Inter Media and Communication S.p.A

As the issuer of

€300,000,000 4.875% Senior Secured Notes due 2022

Financial Results of Inter Media and Communication S.p.A

For the six months ended 31 December 2017

Date: 1 March 2018

Honours

SERIE A CHAMPIONSHIP 18

1909/10 1919/20 1929/30 1937/38 1939/40 1952/53 1953/54 1962/63 1964/65 1965/66 1970/71 1979/80 1988/89 2005/06 2006/07 2007/08 2008/09 2009/10

ITALIAN CUP 7

1938/39 1977/78 1981/82 2004/05 2005/06 2009/10 2010/11

ITALIAN SUPER CUP 5

1989/90 2005/06 2006/07 2008/09 2010/11

UEFA CHAMPIONS LEAGUE 3

1963/64 1964/65 2009/10

UEFA CUP 3

1990/91 1993/94 1997/98

INTERCONTINENTAL CUP 2

1964/65 1965/66

FIFA CLUB WORLD CUP 1

2010/11

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GENERAL INFORMATION

INTRODUCTION

We, Inter Media and Communication S.p.A ("MediaCo"), are the sole manager and operator of the media, broadcast and sponsorship business of our parent company F.C. Internazionale Milano S.p.A. ("TeamCo"). We were formed in 2014 in connection with the contribution to us by TeamCo (55.6% stake) and Inter Brand S.r.l. ("BrandCo") (44,4% stake) of their business relating to media, broadcast and sponsorship rights, TeamCo's historical media archives, the intellectual property rights relating to the TeamCo brand and certain employees.

TeamCo is owned by Great Horizon S.à r.l. ("Great Horizon")(68.55%), International Sports Capital S.p.A. ("ISC") (31.05%) and minority shareholders (0.40%). Our majority shareholder Great Horizon is part of the Suning Group ("Suning"), a Chinese corporate group with businesses in a variety of sectors, including entertainment, media and sports investment.

TeamCo, with a history dating back to 1908, is one of the leading European football clubs and one of the top football clubs in Italy. TeamCo is the only club to have played every season in Italy's top football league, known as Serie A, since the league's inception in 1929, and is the only club in Serie A that has never been relegated to a league with a lower standing. Inter has won 30 domestic trophies (including eighteen Serie A championships, seven TIM Cup titles and five Supercoppa TIM titles), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010 Inter became the first Italian team to complete the "Continental Treble" by winning the titles in Serie A, TIM Cup and UEFA Champions League all in the same season. Since 2000, Inter has won the Serie A championship five consecutive times, from 2005/2006 to 2009/2010.

CORPORATE BOARDS, MANAGEMENT AND AUDITORS

MediaCo Board of Directors

Erick Thohir	Director
Alessandro Antonello	Executive Director
Yang Yang	Non-Executive Director
Liu Jun	Non-Executive Director
Emilio Petrone	Non-Executive Director (Independent Director)

MediaCo Senior Management

Alessandro Antonello	Chief Executive Officer
Javier Zanetti	Vice President
Tim Williams	Chief Financial Officer
Michael Williamson	Chief Strategy Officer
Michael Gandler	Chief Revenue Officer
Robert Faulkner	Chief Communications Officer; interim Chief Marketing Officer
Piero Ausilio	Chief Sport Officer
Giovanni Gardini	Chief Football Operations Officer

MediaCo Board of Statutory Auditors

Luca Nicodemi	Chairman
Giacomo Perrone	Auditor
Luca Alessandro Padula	Auditor
Fabrizio Piercarlo Bonelli	Alternate Auditor
Nicola Cameli	Alternate Auditor

MediaCo Independent Auditors

Deloitte & Touche S.p.A.

REFINANCING TRANSACTION

On December 14th, 2017, MediaCo priced its offering of €300.0 million in aggregate principal amount of 4.875% Senior Secured Notes due 2022 (the “Notes”).

The Notes represent the first MediaCo high yield bond placed with the international capital markets to a broad base of institutional investors by an Italian football group.

Purpose of this transaction (the “Refinancing Transaction”), closed on December 21st, 2017, was to use the €300 million proceeds, net of fees and expenses in respect of the Refinancing Transaction, together with certain excess cash included in secured accounts associated with the previous bank facility (i) to repay all amounts outstanding under the previous bank facility, (ii) to repay all amounts outstanding under a bank facility used by TeamCo, and (iii) for TeamCo’s general corporate purposes

Through the Refinancing Transaction we have extended the maturity profile of the TeamCo group’s debt, while enhancing the group’s financial flexibility with a financing structure enabling the group to pursue its long-term strategic goals.

FINANCIAL INFORMATION

INTRODUCTION

The financial information presented in this section is based on the unaudited interim financial statements of MediaCo as of and for the six-months period ended December 31, 2017 (the "Interim Financial Statements").

The Interim Financial Statements have been prepared in accordance with the accounting standards of the Italian Accountants Profession Board (Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili), revised and supplemented by the Italian Accounting Organization (Organismo Italiano di Contabilità, O.I.C.) ("Italian GAAP").

In preparing the Interim Financial Statements, however, MediaCo reclassified and renamed certain Italian GAAP line items in a format of presentation in line with international format.

The items reported in the Interim Financial Statements are stated in accordance with the general principles of prudence and accruals and using the going concern assumption as well as considering the economic function of the assets and liabilities.

The Interim Financial Statements are shown in Euro, which is the functional currency of the TeamCo group. All amounts shown in this document are expressed in thousands of Euro, unless otherwise specified.

Please note that all percentage variances are calculated using the exact data presented in the tables and not to the numbers quoted in the narrative which have been subject to rounding.

INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the six months ended December 31, 2017 compared with the six months ended December 31, 2016.

	For the six months ended December 31	
	2016	2017
(in thousands of €)	Unaudited	Unaudited
Revenue	46,893	50,225
Other Income	20	37
Total revenue	46,912	50,262
Personnel costs	1,345	1,379
Cost of services	3,259	3,295
Other operating costs	919	589
Accruals for risks	-	247
Depreciation and amortization	9,147	9,153
Total operating costs	14,670	14,663
Operating profit	**32,242**	**35,599**
Net financial expenses	(8,353)	(11,371)
Profit before tax	**23,890**	**24,228**
Income taxes	(8,755)	(7,434)
Profit for the period	**15,135**	**16,794**

BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at 31 December 2017 compared with 30 June 2017

	As at	
	June 30 2017 Unaudited	December 31 2017 Unaudited
(in thousands of €)		
Non-current assets		
Intangible assets	328,610	314,050
Property, plant and equipment	47	96
Financial assets	15,501	10,409
Loan to parent company	27,209	153,075
Trade receivables	-	-
Prepaid expenses	112	-
Non-current Assets	**371,479**	**477,629**
Current assets		
Financial assets	6,372	7,719
Loan to parent company	221	1,327
Trade receivables	32,971	69,735
Trade receivables from parent companies and their affiliated	29,977	30,878
Tax receivables	-	1,155
Deferred tax assets	154	207
Other receivables	138	5
Prepaid expenses	674	3,232
Cash at bank and on hand	8,982	30,886
Current Assets	**79,490**	**145,144**
Total Assets	**450,968**	**622,774**

(in thousands of €)	As at June 30 2017 Unaudited	 December 31 2017 Unaudited
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	4,088
Profit for the period	50,904	16,794
Total Shareholders' equity	**160,588**	**126,478**
Non-current Liabilities		
Deferred tax liabilities	34,886	33,917
Provisions for employee severance indemnities	131	133
Provisions for risks	-	247
Senior Secured Notes 2022	-	287,986
Bank loans	196,000	-
Deferred income	12,137	12,347
Non-current Liabilities	**243,154**	**334,629**
Current Liabilities		
Senior Secured Notes 2022	-	3,100
Bank loans	12,000	1
Trade payables	2,698	3,386
Trade payables to parents companies and their affiliated	22,772	76,306
Dividend Payables	-	50,904
Tax Payables	2,840	4,635
Social security payables	135	141
Other payables	234	188
Accrued expenses	3,123	536
Deferred income	3,423	22,469
Current Liabilities	**47,226**	**161,666**
Total Liabilities and Shareholders' equity	**450,968**	**622,774**

CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2017 compared with the six months ended December 31, 2016.

	For the six months ended December 31	
	2016	2017
(in thousands of €)	Unaudited	Unaudited
Profit for the period	15,135	16,794
Current taxes	8,871	8,457
Net Financial Expenses	8,353	11,371
Profit for the period before taxes and interest	32,358	36,622
Depreciation and amortization	9,147	9,153
Employee severance indemnities	26	2
Accrual for risks	-	247
Deferred tax assets and liabilities	(116)	(1,023)
Cash flow from operating activities before changes in working capital	41,416	45,001
Increase in trade and other receivables	(41,558)	(15,627)
Increase/(Decrease) in trade and other payables	42,929	43,674
Other variations in net working capital	274	(3,429)
Cash flow from operating activities after changes in working capital	43,062	69,620
Taxes paid	(1,783)	-
Interest and other financial expenses paid	(6,825)	(8,810)
A. Cash flow from operating activities	**34,453**	**60,810**
Investments in Intangible Assets	-	(15)
Investments in Property, Plant and Equipment	(26)	(58)
B. Cash flow from investing activities	**(26)**	**(73)**
New finance (Senior Secured Notes 2022)	-	300,000
Transaction fees paid for new finance	-	(8,712)
Repayment of bank loans	(6,000)	(207,999)
Intercompany loans	-	(125,866)
Debt service account	(12,690)	3,745
C. Cash flow from financing activities	**(18,690)**	**(38,833)**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**15,737**	**21,904**
Cash at bank and on hand at the beginning of the period	**612**	**8,982**
Cash at bank and on hand at the end of the period	**16,350**	**30,886**

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS

As described in the Offering Memorandum, in assessing the performance of our business, the key financial measures we use are 'Adjusted Revenue' and 'Cash Available for Debt Service'.

Adjusted Revenue

The following table details Adjusted Revenue for the six months ended December 31, 2017 compared with the six months ended December 31, 2016

(in thousands of €)	For the six months ended December 31 2016 Unaudited	For the six months ended December 31 2017 Unaudited
A. Direct Media Revenue	7,074	7,261
B. Other Income	20	37
C. Sponsorship Revenue	39,819	42,965
D. Total Revenue (A+B+C)	**46,912**	**50,262**
E. Serie A Indirect Media Revenue *	64,803	64,880
F. UEFA Indirect Media Revenue *	6,419	539
G. Adjusted Media Revenue (A+E+F)	**78,296**	**72,680**
B. Other Income	20	37
C. Sponsorship Revenue	39,819	42,965
Adjusted Revenue (G+B+C)	**118,134**	**115,682**

** represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo during the six months ended December 31,*

Our Adjusted Revenue decreased by €2.4 million or 2.1% to €115.7 million for the six months ended December 31, 2017 from €118.1 million for the six months ended December 31, 2016. This decrease was due to the non-participation in the UEFA Europa League ("UEL") in the current season which generated a €5.9 million reduction in UEFA Indirect Media Revenue. This negative impact has been partially (and primarily) offset by a €3.1 million increase in Sponsorship Revenue driven by a growth in revenues resulting from regional and naming rights agreements.

Sponsorship Revenue

The increase in Sponsorship Revenue, driven by regional and naming right sponsorship packages, is detailed on the following table:

(in thousands of €)	For the six months ended December 31 2016 Unaudited	2017 Unaudited
Shirt	4,833	5,027
Technical	4,688	1,875
EU/Global (under agreement with Infront)	7,957	7,422
Regional and naming rights	22,341	28,641
Sponsorship Revenue	**39,819**	**42,965**

The increase in Shirt sponsorship revenue is related to the higher annual contractual base fee (from €9.7 million in the fiscal year ended June 30, 2017 to €10.1 million in the current fiscal year ending June 30, 2018).

The decrease in Technical sponsorship revenue is related to the lower annual contractual base fee (from €9.5 million in the fiscal year ended June 30, 2017 to 3.8 million in the current fiscal year ending June 30, 2018) due to contractual reductions associated with our past 5 years sporting performance

The decrease in EU / Global sponsorship revenue (under the Infront marketing agreement) is related to a lower contractual minimum amount guaranteed by the contract due to non-participation in European competition in the current season (€20.1 million including corporate hospitality packages under TeamCo vs €20.7 million last year). Excluding the impact of contractual minimum guaranteed amount, value of EU/Global sponsorship fees increased to approximately €13.0 million as of the current date.

The increase in regional and naming right sponsorship packages is detailed in the following table:

(in thousands of €)	For the six months ended December 31 2016 Unaudited	2017 Unaudited
Naming Rights and Sponsorship Agreement	7,194	12,555
Other Sponsorship Agreements	15,147	16,086
Regional and naming rights	**22,341**	**28,641**

The total €6.3 million increase from €22.3 million to € 28.6 million is driven by the Naming Rights and Sponsorship Agreement due to:

- recognition of prior year base fee (€16.5 million) starting from September 2016 (effective starting date of the contract)
- higher contractual bonuses accrued based on 1st team performance (from €0.6 million to €4.6 million related to the 3rd position in the Serie A ranking achieved at the end of first half of the season)

Adjusted Media Revenue

Adjusted Media Revenue shows a €5.6 million decrease which is due to the non-participation in the UEL in the current season (in the current semester we recognized €0.5 million as a result of a settlement payment made by UEFA relating to the prior year, while in the same period last year we recognized €6.4 million paid by UEFA in respect of the performance in the competition). Serie A Indirect Revenue were in line in the two periods (€64.9 million vs. €64.8 million).

Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the six months ended December 31, 2017 compared with the six months ended December 31, 2016.

(in thousands of €)	For the six months ended December 31 2016 Unaudited	For the six months ended December 31 2017 Unaudited
Sponsorship Revenue		
- Shirt	4,833	5,027
- Technical	4,688	1,875
- Infront	7,957	7,422
- Regional and naming rights	22,341	28,641
Direct Media Revenue	7,074	7,261
Other Income	20	37
Total revenue	**46,912**	**50,262**
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	64,803	64,880
- UEFA Indirect Media Revenue *	6,419	539
Adjusted Revenue	118,134	115,682
Change in Current operating assets	(41,446)	(18,485)
Change in Non current operating assets	1,067	210
Cash inflow	**77,755**	**97,406**
Personnel costs	(1,345)	(1,379)
Cost of services	(3,259)	(3,295)
Other costs	(919)	(589)
Income taxes	(8,755)	(7,434)
Change in Current operating liabilities	5,407	12,852
Change in Non current operating liabilties	(1,124)	(609)
Cash Outflow	**(9,995)**	**(453)**
Cash Available for Debt Service	**67,760**	**96,953**

** represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo during the six months ended December 31, 2017*

Our Cash Available for Debt Service increased by €29.2 million or 43.1% to €97.0 million for the six months ended December 31, 2017 primarily due to €33.9 million collections relating to the contracts with Chinese counterparties (vs no collection in same period last year) broken down as follows:

- €16.5 million: base fee of the Naming Rights contract relating to the fiscal year ending 30 June 2018 (of which € 4.1 million will be paid back to TeamCo during second half of the fiscal year upon agreement signed at the closing date of the Refinancing Transaction setting forth that 47% of the value of this contract is assigned to Teamco starting from December 21st, 2017 as related to Naming Rights of the training centers)
- €2.6 million: performance bonus of the Naming Rights contract relating to the fiscal year ended 30 June 2017
- €2.5 million: first installment of the €25.0 million Co-branding addendum to the Naming Rights contract signed at the end of the fiscal year ended 30 June 2017
- €12.3 million: last installment of the fee set forth by the contract with our Chinese Marketing Agency relating to the fiscal year ended 30 June 2017.

RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the six months ended December 31, 2017 compared with the six months ended December 31, 2016.

	For the six months ended December 31	
	2016	2017
(in thousands of €)	Unaudited	Unaudited
Revenue	46,893	50,225
Other Income	20	37
Total revenue	46,912	50,262
Personnel costs	1,345	1,379
Cost of services	3,259	3,295
Other operating costs	919	589
Accruals for risks	-	247
Depreciation and amortization	9,147	9,153
Total operating costs	14,670	14,663
Operating profit	**32,242**	**35,599**
Net financial expenses	(8,353)	(11,371)
Profit before tax	**23,890**	**24,228**
Income taxes	(8,755)	(7,434)
Profit for the period	**15,135**	**16,794**

Revenue. Revenues for the six months ended December 31, 2017 increased by €3.4 million or 7.1% to €50.3 million from €46.9 million for the six months ended December 31, 2016. This increase was primarily due to an increase in Sponsorship Revenue of €3.1 million, driven by regional and naming right sponsorship packages (for a detailed explanation of the drivers of revenue movement, please refer to the Section "Adjusted Revenues").

Personnel costs. Personnel costs for the six months ended December 31, 2017 amounted to €1,379 thousand remaining in line with the same period of prior year (€1,345 thousand). As at 31 December 2017, we had a total of 42 employees, comprising 25 permanent employees, 12 temporary employees and five interns.

Cost of services. Cost of services for the six months ended December 31, 2017 amounted to €3,295 thousand remaining in line with the same period of prior year (€3,259 thousand).

Other operating costs. Other operating costs for the six months ended December 31, 2017 decreased by €330 thousand to €589 thousand from €919 thousand for the six months ended December 30, 2016 which was impacted by the confirmation of a prior year commercial liability amounting to €0.5 million. Net of this non-recurring expense, other operating costs grew by € 0.2 million mainly due to an increase in production costs of Inter TV (in the context of the launch of the Media House strategic project in the first months of the current financial year) and in fulfillment costs related to sponsorship contracts (reflecting the growth of sponsorship portfolio)

Accrual for risks. Accrual for risks booked for €0.2 million in the six months ended December 31, 2017 relate to a prudential provision made in respect of a potential liability relating to a prior year sponsorship agreement.

Depreciation and amortization. Depreciation and amortization for the six months ended December 31, 2017 was €9.2 million, in line with the six months ended December 31, 2016.

Financial expenses. Financial expenses for the six months ended December 31, 2017 increased by €3.0 million or 36.1% to €11.4 million from €8.4 million for the six months ended December 31, 2016. This increase was due to:

- a non-cash €4.1 million write-off of the residual book value of transaction fees capitalized on the previous facility upon closing of refinancing on 21 December 2017
- €1.1 million (vs. nil) interest income accrued on the Intercompany Loans granted at the end of the fiscal year ended June 30, 2017 and in the first months of the current financial year.

Income taxes. Income taxes for the six months ended December 31, 2017 decreased by €1.4 million or 15.1% to €7.4 million from €8.8 million for the six months ended December 31, 2016. The decrease was related to the negative impact in prior year of deferred tax assets. Accordingly, our effective tax rate was 30.7% for the six months ended December 31, 2017 compared to 36.6% for the six months ended December 31, 2016.

Profit for the period. Profit for the period for the six months ended December 31, 2017 increased by €1.7 million or 11.0% to €16.8 million from €15.1 million for the six months ended December 31, 2016, for the reasons described above.

CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2017 compared with the six months ended December 31, 2016.

	For the six months ended December 31	
	2016	2017
(in thousands of €)	Unaudited	Unaudited
Profit for the period	15,135	16,794
Current taxes	8,871	8,457
Net Financial Expenses	8,353	11,371
Profit for the period before taxes and interest	32,358	36,622
Depreciation and amortization	9,147	9,153
Employee severance indemnities	26	2
Accrual for risks	-	247
Deferred tax assets and liabilities	(116)	(1,023)
Cash flow from operating activities before changes in working capital	41,416	45,001
Increase in trade and other receivables	(41,558)	(15,627)
Increase/(Decrease) in trade and other payables	42,929	43,674
Other variations in net working capital	274	(3,429)
Cash flow from operating activities after changes in working capital	43,062	69,620
Taxes paid	(1,783)	-
Interest and other financial expenses paid	(6,825)	(8,810)
A. Cash flow from operating activities	**34,453**	**60,810**
Investments in Intangible Assets	-	(15)
Investments in Property, Plant and Equipment	(26)	(58)
B. Cash flow from investing activities	**(26)**	**(73)**
New finance (Senior Secured Notes 2022)	-	300,000
Transaction fees paid for new finance	-	(8,712)
Repayment of bank loans	(6,000)	(207,999)
Intercompany loans	-	(125,866)
Debt service account	(12,690)	3,745
C. Cash flow from financing activities	**(18,690)**	**(38,833)**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**15,737**	**21,904**
Cash at bank and on hand at the beginning of the period	**612**	**8,982**
Cash at bank and on hand at the end of the period	**16,350**	**30,886**

Cash flow from operating activities. Cash flow from operating activities for the six months ended December 31, 2017 increased by €26.3 million or 76.5% to €60.8 million from €34.5 million for the six months ended December 31, 2016 mainly due to: a positive impact of working capital (+€23.0 million from € 1.6 million to €24.6 million) driven by collections from Chinese counterparties as described in the paragraph 'Cash Flow Available for Debt Service'.

Cash flow from investing activities. Cash flow from investing activities for the six months ended December 31, 2017 amounted to €73 thousands remaining immaterial in respect of our business (increase vs. € 26 thousands in same period of prior year is mainly due to investments made with regard to Inter TV rebranding and set in the context of the Media House project launched by the group in the second half of 2017, as explained in the Offering Memorandum).

Cash flow from financing activities. Cash flow from financing activities for the six months ended December 31, 2017 showed a negative balance of € 38.8 million compared to a negative balance of €18.7 million in the same period of prior year. As shown by the table, the two periods are not comparable due to the impact of the Refinancing Transaction and loans provided to TeamCo (part of which - €76.5 million - upon the Refinancing Transaction) in the current fiscal year. Loans are provided to TeamCo to upstream cash in excess of the value of assigned media rights as governed by the waterfall rules defined by the Refinancing Transaction.

Net change in cash and cash equivalent. Net change in cash and cash equivalent for the six months ended December 31, 2017 increased by €6.2 million or 39.2% to €21.9 million from €15.7 million for the six months ended December 31, 2016, for the reasons described above.

BALANCE SHEET

The following table sets forth the detail of Balance Sheet data for the issuer as at 31 December 2017 compared with 30 June 2017

	As at	
	June 30 2017	December 31 2017
(in thousands of €)	Unaudited	Unaudited
Non-current assets		
Intangible assets	328,610	314,050
Property, plant and equipment	47	96
Financial assets	15,501	10,409
Loan to parent company	27,209	153,075
Trade receivables	-	-
Prepaid expenses	112	-
Non-current Assets	**371,479**	**477,629**
Current assets		
Financial assets	6,372	7,719
Loan to parent company	221	1,327
Trade receivables	32,971	69,735
Trade receivables from parent companies and their affiliated	29,977	30,878
Tax receivables	-	1,155
Deferred tax assets	154	207
Other receivables	138	5
Prepaid expenses	674	3,232
Cash at bank and on hand	8,982	30,886
Current Assets	**79,490**	**145,144**
Total Assets	**450,968**	**622,774**

Non-current assets. Non-current assets increased by €106.1 million from €371.5 million at 30 June 2017 to €477.6 million at 31 December 2017 mainly due to new Intercompany Loans to TeamCo for amount of €125.9 million (€76.5 million of which were made on closing the refinancing). This increase has been partially offset by impact of depreciation and amortization of intangible and tangible assets (€9.2 million), €4.1 million write-off of the residual book value of transaction fees capitalized on the previous facility and a €5.1 million reduction of the cash requirements in Debt Service Reserve Account upon closing of the refinancing transaction.

Current assets. Current assets increased by €65.6 million from €79.5 million at 30 June 2017 to €145.1 million at 31 December 2017 mainly due to a €36.8 million increase in Trade receivables (as explained below), a €21.9 million increase in Cash at bank and on hand (as explained in the paragraph "Cash Flow"), a € 1.3 million increase in cash required in Debt Service Account (under Financial Assets) upon closing of the refinancing transaction, a € 1.1 million increase in interest accrued on Intercompany Loans granted to TeamCo and a €1.2 million increase in tax receivables relating to VAT balance.

The increase in Trade receivables is mainly related to:

- invoicing of the entire fee of the contract with our Chinese Marketing Agency for the current financial year (€30 million) which remained uncollected at 31 December 2017;
- performance bonuses achieved in the first half of the current financial year in respect of the naming right and sponsorship contract (€4.6 million) which were uncollected at 31 December 2017;
- invoicing of the entire fee of the contract with PPTV (Inter TV distribution in China) for the current financial year (€0.7 million) which was uncollected at 31 December 2017.

For an update on the status of collections from Chinese counterparties, please refer to the paragraph "Other relevant information - Update on inflows from Asia"

The following table sets forth the detail of Balance Sheet Liabilities and Shareholders' equity data for the issuer as at 31 December 2017 compared with 30 June 2017

(in thousands of €)	As at June 30 2017 Unaudited	December 31 2017 Unaudited
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	4,088
Profit for the period	50,904	16,794
Total Shareholders' equity	**160,588**	**126,478**
Non-current Liabilities		
Deferred tax liabilities	34,886	33,917
Provisions for employee severance indemnities	131	133
Provisions for risks	-	247
Senior Secured Notes 2022	-	287,986
Bank loans	196,000	-
Deferred income	12,137	12,347
Non-current Liabilities	**243,154**	**334,629**
Current Liabilities		
Senior Secured Notes 2022	-	3,100
Bank loans	12,000	1
Trade payables	2,698	3,386
Trade payables to parents companies and their affiliated	22,772	76,306
Dividend Payables	-	50,904
Tax Payables	2,840	4,635
Social security payables	135	141
Other payables	234	188
Accrued expenses	3,123	536
Deferred income	3,423	22,469
Current Liabilities	**47,226**	**161,666**
Total Liabilities and Shareholders' equity	**450,968**	**622,774**

Shareholders' equity. Shareholders' equity decreased by €34.1 million from €160.6 million at 30 June 2017 to €126.5 million at 31 December 2017 as a net result of:

- reduction for distribution to our immediate holding companies through dividends of the entire Net Profit recorded in the fiscal year ended 30 June 2017 (€50.9 million).

Dividends remain unsettled and are recognized as payables due to TeamCo (€28.3 million) and BrandCo (€22.6 million) at 31 December 2017

- increase for the Net Profit recorded in the six months period to 31 December 2017 (€16.8 million).

Non-current liabilities. Non-current liabilities increased by €91.4 million from €243.2 million at 30 June 2017 to €334.6 million at 31 December 2017 mainly due to the impact of the refinancing transaction which involved the repayment, in full, of the previous facility and the recognition of the new Senior Secured Notes.

Current liabilities. Current liabilities increased by €114.5 million from €47.2 million at 30 June 2017 to €161.7 million at 31 December 2017 mainly due to:

- dividend payables for €50.9 million arisen from the Board resolution on 27 October 2017 relating to the distribution of prior year net profit to our immediate holding companies (€ 28.3 million to TeamCo and € 22.6 million to BrandCo);
- payables due to TeamCo in respect of assignment of receivables made in H1 relating to Indirect Media Revenues (€45.3 million) not yet distributed to TeamCo at 31 December 2017 through the waterfall rules;
- payables due to TeamCo in respect of the 47% portion of the Naming Rights and Sponsorship agreement pertaining to TeamCo from December 21, 2017 to June 30, 2018 (€4.1 million) as agreed in the context of the Refinancing Transaction
- deferred revenues of €22.5 million relating to contracts which were invoiced at the beginning of the financial year, but are recognized on a pro-rata basis over the financial year.

Increases in Current Liabilities generated by items above described have been partially offset by a reduction in the current element of the Senior Secured Notes of €8.9 million when compared to the previous facility as a result of a more favorable amortization requirement in the first year.

CAPITAL EXPENDITURES

At €73 thousands, the level of capital expenditure was not considered material for the period under review.

NET FINANCIAL POSITION

The following table sets forth the Net Financial position data for the issuer as at 31 December 2017 compared with 30 June 2017

	As at	
	June 30 2017	December 31 2017
(in thousands of €)	Unaudited	Unaudited
Cash at bank and on hand	**8,982**	**30,886**
Current financial assets	6,372	7,719
Loan to parent company - current portion	221	1,327
Current financial receivables	**6,593**	**9,046**
Bond - current portion	-	(3,100)
Bank loans - current portion	(12,000)	(1)
Accrued interest charges and other financial expenses	(3,050)	(497)
Current financial liabilities	**(15,050)**	**(3,597)**
Net current financial assets/(liabilties)	**525**	**36,335**
Senior Secured Notes 2022	-	(287,986)
Bank loans	(196,000)	-
Financial Assets	15,501	10,409
Non-current financial liabilties	**(180,499)**	**(277,577)**
Net financial position	**(179,974)**	**(241,242)**

Net negative Financial Position at 31 December 2017 increased by €61.3 million to € 241,2 million affected by the Refinancing Transaction which also resulted in a € 11.5 million reduction of Current Financial Liabilities to €3.6 million. Net financial position at 31 December 2017 also benefited from a €21.9 million increase of cash mainly generated by collections from Chinese counterparties as explained earlier in this report.

OTHER RELEVANT INFORMATION

Update on Serie A Media Rights

For Serie A, Media rights are divided between domestic and international rights. Both set of rights follow 3-year cycles, with the current cycle expiring at the end of the 2017-2018 season and the next cycle set for 2018-2021.

On October 10, 2017, LNP announced that International Serie A broadcasting rights for the 2018-2021 seasons had been sold to IMG for €371.0 million per season, approximately double the annual amount paid for the previous season. Serie A international broadcast revenues have increased from €91.0 million per season for the 2010/2011 and 2011/2012 seasons to €371.0 million per season for the 2018/2019 through 2020/2021 seasons, a CAGR of approximately 15%.

On February 5, 2018 LNP announced that domestic Serie A broadcasting rights for the 2018-2021 seasons had been sold to Mediapro for €1,05 billion per season subject to final confirmation from the Italian Anti-Trust authority.

Update on inflows from Asia

The table below shows an update of the inflows relating to our Asian sponsorship contracts with both related and non-related parties.

	Fiscal Year ended 30 June 2017		Fiscal Year ending 30 June 2018	
(in thousands of €)	Annual value	Collected to date	Annual value	Collected to date
Naming Rights and Sponsorship Agreement	19.050	19.050	21.100	16.500
Naming Rights and Sponsorship Agreement -co-branding	25.000	2.500	-	-
Other Sponsorship Agreements	30.000	30.000	30.000	-
Total	**74.050**	**51.550**	**51.100**	**16.500**

Total collections amount to € 68.1 million out of a total value of € 125.2 million

With regard to the fiscal year ended 30 June 2017 the only outstanding amount (€22.5 million) relate to the € 25 million co-branding addendum. We expect to clear this amount in the near future.

With regard to the current fiscal year ending 30 June 2018 we have collected in full the €16.5 million fee relating to the Naming Rights contract (including the €4.1 million portion to be paid back to TeamCo during the second half of the fiscal year).

Update on Sponsorships agreements

The table below details those Sponsors which were signed or renewed during the period 1 July 2017 – 31 December 2017:

Sponsor	Type of sponsorhips	Product Category	Expiration Date	New/ Renewed
Bwin	Top Partner	Betting	June 2020	New
Volvo	Premium Partner	Cars	June 2020	New
La Gazzetta dello Sport	Official Partner	Sport newspaper	June 2018	Renewed
Cavit	Official Partner	Wine	June 2018	Renewed
Expert	Official Partner	Consumer electronic retail	June 2018	Renewed
Konami	Official Partner	Video Games	June 2020	New
Tescoma	Official Partner	Home products	June 2018	New
Esprinet (Nilox)	Official Partner	Overboard	June 2018	New

TEAMCO UPDATE

SPORTING PERFORMANCE

At the date of the release of this document, the team sits in 4th place of Italy's Serie A. This position would result in the Team qualifying for direct entry into the Group Stages of the UEFA Champions League for the season 2018/2019.

We were eliminated at the quarter-finals of the Italian Tim Cup at the end of December 2017.

MATCH ATTENDANCE

During the first part of the sporting season 2017/2018, according to transfermarkt.co.uk, Inter was the 1st club in Italy and the 10th placed club in Europe in terms of average attendance.

After the 14th matches played, the average attendance is 56,432.

During the current season we also established the Serie A historical revenue record (the match vs AC Milan generated €4.9 million total collection including VAT).

TRANSFER MARKET SUMMARY

Main players signed in the transfer market of the current fiscal year are:

Summer 2017:

- Skriniar (from Sampdoria)
- Dalbert (from Nice)
- Vecino (from Fiorentina)
- Valero (from Fiorentina)
- Cancelo (on loan from Valencia)
- Karamoh (on loan from Caen)

Winter 2018:

- Rafinha (on loan from Barcelona)
- Lisandro Lopez (on loan from Benfica)

Main players who left TeamCo in the transfer market of the current fiscal year are:

Summer 2017:

- Jovetic (sold to Monaco)

- Medel (sold to Besiktas)
- Dodò (sold to Sampdoria)
- Ansaldi (loaned to Torino)
- Murillo (loaned to Valencia)
- Kondogbia (loaned to Valencia)
- Gabriel Barbosa (loaned to Benfica and now to Santos)
- Biabiany (loaned to Sparta Prague)

Winter 2018:

- Nagatomo (loaned to Galatassary)
- Joao Mario (loaned to West Ham)

FURTHER EXPLANATORY NOTES AND BASIS OF PREPARATION

BASIS OF PRESENTATION

The interim financial statements as of and for the six-months period ended December 31, 2017 (hereinafter "Interim Financial Statements") have been prepared for the purposes of the preparation of the half year consolidated accounts of the TeamCo group as at December 31, 2017

The Interim Financial Statements include the balance sheet, the income statement and the cash flow statement and are unaudited. These Financial Statements have been prepared in accordance with the accounting standards of the Italian Accountants Profession Board (Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili), revised and supplemented by the Italian Accounting Organization (Organismo Italiano di Contabilità, O.I.C.) ("**Italian GAAP**").

Italian GAAP has recently been modified in order to take into account changes introduced in the Italian law governing Financial Statements by Decree No. 139 of August 18, 2015, which implemented Directive 34/2013/UE of the European Parliament and of the European Council on annual Financial Statements, consolidated Financial Statements and related reports of certain types of undertakings.

In preparing these Financial Statements, however, MediaCo reclassified and renamed certain Italian GAAP line items in a format of presentation more similar to international format.

The items reported in these Financial Statements are stated in accordance with the general principles of prudence and accruals and using the going concern assumption as well as considering the economic function of the assets and liabilities.

These Financial Statements are shown in Euro, which is the functional currency of the Group. All amounts shown in this document are expressed in thousand of Euro, unless otherwise specified.

SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the OIC 30 - Interim Financial Statements; therefore the Interim Financial Statements do not include all the information required in the annual Financial Statements.

The Interim Financial Statements have been prepared on a going concern basis.

The accounting policies adopted in preparing the Interim Financial Statements are the same as for the previous fiscal year and therefore reference should be made to the Financial Statements for the fiscal year ended June 30, 2017, June 30, 2016 and June 30, 2015 for further considerations.

OTHER INFORMATION

Use of estimates

For Financial Statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet and even on potential assets and liabilities at the Financial Statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years). The Balance Sheet items that are affected by these assumptions, are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of property, plant and equipment and intangible assets (impairment test). The impairment test is generally carried out only when the audited Financial Statements for the fiscal year are prepared, unless there are indicators which require updates to estimates. No impairment test has been performed as of December 31, 2017 since no impairment indicators were brought to Directors' attention.

For more information about the main accounting estimates, please refer to the annual Financial Statements.

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

The Company, throughout the periods, does not have any additional guarantees, commitments or liabilities other than which have already been disclosed in the financial information presented.

SUBSEQUENT EVENTS OCCURRED AFTER DECEMBER 31, 2017

There are no matters occurring between 1 January 2018 and the date of this report.