

CASTA DIVA GROUP: PROFIT MARGIN SIGNIFICANTLY IMPROVED AT 30 JUNE 2016

BLUE NOTE GROUP

- **Revenues: Eur 2.1 million (1H 2015: Eur 2.3 million)**
- **EBITDA: Eur -0.05 million (1H 2015: Eur -0.22 million)**
- **Net profit: Eur 0.27 million (1H 2015: Eur -0.33 million)**
- **Net financial position: Eur 0.6 million (FY 2015: Eur 0.2 million)**

CASTA DIVA GROUP SRL

- **Revenues: Eur 9.8 million, EBITDA: Eur 0.8 million, Net profit: Eur 0.5 million**

Milan, 22 September 2016

Today, the Board of Directors of Casta Diva Group, a communications multinational listed on the AIM Italia, has approved its half-yearly financial statements at 30 June 2016.

On 21 September 2016, the stock closed at Eur 2.98, for a capitalization of Eur 31.2 million.

General introduction to the representation of the aggregate pro forma data at 30 June 2016

On 30 June 2016, the merger by absorption of Casta Diva Group Srl into Blue Note S.p.A. was under way, being completed in the following months.

On 5 August 2016, the instrument of merger by absorption of Casta Diva Group S.r.l. into Blue Note S.p.A. – entered into on 29 July 2016 – was registered with the Companies' Register of Milan. Following the finalization of the merger process, Blue Note S.p.A. changed its name to Casta Diva Group S.p.A..

For full market disclosure purposes, the following is reported at 30 June 2016:

- the consolidated figures of Blue Note Group (Blue Note S.p.A. and BN Eventi S.r.l.).
- the pro forma figures of Casta Diva Group S.r.l.;
- the pro forma aggregate figures of Casta Diva Group S.p.A. (Casta Diva Group S.r.l. and Blue Note Group)

Key consolidated figures of Blue Note Group

Revenues total Eur 2.1 million (Eur 2.3 million at 30 June 2015) as a result of the return to the Company's customary seasonal business, following the closing down of the venue on 31 May; in June-August 2015, in fact, there was an extraordinary opening in connection with the Expo 2015 event.

The considerable improvement of earnings at 30 June 2016 confirms the extraordinary nature of the half-yearly results for 2015, influenced by the cannibalizing effects of Expo 2015 on catering and entertainment activities in Milan.

The **EBITDA** totals Eur -0.05 million, improving considerably compared to Eur - 0.22 million at 30 June 2015, as a result of both the more than proportional drop in costs compared to the drop in revenues in the period during which the business was open (primarily, costs relating to artistic performances and other services). The **EBIT** totals Eur -0.15 million, which has also considerably improved compared to Eur -0.32 million at 30 June 2015, after depreciations and appropriations totaling Eur 105 thousand, in line with the figure at 30 June 2015.

The **Earnings before tax (EBT)** amount to Eur 0.21 million, up significantly compared to Eur -0.33 million at 30 June 2015. The **Net earnings** total Eur 0.27 million, improving considerably compared to Eur -0.33 million at 30 June 2015.

The **Net financial position** totals Eur 0.6 million, compared to Eur 0.2 million at 31 December 2015. The **Net equity** è amounts to Eur 0.9 million, compared to Eur 0.7 million at 31 December 2015.

Key pro forma consolidated figures of Casta Diva Group S.r.l.

In the first half of 2016, Casta Diva Group S.r.l. recorded total Revenues of Eur 9.8 million, in line with the budget. The EBITDA totals Eur 0.8 million, up compared to both 30 June 2015 and the 2016 budget. The EBIT totals Eur 0.7 million, the Net profit totals Eur 0.5 million.

Key pro forma aggregate figures of Casta Diva Group S.p.A. (Casta Diva Group S.r.l. and Blue Note Group)

The combined entity resulting from the merger by absorption of Casta Diva Group S.r.l. into Blue Note S.p.A. has recorded Revenues of Eur 12.0 million, EBITDA of Eur 0.8 million, EBIT of Eur 0.5 million and Net profit of Eur 0.7 million.

Significant events occurring after the end of the period

On 20 July 2016, the shareholders' meeting of Blue Note S.p.A. (from 5 August 2016, Casta Diva Group S.p.A.) resolved to authorize the Board of Directors to the increase the company's capital and/or issue convertible bonds – in one or more tranches and separate issues – also by excluding option rights, with or without warrants and, possibly, for the conversion of warrants, up to a total amount of Eur 20 million, including any share premium, for the purpose of supporting the company's joint development programs resulting from the business combination.

The Company is pursuing its ordinary business activities with its longstanding clients, while at the same time securing extraordinary contracts from new clients and further developing its Cinema & TV division, with plans under way for certain TV feature films and series.

The company is also further expanding its business abroad, after establishing Casta Diva Pictures in Beirut, in January 2016, of strategic important for penetrating the Arab-language market, the main outlets for which are Egypt and Saudi Arabia, while the Emirates are one of the key locations. The key figures of the advertising agencies and clients in the area, however, are mainly Lebanese, who are famously reassured by the fact that a business like Casta Diva has a permanent organization in Lebanon and that its management is Lebanese.

Foreseeable management outlook

The Group's goal is to pursue its development of the Blue Note brand, for the purpose of improving and strengthening its competitive edge on the reference market, also by boosting the corporate segment turnover. Regarding this line of business it is expected that, as a result of the Merger, the Blue Note brand may benefit from important economies of scope, through the synergy of Group's business unit events and access to a much vaster B2B customer base, internationally as well.

In particular, the inclusion of Blue Note (as a brand with an international standing, prestigious location, a producer of quality content and events, bringing together a community with a high social and economic profile) in Casta Diva Group's range of offers, and the consequent use of the Blue Note Milano venue, as a

creator of contents and services, may lead to development in: the use of the venue for functions and events; the sale of corporate hospitality programs (membership and subscriptions reserved to corporate customers); the production of events outside the venue and of other live communication projects of formats; the development of sponsorship projects and other communication activities in association with the Blue Note brand. Other potential developments, consistently with the Blue Note trademark licensing contract, may concern the internationalization of the business.

Some of these opportunities are already being implemented, such as, for example, the organization of the JazzMi Festival, in Milan next November, in partnership with the creators of the Ponderosa festival and Teatro dell'Arte, and the sponsorship of the Local Authority of Milan.

The integration within the Group of the activities of the Blue Note Milano will also help expand the corporate communication business, which is the core business of Casta Diva Group S.r.l., because it increasingly requires the attraction of a segmented public, whose loyalty is no longer necessarily retained by the conventional media, thanks to the creation of attractive contents, primarily music and the cinema (like viral videos, web series, TV series). The expertise and fame of Blue Note Milano in the world of live music will help the Company further penetrate the content creation market, with regard to both the consumer and corporate segments.

In the field of communications, the capital increase will help finance the acquisition, in Italy and abroad, of companies operating in the more promising markets: Digital Communication and Live Communication.

The former features the increased integration of software and technology, as a result of which the Group is seriously considering the possibility of achieving – through its acquisitions – the necessary expertise for providing not just the typical Apps for managing communication events and projects, but also installing physical technological applications, such as immersive booths, virtual reality, 360-degree video tools, responsive robots, etc..

With regard to Live Communication, the Group intends to repeat the success story recorded in Italy where – alongside the BU for producing commercials and branded content – another BU has been dedicated to Live Communication, building on the prestige and reliability previously achieved by the former. Likewise, through targeted acquisitions in the countries where the Casta Diva Pictures BUs are operating, the Group intends to expand its activities in the live performances sector.

Generally speaking, the integration of video (Casta Diva Pictures), digital technology (Adacto and Bin Jip), corporate live events (Egg Events) and consumer live vents (Blue Note Milano) is a unique offering – from the point of view of both quality and quantity – for the communication market, both in Italy and abroad, and promises a rather speedy scalability, in line with the growth rates recorded in the past (CAGR +18%).

Meetings with the financial community

Tomorrow, 23 September 2016, Casta Diva Group will meet with the financial community, in connection with the **7th Edition of the LUGANO SMALL & MID CAP INVESTOR DAY**, organized by IR Top, an Investor Relations advisory company, sponsored by Borsa Italiana - London Stock Exchange Group.

Document filing

The half-yearly financial report at 30 June 2016 will be made available to the public at www.castadivagroup.com, in the Investor Relations section, in accordance with the applicable regulations.

The press release can be viewed at www.castadivagroup.com and www.emarketstorage.com

View this press release at www.castadivagroup.com and www.emarketstorage.com

Casta Diva Group (CDG:IM) is a multinational that works in the sector of communication for the production of branded content, viral videos, digital content, films and corporate events. It is present in 4 continents with offices in 13 cities: Milan, Rome, London, Manchester, Prague, Beirut, Istanbul, New York, Los Angeles, Buenos Aires, Montevideo, Cape Town, Mumbai. The Group's brands are Casta Diva Pictures, Egg Events, Bin Jip and, thanks to a commercial agreement, Adacto. It is the world's most extensive production network for advertising films and events and for international events, built up through the active and continuous interaction between its various headquarters and the experience of its 62 digital communication and live entertainment experts. It is a talent hub capable of retaining Oscar winners and celebrities from across the world as well as of attracting new creative talent that guarantee very high standards of excellence. Casta Diva Group and its managers have offered innovative and creative communication strategies to over 100 major brands, reinterpreting the conventional rules of communication. Since its establishment in 2005, the Group has grown constantly and has been regularly awarded a large number of prizes and recognitions, including various Lions at the Cannes Lions International Festival of Creativity, Mobius Awards, LIA - London International Awards, and EuBEA – European Best Event Awards. It owns Blue Note Milano, the jazz club and upscale restaurant opened in 2003 and part of the Blue Note international network, a famous venue for international jazz, that in via Borsieri, in the Isola district, (and not only) holds about 300 concerts a year, with a turnover amounting to about 25% (source: Siae) of all jazz revenues in Italy.

Contacts

CASTA DIVA GROUP – AIM

Company Paolo Perrotta

investor.relations@castadivagroup.com

Via Lomazzo 34, 20154 Milano

T: +39 02 3450817

IR TOP CONSULTING

Investor Relations - Maria Antonietta Pireddu

m.pireddu@irtop.com

Media Relations

Domenico Gentile, Antonio Buozzi

ufficiostampa@irtop.com

Via C. Cantù, 1 - 20123 Milano

T: +39 02 45473884

www.aimnews.it

INTEGRAE SIM – Nomad

Via Meravigli 13 – 20123 Milano

T: +39 02 87208720

info@integraesim.it

CFO SIM – Specialist

Via dell'Annunciata 23 – 20121

Milano

T: +39 02 303431

info@cfofim.it

CONSOLIDATED RECLASSIFIED INCOME STATEMENT OF BLUE NOTE GROUP

Keuros	30/06/16	30/06/15
Revenue from sales and services	2,127	2.320
Changes in finished and semi-finished goods	-19	-8
Value of production	2,108	2.312
Consumption	-256	-280
Service costs	-1,288	-1.585
Expenses for leased goods	-116	-132
Personnel costs	-483	-525
Sundry management costs	11	-12
EBITDA	-47	-222
Depreciations and appropriations	-105	-101
Income from operations	-152	-323
Financial management	-14	-9
Income from routine business activities	-167	-332
Extraordinary business activities	379	2
Earnings before tax	212	-331
Tax	57	0
Earnings from operations	270	-331

CONSOLIDATED RECLASSIFIED BALANCE SHEET OF BLUE NOTE GROUP

Keuros	30/06/16	31/12/15
Inventories	32	51
Receivables from clients	400	207
Payables to clients	-963	-694
Net working capital	-530	-436
Other current assets	1,190	471
Other current liabilities	-308	-493
Sundry current items	882	-22
Intangible assets	632	695
Tangible assets	122	133
Financial assets	57	57
Net fixed assets	811	884
Net invested capital	1,163	426
Employee severance indemnity fund	195	182
Net financial position	636	181
Net equity	332	62
TOTAL SOURCES OF FINANCING	1,163	426

CONSOLIDATED NET FINANCIAL POSITION OF BLUE NOTE GROUP

Keuros	30/06/2016	31/12/2015	30/06/2015
Cash and cash equivalents	45	49	70
Short-term bank loans	(681)	(230)	(209)
NET CURRENT FINANCIAL POSITION	(636)	(181)	(139)
Financial assets not recorded among the fixed assets	0	0	0
M/L term bank loans	0	0	0
Payables to other lenders	0	0	0
NET NON-CURRENT FINANCIAL POSITION	0	0	0
NET FINANCIAL POSITION	(636)	(181)	(139)

PRO FORMA AGGREGATE INCOME STATEMENT AT 30 JUNE 2016

Keuros	CASTA DIVA GROUP S.P.A. (<i>combined entity</i>)	CASTA DIVA GROUP S.R.L. (pro forma)	BLUE NOTE GROUP
Revenue from sales and services	11,972	9,846	2,126
Changes in inv. of fin. and semi-fin. goods etc.	(215)	(196)	(19)
Other revenues and proceeds:	20	20	1
Value of production	11,776	9,669	2,108
Costs for raw and subs. materials and consumables	256	0	256
Service costs	9,308	8,020	1,288
Expenses for leased goods	235	118	116
Personnel costs	1,184	701	483
Sundry management costs	14	3	11
Total production costs	10,997	8,843	2,154
EBITDA	779	826	(47)
Depreciation and impairments	275	169	105
EBIT	505	657	(152)
Financial income and expenses	(47)	(33)	(14)
Extraordinary income and expenses	379	0	379
EBT	836	624	212
Income tax in the period	(93)	(150)	57
PROFIT (LOSS) IN THE PERIOD	744	474	270

PRO FORMA AGGREGATE BALANCE SHEET AT 30 JUNE 2016

Keuros	CASTA DIVA GROUP S.P.A. (<i>combined entity</i>)	CASTA DIVA GROUP S.R.L. (pro forma)	BLUE NOTE GROUP
Intangible assets	2,966	2,333	632
Tangible assets	201	79	122
Financial assets	58	1	57
Fixed assets	3,224	2,413	811
Inventories	39	7	32
Trade receivables	5,986	5,585	400
Trade payables	(5,496)	(4,533)	(963)
Working capital	529	1,059	(530)
Other receivables	3,091	1,901	1,190
Other payables	(1,555)	(1,248)	(308)
Net working capital	1,535	653	882
NET INVESTED CAPITAL	5,289	4,126	1,163
Employee severance indemnity fund	245	51	195
Net financial position	(20)	(656)	636
Net equity	5,063	4,731	332
SOURCES	5,289	4,126	1,163