ASSOCIAZIONE CON

 VIVA

 VIVA

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LETTER

to the shareholders

Milan, 20 november 2017

Dear Shareholders,

We are delighted to present you with the *2017 financial report*, which outlines the main events in rapid succession that have involved your company in the last year.

This brief introduction is intended to be a rapid, clear overview of daily activities at *Casta Diva Group*, a sort of *executive summary* recounted, however, in a straightforward manner.

As you know, the *core business* of *Casta Diva Group* is *corporate communication*.

This consists of: texts, photos, videos, films, music and events. We are hired by our customers to provide them with these means of communication, coordinated within an agreed strategy. We provide our *corporate* customers with the tools to use for communicating with their *stakeholders* in an efficient and convincing manner: commercials, *branded content*, short films, and *live events*.

We provide our *consumer* customers directly with our 'proprietary' content, both musical and cinema-related, i.e. we 'sell' them emotions.

In 2005, the year we founded our 'first' *Casta Diva*, we started by producing commercials both in Italy and abroad through a network of companies which over the years has expanded to eleven countries worldwide. A few years later, we acquired an events agency, *Egg Events*, and entered the field of *live communication*. Last year, thanks to a *reverse takeover* on *Blue Note Spa*, we were listed on the AIM Milan and entered the world of music and *B2C (Business to Consumers)*, thanks to the *Blue Note Milano Jazz Club and Restaurant*. This year, we debuted in cinema with the documentary film *DIVA!*, which was officially selected for the Out of Competition screening in Venice.

Our expansion from *B2B (Business to Business)* to *B2C (Business to Consumers)* deserves a brief, more detailed look.

Companies which need to communicate with a wide audience now find themselves in a more complicated situation than in the past. Mass media communication has multiplied disproportionately in the last twenty years and the *target groups* have been segmented into 'tribes' which are increasingly difficult to intercept. Sometimes it is necessary to *create* an audience, even before being able to *communicate* something to it. At one time, viewers, sitting in front of the TV with only a few channels to choose from, were passively receptive and easy to reach. Now, however, the viewers have become the *actors*, spreading themselves out over millions of *web channels*, actively managing their own browsing with selective interaction. They also possess a powerful return channel which makes them an active part of the communication, and ambassadors, critics and advisers

LUCA ODDO

President of Casta Diva Group

He started out in the communications sector, working initially as a copywriter and later as a *producer* at Ogilvy & Mather in Milan. He has vast experience with customers and international directors. Together with Andrea De Micheli, he wrote *La fabbrica degli spot*, published by Lupetti Editori di Comunicazione, the only Italian manual on the TV commercial sector, with an introduction by Spike Lee.

ANDREA DE MICHELI

CEO of Casta Diva Group

He has produced over a thousand commercials for more than one hundred *top brands* in thirty countries. His mentors have included Martin Scorsese, Dante Ferretti, Nestor Alemandros, Peppuccio Tornatore, Stu Hagmann, as well as Jean Jacques Beneix, Dario Argento, John Landis and the numerous creative agencies which believed in him. He founded two TV web companies for Enel and Intesa. He has two Master's degrees, one in cinema studies and the other in multimedia.



to other users in a *peer-to-peer* network that companies are unable to control. To produce effective *corporate* communication now, you need to know how to create attractive, informative, compelling, emotion-packed and up-to-date content which will capture a more sophisticated, *chooser*, less loyal audience. Which is why it is essential to take on a *B2C* mindset when creating content, even for *B2B* com-

municators. Your company can do this to the highest level, as demonstrated by the many prizes won in Italy and abroad, our nomination for *Best Event Ambassador 2017* in the *Best Event Awards*, the success of *Blue Note* (and its spin-offs, such as the *Jazzmi* festival, taking place in over forty locations in Milan) and the ability to gain Official Selection in the Venice Film Festival with our first feature film, *DIVA!*.

One of our latest undertakings this year is the signing of a commercial agreement with *Impersive*, a Milan-based company which produces top-quality *VR (Virtual Reality)* videos worldwide. The *VR* videos, which can be viewed with a headset, such as *Samsung Gear VR*, represent a strong emerging trend and we predict that they will occupy a significant place in the audio-visual and events sector. On an even more significant level, there is the recent inauguration of our business activities in China through the announcement of a *joint venture* with *Shanghai Red Horse Media*, a well-established advertising production company and Chinese *PR* agency. *Casta Diva China* will cater to Chinese customers who want to produce commercials in the rest of the world, and to Italian customers who want to leverage the immense potential of the Chinese market.

On the financial front, we believe that the increase in capital achieved in 2017 will contribute to the expansion and consolidation of your company, in the wake of what we have attempted to describe here: the ability of *Casta Diva Group* to produce first-class, compelling, emotion-packed and innovative content for a *consumer* audience and for increasingly discerning, international *corporate* customers. The performance of the stock has not been satisfactory from a price point of view, even after taking into account the physiological decrease caused by the release onto the market of an additional 20% new Treasury shares. It has, however, shown a big improvement in volume which, in the six months from June to November 2017, increased by 860% in the number of contracts, and by 970% in market value, compared to the previous six month period.

We trust that the new initiatives we are developing, once they have been finalised and announced, will be favourably received by the financial market and bring the stock back to more satisfying values.

In conclusion, we believe that this last year has been extraordinarily productive by virtue of the hard work put into consolidating and rationalising the company's functions, especially in the administrative and financial spheres: for the significant improvement in the ratio between turnover and EBITDA already recorded in the six month period as of June 30th; for the progressive integration of last year's acquisitions, *Blue Note* and *Anteprima Video*; and, lastly, for the creation of new initiatives in terms of product diversification (Cinema and *VR*) and geographic diversification (China).

So, we strongly believe that your company is well on its way to an increasingly successful future.

Luca Oddo

President of Casta Diva Group

Andrea De Micheli

CEO of Casta Diva Group

CORPORATE GOVERNANCE

The Parent Company and its subsidiaries have adopted the so-called "traditional system" for control and management. In particular, the Shareholders' meeting on 20 July 2016, approved, for the three year period starting from the effective date of the merge, the appointment:

- of the Board of Directors having sole responsibility for the management of the company;
- of the Board of Statutory Auditors with the task of monitoring compliance and respect with the law and its statute the principles of good administration;
- of the auditing firm to which the audit is subject.

Board of Directors

Luca Oddo | Chairman and Managing Director

Andrea De Micheli | Executive Director and Chief Executive Officer

Vittorio Giaroli | Independent Director

Gianluigi Rossi | Director

Francesco Merone | Group CFO

Collegio Sindacale

Monica Mannino | Chair

Andrea Pozzolini | Permanent Auditor

Davide Mantegazza | Permanent Auditor

Società di Revisione

Ernst Young S.p.A.

Nomad e Specialist

Banca Finnat Euramerica

Investor Relations

IR Top Consulting

Advisory

Sempione Sim e Kobo Funds



THE GROUP



Casta Diva Group S.p.A., headquartered in Milan, operates in Italy and worldwide (UK, Czech Republic, Turkey, Lebanon, India, South Africa, United States, Argentina and Uruguay) in the field of corporate communications and content development.

Casta Diva Group S.p.A. is the holding company of the group listed on AIM Italia, which provides, for the benefit of all the companies, strategic business development services, financial services, accounting, legal and corporate services.

The Group is divided into two main Business Units, each operating in a Digital & Live Communication sector: The Business Unit called **Spot** is managed, with regard to production, by the companies called Casta Diva Pictures that are present in various parts of the world, and by Anteprema Video for what concerns the post-production. The Business Unit called **Events** is managed by the companies Casta Diva Events and BN Events and look after B2B/B2C events; while Blue Note Milano manages the live concerts taking place in the premises.

BU Spot produces adverts, as well as all new products and formats that are typically part of the marketing

mix of advertising: so-called branded content, that is audiovisual content created with the intent to attract the public and also to promote a brand, although the latter is not the main or exclusive goal. These are typically digital videos, often with the intent to go viral, as well as short films or web series. **BU Spot**, which operates through the legal entities called Casta Diva Pictures, headquartered in Milan and present in twelve different locations around the world, **is the largest worldwide network of television commercials.**

The Company therefore has a strong and rooted international footprint, which guarantees the opportunity to also run extremely ambitious, supranational projects with specific skills and abilities. The Group's producers have worked successfully in more than thirty countries, with over one hundred major global brands.

THE NETWORK CASTA DIVA PICTURES SRL

Casta Diva Pictures S.R.O. - Prague, Czech Republic
Zoom Films Production S.R.O. - Prague, Czech Republic
Casta Diva Pictures Corp. - Los Angeles, U.S.A.

Niche Corp. - Los Angeles, U.S.A.

Casta Diva Pictures FilmCilik Limited Sirkety - Istanbul, Turkey

Zmedia Limited Sirkety - Istanbul, Turkey

Casta Diva Pictures Limited - London, UK

Zeta Film Productions (Pty) Ltd. t/a Casta Diva Pictures SA - Cape Town, South Africa

Casta Diva Pictures SA - Buenos Aires, Argentina

Casta Diva Pictures SAL - Beirut, Lebanon

Anteprima Video S.r.l. - Post-production company (editing, dubbing, music, special effects, titles and subtitles) acquired in 2016, one of the most renowned in Italy, founded in Milan in 1994.

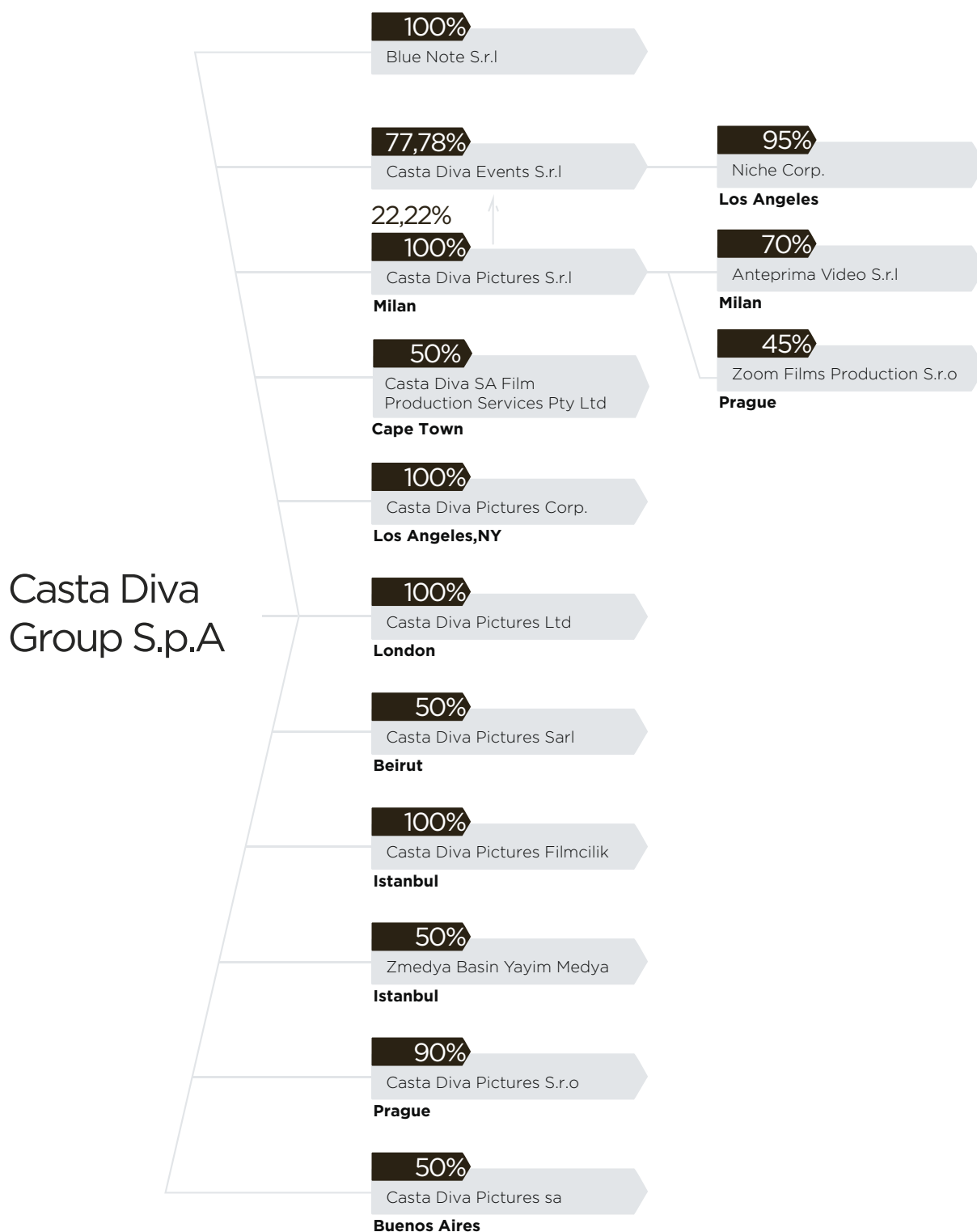
BU Eventi, parent company of Casta Diva Events, organises events for companies (B2B) and people (B2C). In the B2B market, the Group creates and organises large conventions, web events, road shows, exhibition stands, team building, product launches, press conferences but also experiential events, such as test drives for automotive companies. In this area, Casta Diva operates mainly in Italy, although it has often had opportunities to work abroad, with constant success. The events and experiences offered by Casta Diva Events are based on four pillars of communication: **creativity, technology, ecology and measurable results.** The company provides reliability, experience and ability to also handle very complex events, both in communication (design, celebrity recruitment, artists and presenters, staging, video management, audio and lights, etc.) and in event logistics (secretarial support, travel and hotel reservations, catering, etc.). It also promotes and manages, through the subsidiary BN Eventi, B2B events that take place at the Blue Note in Milan.

In the B2C market, targeted at individuals, the group manages, through its subsidiary Blue Note S.r.l., the jazz club and restaurant of the same name in Milan, stands out among Milan's music venues, and is considered a true temple of jazz. Blue Note accounts for about 25% of the jazz industry's income (source: SIAE). Each year it brings its customers in Milan thousands of artists who perform over 310 live events, for about 60,000 paying spectators, 20,000 of whom dine at the venue.

Also, always in the B2C market, the group started creating events and content, such as Jazzmi festival, created in collaboration with Teatro dell'Arte and Ponderosa Music & Art, or the first feature film of the group, DIVA!, about the life of Valentina Cortese.



The chart below shows the **group structure chart** as of 30 September 2017.



WORK CARRIED OUT

In addition to the typical activities of the Group, the first half of 2017 was characterised by some major highlights.

In the advertising field (Spot), **Casta Diva Pictures** has consolidated the new practice of tendering and winning the production not just of a single advert, but of a whole advertising campaign. Some multinational customers have shown marked enthusiasm about this innovative Group proposal, enabling them to make workflow more secure and predictable. The trend further affirmed its status in the early 2017, which saw Casta Diva winning two contracts of this type for a total of \$ 3.9 million.





In November, **Blue Note**, in collaboration with Ponderosa Music & Arts and the “Teatro dell’Arte” Theater of Arts, collaborated on the first edition of Jazzmi. It was the only jazz festival created in Milan in widespread form on the territory, and the first of a series of projects aimed at enhancing the Blue Note brand, even away from its own location in Via Borsieri. The festival brought 80 concerts to 40 locations in the city of Milan, performed by 320 prestigious international artists, which attracted an audience of 30,000 over about 10 days. From 2 to 12 november 2017 took place the second edition of jazzmi, which brought an audience of 38,000, whit 150 concerts and by 500 artists.



On 8 November, **Casta Diva Events**, through its headquarters in Rome, brought a selected group of CEOs from Asian telecommunication companies to enjoy an unprecedented event: a gala dinner in a historic sumptuous villa on one of the islands of Lake Maggiore. It was the first time such an event ever took place on this island, and included a series of traditional costume shows followed by spectacular fireworks.

NASCE

Casta Diva
castadiva_events



DA OGGI INIZIEREMO A
ROMPERVI LE UOVA

www.castadiva.events



In early July "**DIVA!**", the first feature film produced equally by Casta Diva Pictures and DO Production, directed by Francesco Patierno and based on Valentina Cortese's autobiography "Quanti sono i domani passati" (published by Mondadori), was invited to participate at the 74th Venice Film Festival in Official Selection, Out of Competition. On 2 September 2017, the film was shown at Sala Grand and received a standing ovation of ten minutes. The

female cast, namely Barbara Boulova, Anita Caprioli, Carolina Crescentini, Silvia D'Amico, Isabella Ferrari, Anna Foglietta, Carlotta Natoli and Greta Scarano won the "Starlight Cinema International Award" at the Venice International Film Festival. "**DIVA!**" is the first feature film produced by Casta Diva Group in co-production with DO Production, and represents a new business line that the group intends to further develop in the coming months.

Below is the **awards history of the companies within the Group**, with link to the corporate website where all relevant press releases are published.



Cannes Lions International Festival of Creativity

2016

Silver in the Print&Publishing • Media and Publications category • Flights for El Cronista Comercial

Bronze in the Outdoor • Use of Ambient Outdoor Large Scale category • Flights for El Cronista Comercial

2015

Bronze in the PR Events & Experiential category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Bronze in the Promo and Activation category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

NC Awards

2017

Second Prize in the Best Production Company category

Second Prize in the Best Event category • Flights for El Cronista Comercial

Third Prize in the Best Online Advertising Campaign category • Flights for El Cronista Comercial

2016

First Prize in the Communication on Social Media category • One smile in enough to change our world for Ecadem

First Prize in the Event category • One smile in enough to change our world for Ecadem

Best Production Company

2015

First Prize in the Best Event category • Vodafone be ready for Vodafone

Third Prize in the Best Event category • Noi siamo Volkswagen for Volkswagen Italia

Best Production Company

Second Prize in the Holistic Campaigns /Electronic Device category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

International Grand Prix Advertising Strategies

2017

First Prize in the More for Less, low budget surprise category • Flights for El Cronista Comercial

2016

First Prize in the Welfare/Charities category • One smile is enough to change our world for Ecadem

2015

First Prize Grand Prix • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in the One Step Ahead category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Eventex Awards

2017

Second Prize in the Best Fundraising Event category • One smile is enough to change our world for ECADEM (Turkey)

Finalist in the Best Cause Event category • One smile is enough to change our world for ECADEM (Turkey)

IRTop Awards

2017

Best IPO Innovative Project

Effie Awards

2016

First Prize in the Automotive category • Fiat Egea Launch for Fiat (Turkey)

First Prize in the New Product Launch category • Fiat Egea Launch for Fiat (Turkey)

Third Prize in the Cleaning Products ca-

category • Fairy Bulaşık Makinesi Kapsülü "İmkansızın Peşinde" for Procter&Gamble (Turkey)

Third Prize in the Cosmetic/Personal Care category • Maybelline New York "#cesaretkirmizida" for Maybelline New York (Turkey)

Third Prize in the Media category • Flights for El Cronista Comercial (Argentina)

El Sol Festival

2016

First Prize in the Digital category • Flights for El Cronista Comercial

El Ojo de Iberoamérica

2016

First Prize in the Media • Events category • Flights for El Cronista Comercial

First Prize in the Direct • Use of data category • Flights for El Cronista Comercial

First Prize in the Content • Brand experience category • Flights for El Cronista Comercial

Apple Crystal Awards

2016

First Prize in the Film • TV & Cinema category • Automotive and Automotive Products&Services • Fiat Egea Launch for Fiat

First Prize in the Media category • Media Usage • Cinema Application • Mercedes-Benz 4DX Cinema Ad for Mercedes

Second Prize in the Media category • Media Usage • Most innovative Technology • Digital Media Usage • Mercedes-Benz 4DX Cinema Ad for Mercedes

Second Prize in the Digital category • Social Media • Common creation and User Generated Content • Kimlikteki Vesikalık • Hunharca da gülseler fazla takılma! for Ülker

Third Prize in the Digital category • Campaign • FMCG • Kimlikteki Vesikalık • Hunharca da gülseler fazla takılma! for Ülker

Third Prize in the Media category • Media Usage • Social-Video Platform Usage • Kimlikteki Vesikalık • Hunharca da gülseler fazla takılma! for Ülker

Third Prize in the Digital category • Most Creative social responsibility campaign • One smile is enough to change the world for ECADEM

Felis Awards

2016

Felis • Digital • Corporate Social Responsibility • One smile is enough to change the world for ECADEM

Success Prize • Digital • Corporate Social Responsibility • One smile is enough to change the world for ECADEM

Mobius Award

2016

Second prize in the Product/Brand Re-Launch category (Online Media) • Flights for El Cronista Comercial

2015

First prize in the Social Media Marketing category (services) • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

LIA • London International Awards

2015

Third Prize in the Tv/Cinema/Online Services category (Web Services) • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Third Prize in the Non Traditional category (Web Services) • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Finalist in the Live Events • Beyond Advertising category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Epica Awards

2015

First Prize in the Viral Films category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

EUBEA • European Best Event Awards

2016

European Best Event Agency

First Prize in the Best Low Budget Event category • Flights for El Cronista Comercial

First Prize in the Best Educational/Training Event category • Flights for El Cronista Comercial

First Prize in the Best Effectiveness category • Flights for El Cronista Comercial

First Prize in the Best Use of Web and Social Media category • One smile is enough to change the world for ECADEM



Second Prize in the Non-profit/Social Service Event category • One smile is enough to change the world for Ecadem

2015

Special mentions from the jury: Best Creativity, Best Effectiveness, Press Awards • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in the Best Hybrid Event category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in the Best Integrated Event category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in the Best Low Budget Event category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Key Award

2015

First Prize in the Best Viral Video category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

International Grand Prix Relational Strategies

2016

First Prize in the Charity category • One smile is enough to change our world for Ecadem

First Prize in the PR • Financial Communication category • Flights for El Cronista Comercial

2015

First Prize in Best Corporate Social Responsibility category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

NC Digital Awards

2016

Best Digital Production Company

First prize in the Digital Event category • Flights for El Cronista Comercial

Second prize in the Best Results category (Facebook Award) • One smile is enough to change our world for Ecadem

Third prize in the Use of Video category (Facebook Award) • One smile is enough to change our world for Ecadem

2015

Best Digital Production Company

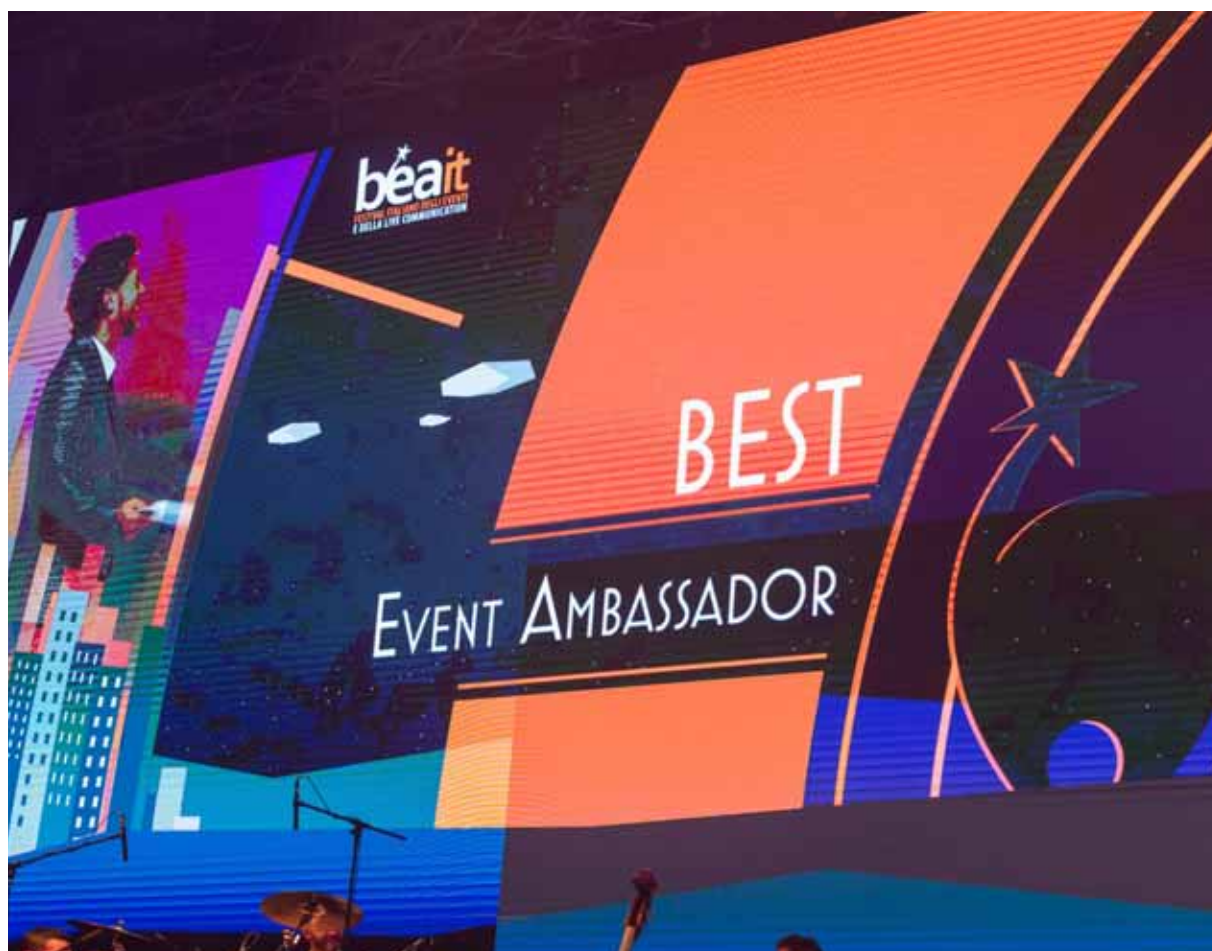
Third Prize in the Interactive Video category • Fight for attention for Skoda Fabia

Bea • Best Event Awards

2016

First Prize in the Non Profit Event category • One smile in enough to change our world for Ecadem

First Prize in the Cultural Location category • Blue Note Milano





2015

Second Prize Best Event Awards • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in the Low Budget category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in Hybrid Event category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

First Prize in Best Effectiveness category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Second Prize in the Celebration/Festivity Event category • Noi siamo Volkswagen for Volkswagen Italia

Second Prize in the Incentive category • International Seminar 2015 for Perfume Holding

Third Prize in the BtC category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Third Prize in Integrated Event category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Third Prize in Product/Service Launch category • Hearing Hands for Samsung Turkey (Agency Leo Burnett Istanbul)

Third Prize Best Event Agency

Assorel Awards

2016

Best Campaign for Financial Services • "Flights" for El Cronista Comercial

Best Social Campaign • "One smile is enough to change our world" for Ecadem

Premio Diente

2016

First Prize in the Promo & Activations and PR, Ambient category • "Flights" for El Cronista Comercial

Second Prize in the Film & other screens category • "Flights" for El Cronista Comercial

Second Prize in the Interactive • Social Media Content category • "Flights" for El Cronista Comercial

Second Prize in the Social Media Activation • "Flights" for El Cronista Comercial

Third Prize in the Promo category • "Flights" for El Cronista Comercial

Third Prize in the Direct category • "Flights" for El Cronista Comercial

Third Prize in the Interactive • Use of data category • "Flights" for El Cronista Comercial

Mediastars

2016

Second Prize ex-aequo • Television category for Pupa Snow Queen

Special Star for Direction • Television category for Pupa Snow Queen

Freccia d'Oro

2010

Freccia d'Argento Award in the Brand Building category • Per Fiducia for Intesa Sanpaolo

Grand Prix Stella d'Oro

2008

Stella d'Argento in Trade & Sales Force category • Oplà for CNP UniCredit Vita

CLIENTS

<http://castadivagroup.com/clients-casta-diva-groups/>

NEWS

<http://castadivagroup.com/news/>

MILESTONES 2017

Exclusive two-year contract

On 2 March 2017, Casta Diva Group S.p.A. (CDG) announced that it had won an exclusive bidding contract worth \$3 million for the production of adverts and digital content in an international competition. The productions will be aimed at India, Africa and the Middle-Eastern markets with the involvement of the offices of Mumbai, Beirut and Cape Town.

http://castadivagroup.com/wp-content/uploads/2017/02/HM-8-2017-03-02-CDG-CS-Contratto-SPOT_eng.pdf



Share capital increase

On 10 April 2017, CDG Board of Directors, partially exercising the delegation conferred by the Extraordinary Shareholders' Meeting on 18 July 2016, resolved to increase the share capital, in tranche payment, for a maximum amount of Euro 868,699.20, of which Euro 687,720.20 as a surplus-price. The transaction was carried out by issuing, with the exclusion of the option right in favour of existing shareholders, at a price of Euro 2.40 per share, of no. 361,958 new ordinary shares to be subscribed for by the shareholder White Fleet III - Globes Italy Equity Star and the parent company Reload S.r.l.

http://castadivagroup.com/wp-content/uploads/2017/02/HM-17-CDG_CS_Aucap_2017-04-10_eng.pdf



Business Plan

On 6 June 2017, the Board of Directors approved the Strategic Plan 2017-2019. It is based on the integration and enhancement of the companies acquired in 2016 and on the consequent return of the group's performance to the pre-merger situation, equivalent to a margin of 8%. The plan foresees a growth rate of +10%, driven by an expansion of the business "Spot • Digital Video Content", where the turnover would increase from current Euro 16 million to 21.5 in a context in which Casta Diva is positioned as a producer with the greatest international reach; the area "Eventi - Live and Digital Communication" is also increasing, rising from Euro 8.9 million to 12. The strategic plan is based on the organic growth of the company but we actually want to implement an international plan of company acquisitions which will allow us to improve and reach the 2019 targets advance."

<http://castadivagroup.com/wp-content/uploads/2017/02/2017-06-06-CDG-APPROVES-THE-STRATEGIC-PLAN-2017-2019.pdf>



Innovative PMI

On 13 June 2017, Casta Diva Group Spa received the qualification of INNOVATIVE SMEs from the Milan Chamber of Commerce. Casta Diva Group is the 13th Innovative SME listed on AIM Italia.

<http://castadivagroup.com/wp-content/uploads/2017/02/2017-06-13-CDG-CASTA-DIVA-GROUP-IS-THE-13TH-INNOVATIVE-SME-LISTED-ON-A....pdf>



Issuance of a Bond Loan conversion

On June 28 2017, CDG and Bracknor Investment signed an agreement with which Bracknor undertakes to underwrite, in 14 tranches and only after specific underwritten requests made by the Company, up to 450 bonds convertible into warrant shares for a countervalue unit of Euro 10,000 and therefore for a total value of Euro 4,500,000.

http://castadivagroup.com/wp-content/uploads/2017/02/CS_Bracknor_28062017-EN.pdf



ANALYSIS OF ECONOMIC, LIABILITIES AND FINANCIAL RESULTS

1. Key indicators of the CDG Group at 30.06.2017

amounts in Euro

	30.06.2017
Production value	12,329,933
External operating costs	(11,654,450)
EBITDA	675,483
EBITDA percentage	5.5%
Amortization, provisions and write-downs	(419,432)
EBIT	256,051
EBIT percentage	2.1%
Financial income and expenses/other non-operating income and expenses	(77,832)
EBT	178,219
Taxes for the financial year	(252,316)
Net Result	(74,097)
Net profit minorities	444,856
Attributable net income	(518,953)
Net asset	5,748,486
Net Financial Position	(114,736)

The Turnover value is Euro 14,219 thousand and is broken down as follows:

Amounts in thousands of Euro

	30.06.2017
Sales Revenue	
Italy	8,970
Abroad	5,249
Total	14,219

The breakdown of turnover between Italy and abroad is approximately 63%, not comparable to the previous year's figure of 2016. EBITDA margin is 5.5% higher than the value of production, with a sharp improvement in December 2016 data of about 3%. Therefore, the path envisaged in the plan will lead to the achievement of the expected profitability targets. However, we will wait for the end-of-year data before we can say that the goals set out in the business plan can be reached before the indicated time.

2. Consolidated Balance Sheet

amounts in Euro

Condensed balance sheet	30.06.2017	31.12.2016
Intangible fixed assets	3,917,721	4,201,495
Tangible assets	235,632	262,078
Financial fixed assets	25,951	222,891
Total fixed assets	4,179,304	4,686,464
Commercial credits (Trade payables)	7,737,259 (5,869,999)	7,438,980 (6,189,375)
Surplus	184,811	2,129,371
Other activities (Other liabilities)	3,519,802 (2,950,679)	1,982,182 (3,744,869)
Net working Capital	2,621,194	1,616,289
Net Capital Invested	6,800,498	6,302,753
Net Financial Position	473,320	778,169
Share capital	5,180,979	5,000,000
Reserves	641,604	(182,057)
Profit of the exercise	(74,097)	136,271
Net asset	5,748,486	4,954,214
Severance Funds	578,692	570,370
Total sources	6,212,442	6,672,253

3. Consolidated financial position

amounts in Euro

Consolidated Net Financial Position	30.06.2017	31.12.2016
Cash	(2,353,024)	(2,261,401)
(Financial payables)	2,826,344	3,039,570
Net Financial Position	473,320	778,169

The improvement in the Net Financial Position is due to both the ordinary operations that generated about Euro 289,000 and the financing activity for approximately Euro 334,000. The investment activity continued, which consumed about Euro 110,000.

OTHER INFORMATION

Share capital increase

On 27 July 2017, CDG Board of Directors, resolved to increase the share capital by Euro 2,717,000, of which Euro 2,037,750 as a share premium, by issuing with the exclusion of the option right in favour of existing shareholders, at a price of Euro 2.00 per share, of no.

1,358,500 new ordinary shares. Banca Finnat Euramerica S.p.A. acted as Global Coordinator and Bookrunner. The transaction is designed to: (i) seek new financial resources that may sustain and increase the Company development, also through the implementation of an M&A plan, (ii) reinforce the financial structure of the Company overall, in the short/mid term and (iii) increase the free float, in line with the objective of significantly increasing the title free float, as declared at the admission to negotiations which took place in 2016.

<http://castadivagroup.com/wp-content/uploads/2017/02/2017-07-27-IMPROVED-CAPITAL-INCREASE.pdf>



Converting the Bond Loan through Bracknor conversion

In the months of July and September 2017, Bracknor requested the conversion of Euro 170,000 of bonds for a counter value of shares of Euro 250,000 (No. 133,913 shares).

<http://castadivagroup.com/wp-content/uploads/2017/02/2017-07-28-Bracknor-has-requested-the-conversion-of-five-bonds.pdf>



Update on Share Capital up to September 29 2017

Following the extraordinary operations described in the previous paragraphs, we note that on 30 September 2017, Casta Diva Group S.p.A. had a total number of shares of 12,327,293. The share capital is equal to Euro 5,927,185. The share of the reference shareholder Reload Srl is 74.55% while the remaining 24.45% is distributed on the market. There are no other shareholders with a stake of 5% or more. The stock market capitalisation at the price of Euro 1.90 (weighted average price of the share from 1/9/2017 to 27/9/2017) was Euro 23.2 million.

Aggiornamento sui “Lavori in corso”

The Group's interim condensed consolidated financial statement include the financial statements of Casta Diva Group S.p.A. and Italian and foreign companies on which it owns, directly or indirectly, the majority of the share capital, or exercises a dominant influence in the ordinary shareholders' meeting. The companies included in the scope of consolidation are consolidated using the full method by attributing to shareholders, in the relevant balance sheet and income statement, the portion of shareholders' equity and the results of their exercise as described below.

All the companies that are part of the consolidation area had the closing date for the financial year on 30 June 2017. Below is a list of unconsolidated companies:

Casta Diva Group S.p.A.

is the holding company of the group listed on AIM Italia, which provides, for the benefit of all the companies, strategic business development services, financial services, accounting, legal and corporate services. The 2016 income statement is influenced by the merger for the incorporation (*reverse takeover*) of Casta Diva Group S.r.l. in Blue Note S.p.A. For these reasons, in 2016 Casta Diva Group S.p.A. contains both the activity of the Blue Note Milano jazz club until 7 October 2016 and the group's holding for the whole year.

Business Unit Spot

Casta Diva Pictures S.r.l. - Milan-based company active in the field of communication for the production of advertisements, digital and viral videos, web series, branded content.

Companies that are part of the international network of Casta Diva Group, operate in the same sector. Precisely:

Casta Diva Pictures S.R.O. • Prague, Czech Republic

Zoom Films Production S.R.O. • Prague, Czech Republic

Casta Diva Pictures Corp. • Los Angeles, U.S.A.

Niche Corp. • Los Angeles, U.S.A.

Casta Diva Pictures FilmCilik Limited Sirkety • Istanbul, Turchia

Zmedia Limited Sirkety • Istanbul, Turchia

Casta Diva Pictures Limited • Londra, UK

Zeta Film Productions (Pty) Ltd t/a Casta Diva Pictures SA - Cape Town, South Africa

Casta Diva Pictures SA • Buenos Aires, Argentina

Casta Diva Pictures SAL • Beirut, Lebanon

As part of the BU Spot, the following companies specialise in post-production: **Anteprima Video S.r.l.**

- Post-production company (editing, dubbing, music, special effects, titles and subtitles) acquired in 2016, one of the most recognised in Italy, founded in Milan by the previous members in 1994.

Business Unit Eventi

Casta Diva Events S.r.l. - Since 2008, an integral part of Casta Diva Group, Egg Events is headquartered in Milan and Rome and is a leading agency in the Italian market of B2B events (Meetings, Incentives, Conventions, Exhibitions).

Blue Note S.r.l. - jazz club and high-profile restaurant opened in 2003 and part of the international network Blue Note, a world-leading jazz scene, which produces about 300 shows a year, accounting for about 25% (source: SIAE) of the jazz industry's income in Italy.

Business Unit Cinema

Casta Diva Group, through the subsidiary Casta Diva Pictures and due to its approach of **refinement and great emotion**, has long been internationally recognised for the production of adverts. Today, Casta Diva Group wants to extend its experience to the world of the cinema by reviewing its organisational and professional structure to establish itself in this business market as **a new production reality for film projects** (feature/short films and advertisements) **of great international ambition**. The first confirmation of this intuition came in **2016** with the feature film (DIVA!), of recognised artistic value, so much so that it was officially selected for out of competition at the **74th Venice Film Festival**.



