

FINANCIAL REPORT

2017

CORPORATE STRATEGIC PLAN

2018•2020

TRATTO DA "QUANTI SONO I DOMANI PASSATI" DI VALENTINA CORTESE



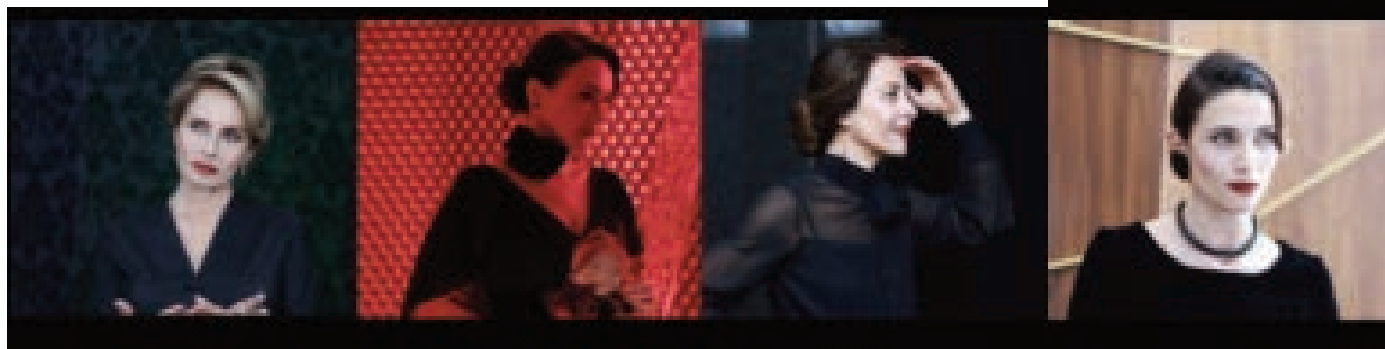
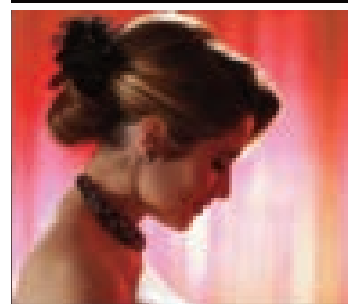
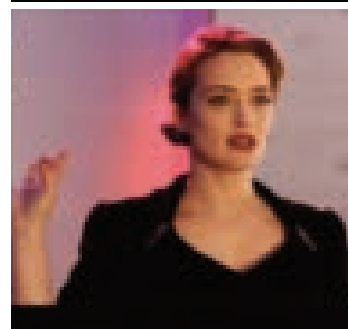
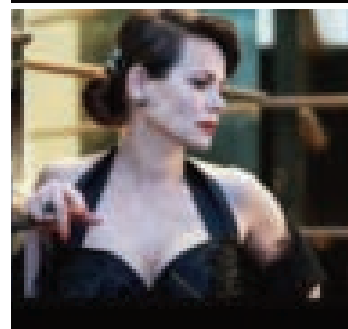
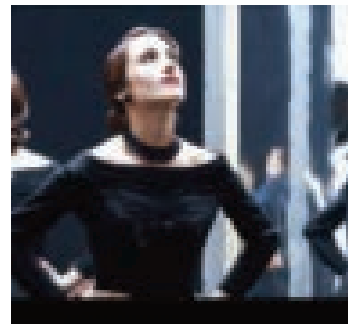
MOSTRA INTERNAZIONALE
D'ARTE CINEMATOGRAFICA
La Biennale di Venezia 2017
Venezia 74
Fuori Concorso

NASTRI d'ARGENTO
BRIGAS DAL 2001 A PRESENTI: SEGNALATO PER IL CINQUE
MIGLIOR DOCUMENTO 2015

DIVA!

UN FILM DI **FRANCESCO PATIERNO**

[illegible]



INDEX

6	CORPORATE GOVERNANCE
7	MANAGEMENT REPORT
11	THE GROUP
16	MARKET FRAMEWORK
19	ACTIVITIES
20	ANALYSIS OF PATRIMONIAL AND FINANCIAL RESULTS
22	ADDITIONAL INFORMATION
25	MAIN FACTS AFTER FISCAL YEAR
26	CONSOLIDATED FINANCIAL ASSETS ON 31ST DECEMBER 2017
31	CONSOLIDATED CASH FLOW STATEMENT
32	CASTA DIVA GROUP STRATEGIC PLAN 2018-2020

LETTER

to the shareholders

Milan, 10th June 2018

Dear Shareholders,

We are delighted to share with you our 2018 first semester Financial Report; it outlines the most significant events that sequentially took place in our company last year. This brief introduction will provide a clear overview of Casta Diva Group daily activities, a sort of an executive summary addressed in a straightforward manner. As you know, the core business of Casta Diva Group is corporate communications, including texts, photos, videos, films, music and corporate and financial events (the latter in the fields of blockchain based companies and ICOs). We are chosen by our customers to provide these communication tools, coordinated within an agreed strategy. We support our corporate clients when communicating with their stakeholders in an efficient and convincing manner, using commercials, branded content, short films, and live events. We do this by providing 'proprietary' content, both musical and TV-cinema-related: i.e. we 'sell' them the experience. In 2005, when Casta Diva was originally founded, we produced 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 (today called Casta Diva Events), and entered the field of live communications. In 2016, thanks to a reverse takeover on Blue Note Spa, we were listed on the AIM Milan and entered the world of music business and B2C (Business to Consumers), thanks to the Blue Note Milano Jazz Club and Restaurant, which celebrated its 15th Anniversary last March with a series of special guest concerts and two "Vynil Nites". In 2017, we produced our first project for the cinema industry, by releasing the documentary film *DIVA!*, which was officially selected for the Out of Competition screening in Venice and last March was awarded Best Docufilm at the prestigious Silver Ribbon Awards, whose jury included film critics and journalists. In February 2018, we started producing in the TV series business with the coproduction agreement signed by our Lebanon branch for *Awake*, a 15 episodes TV series for the Arabic world. Our expansion from B2B (Business to Business) to B2C (Business to Consumers) deserves a brief, more detailed description. Companies that need to communicate with a wider audience find themselves in a more complicated situation than in the past. Mass media communication has multiplied disproportionately in the last twenty years and targeted groups have been segmented into 'tribes' that are increasingly difficult to intercept. Sometimes it is necessary to create an audience, even before communicating something to it. At one time, viewers, sitting in front of a TV with only a few channels to select from, were passively receptive and easy to reach. Now, however, the viewers have become the actors, spread out over millions of web channels, actively managing their own browsing

LUCA ODDO

CEO 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

President 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 Alemendros, 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.



with selective interaction. They also have a powerful return channel, taking an active part in communications, and ambassadors, critics and advisers to other users in a peer-to-peer network that companies are unable to control. To produce effective corporate communications, you will need to know how to create attractive, informative, compelling, emotion-packed and up-to-date content that will capture a more sophisticated, picky, less loyal audience. Therefore, it is essential to understand B2C interaction when creating content, even for B2B communicators. Our company can do this to the highest level, as demonstrated by the many awards won in Italy and abroad, our nomination for Best Event Ambassador 2017 at the Best Event Awards, the success of Blue Note and its spin-offs, such as Blue Note Off, the new brand that we created to bring the "Blue Note experience" to our customers, outside the

Club, and the Jazzmi festival (its third edition in 2018), winning Best Cultural Event at the Grand Prix Relation Strategies Award 2017, taking place in over forty locations in Milan. Last but not least, we have been presented at the Official Selection in the Venice Film Festival and won the Silver Ribbon with our first feature film, DIVA!

One of our latest undertakings from last year is our commercial agreement with Impersive, a Milan-based company that produces top-quality VR (Virtual Reality) videos worldwide. The VR videos, which can be watched with a headset, such as Samsung Gear VR, represent a strong emerging trend; we foresee a significant development in the audio-visual and events sector. On an even more significant level, we announce our recent inauguration of our business activities in China through the joint venture with Shanghai Red Horse Media, a well-established Chinese advertising production company and PR agency. Casta Diva China will fulfil our Chinese customers' needs when producing commercials in the rest of the world and our Italian customers' needs willing to support the immense potential of the Chinese market. The first example of this promising business was the production of three commercials for Alibaba Winter Olympic Games Sponsorship we shot for Casta Diva China in South Africa with our branch in Cape Town. In May 2018, we decided to include our CFO in the Board of Directors, who was then nominated Managing Director, creating the M&A Officer Group by swapping roles between the Chairman and the CEO, matching our personalities and skills. On the financial front, we believe that the capital increase in 2017 is contributing to the expansion and consolidation of our company, following what we have described before: the ability of Casta Diva Group to produce first-class, compelling, emotion-packed and innovative content for our consumers and increasingly picky, international corporate customers. At the end of 2017 we acquired MGF, an event agency specialized in financial events for ICOs and blockchain based start-ups. In 2018, we created Casta Diva Forums and launched its new brand with a memorable event in New York. The performance of our stock has not been satisfactory from a price point of view, after the addition of 20% new Treasury shares on the market. It has, however, shown a big improvement in volume in 2017, which from June to November 2017 increased by 860% in number of contracts, and by 970% in market value, compared to the previous six month period. In January 2018 we registered a 1m volume and in the following months an average volume of 0,3m. We trust that the new initiatives we are developing, once finalised and announced, will be actively accepted by the financial market and bring the stock back to more satisfying values. In conclusion, we believe that 2017 and the first six months of this year have been extraordinarily productive thanks to the hard work consolidating and rationalizing the company's functions, our administrative and financial areas, creativity and communications. The goal of improving the ratio between turnover and EBITDA, which was partially achieved in the first semester of 2017, might be reset in 2018, one year before schedule. We strongly believe that our company is well on its way to an increasingly successful future.

Luca Oddo

CEO of Casta Diva Group

Andrea De Micheli

President 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 of Blue Note S.p.A. (from the 5th August Casta Diva Group S.p.A) on the 20th of 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

Andrea De Micheli | Chairman

Luca Oddo | Chief Executive Officer

Vittorio Giaroli | Independent Director

Gianluigi Rossi | Board Member

Francesco Merone | Managing Director and Board Member

Board of Statutory Auditors

Monica Mannino | Chair

Andrea Pozzolini | Permanent Auditor

Davide Mantegazza | Permanent Auditor

Mauro Lorini | Temporary Auditor

Gaetano Pignatti | Temporary Auditor

Auditing company

Ernst Young S.p.A.

MANAGEMENT REPORT

Dear Stakeholders,

This report has been created in accordance to law (art. 2428) of the Civil Code; it provides the most important information on the financial and patrimonial situation of the management of Casta Diva Group S.p.A. and its Group ("CDG Group").

The Parent Company in agreement with the present law on financial legislation is presenting the report on the management of the financial statement and the consolidated one in one document, underlining the most relevant facts of the Group (art. 40, c. 2-bis, D.lgs. 127/91).

RELEVANT FACTS 2017

We will sum up the most important facts from 2017 and relevant link to the press link.

Exclusive two-year contract

On the 2nd of March 2017 Casta Diva Group Spa (CDG), declares to have won an exclusive two-year contract, worth more than 3 million dollars, in an international bidding, for the production of adverts and digital contents. The productions have been made in India the Middle and Africa, including other branches located in Mumbai, Beirut and Cape Town.

<http://castadivagroup.com/wp-content/uploads/2016/06/2017-03-02-CDG-CS-Contratto-SPOT.pdf>



Share capital increase 2017

On the 10th of April the CDG Board, partially exercising the delegation conferred by the Extraordinary Shareholders Meeting on the 18th of July 2016, resolved to increase, in tranche payment, the share capital for a maximum amount of Euro 868.699,20, of which Euro 687.720,20 as a surplus- price. This transaction was carried out by issuing, with the exclusion of the option right in favour of existing shareholders, at a price 2,40 per share, of n. 361.958 new ordinary shares, to be subscribed by the shareholder White Fleet III - Globes Italy Equity Star and the controlled company Reload S.r.l.

http://castadivagroup.com/wp-content/uploads/2016/06/CDG_CS_Aucap_2017-04-10.pdf



Business plan

On the 6th 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; "Events - Live and Digital Communication" has also increased from 8.9 million Euro to 12.

<http://castadivagroup.com/investor-relations/presentazioni/>



Innovative PMI

On the 13th June 2017, Casta Diva Group Spa received the qualification of INNOVATIVE SMEs from the Milan Chamber of Commerce. Luca Oddo and Andrea De Micheli announced that: "The innovation of products and processes has always been in our entrepreneurial DNA. We are pleased with the fact that today this status has been acknowledged by others. We believe that the award obtained as an Innovative PMI represents a vital step for those who will invest in our Group to support our development, with a common goal of enhancing the competitive advantage in digital communication." Casta Diva Group is the 13th Innovative SME listed on AIM Italia.

<http://castadivagroup.com/wp-content/uploads/2016/06/2017-06-13-CDG-PMI-Innovativa-1.pdf>



Issuance of Bond Loan Conversion (II Share capital increase 2017)

On the 28th of June CDG and Bracknor Investments 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.

On the 6th of July the first tranche of the bond loan conversion has been underwritten by Bracknor Investments of which CDG and Bracknor Investments on the 28th of June 2017 when the contract was finalised. The first tranche consists of 40 bonds for a total value of Euro 400.000. For the issuance of the first tranche n. 83.333 warrant have been issued and, with 1:1 conversion, allow to underwrite n. 83.333 new shares for a unit price of Euro 2,40.

On the 20th of September the second tranche has been underwritten made of 40 bonds for a total value of Euro 400.000. For the issuance of the second tranche n. 86.956 warrant have been issued and, with 1:1 conversion, allow to underwrite n. 86.956 new shares for a unit price of Euro 2,30.

<http://castadivagroup.com/investor-relations/prestiti-obbligazionari/>



On the 26th of October 2017 CDG has terminated the contract with Bracknor Investments without any cancellation fee, as stated in the contract. Listed below the chart with all transactions, as posted on the CDG website, with the issuance of the bonds, their complete conversion and the remaining warrant issued with their share price.

1° TRANCHE	
ISSUE DATE	06/07/2017
COMMITMENT FEE NOTE	1
NUMBER OF NOTES	40
NUMBER OF WARRANTS	83.333
WARRANTS EXERCISE PRICE	2,40 euro

WARRANTS EXERCISE		
DATE	NUMBER	SHARES CREATED

CONVERSION OF BONDS		
DATE	NUMBER	SHARES CREATED
10/07/2017	8	40.000
28/07/2017	5	25.906
14/09/2017	7	39.106
22/09/2017	5	28.901
13/10/2017	6	31.469
16/10/2017	6	31.469
20/10/2017	4	20.979

CURRENT 1° TRANCHE	
NUMBER OF NOTES	0
NUMBER OF SHARES	217.830
NUMBER OF WARRANTS	83.333

2° TRANCHE	
ISSUE DATE	26/09/2017
COMMITMENT FEE NOTE	1
NUMBER OF NOTES	40
NUMBER OF WARRANTS	86.956
WARRANTS EXERCISE PRICE	2,30 euro

WARRANTS EXERCISE		
DATE	NUMBER	SHARES CREATED

CONVERSION OF BONDS		
DATE	NUMBER	SHARES CREATED
20/10/2017	2	10.490
26/10/2017	7	36.713
31/10/2017	7	37.234
13/11/2017	7	38.043
15/11/2017	4	21.739
11/12/2017	8	44.776
29/12/2017	4	22.222
10/01/2018	2	11.364

CURRENT 2° TRANCHE	
NUMBER OF NOTES	0
NUMBER OF SHARES	222.582
NUMBER OF WARRANTS	86.956

TERMINATION NOTICE	
	25 NOVEMBER 2017

TOTAL SHARES ISSUED	
	440.412

<http://www.castadivagroup.com/wp-content/uploads/2017/08/Casta-Diva-Convertible-Bonds-8.pdf>



III Share capital increase 2017

On the 27th of July 2017, CDG Board of Directors, declared 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.

<http://www.castadivagroup.com/wp-content/uploads/2016/06/2017-07-27-CDG-CS-CDA-Aumento-di-capitale.pdf>



From the left:
 Francesco Paolo Conticello,
 Flaminia Giacobelli,
 Alessandro My,
 Luca Oddo,
 Natascia Galli,
 Andrea de Micheli,
 Danielle Blackwell at the
 World Trade Center



Merger

On the 6th of October BN Eventi S.r.l. and Egg Events S.r.l. combined in a new company Casta Diva Events S.r.l (CDE). This deal will allow CDE to sell events for Blue Note S.r.l. BN Eventi S.r.l. brings to CDE value worth 1 Million Euro for 2017. Its commercial perspective and CDE brand should lead to value increase from the beginning of 2018.

Other merging within the Group was in October 2017 between Anteprima Video S.r.l., Kismet S.r.l. and Eggs Invaders S.r.l. In this case, the aim was to re-organise these companies activities and to rationalise the general and companies costs.

Joint Venture China

On the 9th of November Casta Diva Group has signed an agreement with Shanghai Red Horse Advertising Media Co., Ltd. for the establishment of Joint Venture Casta Diva China Co., Ltd.

Casta Diva China Co., Ltd. will be located in Shanghai and will owned by 50,1% by Casta Diva Group S.p.A. and by 49,9% by Shanghai Red Horse Advertising Media Co., Ltd. This deal will lead to an investment of 50.100 dollars. Regarding the Governance, the members of the Board will be, 2 elected by Shanghai Red Horse Advertising Media Co., Ltd. and 1 elected by Casta Diva Group represented by Luca Oddo. Regarding the deal, there will be no put and call options. Shanghai Red Horse Advertising Media Co., Ltd. Group listed in the market National Equities Exchange, which makes about 7,5 million Dollars consolidated with 4 business units: production of advertising, renting technical material, managing celebrities rights and feature films. It has important clients such as Oppo (one of principal electrical devices and mobile phones makers in China and Asia), Coca Cola, Alibaba and other international top clients.

<http://www.castadivagroup.com/wp-content/uploads/2016/06/2017-11-09-1143am-CDG-CS-Joint-Venture-China.pdf>



Acquisition

On the 15th of December Casta Diva Group has made an agreement for the acquisition of Monaco Growth Forum LLC. (MGF), specialised in Finance events, as a world leader, organising the most recent events for innovative electronical currencies (Bit Coin and similar) – such as roadshows and ICOs – and new negotiational platforms, such as CBOE and CME.

The acquisition process of MGF happened thanks to the establishment of CASTA DIVA FINANCIAL EVENTS S.r.l. (CDFE), by the 31st of December 2017. The initial capitalisation of CDFE will be Euro 300.000,00, where 51% will be owned by Casta Diva Events S.r.l e 49% by Andreea Porcelli. The amount for acquiring 100% of MGF by CDFE could cause for Casta Diva Group a disbursement up to a maximum of Euro 1,7 million, which will be matched, as expense, once specific financial targets will be reached per annual quarter. The earn-out settlement will let Casta Diva Group neutralise the effect of the investment in terms of consolidated PFN.

<http://www.castadivagroup.com/wp-content/uploads/2016/06/2017-12-15-0856am-CDG-CS-CDEF.pdf>



Share capital increase 2018

On the 10th of January 2018 the Board of Casta Diva Group during the notary session, in partial operation of the delegation conferred by the extraordinary general meeting on the 18th of July 2016, has declared to increase, divisible and chargeable, the share capital for a maximum amount of Euro 380.000,00 of which 285.000,00 Euro overcharging, through the emission with exclusion of the right of option for the existing members, for the price of Euro 2,00 per share, with maximum of n. 190.000,00 new ordinary shares. The shares will be offered in subscription in accordance with law. 2441 paragraph 5 of the Civil code for the company administrators, employees and collaborators (in Italy and abroad) who went the extra mile in reaching the company targets.

<http://www.castadivagroup.com/wp-content/uploads/2016/06/2018-01-10-0941pm-CDG-CS-CDA-e-Bracknor.pdf>



Cash pooling 2018

In February CDG has signed a domestic cash pooling contract with MPS bank and then with Unicredit. This type of cash pooling is Zero balance system. With the zero balance system a single company of the group (CDG/pooler) manages a centralised bank account (pool account), where the transactions of all other company accounts are paid. Hence, the pooler will manage all financial needs, centralised and the management with all creditors. The pooler will have to deal with the liquidation of interest income and expense calculated summing all companies of the group send a bank statement to the pooling participants. The zero balance system is daily and these companies will take part: Casta Diva Pictures S.r.l, Casta Diva Events S.r.l., Blue Note S.r.l.

On the 31st of December 2017, based on the information provided to the company, the Holding share capital was detained as:

- Reload S.r.l.: 73,02%
- Mercato: 26,98%

No personal shares are listed.

As Stock Exchange closed on the 31st of December 2017, the share price of Casta Diva Group S.p.A. is Euro 1,438 with 12.548.513 shares, equivalent to capitalization over 18 million Euro.



CASTA DIVA FORUMS

A new business format: CDF is an exclusive networking company producing financial worldwide forums related to ICOs, Blockchain, Fintech, Cryptocurrencies, etc.

THE GROUP



Casta Diva Group S.p.A., together with its investees, operates in Italy and abroad in corporate communications. The Group has its registered offices in Milan and operates, through its 100% subsidiaries or in management partnership, in: Italy, UK, Czech Republic, Turkey, Libanon, India, SouthAfrica, US, Argentina, Uruguay and China. The Gruppo mainly operates in two areas of Digital & Live Communication:

1. The area (or Business Unit) **Spot (e Digital Video Content)**, which creates TV ad, digital and viral videos, web series, branded content, and it's managed for production by the companies named by Casta Diva Pictures and active in different parts of the world and, for post-production, by Anteprema Video.
2. The area (or BU) **Events (or Live & Digital Communication)**, which creates and organises conventions, web events, road show, stands, team building, product launches, press conferences, events such as test drives for car maker companies, concerts and festivals, all declinations of live communication, for companies (B2B) and consumers (B2C), managed by Casta Diva Events and BN Events for B2B/B2C events and Blue Note Milano for in-house live concerts.

In order to reach its goals, the Group has developed excellent skills in Digital Communication, in 2017 it has started working on productions for Cinema and TV. The main operational areas are listed below.

Casta Diva
Pictures
shooting



Advertising and Digital Video Content)

This area was the main interest of the founders of Casta Diva and represents in the market excellence in terms of qualitative and quantity outcome. Our

clients invest large sums on advertising for the production of short films, and even larger sums, ten or twenty times more, to purchase web and advertising space to spread advertising products. Hence the need, for spot producers, to set the highest qualitative and entrepreneurial standards. It's an area where it's forbidden to make mistakes. The founders of Casta Diva that have been creating successful spots for decades, have always played a vital role in this area in Italy and abroad, have also brought this way of in other areas of the Group, as we will see, and this has been the key to success. The BU Spot also produces all new products and formats which are key tools in advertising marketing mix: known as branded content, these audio-visual products have been created to attract the general public, and also, but not exclusively, to make a brand known. We are talking about digital videos, or viral, as well as short films and web series. The branded content differentiates from old advertising as it's often seen by the press as a separated content from the brand, in some cases purchased by tv network as always the other TV program.

The BU Spot, which operates with legal entities named Casta Diva Pictures in Milano and other 15 locations in the world, represents the biggest production network for tv adverts worldwide.

The company has, thanks to its strong and international reputation, allows it to manage several international and ambitious projects with excellent skills. I Group producers have successfully worked with more than thirty countries and over 100 global brands.

Events (or Live & Digital Communication)

The BU Events, since November 2017 merged with Egg S.r.l. and named Casta Diva Events, produces corporate events (B2B) and clients events (B2C).

In the B2B market, the Group creates and organises big conventions, web events, road shows, stand, team building, product launches, press conferences, events such as test drives per for car makers companies. In this area Casta Diva operates mainly in Italy, often abroad, with Casta Diva Events (CDE). The events and the experiences organised by CDE are based on: creativity, technology, ecology and measurable results. The company offers reliability, experience and ability to manage very sophisticated events, for communication (creation, star recruitment, artists and presenters, set up, video editing, audio and lights, etc.) for events production (contact centre, travel and accommodation booking, catering, etc.). In addition, it promotes and manages B2B events taking place at Blue Note di Milano.

In B2C market, for the consumers, the group manages, through its subsidiary Blue Note S.r.l., the jazz club and restaurant in Milan, on via Borsieri 37, that represents a qualitative icon in Milan music industry, and a renowned spot for jazz. Blue Note invoices more than 30% of the Italian jazz collection (from: SIAE), brings to Milan thousands of artists, every year, that create more than 305 live events, for about 70.000 clients, and 20.000 dine in the club. Since the acquisition of Blue Note, the group has decided to export this brand launching, in 2017, the Blue Note Off, a project that aims to bring the jazz out of its historic location in via Borsieri. In the firsts months of 2018, BNO signed important partnerships with the Sisal Wincity in Piazza Diaz, Milan, the Fondo Ambiente Italiano (FAI) with two events at Villa Necchi Campiglio and The Westin Palace Milan.

<http://www.castadivagroup.com/wp-content/uploads/2016/06/2018-01-24-1138am-CDG-CS-Blue-Note-Off1.pdf>



ADDITIONAL ACTIVITIES:

Digital communication

The group operates in this promising area thanks to its founders experience, who have been the pioneers of the creation of *corporate web tv* (Enel Web TV e Intesa Web TV) and *consumer web tv* (my-tv). Thanks to a commercial deal with a primary *digital agency* Casta Diva is able to create digital formats, App for events, digital communication campaigns, and gamification, as digital tools designed for product learning and advertising

Cinema & TV

Regarding the development of Digital & Live Communication, Casta Diva has developed specific skills in terms of tv and cinema production. The group has already produced several short films (featuring artists like Ermanno Olmi, Paolo Sorrentino and Gabriele Salvatores), who have been awarded with David di Donatello, Nastri d'Argento and at the Golden Globes from foreign press.

In 2017 Casta Diva has produced DIVA! the movie, based on the autobiography "Quanti sono i domani passati", by Enrico Rotelli, published by Mondadori, and co-produced with Daniele Orazi from D.O. Production, tells the story of Valentina Cortese, one of the greatest Italian actresses. The director, Francesco Patierno, hasn't just edited different scenes, but has created, in addition to this, a narrative flow and Mrs Cortese character has been played by eight great actresses: Barbora Bobulova, Anita Caprioli, Carolina Crescentini, Silvia D'Amico, Isabella Ferrari, Anna Foglietta, Carlotta Natoli, Greta Scarano; also featuring Michele Riondino, who plays Giorgio Strehler.

DIVA! has been selected for Venice film festival outside the competition and the cast have been awarded with the starlight cinema international.

In March 2018 DIVA! has won the Nastro d'Argento award as best docufilm.

SERIE TV

**CDP Libano participates in the realisation of the family-drama
AWAKE with an investment of approximately 250k dollars, for 2018
revenues estimated at approximately 580k dollars**



Awake is a fast-paced, stylish family drama Lebanese tv series, that follows the story of the main character, Dana, a 33 year old Lebanese girl who has just woken up from a 12 year coma.

- Season one will consist of 15 episodes.
- Each episode will be 45 minutes long (60 minutes including commercials time).
- Target audience is 25 to 60+
- The expected average number of viewers watching each episode at least once on each TV channel is around 400,000+
- The plan is to produce and broadcast four to five seasons with a potential spinoff and possibly a movie.

Geographical expansion

The launch of the Italian Chinese Joint Venture with Casta Diva China Co., Ltd. will be located in Shanghai and the 50,1% will be owned by Casta Diva Group S.p.A and 49,9% by Shanghai Red Horse Advertising Media Co., Ltd.

Thanks to this deal, on the 9th of March 2018, the Chinese Red Horse partner, has informed their client Alibaba the opportunity to work in South Africa with Casta Diva Cape Town. This collaboration has produced 3 amazing spots worth 400.000,00 for olympics sports.

PRODUCT DIVERSIFICATION

Monaco Growth Forum (MGF) rebranded Casta Diva Forums

The merging with MGF represents the business diversification process in terms of company income increase, which is a primary goal of the financial years 2017/2019. The corporate events area, and in particular, events regarding Blockchain, and Crypto currency and Initial Coin Offer (ICO) have been spreading over the past months.

The possibility to include di business guidelines in CDG, to organise events and develop communication plans, with MGF core business, is to sell conferences (known as Forums) and road shows, represented a vital opportunity for the Group.

MGF has closed its fiscal year in 2017 worth Euro 1,5 million and marginalisation of 30%. CDG has not determined these data because its acquisition has been formalised in December 2017 and decided not to include it.



Francesco Merone, Managing Director of Casta Diva Group, at the New York Stock Exchange

In the chart below the **group structure** at the end of fiscal year.

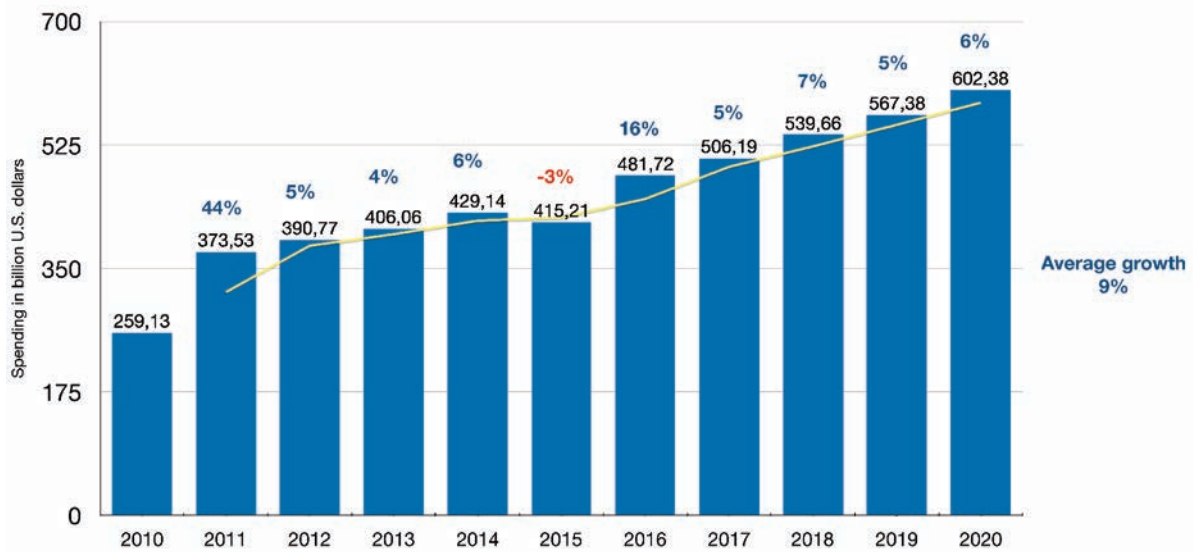


MARKET FRAMEWORK

Casta Diva Group operates in advertising, branded videos production and also in Digital Communications, Events, nowadays known as Live & Digital Communications.

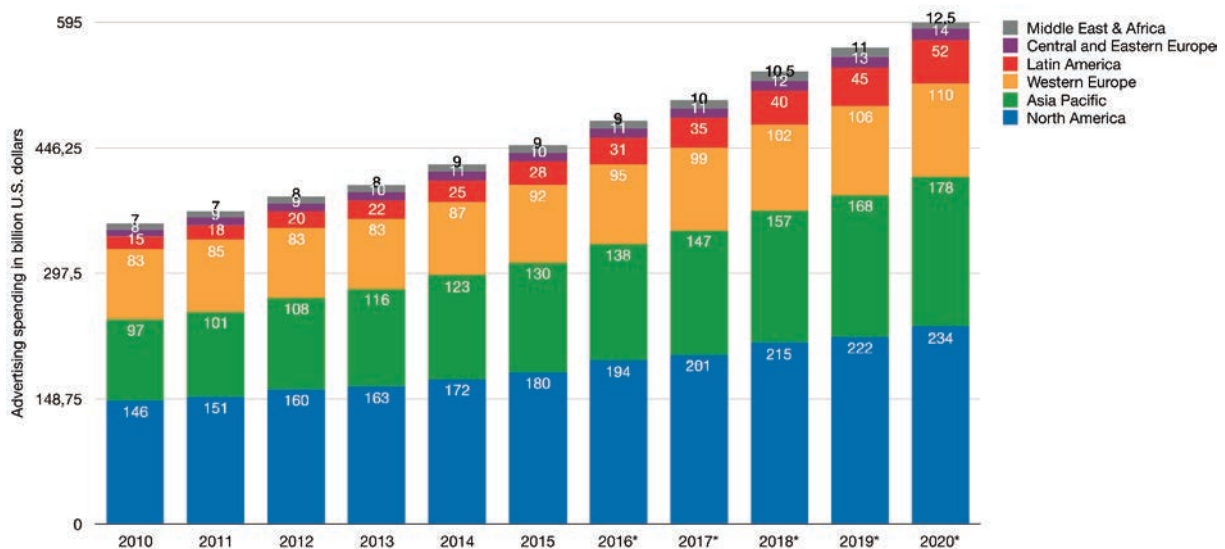
For the first market, advertising, global advertising expenditure underlines constant increase, going from \$b 259 in 2010 to \$b 506 in 2017, foreseeing further increase up to \$b 602 in 2020 which gives an annual growth rate of 9 percent. (Source Source: Wilkofsky Gruen Associates; McKinsey by Statista 2018).

Global advertising spending from 2010 to 2020 (in billion U.S. dollars)



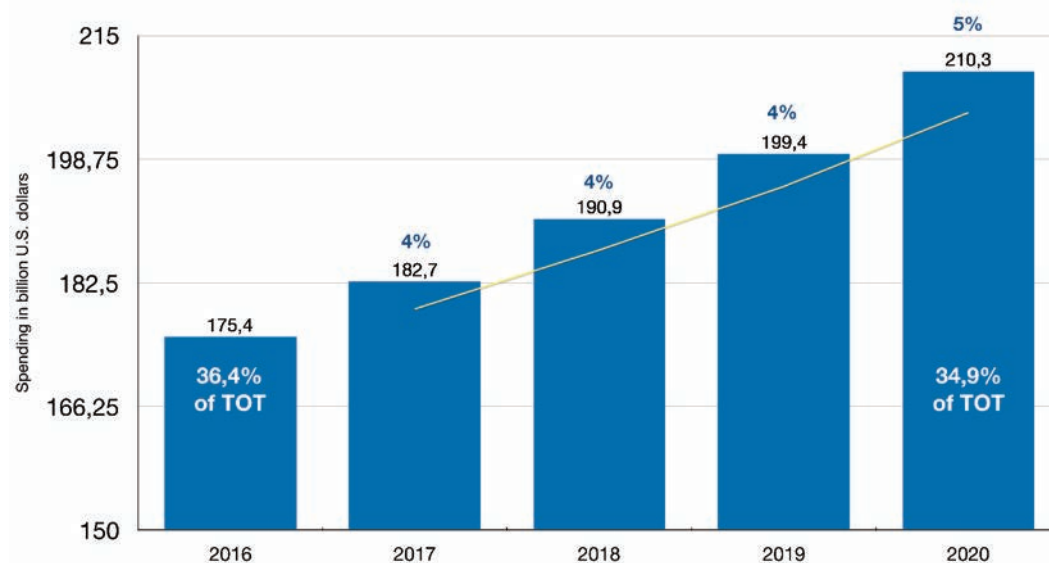
North America is expected to stay the largest regional ad market, followed closely by Asia Pacific. Western Europe ranks third, with ad spends amounting to approximately half of these of North America. (Source: GroupM reported by Statista 2018).

Global advertising expenditure from 2010 to 2020, by region (in billion U.S. dollars)

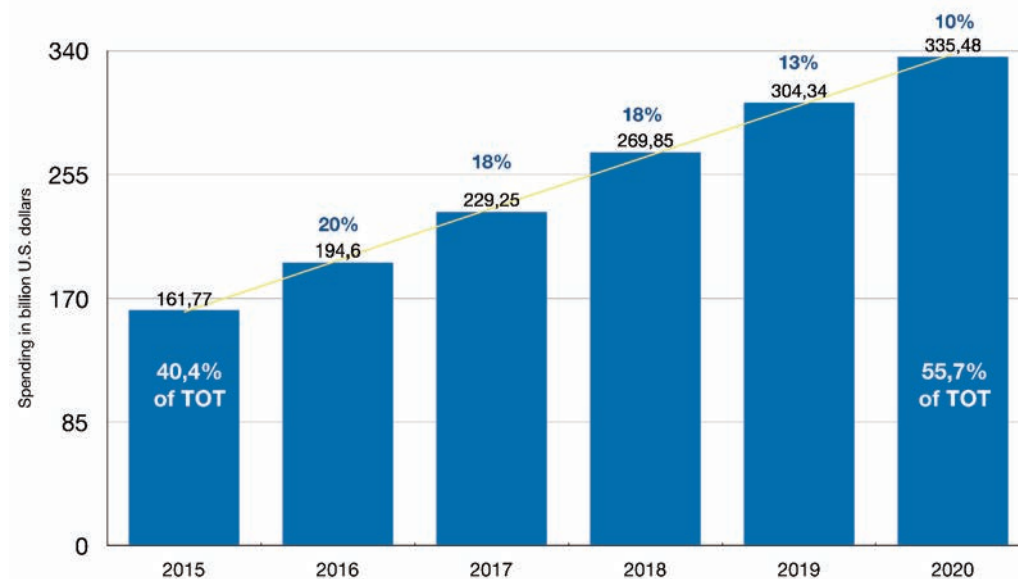


Despite the positive trend, there was a slightly decrease in the TV industry development, going from 36,4% out of the total in 2016 to 34,9% foreseen for 2020 (Source: PwC; The Hollywood reported by Statista 2018). There has been a strong increase (but less than previous years) of digital communication, web and mobile, which goes from 40,9% of the total in 2016 al 55,7% foreseen for 2020 (Source: eMarketer reported by Statista).

Global TVadvertising revenue from 2016 to 2020 (in billion U.S. dollars)



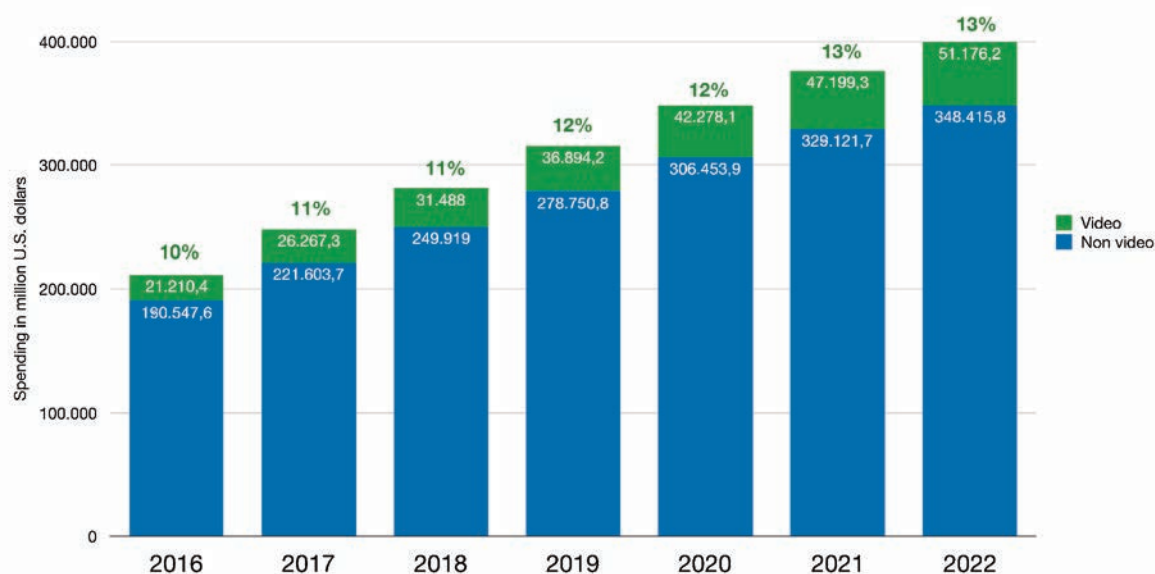
Digital advertising spending worldwide from 2015 to 2020 (in billion U.S. dollars)



It's important to point out, vital for the Group, that digital communication has gradually become VIDEO digital communication, as videos are essential for 70% of digital contents (by: ZenithOptimedia, Cisco Visual Networking Index).

In particular, global expenditure for video production digital communication has increased from \$b 0,1 in 2005 (when Casta Diva was founded) to \$b 26 in 2017,), with a drastic increase by 25.900% (twenty five thousand point nine per cent) and foreseeing further increase up to \$b 51 by 2022 (Source: Statista).

Digital advertising spending worldwide from 2015 to 2020 (in million U.S. dollars)



Among Italian competitors, Casta Diva is placed second in the biggest advertising production companies ranking, with the strongest international *reach*, thanks to its 14 branches in 10 countries (by: Società). In 2017 the group has received almost twenty national and international awards.

In the second industry, the events industry, the Group used to operate in Italy until 2017, but at the end of 2017 has acquired, thanks to Casta Diva Financial Events, the American company Monaco Growth Forums, which organises financial and corporate events for companies looking for funding, combining the clients requests with the investors proposal. The locations where MGF has operated in the past are New York, London, Zurich, Lugano, Milan, Monaco, Dubai, Abu Dhabi, Singapore, Hong Kong and Bangkok. Going back to the market data, in Italy expenditure (only including corporate events, B2B) has increased from €b 0,82 in 2014 to €b 1,04 in 2015 (by: ADC Group). Worldwide, it ranks between \$b 565 and \$b 1.500, according to different sources, including business travel. Although it's difficult to analyse this diverse industry, principal indicators show that trends B2B events expenditure has increased, for international events, over 55.000 between 2008-2012 (by: ICCA) and for the development of MICE, which stands for meetings, incentives, conferencing and exhibitions, in emerging markets (data 2015 from 2014): +18% in China, +14% in Russia, +8% in India, + 6% in Brazil, and in developed markets: +11% in Germany, +6% in Korea and in USA, +5% in France, Australia, UK, Spain (by Carlson Wagonlit Travel, GBTA, Statista).

Italian market, and worldwide, is extremely fragmented, also for its background which have events companies founded by logistics and catering suppliers or hostess agencies, ex organisers assistants. In Italy only Casta Diva and another operator come directly from the relevant communication sector, which is advertising, and from this the Group has a strong competitive advantage in terms of creativity, quality and perceptive value from clients. Casta Diva ranks among the top ten agencies in terms of income and is the only one to have its own quality location like the Blue Note Milano, where B2C e B2B music events take place.

In 2017 the Group has received twenty national and international awards, like Best Ipo Innovative Project from Ir Top, Best Cultural Event for Jazzmi at Grand Prix Relational Strategies and Best Music Event, also for Jazzmi, at Best Event Award. The company chairman and CEO have also been nominated from BEST EVENT AMBASSADORS at the Best Event Award.

ACTIVITIES

In the events industry, CDE has decided to keep minimum marginalisation according to the plan. This thoughtful choice has provided the opportunity not to apply further discount to big projects or miss some bidding, as a negative impact on the income. Our Staff has been focusing on important bidding, for clients as Adecco, Alitalia, Amplifon, Banca Generali, BMW, Bonduelle, Case New Holland, Crédit Agricole, Dormakaba, Edison, FCA, GSE, Huawei, Iveco, John Deere, Mini, Mondelize, Perfetti, Rhea Vendors Group, Rolls Royce, Sambonet, Sephora, Siemens, TeamSystem, Zambon, Zurich.

In November Blue Note, in collaboration with Ponderosa Music & Arts and Teatro dell'Arte has collaborated in finalising the Jazzmi second edition, the only jazz festival created in Milan spread across the country, and first in a series of projects aimed at raising awareness for the Blue Note brand and outside the club. The festival has hosted more than 80 locations in Milan 120 concerts, with 500 international artists, for an audience of 40.000 people, charging 20.000 people (same number of Umbria Jazz), in 11 days. In the first months of 2018 the third edition of Jazzmi will be launched, which will take place from 2nd to 11th of November 2018, defining line-up and looking for sponsorship.

In February 2018, the Blue Note brand awareness outside its location in via Borsieri has developed by creating a new brand: Blue Note Off, in collaboration with Sisal Wincity, producing for 14 weeks concerts on Mondays, organised by Blue Note.

In 2017 Casta Diva Pictures has started its work in the cinema industry producing together with DO Productions the documentary film DIVA! about the life of the actress Valentina Cortese. The film, directed by Francesco Patierno and played by Barbora Bobulova, Anita Caprioli, Carolina Crescentini, Silvia D'Amico, Isabella Ferrari, Anna Foglietta, Carlotta Natoli, Greta Scarano featuring Michele Riondino, officially nominated at the 74° Venice Film Festival, out of competition, has been awarded with the Starlight International Award for the actresses. In March in 2018 the film has been awarded by the National Cinematography Press Association with Nastro d'Argento for the category BEST DOCUFILM, ex aequo with another documentary. The film will be released on the 24th of May, distributed by Officine Ubu, specialised in documentaries, the broadcasted by Sky Arte.

In the beginning 2018 Casta Diva Beirut has made its debut on TV, starting a co-production for a tv series in 15 episodes for the Middle East, titled Awake.



Valentina
Cortese

ANALYSIS OF PATRIMONIAL AND FINANCIAL RESULTS

In this section information regarding the company patrimonial and financial history for a better understanding of main managing aspects.

Consolidated Profit Results

CONSOLIDATED - Casta Diva Group

Amount in euro

	31.12.2017	31.12.2016	Variation	Var%
Production worth	23.525	24.912	(1.387)	-6%
External operational costs	(22.188)	(24.175)	1.988	-8%
EBITDA	1.338	737	600	81%
EBITDA percentage	5,7%	3,0%	-43,3%	
Depreciation, Reductions and Provisions	(1.999)	(767)	(1.232)	161%
EBIT	(662)	(30)	(632)	242%
EBIT percentuale	-2,8%	-0,1%	45,5%	45,6%
Net Result	(1.315)	136	(1.231)	206%
Third party net profit	393	473		
Share of net result	(1.709)	(337)	(1.372)	407%
Net worth	7.889	4.954	2.935	59%
Share of net worth	6.555	4.002	2.553	64%

The consolidated production worth is 23.525 Euro, decreasing by 1,387 thousand from 2016.

In particular, the production value is subdivided into:

- Proceeds from the sales and provision of services: Euro 24.389, increasing compared to Euro 22.812 from 2016 thanks to the sales from branches abroad in Lebanon, South Africa and Czech Republic.
- Work in progress on request: no work in progress until the 31st of December 2017, therefore net worth is negative by 1,845 million Euro, compared to the 31st of December 2016. Data from 2016 represents an exception due to the fact that advertising and events productions were being finalised at the same time at the end of the year.
- Other proceeds and income: 984 thousand Euro, increasing compared to 265 thousand Euro in 2016. This record underlines constant development due Blue Note S.r.l. which has signed an important sponsorship contract with Radio Monte Carlo.

Below the allocation of production value generated by the Italian subsidiaries compared to the branches abroad:

Amounts in thousands euro

	Italy	Abroad	Total
Group CDG			
Production value	13.448	10.077	23.525

External operational costs are increasing from fiscal year 2016. Business in 2017 was aimed at making operation costs more suitable for the market. Commercial deals have been revised, incentive politics and fixed costs to balance out costs and proceeds of sales. This improvement is already visible in fiscal year 2017. Depreciations and reductions show an increase compared to 2016. The most significant aspects are risk provisions on credit and impairment on these companies shares: Anteprema Video, Casta Diva Events and CDP USA.

Taxes from 2017 are 254 thousand Euro there are no provisions for anticipated taxes because the company has joined fiscal consolidation and recoverable fiscal loss worth was over 700 thousand Euro.



Consolidated financial position

Below the group patrimonial structure in 2017 compared to 2016.

CONSOLIDATED

Amounts in thousands euro

Concise consolidated Balance sheet	31.12.2017	31.12.2016	Variation	Var. %
Intangible assets	4.527	4.201	326	8%
Tangible fixed assets	286	262	24	9%
Financial assets	153	223	(70)	-31%
Fixed Total assets	4.966	4.686	280	6%
Trade credit	6.209	7.439	(1.230)	-17%
(Trade Debts)	(4.397)	(6.189)	1.792	-29%
Inventories	287	2.129	(1.843)	-87%
Other assets	2.102	1.982	120	6%
Other liabilities	(2.482)	(3.745)	1.263	-34%
Working net capital	1.719	1.616	102	0
Invest net capital	6.685	6.303	382	
Financial Credits	(1.642)	0	(1.642)	-100%
Cash	(2.068)	(2.261)	193	-9%
(Financial debts)	1.874	3.040	(1.166)	-38%
Net financial position	(1.837)	778	(2.615)	-336%
Share capital and stocks	9.204	4.818	4.386	91%
Operating profits	(1.315)	136	(1.452)	-1065%
Net worth	7.889	4.954	2.934	59%
TFR funds	633	570	63	11%
Total resources	6.685	6.303	382	6%

The increase of intangible assets was driven by capital costs related to technological investment aimed at improving the companies' productivity and security.

The operating net capital (trade credits plus stock minus trade debts) improved compared to 2016, going from 3,379 million Euro to 2,048 Million Euro, allowing the group to monetise 1,331 million Euro.

Consolidated financial situation

The net financial position shows a definite improvement of 2,615 million Euro.

This result is based on the improvement of CCN operational management, as mentioned above, and share capital increase in 2017.

Consolidated Net Financial Position	31.12.2017	31.12.2016	Variation	Var. %
Financial Credits	(1.642)	0,00	(1.642)	-
Cash	(2.068)	(2.261)	193	-9%
(Financial Debts)	1.874	3.040	(1.166)	-38%
Net Financial Position	(1.837)	778	(2.615)	-336%

ADDITIONAL INFORMATION

Own shares

During the fiscal year the company has kept buying and selling own shares to a final result equal to zero: the company has no own shares at 31st December 2017.

On the 17th of November 2017 the CDG shareholding Committee has approved the 18 month buy-back plan.

Research and development

Taken into account the nature of the sector the Group operates in, during the fiscal year, there were no expenses for research and development beyond the core business.

Investments

Investments in intangible fixed assets mainly refer to the costs of investments in technology that will increase the company productivity and security on data management.

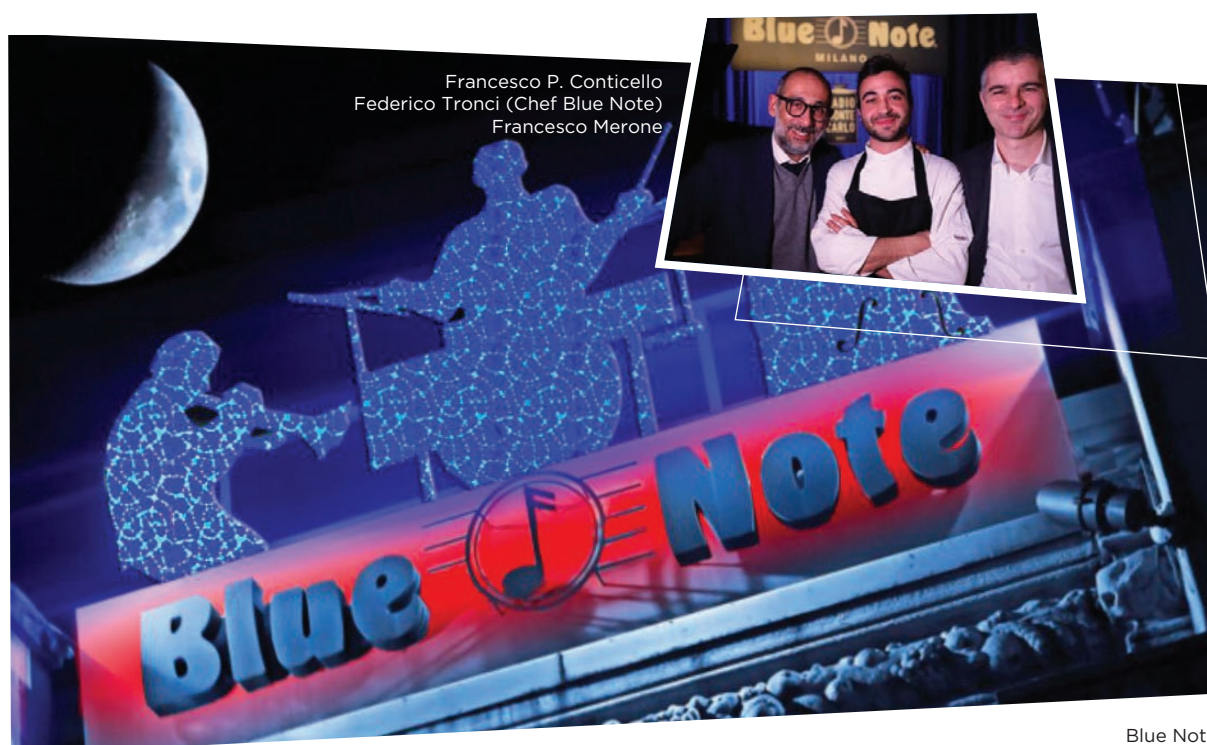
Investments in financial assets mainly refer to the liquidity pool signed by CDG with Creval bank, for liquidity and financial credit management included in CDP South Africa budget.

Information on risks and uncertainty

Further information on information on the Group risks.

Risks related to the general economic development

The economic and financial situation of the Holding, included all companies of the Group, is characterised by all factors of the macro-economic framework, including the increase and decrease of the gross national product, the consumers and companies reliability. During 2017 in Italy the gross national product has increased compared to the previous years. All research institutes announced that economic increase is happening worldwide. Italy does not seem to be developing as much as Germany and France but is growing by more than 1% per year. From the macroeconomic side, there are positive and negative aspects that make it difficult to get a clear idea of the situation. The positive aspects are the global growth and less chance of conflict with South Korea whereas the negative aspects are the unpredictability of Trump customs politics that could affect international trade.



Blue Note
Milan



Credit risk

Credit risk represents potential loss for the Group due to lack of fulfilment of the partners obligations. Credit management assigned the financial control department, based on evaluation procedures and dealt by commercial partners, tries to minimise the risks. Following economic problems, stricter procedures have been applied in order to quantify and control clients' risks, but it has to be taken into account that the company financial operations have credit quality; it needs to be pointed out that the main company clients, including Italian and multinational communications companies. Credit risk is equal to zero in B2C (mainly the Blue Note business) where collection from clients are immediate.

Liquidity risk

Liquidity risk consists in the impossibility to respect payment commitment due to the problems in raising funds or disposing of assets on the market. As a consequence, it has a negative impact on the economic result in case the company is obliged to have addition costs to face its commitments, as far as possible, insolvency that could affect the company viability.

The group, in order to optimise financial assets management, reducing liquidity risks, has started a process to constantly monitor liquidity conditions, in relation to the company planification process. The group companies will face financial needs thanks to cash flow resulting from operational management and available liquidity. CDG has an excellent level of liquidity. From February and March 2018 the group has started household cash pooling with MPS bank and Unicredit.

Risks related to fluctuation of interest rates and change rates

During 2017 the Group appealed to floating funding, but debt isn't excessive. The company believes that nowadays the risks are not major.

Relations with controlled companies, subsidiaries, controlling and related parties.

During the fiscal year, several relations among the group companies have been carried out as company activities. Actions have been taken to promote development in a synergic framework that allows positive integrations within the Group. No unusual operations have been made in relation to company management. The operations are related to provision of services, supply and use made of financial resources; these relations are part company management and ended according to market deals, according to agreed conditions among independent parties.

In particular, these are some of the most significant operations: provisions of holding services that Casta Diva Group S.p.A. has charged its subsidiaries CDE S.r.l. (692 thousand Euro), CDP Corp. (47 thousand Euro), Blue Note S.r.l. (77 thousand Euro) and CDP Buenos Aires (76 thousand Euro) and regulated by Intercompany contracts; and the shareholding financing paid out to the shareholder Reload S.r.l. of 300 thousand Euro. No significant operations with are recorded with parties outside the scope of consolidation of the Group. For further information regarding correlated parts please check the relevant paragraph in the notes to the financial statements.

Litigation

No disputes are recorded in 2017.

People and environment

Under article 2428 n. 1 of the Civil Code please find below further information regarding people and environment.

Regarding the environment, the Group has planned its environmental investment in terms of eco-efficiency. During all activities, monitoring plays a vital role: compliance with provisions provided by fire prevention legislation, with renewal CPI; food processing exposed to danger of biological contamination, chemical or physical, according to the protocol HACCP; occupational risks at work, according to the law on health and safety at work, Legislative Decree 9th April 2008 n.81.

Regarding personnel, the Group has started all activities for safety at work, according to its legislation. Please see below information regarding the employees, per classification:

Description	31.12.2017	31.12.2016	Variation
Managers	1	-	1
Employees Italy	35	42	(7)
Workers Italy	22	15	7
Employees Abroad	27	23	4
Total	85	80	5

Financial derivatives

During the fiscal year, the Holding and its subsidiaries in consolidation have not subscribed financial derivatives.



Casta Diva Pictures shooting

MAIN FACTS AFTER FISCAL YEAR

In January 2018 the company CDFE indirectly controlled by 51% by CDG has transferred the amount of 500 thousand Dollars to acquire 100% shares of Monaco Growth Forum. Total value for the acquisition could increase to a maximum of 1,7 Million Dollars, only if the company will reach its marginalisation targets, monitored per quarter, starting from first quarter in 2018.



On the 10th of January the Casta Diva Group Board Committee during notary session, in partial operation of the delegation conferred by the extraordinary general meeting on 18th July 2016, has announced to increase, divisible and chargeable, capital share for a maximum amount of 380.000,00 Euro of which 285.000,00 Euro overcharging, through the emission with exclusion of the right of option for the existing members, for the price of Euro 2,00 per share, of maximum n. 190.000,00 new ordinary shares. The shares will be offered in subscription in accordance with law. 2441 paragraph 5 of the Civil code for the company administrators, employees and collaborators.

On the 18th of January CDG announced to have won, thanks to its branch Casta Diva Cape Town in South Africa, a campaign production of 3 adverts for the Alibaba Group through Shanghai Red Horse Advertising Media Co., Ltd. which has a partnership with Joint Venture Casta Diva China Co., Ltd. The adverts have been shot in South Africa and the total value of the contract is 500.000 Dollars. One of the scripts tell the story of the Kenyan hockey team, that after hard training in their dusty land, with determination gets a pass for the Olympics. Another one is based on the true story of Henry Pearce, an Australian athlete who has competed for row race at the Amsterdam Summer Olympics 1928. The third, more institutional, tells about the Alibaba Group as a partner of the Winter Olympic Games in PyeongChang next February.

On the 7th of February Casta Diva Pictures Lebanon joins the area of Tv series with an investment of 250 thousand dollars. The company will invest without contacting the bank, thanks to the free cash flow production from 2017. CDP Beirut will take part, with other local investors, in producing a new TV series for a total budget of costs for 550.000 dollars and revenue, for 2018, of 1,277 million dollars. CDG indirect commitment (that contributes to Casta Diva Pictures Lebanon share capital with a share of 50,1%) is about \$ 125,000, its expected revenue for CDG in 2018 is over double this amount. This TV series will be produced in April, May and June and broadcasted in September 2018.

In February 2018 the company has signed a domestic cash pooling contract with MPS bank and with Unicredit, which links all Italian companies together: CDG, CDE, CDP e BN.

On the 1st of March Casta Diva Group announces that DIVA!, the first film produced by CDG, has been awarded with NASTRO D'ARGENTO DOC 2018 as BEST DOCUFILM. Nastro d'Argento is one of the most important awards in the Italian cinema industry and every year it is given by journalists and cinema critics. DIVA! has been awarded ex aequo with La corsa de L'Ora. Il film DIVA! based on the autobiography Quanti sono i domani passati by Enrico Rotelli, published by Mondadori, and co-produced with D.O. Production by Daniele Orazi, tells the story of Valentina Cortese, one of the greatest Italian actresses. The director, Francesco Patierno, not only edited film scenes, but has created, in addition to this, an original plot, and Cortese is played by eight great actresses: Barbora Bobulova, Anita Caprioli, Carolina Crescentini, Silvia D'Amico, Isabella Ferrari, Anna Foglietta, Carlotta Natoli, Greta Scarano, featuring Michele Riondino, who plays Giorgio Strehler. The film plays homage to the art of acting, the woman and personality.

CONSOLIDATED FINANCIAL ASSETS ON 31ST DECEMBER 2017

ASSETS

31.12.2017

31.12.2016

A) SUBSCRIBED CAPITAL, UNPAID

0

0

Total subscribed capital unpaid (A)

0

0

B) FIXED ASSETS

I - Intangible fixed assets

1) Installation and expansion costs

1.536.738

1.144.943

3) Industrial patents and intellectual property rights

0

36.543

4) Concessions, licences and trademarks

170.736

108.737

5) Goodwill

2.152.371

2.704.434

6) Assets under construction and payments on account

479.479

51.333

7) Others

187.865

155.507

Total intangible fixed assets (I)

4.527.190

4.201.495

II - Tangible fixed assets

2) Plant and machinery

30.486

149.635

3) Industrial and commercial equipment

207.587

36.551

4) Other assets

47.914

75.892

Total tangible fixed assets (II)

285.987

262.078

III - Financial fixed assets

1) Shareholdings

a) Subsidiaries

150.392

0

d) Companies under the control of parent companies

0

0

d bis) Other companies

2.500

25.950

2) Receivables

a) From subsidiaries

0

b) From associated companies

93.964

196.940

c) From parent companies

0

0

Due after the next financial year

0

196.940

d) Companies under the control of the parent companies

0

0

d bis) from others

0

0

Due in the next financial year

1.548.371

0

Due after the next financial year

0

0

Total receivables

93.964

196.940

Other financial fixed assets

0

25.950

4) Own shares

0

0

Total financial fixed assets (III)

1.795.227

222.890

Total fixed assets (B)

6.608.404

4.686.464

ASSETS

C) Current assets

I - Stock

3) Contract work in progress	276.666	2.075.785
4) Finished products and goods for sale	10.135	53.586
Total stock (I)	286.801	2.129.371

II - Receivables

1) Trade receivables		
Due in the next financial year	6.209.201	7.438.980
Total trade receivables (1)	6.209.201	7.438.980

2) From subsidiary companies

Due in the next financial year	0	0
Total receivables from subsidiaries (2)	0	0

5-bis) Tax receivables

Due in the next financial year	463.414	427.946
Total tax receivables (5-bis)	463.414	427.946

5-ter) Prepaid taxes

Due in the next financial year	752.227	64.182
Due after the next financial year	0	708.827
Total prepaid taxes (4-ter)	752.227	773.009

5 quater) from others

Due in the next financial year	710.463	498.721
Due after the next financial year	0	12.834
Total receivables from others (5)	710.463	511.554

<i>Due in the next financial year</i>	<i>8.135.305</i>	<i>8.429.830</i>
<i>Due after the next financial year</i>	<i>0</i>	<i>721.660</i>

Total receivables (II)	8.135.305	9.151.490
-------------------------------	------------------	------------------

IV - Cash and cash equivalents

1) Bank and Post Office deposits	2.012.147	2.228.374
3) Cash and cash equivalents in hand	56.025	33.027
Total cash and cash equivalents (IV)	2.068.173	2.261.401

Total current assets (C)	10.490.278	13.542.263
---------------------------------	-------------------	-------------------

D) ACCRUALS AND DEFERRALS

Accrued income and prepaid expenses	176.343	269.672
Total accrued income and prepaid expenses (D)	176.343	269.672

TOTAL ASSETS	17.275.025	18.498.399
---------------------	-------------------	-------------------

LIABILITIES

31.12.2017

31.12.2016

A) NET ASSETS

I – Capital	6.055.796	5.000.000
II – Share premium reserve	4.184.189	1.042.590
III – Revaluation reserves	478.630	0
IV – Legal reserves	8.000	8.000
V – Statutory reserves	0	0
VI – Other reserves, separately indicated		
<i>Share capital reduction reserve</i>	511	511
<i>Discrepancies reserve</i>	(32.386)	(13.706)
<i>Extraordinary reserve</i>	43.759	43.759
<i>Consolidation reserve</i>	840.978	843.050
<i>Merger surplus</i>	186.639	186.639
Total other reserves (VI)	1.039.501	1.060.252
VIII – Retained earnings (or losses) carried forward	(2.993.788)	(2.727.770)
IX – Profit (loss) for the year		
Group interest in profit (loss) for the year	(1.708.571)	(336.824)
X – Reserve for own shares held in portfolio	(30.164)	(43.759)
NET MINORITY ASSETS	6.554.962	4.002.489
Profit (loss) from minority interests	393.160	473.096
Net Assets Under Management	940.646	478.630

Total equity (A)

7.888.769

4.954.215

B) FUNDS FOR RISKS AND CHARGES

134.685

46.620

Total provisions for risks and charges (B)

134.685

46.620

B) FUNDS FOR RISKS AND CHARGES

2) for taxes, including deferred taxes	85.892	1.620
3) Other	48.793	45.000

C) TERMINATION OF SUBORDINATE EMPLOYMENT CONTRACTS

632.974

570.370

D) DEBT

3) Payables to shareholders for loans		
Due in the next financial year	3.841	0
Due after the next financial year	0	369.500
Total payables to shareholders for loans (3)	3.841	369.500

LIABILITIES

4) Payables to banks		
Due in the next financial year	1.301.172	2.521.190
Due after the next financial year	572.443	518.379
Total amounts due to banks (4)	1.873.615	3.039.570
6) Advances on account		
Due in the next financial year	499.219	1.796.134
Total payments on account (6)	499.219	1.796.134
7) Payables to suppliers		
Due in the next financial year	4.397.329	6.189.375
Total trade payables (7)	4.397.329	6.189.375
9) Payables to subsidiary companies		
Due in the next financial year	0	0
Total payables to subsidiary companies (9)	0	0
12) Tax payables		
Due in the next financial year	440.521	419.313
Due after the next financial year	0	0
Total tax payables (12)	440.521	419.313
13) Payables to pension and social security institutions		
Due in the next financial year	251.128	304.586
Total payables to pension and social security institutions (13)	251.128	304.586
14) Other payables		
Due in the next financial year	494.322	393.912
Total other payables (14)	494.322	393.912
<i>Due in the next financial year</i>	<i>7.387.532</i>	<i>11.624.511</i>
<i>Due after the next financial year</i>	<i>572.443</i>	<i>887.879</i>

Total payables (D)	7.959.975	12.512.390
---------------------------	------------------	-------------------

E) ACCRUALS AND REFERRALS

Accrued liabilities and deferred income	658.623	414.804
-----------------------------------------	---------	---------

Total accrued income and prepaid expenses (E)	658.623	414.804
------------------------------------------------------	----------------	----------------

TOTAL LIABILITIES	17.275.025	18.498.399
--------------------------	-------------------	-------------------

PROFIT AND LOSS ACCOUNT

	2017	2016
A) PRODUCTION VALUE:		
1) Revenues from sales and services	24,388,857	22,812,350
2) Var. work in progress, semi-finished and finished products. and finished	(3,353)	2,289
3) Var. work in progress on request	(1,844,852)	1,832,792
5) Other revenues and income	984,466	264,989
Total value of production (A)	23,525,118	24,912,420
B) PRODUCTION COSTS:		
6) raw, ancillary, consumable materials and goods for sale	1,157,941	518,250
7) for services	17,077,334	19,432,107
8) for use of third party assets	585,782	626,383
9) for staff		
a) wages and salaries	2,482,461	2,665,537
b) social security contributions	708,221	726,988
c) Employee severance indemnities	175,850	136,130
Total costs for staff (9)	3,366,531	3,528,655
10) depreciation, amortisation and write-downs		
a) Amortisation of intangible fixed assets	812,147	581,712
b) Depreciation of tangible fixed assets	102,490	93,745
c) Write-down of receivables from financial fixed assets	1,084,621	
d) Write-down of receivables from current assets	0	46,889
Total amortisations and write-down (10)	1,999,258	722,347
12) Provisions for risks	0	45,000
14) Sundry operating charges	0	69,843
Total cost of production (B)	24,186,845	24,942,584
Difference between production value and costs (A-B)	(661,727)	(30,164)
C) FINANCIAL INCOME AND CHARGES:		
16) other financial income:		
d) Proceeds other than previous income		
Other	40,710	30,485
Total proceeds different from previous income (d)	40,710	30,485
Total other financial proceeds (16)	40,710	30,485
17) interest and other financial charges		
Other	410,114	133,657
Total interest and other financial charges (17)	410,114	133,657
17-bis) exchange gains and losses	(29,904)	(9,557)
Total financial income and expenses (C) (15+16-17+-17 bis)	(399,309)	(112,729)
D) VALUE ADJUSTMENTS OF FINANCIAL ACTIVITIES:		
Total value adjustments of financial assets (D) (18-19)	0	0
Result before taxes (A-B+-C+-D)	(1,061,035)	(142,893)
22) Current, deferred and prepaid income taxes for the year		
Current taxes	254,376	197,927
Advance taxes	0	477,090
Total income taxes for the year (22)	254,376	(279,164)
23) PROFIT (LOSS) OF THE YEAR	(1,315,411)	136,271
PROFIT (LOSS) OF MINORITY	393,160	473,096
PROFIT (LOSS) OF THE GROUP	(1,708,571)	(336,824)

CONSOLIDATED CASH FLOW STATEMENT

CDG

Operating activities

	31.12.2017	31.12.2016
<i>Operating result</i>	(1,708,571)	(30,164)
<i>Adjustments for</i>		
a. depreciation of tangible fixed assets	102,490	93,745
b. write-downs for impairment losses on tangible fixed assets	1,084,621	
c. amortisation of goodwill	425,452	300,187
d. amortisation of intangible assets	386,695	281,526
e. write-downs of trade receivables	0	46,889
f. (capital gains) / capital losses from disposals of fixed assets	0	(52,500)
g. changes in the scope of consolidation	(153,760)	(981,966)
h. provisions / (utilisations) of funds	(331)	163,631
<i>Total adjustments</i>	1,845,168	(148,488)
<i>Changes in working capital</i>		
a. (increase) / decrease in stock	1,842,570	(1,823,529)
b. (increase) / decrease in trade and other receivables	1,088,732	(1,038,637)
c. increase (or decrease) in trade payables and other payables	(2,776,983)	3,072,508
<i>Total changes in working capital</i>	154,320	210,342

Cash flow generated by operating activities

290,916 **31,690**

Income taxes and adjustments to prepaid taxes

(233,593) 279,164

Interest paid

(410,114) (103,172)

Net cash flow from (used in) operating activities

(352,791) **207,682**

Investment activities

<i>Dividends received</i>	0	0
<i>Proceeds from (purchases) / sales of financial assets</i>	(1,205,271)	0
<i>Purchases of investments in subsidiaries</i>	0	(53,843)
<i>Tangible and intangible investments</i>	(1,264,241)	(980,029)
<i>Proceeds from the sale of property, plant and equipment and intangible assets</i>	0	410,000
Net cash flow from (used in) investing activities	(2,469,512)	(623,872)

Financial assets

<i>Exchange gains (losses)</i>	0	(9,557)
<i>Payments for finance leases</i>	0	
<i>New loans raised</i>	0	1,294,620
<i>Repayment of loans</i>	(1,531,614)	(236,362)
<i>Shareholder Financing</i>	0	369,500
<i>Changes in the scope of consolidation</i>	0	1,751,008
<i>Other changes in equity</i>	0	(540,894)
<i>Share capital increase</i>	3,827,896	0
<i>Other changes</i>	332,792	
Net cash flow from (used in) financial assets	2,629,074	2,628,315
Increase/ (or decrease) in net cash and cash equivalents	(193,229)	2,212,125
Cash and cash equivalents at the beginning of the year	2,261,401	49,276
<i>Effect of changes in foreign currency exchange rates</i>	0	0
Cash and cash equivalents at the end of the year	2,068,173	2,261,401

CASTA DIVA GROUP STRATEGIC PLAN 2018-2020

STRATEGIC GUIDELINES 2018-2020

Strategic partnerships with multinational clients (focusing on China and Middle East)
Proprietary formats development for Cinema and TV Series
Events business diversification

Strategic goals will be easily reached thanks to M&A policies

STRATEGIC GOALS 2020

Production worth: 32€ M
EBITDA: 3,2 €M, EBITDA margin 10%
PFN (Cash): -3 €M

Milan, 21st June 2018

The Casta Diva Group Board (CDG:IM), Innovative PMI listed on AIM Italia, operating internationally in the field of communications, has approved today the Strategic Plan 2018-2020.

Andrea De Micheli and Luca Oddo, Chairman and CEO of Casta Diva Group: *"This continuous market evolution for communications and the entertainment industry has pushed us expediting the development process of our Group. Awards as the Silver Lion at Cannes festival, appreciation from new clients such as Alibaba and loyal clients such as Procter & Gamble, the evolution of the Entertainment industry with renowned productions such as "DIVA!" and the developments of activities for the famous Blue Note club, demonstrate how our results have been achieved and our plan to reach new targets."*

Francesco Merone, Casta Diva Group Managing Director: *"I am proud to be part of Casta Diva Group and to share this ambitious development project aimed at strengthening our leadership in this field. As the Managing Director, I will lead our company to a path of optimisation and rationalisation to increase our viability: the new strategic plan includes a marginalisation target of the Group equal to 10%, higher than what expected in the previous plan (8%)."*

CASTA DIVA GROUP PROFILE

Casta Diva Group operates internationally in communications. Founded in 2005 by Andrea de Micheli and Luca Oddo, it is an Innovative PMI that has reinterpreted the rules of conventional communication: our strategic asset is our excellent ability in *"communication strategy design"* together with the engagement of the best directors and talents in communications and entertainment. The Group operates today with 3 business units that redefine the different business profiles of it.

- **ADVERTISING PRODUCTION:** production and post production of spots, digital videos and video content;
- **EVENTs (Live & Digital Communication):** conventions planning, web based events, roadshows, forums, stands, team building, product launches, experiential events for B2B e B2C;
- **ENTERTAINMENT:** branded content, films and TV series, live entertainment (concerts and performances).

Located in 4 continents with 15 branches, it represents the biggest production network for communications worldwide, built through an active and continuous interaction among the branches and the experience of our professionals. The Group brands are Casta Diva Pictures, Casta Diva Events, Casta Diva Forums, Blue Note Milano e Blue Note Off.

PRINCIPAL TRENDS ON THIS MARKET

ADVERTISING PRODUCTION

Global expenditure in advertising depends over 70% on video contents. Videos represent 82% of the total internet browsing by 2020. The number of users of digital videos worldwide will grow by 40% by 2020.

By 2020, the main advertising markets will be Pacific Asia, North America and Western Europe. The Pacific-Asia area will grow extensively in 2015-2020 (+23%), more than North America by 2020 with 274 Billion Dollars.

Global expenditure in *digital video advertising* was in 2017 26,3 billion Dollars; in 2022 will be equal to 51,2 billion Dollars, with a CAGR 2017- equal to +14%. 65% of the agencies expected to increase their budget for digital videos. Social platforms are controlling videos distribution, especially YouTube and Facebook.

EVENTS

The MICE sector currently represents 54% of the global market in business trips. Recent statistics from the International Congress and Convention Association (ICCA) show that the number of meetings has constantly increased in the last 5 decades. The growth has been more significant after 1997, especially in 1998-2002 (+51%) and 2003-2007 (+60%). The period 2013-2017 has seen the highest number of meetings (around 60 thousand) and a growth by +6%.

MAIN EVENTS IN 2017 AND FIRST SEMESTER 2018

The main events in financial year 2017 and first semester 2018 are listed below, according to strategic guidelines described in the Strategic Plan 2017-2019 approved on 6th June 2017.

Concerning **ADVERTISING PRODUCTION**, **Casta Diva China CO Ltd** was established (Shanghai), controlled by 50,1% by Casta Diva Group SpA and 49,9% by Shanghai Red Horse Advertising Media Co. Ltd. that has a goal to capture the big potential of the market not only in China but also in Korea and Hong Kong. The first important result was winning a project bidding of 500.000 dollars to produce 3 spots for the Alibaba Group.

“Break the Taboo” Spot, produced for the Argentine Society of Urology, won the **Silver Lion for the Healthcare category at Cannes Lions 2018**. This prize has been awarded at the International Festival of Creativity 2018, the most important international event in advertising, where professionals in this field celebrate the best world production from the previous year.

We are currently working on a collaboration with **Impersive Srl**, famous on a national and international level for its excellent skills in producing 360° videos (3D) full body stereoscopic, aimed at using not only commercial synergies but also creative e productive.

The strengthening of the Group for the *Cinema a TV industry*:

- The production of **DIVA!**, first feature film co-produced with D.O. Production, tells the life of Valentina Cortese, one of the most famous Italian actresses. The docufilm has been awarded at NASTRO D'ARGENTO DOC 2018, after being nominated at the 74th Venice International Cinematography Festival, Official Selection out of competition, and the female cast has been awarded with “Starlight Cinema International Award”;
- Starting **TV series** productions with Casta Diva Pictures Lebanon for the family-drama **AWAKE**;
- In the music industry, Casta Diva Events has created a new brand **Blue Note Off** aiming at bringing *jazz* to “unconventional locations” as for Banca Intesa for the Jazzmi event 2017, in Sisal WinCity and Villa for the FAI in the first months of 2018.

As part of the events business, the Group also entered the financial events sector through its subsidiary CDFE with the Casta Diva Forums brand.

The financial events are aimed at organizing meetings between companies with capital needs and the major investors in the sector in the main international financial markets.

The offer of these companies refers to their ability to use block chain technology and the possibility

of participating issuing their own cryptocurrency through the Initial Coin Offering (ICO). It's also important the strategic collaboration agreement between Casta Diva Events, through the establishment of Casta Diva Events Dubai, and DR & Partners for the development in the UAE area, in particular for Dubai for Expo 2020.

GUIDELINES AND STRATEGIC OBJECTIVES 2018-2020

The 2018-2020 Strategic Plan is based on the following guidelines, by business area:

■ **ADVERTISING PRODUCTION:**

- i) Growth in relevant countries, thanks to the consolidation of market share;
- ii) Strategic partnerships with multinational customers, particularly focusing on China and Middle East;

■ **EVENTS:** growth assumptions are based both on the diversification of business events (Casta Diva Forums, company specialized in financial events), and on the establishment of new companies outside Italy (e.g. Casta Diva Events Dubai, which has targets Expo 2020). Further boost to the business will be guaranteed by B2B events, managed with the new Blue Note Off brand.

■ **ENTERTAINMENT:** development of proprietary format in the Cinema and TV series.

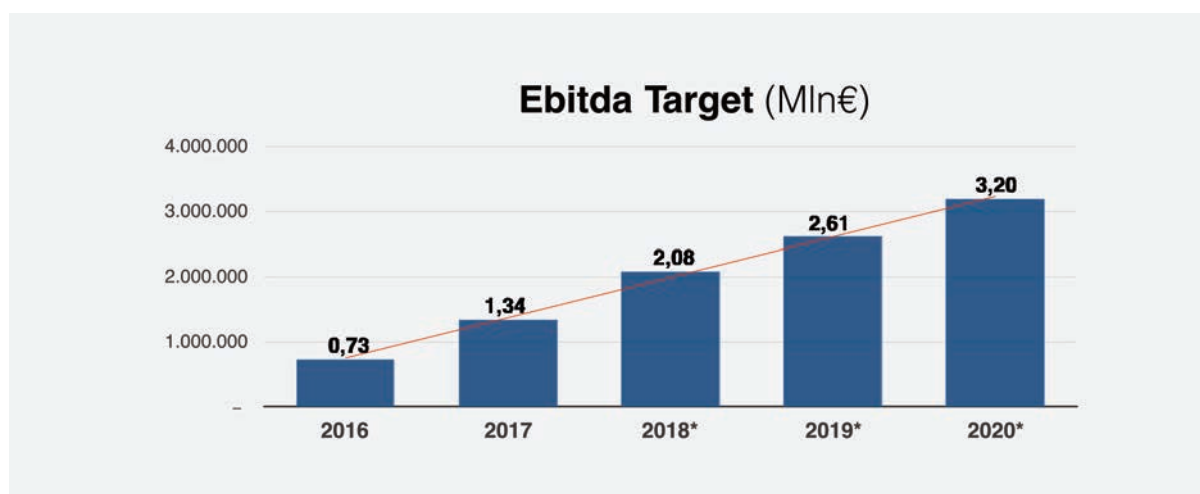
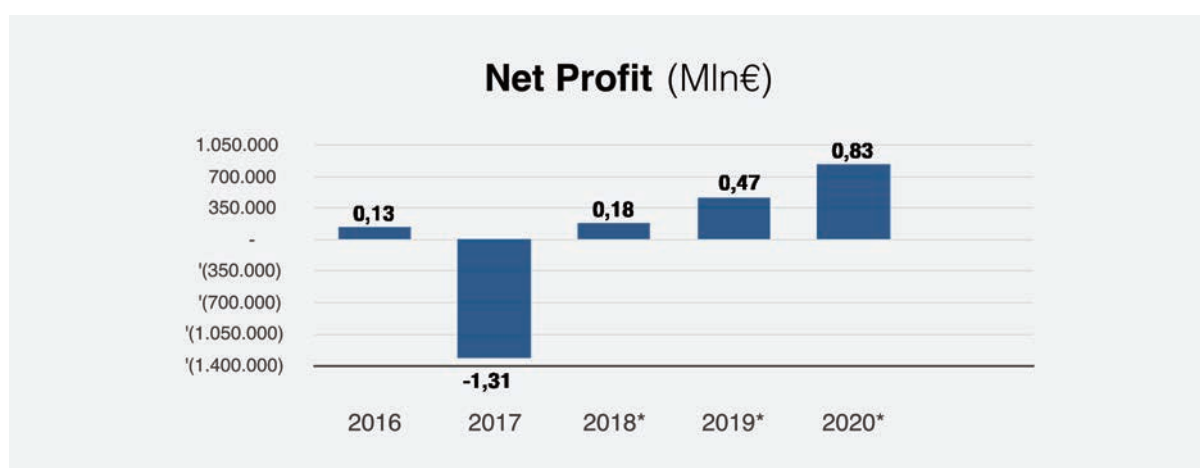
The plan objectives can be further expedited thanks to a M&A policy which remains the main strategic guideline for all business areas. As in recent acquisitions, the selection of the target companies will take place with the aim of integrating the productive and creative chain and penetrating new markets, increasing the group's margins. Casta Diva Group closed 2017 with double the EBITDA margin, which rose from around 3% to around 6%, with a significant improvement in the Net Financial Position, which went from € 0,8 million in 2016 to - 1,8 million euros (positive cash) in 2017. In the three-year period 2018-2020, the Group will focus on increasing EBITDA margin rather than on revenue growth, as already implemented and highlighted by the 2017 consolidated financial year. The strategic objectives forecasts the achievement of an EBITDA margin of 8% in 2018, to reach then 10% in 2020. The previous plan forecasted, in 2019, a turnover of 33.5 million euro to reach an EBITDA of 2,5 million euro, equal to 8% of the value of production. With the strategic plan update, the target for margins is estimated to be reached, in 2018, one year in advance, and exceeded in 2019. The Net Financial Position trend, which forecasts a value of -3.0 million euros (cash) as a strategic target for 2020, confirms a better performance of cash management.

2018-2020

Income Statement (€)	Casta Diva Group				
	2016	2017	2018	2019	2020
TOTAL PRODUCTION VALUE	24.912.420	23.525.118	26.000.000	29.000.000	32.000.000
Total Production Costs	16.512.927	15.166.517	17.420.000	18.560.000	19.520.000
Contribution Margin	8.399.494	8.358.601	8.580.000	10.440.000	12.480.000
Contribution margin	34%	36%	33%	36%	39%
Total Personnel Costs	3.528.655	3.366.531	3.870.534	4.797.062	5.774.832
CDG Fees	0	0	-0	0	0
General Costs	4.133.656	3.654.538	2.629.467	3.032.937	3.505.168
SG&A	7.662.311	7.021.069	6.500.000	7.830.000	9.280.000
% SG&A on Turnover	31%	30%	25%	27%	29%
EBITDA	737.183	1.337.532	2.080.000	2.610.000	3.200.000
ebitda %	3%	6%	8%	9%	10%
Depreciations and Amortization	767.347	1.999.258	1.150.000	1.207.500	1.267.875
Financial Revenues/(Costs)	-112.729	-399.308	-350.000	-400.000	-450.000
Yearly Current/Deferred Tax	-279.164	254.376	400.000	530.000	650.000
Net Profit	136.271	-1.315.411	180.000	472.500	832.125
N P %	1%	-6%	1%	2%	3%

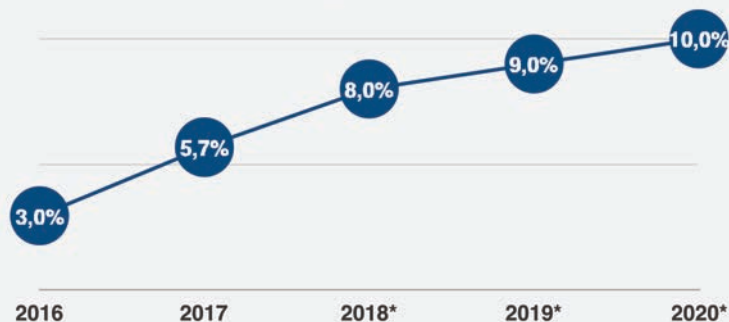


Revenues are expected to increase by 3 mln each year from 2018-2020 thanks to new business lines and expected better performance of the existing ones.



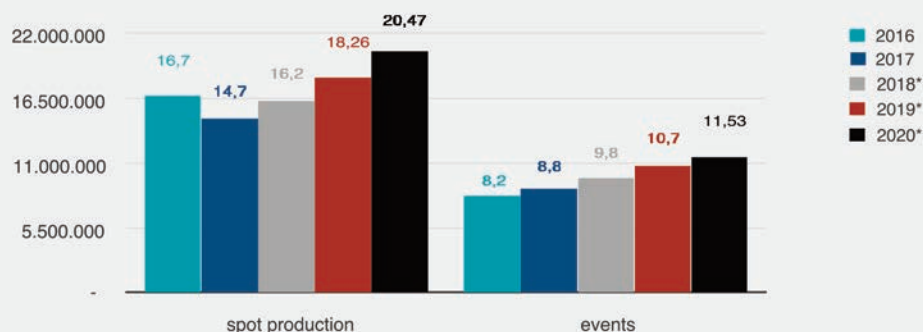
- Ebitda has been doubled from 2016 to 2017 and it is estimated to still increase during the 3 year plan to reach the target 3,2 mln in 2020.
- During the 3 year plan the Group will focus on increasing the ebitda margin rather than the increase of the volume of revenues

Ebitda Margin on Revenues

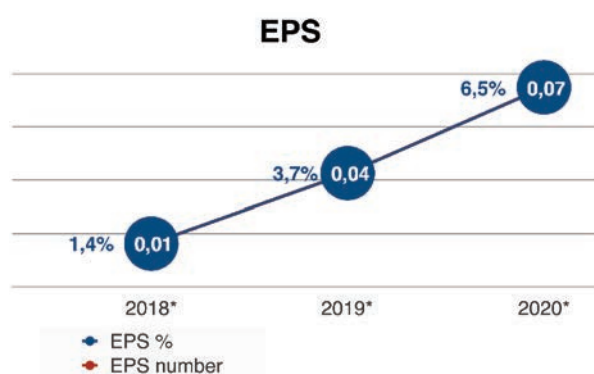


- The strategic objective expects to achieve an ebitda margin of 8% in 2018, and then 10% in 2020

Revenue per BU (Mln€)



- Casta Diva Group is active internationally in the communication sector. It produces commercials, branded content, viral videos, digital contents, film and events.
- Casta Diva Group is operative in two business units, one dedicated to commercials (Casta Diva Pictures brand) and one dedicated to events (Casta Diva Events and Blue Note)
- The major value of revenues and Ebitda comes from spot business unit



- Earning per share is calculated forecasting the same number of shares during the period 2018-2020. The increase is totally related to the trend of net profit
- Dividend target is forecasted on the basis of net profit taking as assumption a margin of 30%

€M	2016A	2017A	2018E	2019E	2020E
Revenues	24.9	23.5	26	29	32
Ebitda	0.7	1.3	2.1	2.6	3.2
Ebitda %	3%	-6%	8%	9%	10%
NFP (Cash)	0.8	(1.8)	(1.0)	(2.5)	(3.0)

