

INTER MEDIA & COMMUNICATION S.p.A.

Registered office in Corso Vittorio Emanuele II, no. 9

Share capital of Euro 500,000.00, fully paid-up

Company subject to management and coordination by F.C. Internazionale Milano S.p.A.

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

The financial statements has been translated into English from the original version in Italian. It has been prepared in accordance with the accounting principles established by the Italian law related to financial statements, which may be not conform to the generally accepted accounting principles in other countries.

Report on operations for the fiscal year ended June 30, 2018

Inter Media and Communication S.p.A. (hereinafter "Inter Media" or "Company"), entirely controlled by F.C. Internazionale Milano S.p.A. (hereinafter "Parent Company" or "F.C. Inter"), is the sole manager and operator of the Parent Company F.C. Internazionale Milano S.p.A.'s media, broadcast and sponsorship business.. The Company manages the revenue from national television rights on behalf of F.C. Internazionale Milano S.p.A., since the related receivables are assigned by the Parent Company.

The Company was incorporated on May 6, 2014, as part of the operational and corporate reorganisation of the entire F.C. Internazionale Milano Group started by the previous Shareholder, Erick Thohir, in order to develop the "F.C. Inter" brand through management and development of the business "marketing of historical audio-visual material, the Inter TV channel and sponsorship", previously operated by F.C. Inter and the "licensing, merchandising, sponsorship and other operations relating to the Inter brand through the Internet and other media", previously operated by Inter Brand S.r.l. (hereinafter "Inter Brand"). From such standpoint, as illustrated in previous financial communications, FC Inter and Inter Brand made two contribution in kind to the Company for those business (hereinafter also defined the "Contribution").

The Company is controlled by F.C. Inter for 55.61% and by Inter Brand for 44.39%, controlled for 100% by F.C. Inter.

The last period of the fiscal year 2015-2016 has been characterized by the entrance in the Parent Company's corporate structure of a new Shareholder headed by Suning Commerce Group, a Chinese multinational company, listed on *Shenzen Stock Exchange* operating in the retail market of consumer electronic and already active in the football sector in China as holder of the club Jiangsu Suning Football Club, one of China's leading football clubs, which participates in the Chinese Super League. The entrance of the new Shareholder occurred through the vehicle Great Horizon S.à.r.l. on the closing date June 28, 2016.

Following to this, the structure of the Parent Company is the following:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Sports International Limited);
- International Sports Capital S.p.A. 31.05% (referable to Erick Thohir);
- Other minors 0.4%.

The fiscal year ending as of June 30, 2018 has been characterized by a series of new strategies, concentrated on producing new revenue through business growth, by creating a global brand through new media and an international business plan, combined with an increase in economical and financial efficiency, with particular focus on cost monitoring, management of operating capital, investments and available funds, strengthened and supported by the new financing completed at the end of December 2017 and described in detail below.

Implementation of this strategic plan was in fact supported by refinancing of the Parent Company's existing debt, with introduction of a financial structure corresponding to the previous Leading Shareholder's directives and with the entry of important new figures into the sales and finance offices, which considerably enforced the management team. This refinancing operation, implemented with Goldman Sachs International and Unicredit, allowed the Group to concentrate the debt on one lender, thus allowing the Parent Company to extinguish existing loans with banks and simultaneously transfer the financial debt to the Company, as described in details in the Explanatory Notes.

In October the Company presented the new Inter Media House, a physical and digital space for the creation of new content that will give to the millions of *Nerazzurri* worldwide fans a unique and renewed experience. Inter Media House is located in the heart of the Suning Training Center in memory of Angelo Moratti, the old "Pinetina" where the *Nerazzurri* train every day. Inter Media House is an area completely renovated and equipped with new spaces, including the new press room, the Inter TV studios (formerly Inter Channel) and a series of avant-garde sporting and organizational structures. Inter Media House is a project carried out mainly with the use of resources within the Company, created to involve more Inter fans and more generally worldwide football fans - who are the largest community in the entertainment business with about 3 billion people – and to produce and distribute contents with the aim to promote the INTER internationally.

On December 21, 2017, after having been converted from a limited liability company into a joint stock company (*società per azioni*), the Company issued and placed to institutional investors €300,000,000 4.875% Senior Secured Notes due December 2022 (hereinafter also "Bond Loan"). In the same time the Parent Company F.C. Internazionale Milano S.p.A. signed a Revolving Credit Facility for a maximum amount of Euro 50 million which was withdrawn during August 2018 for Euro 43.4 million. The proceeds from the aforementioned borrowings were used to fully repay the outstanding borrowings with Goldman Sachs International and Unicredit for Euro 202 million and to support the ordinary activities of the F.C. Internazionale Milano Group. The Bond Loan is secured by cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as cash flows deriving from the Media Rights revenue (UEFA, Serie A and Tim Cup) the receivable of which are assigned to the Company by F.C. Internazionale Milano, consistent with the previous borrowings. As part of the Bond Loan, the Parent Company and Inter Brand pledged to the bondholders the shares relating to the share capital held in the Company.

Disposal from the Parent Company of the audio-visual rights receivables

As explained, Inter Media, similarly to the provisions of the previous borrowing, signed an agreement with the Parent Company, which consists in the assignment by FC Inter to Inter Media of the right to collect revenue derived by Serie A, Tim Cup, UEFA, other league or football institution competitions media rights. The agreement establishes that receivable proceedings for media rights, but not the connected revenue, must be transfer to Inter Media. These contracts are not completely disposed to Inter Media because football regulations establish that F.C. Inter is the contractor entity. The agreement has effect to the financial statement in connection to the Cash Flows and the Balance Sheet. The cash flows respectively include the effects of media rights receivables proceedings as well as the amount paid to the Parent Company. The Balance Sheet includes audio-visual rights receivables and payables to the Parent Company related to the amount paid.

Analysis of operations

During the fiscal year, the Company continued to develop its strategy through management and marketing of historical audio-visual material from the Rai historical archive and Inter TV and the conclusion of contracts with national and international partners; this latter activity is part of the contract signed by the Parent Company with Infront Italy in March 2014, which was assigned to the Company as part of the Contribution of the Company unit, as described in the paragraph "Other information - Agreements with the Rai Group and Infront" of the Explanatory Notes. The contract, which expired at the end of this fiscal year, provided Infront's provision of strategic consultancy for the stipulation of European sponsorship contracts and *corporate ticketing* contracts.

In addition, it should be noted that during the last fiscal year a related sponsorship agreement was signed with the related company Jiangsu Suning Sports Industry Co., Ltd., with an expiration date set at June 30, 2020, with which we have been granted, on an exclusive basis, certain rights in relation to the name of the Parent Company's sports center (Naming Rights), training kit and co-branding in the Chinese territory of products belonging to specific product categories ("Naming Rights and Sponsorship Agreement").

On December 21, 2017, during the debt refinancing operation, the Company signed an amendment to the Naming Rights and Sponsorship Agreement providing the redefinition of compensation and specifically assigned to F.C. Inter for 47% of the proceeds and to the subsidiary Inter Media the remaining 53%.

In addition, during the last fiscal year a further multiannual agreement was signed with a Chinese company, in relation to commercial, media and sponsorship of the "F.C. Inter" brand in the Asian region including China, Malaysia, Singapore, Indonesia, Japan and Korea.

Finally, during the fiscal year, further multiannual agreements were stipulated with certain other Asian companies and in particular with FullShare (active in the tourist and in the children education business), King Dawn Investments Ltd. (better known as Donkey Mother, online travel agency) and Beijing Imedia Advertising Co. Ltd. (Chinese sports marketing agency). Overall, the sponsorship contracts entered into during the year guarantee a revenue stream of approximately Euro 227 million over the term of the Bond Loan.

Analysis of the economical results of the 2017-2018 fiscal year

The Financial Statements as of June 30, 2018 showed a profit of Euro 65,571 thousand (Euro 50,904 thousand as of June 30, 2017), after having recognised amortisations for the period for Euro 18,157 thousand (Euro 18,149 thousand as of June 30, 2017), provisions for risks for Euro 247 thousand (Euro 0 as of June 30, 2017), net financial charges for Euro 15,640 thousand (Euro 16,339 thousand as of June 30, 2017) and taxes for Euro 24,382 thousand (Euro 26,877 thousand as of June 30, 2017).

Revenue for the fiscal year are shown in the table below:

Euro thousand		12 months at June 30, 2018		12 months at June 30, 2017	
Type	Amount	%	Amount	%	
Official Sponsor	16,293	11.86%	9,167	7.45%	
Technical Sponsor	4,250	3.09%	9,375	7.62%	
Sponsorship Infront	14,327	10.43%	14,962	12.15%	
Sponsorship Regional	87,629	63.77%	74,808	60.77%	
Rai Archive - Infront	9,772	7.11%	9,905	8.05%	
Audiovisual - Infront	650	0.47%	650	0.53%	
Inter TV	3,921	2.85%	4,109	3.34%	
Income from participation in UEFA Cup	-	0.00%	20	0.02%	
Licencing	10	0.01%	5	0.00%	
Others	553	0.40%	95	0.08%	
Total	137,405	100%	123,095	100%	

Income from the Official Sponsor Pirelli increased during the fiscal year following the recognition in the fiscal year of a performance bonus for an amount of Euro 6,240 thousand, not achieved in the fiscal year as of June 30, 2017, and related to the qualification of the First Team of Parent Company to UEFA Champions League 2018-2019.

The Nike Technical Sponsor generated revenue for Euro 4,250 thousand. The decrease compared to the previous year is due to the non-participation to the UEFA Champions League in the current season, partially offset by the bonus performance for an amount equal to Euro 500 thousand, accrued following the acquisition of the right to participate in the same European competition for the 2018-2019 sports season.

Sponsorship Infront mainly includes the contracts in place with Telecom Italia, Deutsche Bank, Trenitalia, Bwin, Lete, Brooks Brothers, Volvo, Lyonnese, Manpower and finally RCS Mediagroup and has decreased due to the reduction in the fiscal year minimum guaranteed from Infront.

Revenue from Sponsorship Regional showed an overall increase mainly due to the new commercial agreements entered, as well as the bonuses accrued during the year relating to the Naming Rights and Sponsorship Agreement. Specifically for the 2017/18 season, there has been new sponsorship contracts signed with the Asian companies FullShare (active in the sectors of services for tourism and for the education of children), King Dawn Investments Ltd. (better known as Donkey Mother, online travel agency) and Beijing Imedia Advertising Co. Ltd. (a Chinese marketing agency) for a total amount of Euro 37,126 thousand. These contracts also include a portion of non-refundable up-front fees amounting to Euro 29,625 thousand. This positive effect was partially offset mainly by the following effects:

- a reduction of Euro 29,058 thousand with a company of the Suning Group, of which Euro 4,058 thousand relates to the consideration of the Naming Rights and Sponsorship Agreement signed during last fiscal year, as a result of the second amendment signed between F.C. Inter and the Company on December 21, 2017 through which the distribution of the consideration envisaged was redefined, with effect from the same date of reference, and specifically to the former for 47% and the second for 53% and Euro 25,000 thousand relating to the amendment of the Naming Rights contract signed last year through which the offer of rights guaranteed by the Company was redefined and which had generated a one-off fee of the above amount;
- a reduction of Euro 5,000 thousand in the annual consideration of the aforementioned agreement with a third party Chinese company, concerning the sale of the Inter trademark in the Asian region, following the subsequent revision of the consideration as a consequence of the repurchase by the Company of some categories of sponsorship directly related to the signing of the new contract with the Chinese marketing agency Beijing Imedia Advertising Co. Ltd. and which we referred to just above.

Revenue on item Rai Archive – Infront and Audiovisual - Infront, for Euro 10,422 thousand, relate to digitalisation, cataloguing and organisation of the images in the archive referred to in the Rai contract, as well as to the commercialization of the archive, images of training sessions, interviews and press conferences, *media packages* and electronic games and also audio-visual production of the Championship and Tim Cup games, as described in details in the paragraph "Other Information - Agreements with the Rai Group and Infront" of the Explanatory Notes.

Costs for the fiscal year are shown in the table below:

<i>Euro thousand</i>	12 months at June 30, 2018		12 months at June 30, 2017	
<i>Tipologia</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Costs of raw materials, supplies and consumables	488	1.53%	183	0.63%
Costs for services	9,628	30.26%	6,854	23.66%
Costs of rents and leases	214	0.67%	203	0.70%
Personnel costs	2,866	9.01%	2,674	9.23%
Amortization, depreciation and write-downs	18,404	57.85%	18,149	62.64%
Other operating expenses	213	0.67%	913	3.15%
Total of production costs	31,813	100%	28,975	100%

Costs of raw materials, supplies and consumables mainly include costs in exchange for goods for water supply and official uniforms for Euro 432 thousand.

Costs for services mainly include costs for consultant services for Euro 1,276 thousand, costs in exchange for merchandise for advertising spots for Euro 162 thousand, costs recharged by F.C. Inter for subscriptions to Sponsors as provided in the related sponsorship contracts for Euro 719 thousand, the Intercompany Service Agreement between the Company and F.C. Inter (whose consideration was subject to revision between the parties on and with effect from December 21, 2017, from Euro 5 thousand to Euro 5 million on an annual basis for greater intercompany services that FC Inter provides to the Company including, inter alia, administrative and accounting services, consultancy services, web support services, legal assistance and other general services necessary for the operation of the Company) for Euro 2,619 thousand, as well as the management and production costs of the Inter TV thematic channel for Euro 3,651 thousand.

The general increase in costs is mainly connected to the increase in costs of raw materials, supplies and consumables, for services, personnel costs and amortization, partially offset by the reduction in other operating expenses, as better described in the Explanatory Notes.

The composition of financial income and charges for the fiscal year was as follows:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	<i>Variation</i>
<i>Income from receivables classified as fixed assets:</i>			
- income interests from parent companies	5,025	221	4,804
<i>Other income:</i>			
- other	3	1	2
<i>Financial expenses:</i>			
- on Bond Loan	(8,546)	-	(8,546)
- on payables to banks for loans	(5,761)	(12,525)	6,764
- amortization ancillary costs on the G.S. loan	(1,295)	(2,716)	1,421
- ancillary costs on loan	(5,014)	(1,278)	(3,736)
- other expenses	(21)	(6)	(15)
<i>Income from exchange</i>	5	3	2
<i>Losses from exchange</i>	(36)	(40)	4
Total financial income and expenses	(15,640)	(16,339)	699

Net financial expenses have substantially decreased compared to the previous year due to the increase in interest income due to parent companies accrued during the fiscal year on the Intercompany Loan Agreement as better described in the Explanatory Notes, whose positive effect was partially offset by the recognition in the Income Statement for Euro 4,136 thousand the residual value related to ancillary charges capitalized in relation to the previous Loan with Goldman Sachs/Unicredit, repaid early in the year following the debt refinancing operations, as described in the Explanatory Notes - "Other Information - Debt refinancing operations".

The tax burden declined, despite the increase with respect to last year Company's turnover and operating margin, due to the combined effect of the IRES rate change from the previous 27.50% to the current 24% as established by art. 1, paragraph 61 of the 2016 Stability Law and for the income of Euro 2,586 thousand relating to the EBIT excess on interest charges produced in the year and transferred to the Tax Consolidation as specified by the consolidation agreement in place.

Net financial position

The cash flow is described in detail in the Cash Flow Statement in relation to the obtaining and refund of financings,

significantly affected by the Bond Loan operation.

Investments

During this fiscal year, net investments were made in intangible assets for 68 thousand and in tangible assets for 58 thousand.

Financial fixed assets are related to the Intercompany Loan Agreement (capital share of Euro 144,250 thousand) paid to the Parent Company, expiring on December 31, 2022 and to restricted accounts used as a guarantee for the Bond Loan similar to the previous Goldman Sachs/Unicredit loan agreement as described in the Explanatory Notes.

Research and development

According to the art. 2428, paragraph 2, number 1, of the Italian Civil Code, it is stated that the Company does not perform any research and development activities, due to the nature of its business.

Number and nominal value of treasury shares and the shares of parent companies held or purchased or sold by the Company

According to the art. 2428 of the Italian Civil Code, it is specified that the Company does not possess and did not purchase or sell treasury shares, directly or through trust companies or intermediaries, during the fiscal year.

Principal risks and uncertainties

The principal risks and uncertainties to which the Company is exposed are briefly described below.

Risks related to general economic conditions

The uncertain situation afflicting the entire world economy continued during the fiscal year. This has had repercussions on financial markets, which were extremely volatile, and negatively affected the major financial institutions. The short-term equity, economic and financial position of the Company is unlikely should not to be influenced by this situation, as the main sources of income derive from current long-term contracts.

Financial risks

The principal risks linked with ordinary activities of the Company are:

Credit risk

Trade receivables are carefully monitored and any collection risks are evaluated in a specific bad debt reserve. This risk is partially mitigated by the fact that most of the receivables are concentrated with high rating parties, which are therefore financially solid with high power of spending. However, it should be noted that part of the receivables is due from Chinese companies and therefore there is the risk that, - following potential and additional Chinese government restrictions - the collection of such receivables may be subject delays which are not predictable and could cause changes in the financial planning put in place by the Management and decrease the financial capacity of the Company, which is in any case guaranteed by financial support from the Shareholder through the Parent Company.

Risks related to the need for financial means and the minimal level of capitalization

The Company plans to cover financial needs deriving from maturing debts and planned investments through the cash flows produced by operations and available funds, also taking into account the cash flows secured by audio-visual rights, for which receivables have been assigned by the Parent Company to Inter Media in order to satisfy the Bond Loan obligations. Management of the Company periodically reviews the operating performance in order to ascertain whether any estimates and assumptions made for asset and liability items are confirmed in current values and in the case of changes, these are immediately reflected in the Income Statement. With reference to Bond Loan, the same provides for compliance with certain financial parameters as better described in the Explanatory Notes. Any failure to comply with the aforementioned parameters could result in the Company decaying the benefit of the term with the consequent need of obtaining significant financial resources in order to repay the residual amount of the Bond Loan (the repayment is expected on December 31, 2022, half-yearly instalments until this deadline, which are financed by the cash flows provided for by the Business Plan 2018-2022 whose projections were updated during the year also in relation to the debt refinancing operation). With reference to the verification concerning compliance with these parameters, reference should be made to the foregoing. As described, the finding of additional financial resources compared to those generated autonomously, if necessary due to differences in liquidity compared to those envisaged by the aforementioned projections, would in any case be guaranteed by the support of the new Leading Shareholder of the Parent Company which guaranteed the financial support for a period of at least twelve months, guaranteeing, in case of necessity, also the financial support to Inter Media for the repayment of the instalments of the Bond Loan expiring in the period.

Risk related to sports performance of the Parent Company's First team

The Company's revenue are deeply affected by the sport results of the Parent Company, whose principal production driver for its operational activity are the Player registration rights - an activity which is subject to the possible risk of injury which could affect the Company's economical and financial position at any moment. Operating performance is therefore exposed indirectly to the risks of football matches, particularly in terms of the results of the First Team which, if negative or worse than expected, could lead to a reduction in the variable fees linked to sponsorship agreements and also to a reduction in fees when the main agreements are renewed.

Risks related to fluctuations of interest rates

The Company has payables for Euro 291.88 million deriving from the Bond Loan, described in the Explanatory Notes. The aforementioned Bond Loan provides for a fixed rate of 4.875% and therefore currently the risks associated with the fluctuation of the interest rate are limited.

Business outlook

The results of economic performance in 2018-2019 will reflect the principal typical revenue, which are sponsorship agreements, marketing and management of the Inter TV. The results should remain in line with the budget, revised upwards considering the acquired participation in the UEFA Champions League 2018-2019 and the new contracts, previously commented.

Other information**Information required by Art. 2428 of the Italian Civil Code**

As already mentioned in the comment on the "Financial Risks", pursuant to the provisions of art. 2428 paragraph 2 point 6 bis of the Italian Civil Code, the Company is exposed to a non-significant risk with respect to changes in interest rates in relation to the net outstanding debt represented by the new fixed rate Bond Loan placed within the scope of the new debt refinancing operation (of which Euro 285,630 thousand beyond 12 months and Euro 6,250 thousand within 12 months) and the normal risk of changes in the exchange rate in relation to foreign currency receivables and payables.

See the previous paragraph "Financial risks" for further consideration.

On behalf of the Board of Directors

The Chief Executive Officer

(Alessandro Antonello)



INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2018

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BALANCE SHEET - ASSETS	30 June 2018 <i>amounts in Euro</i>	30 June 2017 <i>amounts in Euro</i>
A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL CONTRIBUTIONS	-	-
B) FIXED ASSETS		
I Intangible assets		
4) Concessions, licenses, trademarks and similar rights	210.384.797	222.569.036
5) Goodwill	94.667.526	100.609.683
6) Construction in progress and advances	54.754	-
7) Other intangible assets	-	5.431.081
Total	305.107.077	328.609.800
II Property, plant and equipment		
2) Plant and machinery	67.354	23.774
4) Other assets	19.683	23.150
Total	87.037	46.924
III Financial fixed assets		
2) Receivables		
c) from parent companies - within 12 months	-	221.273
c) from parent companies - beyond 12 months	144.943.671	27.208.787
d-bis) Other - within 12 months	42.612	6.371.594
d-bis) Other - beyond 12 months	10.410.064	15.501.243
Total	155.396.347	49.302.897
TOTAL FIXED ASSETS (B)	460.590.461	377.959.621
C) CURRENT ASSETS		
II Receivables		
1) Trade receivables		
a) within 12 months	76.207.683	32.971.480
4) from parent companies		
a) within 12 months	37.987.003	29.419.049
5) from companies subject to parent companies control		
a) within 12 months	1.138.703	558.360
5 bis) Tax receivables	316	316
5 ter) Deferred tax assets	199.676	153.811
5 quarter) Other		
a) within 12 months	4.636	138.094
Total	115.538.017	63.241.110
IV Cash at bank and on hand		
1) Bank and postal deposit accounts	8.510.116	8.981.628
3) Cash on hand	59	39
Total	8.510.175	8.981.667
TOTAL CURRENT ASSETS (C)	124.048.192	72.222.777
D) PREPAYMENT AND ACCRUED INCOME		
I) Accrued income	-	151
II) Prepaid expenses	254.643	785.843
TOTAL ASSETS	584.893.296	450.968.392

INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2018

BALANCE SHEET - LIABILITIES

	30 June 2018 <i>amounts in Euro</i>	30 June 2017 <i>amounts in Euro</i>
A) SHAREHOLDERS' EQUITY		
I Share capital	500.000	500.000
II Share premium reserve	104.996.531	104.996.531
IV Legal reserve	100.000	100.000
VIII Retained earnings	4.087.578	4.087.578
IX Profit for the period	65.571.192	50.904.069
Total Shareholders' equity	175.255.301	160.588.178
B) PROVISIONS FOR RISKS AND CHARGES		
2) For taxes, including deferred tax liabilities	32.963.052	34.886.335
4) other	246.960	-
Total	33.210.012	34.886.335
C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	172.300	130.874
D) PAYABLES		
1) Bond Loan		
a) within 12 months	6.250.000	-
b) beyond 12 months	285.629.729	-
4) Bank Loan		
a) within 12 months	-	12.000.000
b) beyond 12 months	-	196.000.000
7) trade payables		
a) within 12 months	3.073.483	2.698.371
11) To parent companies		
a) within 12 months	44.689.194	22.771.811
11-bis) to companies subject to parent companies control		
a) within 12 months	22.596.316	-
12) Tax payables		
a) within 12 months	829.908	2.840.318
13) Social security payables		
a) within 12 months	146.090	134.968
14) Other payables		
a) within 12 months	221.121	234.228
Total	363.435.841	236.679.696
E) ACCRUALS AND DEFERRED INCOME		
I) Accrued liabilities	72.385	3.122.930
II) Deferred income	12.747.457	15.560.379
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	584.893.296	450.968.392

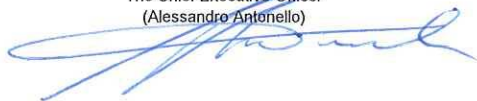
INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2018

INCOME STATEMENT <i>Translation from the original version issued in Italian</i>	12 months at 30 June 2018 <i>amounts in Euro</i>	12 months at 30 June 2017 <i>amounts in Euro</i>
A) VALUE OF PRODUCTION		
1) Revenues from the sales and services	136.852.144	123.000.188
5) Other revenues and income		
a) miscellaneous income	552.657	94.971
Total Value of Production	137.404.801	123.095.159
B) PRODUCTION COSTS		
6) Cost of raw materials, supplies and consumables	488.126	182.507
7) Costs of services	9.627.755	6.854.382
8) Costs of rents and leases	213.820	202.833
9) Personnel costs		
a) salaries and wages	1.964.160	1.824.744
b) social security contributions	527.463	471.310
c) employee severance indemnity	135.645	122.586
e) other costs	238.320	254.978
10) Amortisation, depreciation and write-downs		
a) amortisation of intangibles assets	18.139.328	18.138.698
b) depreciation of tangible	17.958	10.141
13) Other provisions	246.960	-
14) Other operating expenses	212.742	912.818
Total Production Costs	31.812.277	28.974.997
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	105.592.524	94.120.162
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income		
a) from receivables classified as fixed assets		
- from parent companies	5.024.901	221.273
- from other companies	209	288
d) other income		
- from third parties	2.889	459
17) Interest and other financial charges		
d) other financial expenses	(20.637.089)	(16.523.793)
17bis) Gains and losses on foreign currency traslation		
a) income from exchange	4.987	2.988
c) losses on exchange	(35.724)	(40.138)
Total Financial Income and Expense	(15.639.827)	(16.338.923)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
Pre-tax results	89.952.697	77.781.239
20) Current and deferred income taxes		
a) current taxes	(26.350.653)	(27.256.458)
b) deferred tax liabilities	1.923.283	2.164.442
c) deferred tax assets	45.865	(1.785.154)
PROFIT FOR THE PERIOD	65.571.192	50.904.069

INTER MEDIA & COMMUNICATION S.p.A.
CASH FLOWS STATEMENT
Translation from the original version issued in Italian

Euro	12 months at 30 June 2018	12 months at 30 June 2017
Cash flow from operating activities		
Profit for the period	65.571.192	50.904.069
Current taxes	26.350.653	27.256.458
Net Financial Expenses	11.472.541	16.338.923
1. Profit/(Loss) for the fiscal year before taxes and interests	103.394.386	94.499.450
<i>Non cash adjustments</i>		
Amortisation	18.157.286	18.148.839
Write-down of ancillary costs on Bank Loan	4.136.549	-
Employee severance indemnities	41.426	42.528
Other provisions	246.960	-
Deferred Tax Assets and Liabilities	(1.969.148)	(379.288)
2. Cash flow from operating activities before changes in net working capital	124.007.459	112.311.529
<i>Changes in Net Working Capital</i>		
Increase in trade receivables	(52.251.042)	(44.772.521)
Decrease in trade payables	614.516	2.483.093
Other variations in net working capital	(2.282.499)	(851.723)
3. Cash flow from operating activities after changes in working capital	70.088.434	69.170.378
<i>Other Adjustments</i>		
Taxes paid	(6.685.069)	(1.777.579)
Interests and other financial expenses paid	(17.384.753)	(14.240.391)
A Cash flow from operating activities (A)	46.018.612	53.152.408
Cash flow from investing activities		
Net investments in Intangible Assets	(67.686)	(77.739)
Net investments in Property, Plant and Equipment	(58.071)	(27.095)
B Cash flow from investing activities (B)	(125.757)	(104.834)
Cash flow from financing activities		
<i>Debt Financing</i>		
New Intercompany Loan	(140.796.463)	(27.208.787)
Cash in from Bond Loan issue	291.011.955	-
Bank Loan repayments	(208.000.000)	(12.000.000)
Bank Loan security deposit repayments/(integration)	21.872.837	(306.907)
New security deposits on Bond Loan issue	(10.452.676)	-
<i>Equity Financing</i>		
Dividends and advances on dividends paid	-	(5.162.498)
C Cash flow from financing activities (C)	(46.364.347)	(44.678.192)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	(471.492)	8.369.382
Cash at bank and on hand at the beginning of the period	8.981.667	612.285
Cash at bank and on hand at the end of the period	8.510.175	8.981.667
<i>Non monetary transactions during the fiscal year</i>		
Reserve distribution	(28.307.753)	-
Intercompany compensation for reserve distribution	28.307.753	-

On behalf of the Board of Directors
The Chief Executive Officer
(Alessandro Antonello)



INTER MEDIA AND COMMUNICATION S.p.A.

Registered office in Corso Vittorio Emanuele II, no. 9

Share capital of Euro 500,000.00, fully paid-up

Company subject to management and coordination by F.C. Internazionale Milano S.p.A.

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

The financial statements has been translated into English from the original version in Italian. It has been prepared in accordance with the accounting principles established by the Italian law related to financial statements, which may be not conform to the generally accepted accounting principles in other countries.

Explanatory Notes to the Financial Statements as of June 30, 2018

General company information

As described in the Report on Operations - to which reference should be made for further details - Inter Media and Communication S.p.A. (hereinafter also the "Company" or "Inter Media"), is the sole manager and operator of the Parent Company F.C. Internazionale Milano S.p.A.'s media, broadcast and sponsorship business.

Group reorganisation

The last period of the fiscal year 2015/16 has been characterized by the entrance in the Parent Company's corporate structure of a new Shareholder headed by Suning Commerce Group, a Chinese multinational company listed at Shenzhen Stock Exchange since 2004, operating in the retail market of consumer electronic and already active in the football sector in China as owner of the club Jiangsu Suning Football Club, one of China's top football clubs, participating to the Chinese Super League.

The entrance of the new Shareholder occurred through the vehicle Great Horizon S.à.r.l. on the closing date June 28, 2016.

Significant events that occurred during the fiscal year

On October 27, 2017, the Shareholders' Meeting approved the financial statements as of June 30, 2017 showing a profit of Euro 50,904 thousand entirely distributed in kind to the Shareholders.

In October The Company presented the new Inter Media House, a physical and digital space for the creation of new content that will give to the millions of *Nerazzurri* worldwide fans a unique and renewed experience. Inter Media House is located in the heart of the Suning Training Center in memory of Angelo Moratti, the old "Pinetina" where the *Nerazzurri* train every day. Inter Media House is an area completely renovated and equipped with new spaces, including the new press room, the Inter TV studios (formerly Inter Channel) and a series of avant-garde sporting and organizational structures. Inter Media House is a project carried out mainly with the use of resources within the Company, created to involve more Inter fans and more generally worldwide football fans - who are the largest community in the entertainment business with about 3 billion people - and to produce and distribute contents with the aim to promote the INTER internationally.

On December 21, 2017, after having been converted from a limited liability company into a joint stock company (*società per azioni*), the Company issued and placed to institutional investors €300,000,000 4.875% Senior Secured Notes due December 2022 (hereinafter also "Bond Loan"). In the same time the Parent Company F.C. Internazionale Milano S.p.A. signed a Revolving Credit Facility for a maximum amount of Euro 50 million which was withdrawn during August 2018 for Euro 43.4 million. The proceeds from the aforementioned borrowings were used to fully repay the outstanding borrowings with Goldman Sachs International and Unicredit for Euro 202 million and to support the ordinary activities of the F.C. Internazionale Milano Group. The Bond Loan is secured by cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as cash flows deriving from the Media Rights revenue (UEFA, Serie A and Tim Cup) the receivable of which are assigned to the Company by F.C. internazionale Milano, consistent with the previous borrowings. As part of the Bond Loan, the Parent Company and Inter Brand pledged to the bondholders the shares relating to the share capital held in the Company.

During the last fiscal year, F.C. Inter and the Company signed a sponsorship agreement with a company of the Suning Group with a deadline of June 30, 2020, pursuant to which they granted, on an exclusive basis, certain rights in relation to the branding of the Parent Company sporting centres (Naming Rights), training kit and co-branding on the Chinese territory of certain categories of product ("Naming Rights and Sponsorship Agreement"). On December 21, 2017, the Parent Company and the Company, in connection with the issuance of the Notes, signed an amendment to the Naming Rights and Sponsorship Agreement, which redefined the distribution of the proceeds as following described: Inter Media will received 53% and F.C. Inter the remaining 47%.

During the last fiscal year a further multiannual agreement was signed with a Chinese company, in relation to commercial, media and sponsorship of the "F.C. Inter" brand in the Asian region including China, Malaysia, Singapore, Indonesia, Japan and Korea. With reference to this contract, during the fiscal year, the Company repurchased some categories of sponsorship, in relation to the signing of a new contract with a Chinese marketing agency and we will refer to below. The new revision of the agreement includes, among other things, the change in the areas relevant to the various brand sectors and a procedure for the annual revaluation of services rendered under the agreement, to update the consideration due to the market value of these services.

In addition, during the fiscal year, further multiannual agreements were stipulated with certain other Asian companies and in particular with FullShare (active in the tourist and in the children education business), King Dawn Investments Ltd. (better known as Donkey Mother, online travel agency) and Beijing Imedia Advertising Co. Ltd. (Chinese sports marketing agency).

Structure and contents of the financial statements

The financial statements include the Balance Sheet, the Income Statement, the Cash Flows Statement and the Explanatory Notes. In particular, the Explanatory Notes provides an analysis of data reported in the financial statements and contains the information required by the art. 2427 of the Italian Civil Code.

The Balance Sheet, the Income Statement and the Cash Flow Statements have been prepared according to the schemes and the provisions established by Arts. 2424, 2425 and 2425-ter of the Italian Civil Code., as modified by Legislative Decree no. 6/2003, as well as by the integrations and novelties introduced to the norms of the Italian Civil Code by Legislative Decree 139/2015, which adopted in Italy the Accounting Directive 34/2013/EU; these requirements have been also satisfied in preparation of the Report on Operations and these Explanatory Notes.

Changes in individual items and comments on the main items are indicated in the Explanatory Notes.

Evaluation and measurement criteria and accounting standards

The financial statements as of June 30, 2018 has been prepared according to the principle of a true and fair representation of the Company's financial position and its financial performance and cash flow, as stated in the art. 2423 of the Italian Civil Code. The financial statements as of June 30, 2018 has been prepared according to the general principles of prudence and accruals and using the going concern assumption as well as considering each item of the assets and liabilities on a stand-alone basis in order to avoid compensation between gain and losses.

The accounting policies have been adapted with the changes and additions introduced to the Italian Civil Code by the Legislative Decree 139/2015, which adopted in Italy the Accounting Directive 34/2013/EU. In particular, national accounting standards have been reformulated by the OIC in the version issued on December 22, 2016 and thereafter on December 29, 2017, including subsequent amendments.

With regard to the effects of the application of the new principles on the items of the Balance Sheet, Income Statement and Cash Flow Statement as of July 01, 2016, reference should be made to the reconciliation schedules and related Explanatory Notes in the financial statements as of June 30, 2017.

The valuation of the items have been made taking into account the economic function of the asset or liability items and considering the principle of the prevalence of substance over form, which is mandatory unless it expressly conflict with other specific rules on the preparation of financial statements. This allows to evaluate and account the transactions according to the economic substance rather than to the formal aspects.

The derogations pursuant to art. 2423, paragraph 4, and 2423 bis, last paragraph, of the Italian Civil Code, have not been applied during the preparation of this financial statements as of June 30, 2018.

The criteria used to measure the individual items in the Balance Sheet and Income Statement are set forth below in connection with each single class of items of the balance sheet and income statement.

ASSETS

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs and amortized over their expected useful life. Where expressly required by law, intangible asset are accounted for with the consent of the Board of Statutory Auditors.

Where the value of intangible assets, independent of the amortization already recorded, reports a permanent impairment, a write-down is recognized through the income statement.

When an impairment loss no longer applies, with the exception of Goodwill, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost, with the reversal of an impairment loss recognized through the income statement.

Concessions, licenses, trademarks and similar rights, other intangible assets and construction in progress and advances

Intangible assets include the value of the "Library" and the "F.C. Inter" brand. "Inter" brand is a "century-old" brand of great tradition and it is amortized on a straight-line basis over twenty years, period considered representative of the useful lives of such asset.

The Library is related to the purchase of the Rai television archive (historical library of images, material and rights relating to F.C. Inter), as described in detail in the paragraph "Other information - Agreements with the Rai Group and Infront", which is amortised on a straight-line basis over twenty-seven years.

The items within the "Other intangible assets" as of June 30, 2017 included transaction costs related to the previous borrowing with Goldman Sachs/Unicredit. These costs were deferred and amortized over the duration of such borrowing (5 years). Following the issue of the Bond Loan in December 2017, better described in the following paragraph "Other information - Debt refinancing operations", with the termination of the previous Borrowing the residual value of such costs have been fully amortised through P&L. The amortization of the item, calculated until the date of the new debt refinancing on December 21, 2017, is classified under "Other Financial Expenses".

Construction in progress and advances are recorded at the cost incurred at point in time for the renewal of the registration of the INTER brands, which will take effect upon acceptance of the registration.

Goodwill

Goodwill has been accounted under intangible assets on the Balance Sheet in view of its long-term utility. Amortization is calculated on a straight-line basis among 20 years from the Contribution, period considered representative of the useful life of such asset.

Property, plant and equipment

Property, plant and equipment are accounted at the purchase cost, including directly attributable acquisition costs and increased by incremental maintenance costs. Periodical maintenance costs are expenses through the Income Statement.

No monetary or economic revaluations were recorded on the financial statements as of June 30, 2018.

Property, plant and equipment are depreciated on a straight-line basis using the rates deemed to reflect the useful economic and technical lifetime of the assets. The depreciation is reduced by 50% for assets acquired during the fiscal year.

The depreciation rates used are shown in the table below:

Description	Rate
Machinery	19,00%
Electronic machines	20,00%
Furniture	12,00%
Mobile telephones	20,00%

Where the value of asset reports a permanent impairment, independent of the amortization already recorded, a write-down of the asset is recognized through the income statement; when an impairment loss no longer applies in subsequent years, the original value is restored and adjusted by amortisation only.

Impairment of intangibles assets and property, plant and equipment

At year end, property, plant and equipment and intangible assets are analysed to identify any indicators of impairment (so-called *impairment test*). If these indicators are present, the recoverable value of the assets in question is challenged, allocating any write-down - whether occurred - to the Income Statement. The recoverable value of an asset is the higher between its fair value and the value in use, corresponding to the estimated future discounted cash flows for this asset. In the calculation of the value in use, the forecast future cash flows are discounted using a discount rate that reflects the current market value of the cost of money and the specific risks related to the asset. An impairment loss is recognized in the Income Statement when the carrying amount of the asset is higher than the recoverable value. If the reasons for a write-down previously made no longer apply, the carrying amount of the asset, with the exception of Goodwill, is restored and charged back to the Income Statement, up to the amount of the net carrying value that the asset would have had if the write-down had never been made.

Financial fixed assets - Receivables

This item includes an intercompany loan to the Parent Company F.C. Inter and restricted cash used as collateral of the Bond Loan recorded at their nominal value. Regarding the loan to Parent Company, the amortized cost has not been applied because transaction costs, commissions paid between contracting parties and any other effects are immaterial.

Trade and other receivables included in the current assets

Receivables are accounted using the amortized cost criteria and considering, if applicable, the net realization value. The amortized cost is not applied when its effects are immaterial or when settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity date is not significant or where the receivables are short-term (i.e. with a maturity of less than 12 months).

Receivables beyond 12 months, without interest payment or with interest significantly different from market rates, are initially accounted at the value resulting from the actualization of future financial flows using market interest rate.

The difference between the initial receivable value and its final value is registered into the Income Statement as financial income along the credit period, using the effective interest rate method.

The value of receivables, established as above, is adjusted where necessary by a write-down provision, presented as a direct reduction of the value of the receivables to their expected realizable value. The write-down to the financial statement is equal to the difference between the book value and the value of the estimated future financial cash flows, less amounts which are not expected to be received, discounted to the original effective interest rate.

The amount of depreciation is accounted in the Income Statement.

Receivables in foreign currency are accounted at the current exchange rates on the date when the relative transactions take place. At the year end, they are adjusted to the year-end exchange rate and any gains or losses are recorded on the Income

Statement in the line item C17 bis (unrealized gain or losses). Part of net profit of the year deriving from exchange rate revaluation is accrued in a specific reserve which may only be distributed upon realization.

Cash at bank and on hand

Cash at bank and on hand are stated at nominal value.

Accruals and deferrals

Accrued income are related to the portion of revenue or income already earned but not yet invoiced.

Prepaid expenses are related to the portion of costs related to future periods/years for which invoices and the related payables have been already received/paid.

Accrued expenses are related to the portion of costs already occurred but for which the invoice has not been received.

Deferred income are related to the portion of revenue or income related to future periods/years for which invoices and the related receivables have been already received/paid.

LIABILITIES

Shareholders' Equity

This line item represents the difference between asset and liability calculated according to the standards set forth herein, and includes contributions made by shareholders at the time of incorporation and subsequent increases of capital, reserves of any kind, profits and losses of prior fiscal years carried forward and the result of the fiscal year 2017-2018.

Provisions for risks and charges

Provisions for risks and charges are recorded based on the principles of prudence and accruals and include provisions made to cover losses and debts of a certain nature and of a certain and probable existence, with uncertain amount and occurrence date. A provision for risk is recorded in the financial statements if it is deemed more likely than not that a cash outflow will occur and the amount can be reasonably estimated. The valuation of risks and charges which are dependent on future events considers also the information available after the fiscal year end and up to the preparation of the present Financial Statements. The provisions reflect the best estimate on the basis of available information at the reporting date. Potential liabilities which are only considered possible are described in the notes.

Reserve for employee severance indemnity

Reserve for employee severance indemnity reflects the amounts accrued in favour of employees at the end of the fiscal year on behalf of employees, in conformity with contractual and legislative requirements. This liability is subject to indexation. It shall be noted that as of 1 January 2007, the Finance Law and related implementing decrees introduced significant changes in the regulation of provisions for employment termination benefits, including the employee's choice concerning the allocation of severance indemnities accruing (to the supplementary pension funds or the "Treasury Fund" managed by INPS). The amount recorded in the Financial Statements is therefore net of payments to the funds mentioned.

Loans, trade and other payables

Loans, trade and other payables are accounted according to the amortized cost method, considering the time factor. The amortized cost method is not applied to payables if its effects are irrelevant. The effects are considered irrelevant for short-term payables (within 12 months). For the amortized cost method, please refer to the accounting criteria described above for "Trade and other receivables included in the current assets".

Debts accounted for in foreign currencies are accounted at the current exchange rates at the date when the relative transactions take place. These payables are adjusted to the year-end exchange rate and any unrealised gains and losses are recorded into the Income Statement (in the line item C17 bis). Part of net profit of the year deriving from exchange rate valuation is accrued in a specific reserve which may only be distributed upon realization.

INCOME STATEMENT

Recognition of revenue and costs

Sponsorships revenue and media direct revenue are recognized progressively in relation to contracts providing services throughout the entire period/year or upon full delivery of the service at a pointed time. Non-refundable up-front fees included in the sponsor agreement are fully recognized in the income statement as occurred, usually at the execution of the contract.

Financial income and expenses are recognized to the Income Statement on an accrual basis.

In cases where extraordinary payment condition are granted to customers (revenue) or from the Group (costs) without interest accrual, the amount that will be collected or paid are discounted. The difference between the present value and the amount collected or paid represents respectively an income or a financial charge recorded on an accruals basis over the maturity period of the receivable or of the debt.

Income taxes

Taxes are provided for in accordance with the accruals principle; they represent the amount for taxes paid or payable for the fiscal year, determined in accordance with the rates and regulations in force.

The Company also has a tax consolidation agreement with its Parent Company which details are explained in the paragraph "Current, deferred tax assets and liabilities".

Deferred tax assets and liabilities

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax asset including the ones arising from fiscal losses carried forward, are recognized as an assets if there is reasonable assurance the future taxable income will occur sufficiently to recover the losses, considering the requirements of Law n. 111/2011, converted by Decree Law no. 98/2011 called *Urgent provisions for the financial stabilisation of the Country*.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

It should be noted that art. 1, paragraph 61, of the Italian Stability Law 2016 has determined that, starting from the tax periods following the one at December 31, 2016 (and therefore for the Company with effect from January 1, 2017), the corporate income tax rate is 24% instead of the previous 27.5%; this new rate has been applied since July 1, 2017.

Derivative contracts

The Company signed a derivative contract, in order to hedge the interest rate fluctuations risk on the Goldman Sachs loan. This was qualified as an "interest rate cap" and provided for a cap on the 2% Euribor for half of the Goldman Sachs/Unicredit borrowing granted (Euro 115 million). For this contract, a fee of Euro 600 thousand was paid and this value has been deferred along its duration of the borrowing. The commission paid represented the fair value of the financial instrument. Following the issuance of the Bond Loan completed in December 2017, the residual amount has been fully expensed in the Income Statement.

Other information

Use of estimates

For financial statements preparation, it is necessary that Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the financial statements and on the information related to potential assets and liabilities as of June 30, 2018. 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 variation are reflected on the Income Statement in the fiscal year in which the estimate is made if the review has effects only in such fiscal year, or even in the following years if the review has effects both on current fiscal year as well as future fiscal years.

The most significant line items of the financial statements effected by these assumptions are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of tangible, intangible assets and goodwill.

Regarding the bad debt reserve and the provisions for risks and charges, the financial statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the state of litigation, using the information provided by the legal and tax advisors, who assist the Company and considering outstanding contracts with the counterparts. The estimate of risks is subject to the risk of uncertainty of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future fiscal years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency.

In the case of evaluation of the recoverable value of intangible assets, goodwill and property, plant and equipment, the Directors conducted an impairment test to check the recoverability of assets values when preparing the financial statements as of June 30, 2018. This impairment test was performed based on the 2019-2023 economical and financial forecasts of Inter Media. These forecasts are based on assumptions characterised by an intrinsic uncertainty both over macroeconomic and sector conditions and the specific conditions connected to the Company, which also depend on the sporting results obtained by the Parent Company, in which any change cannot currently be assumed to lead to different results to the estimate which could imply to write down the intangible assets (including goodwill) and the property, plant and equipment accounted on the Balance Sheet.

Agreements with the Rai Group and Infront

On June 2011, the Parent Company acquired the Library from Rai and subsequently such asset was contributed to the Company at the Contribution date.

Library include the Rai archive of images and videos of the football team (historical archive - material and rights) and the archive of broadcasts on Inter TV from 2000 to 2008.

An agreement was simultaneously signed with the Rai which settled (i) a transaction for prior use of the library, (ii) the thirty-year right to use until 2041, and also (iii) the right to renew the contract from 30 June 2041 to 30 June 2071. With reference to such agreement, deferred income is currently recognized in the accounting records in the amount of Euro 12,137 thousand related to consideration which has already been financially settled but which is referable to future accounting periods.

On May 2011, the Parent Company entered an agreement with Infront Italy S.r.l. ("Infront"), a global sports marketing agency, which Parent Company entrusted with digitalizing, cataloguing and organizing the images belonging to the library that is the object of the RAI contract for the 2011- 2012 through the 2015-2016 seasons. On June 21, 2012, an addendum was stipulated to the original contract with Infront S.r.l. which extended the deadline to the 2016-2017 and 2017-2018 football seasons. In addition to commercialization of the archive, this also includes the commercialization of the images of training sessions, interviews and press conferences, the media packages and electronic games and also the audio-visual productions of Serie A

and Tim Cup matches. On May 13, 2014, a further integration was signed, which extended the duration of the contract to the 2020-2021 season, with a corresponding increase in the fees. This supplement came into effect on July 1, 2014. In conclusion, in March 2014 Parent Company and Infront S.r.l. also signed a four-year agreement for the commercialization of European sponsorships and for the supply of corporate hospitality during matches at San Siro..

Other information - Debt refinancing operations

Inter Media was incorporated on May 6, 2014 in the context of the previous operational and corporate reorganization of the Group put in place by the previous Shareholder Erick Thohir. The Company has been created to deal with the management and development of the business "commercialization of historical audio-visual material, television channel Inter Tv and sponsorship" previously carried out by F.C. Inter and "use of the INTER trademark through the Internet and other media" previously carried out by the Company subject to Parent Companies control Inter Brand. From such standpoint, as illustrated in previous financial communications, FC Inter and Inter Brand made two contribution in kind to the Company for those business (hereinafter also defined the "Contribution").

In connection with the abovementioned organization, the Company entered into a borrowing contract with Goldman Sachs and Unicredit for an amount of Euro 230 million, also referred to as "Loan" or "G.S. Loan", of which Euro 200 million as senior line of credit to refinance previous existing indebtedness and Euro 30 million for financing working capital. This loan was secured by the cash flows deriving from the contracts contributed by FC Inter and Inter Brand through the Contribution as well as the cash flows deriving from the Media Rights revenue (UEFA, Serie A and Tim Cup) the receivable of which were assigned to the Company by F.C. Internazionale Milano. Such loan required compliance with certain financial covenants which the Company have always complied with.

As already described above, on December 21, 2017, the Company, after having been converted from a limited liability company into a joint stock company ("società per azioni"), issued and placed to institutional investors Senior Secured Notes for an amount of Euro 300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875% and at the same time F.C. Inter signed a Revolving Credit Facility for a maximum amount of Euro 50 million, which has been withdrawn during August 2018, for Euro 43.4 million. The proceed of this financing was used to i) repaid the existing facilities for Euro 202 million; ii) support operation and general corporate purposes of the Inter Group. The Bond Loan is secured by the cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as the cash flows deriving from the revenue of the UEFA rights and the television rights of the Serie A and Tim Cup, similar to the previous Loan described above. The expenses incurred for the issue and placement of the Bond Loan (mainly legal advice and bank fees), equal to Euro 9 million, were included in the calculation of the amortized cost using the effective interest criterion and amortized over the expected duration of the debt (5 years). It should also be noted that, as part of the Bond Loan by the Company, F.C. Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media.

Sponsorship Agreements

During the previous and current fiscal year, the Company signed sponsorship contracts as described below.

On September 1, 2016, Inter Media entered into the Naming Rights and Sponsorship Agreement with Jiangsu Suning, a subsidiary of the Company's ultimate majority shareholder Suning, granting them the naming rights for Inter's training facilities and training kit and the right to produce and sell co-branded electronics in Asia. The contract expires in June 2020 and provides for a non-refundable up-front fee of Euro 25 million and fixed annual fees for Euro 16.5 million. On December 21, 2017, the Parent Company and the Company, in connection with the issuance of the Notes, signed an amendment to the Naming Rights Contract, which redefined the distribution of the proceeds as following described: Inter Media will received 53% and F.C. Inter the remaining 47%. With reference to this contract, during the fiscal year the Company recorded revenue for a total of Euro 23.5 million, including the variable portion linked to bonuses of Euro 11.1 million.

Furthermore, on February 8, 2017 the Company entered into a new contract with a Chinese company for the exclusive grant of certain media rights and sponsorship of the INTER brand in the Asian region including the territories of China, Malaysia, Singapore, Indonesia, Japan and Korea which provided for a non-refundable up-front fee of Euro 10 million and annual minimum guaranteed fees of Euro 30 million. With reference to this contract, during the fiscal year the Company recorded revenue for a total amount of Euro 25 million, due to the revision of the annual fee for the contract, which decreased from Euro 30 million to Euro 25 million following the repurchase by the Company of some categories of sponsorship rights for an amount of Euro 5 million. This fact occurred in relation to the signing of a new contract with a Chinese marketing agency and we will refer to below. The new revision of the agreement includes, among other things, the change in the areas relevant to the various brand sectors and a procedure for the annual revaluation of services rendered under the agreement, to update the consideration due to the market value of these services.

During 2018, two multiannual contracts were signed with the Chinese companies Fullshare Hoding Ltd. (active in the services sector for tourism and childcare) and King Dawn Investmens Ltd. (better known as Donkey Mother, an online travel agency), both expiring on June 30, 2020, which provided a non-refundable up-front fees of Euro 3.25 million each and total annual fees of Euro 10 million. With reference to these contracts, during the fiscal year the Company recorded revenue for an amount of Euro 9.8 million, including the portion related to up-front fees for an amount of Euro 6.5 million.

Finally, even during 2018, an agreement was signed with the Chinese company Beijing Imedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, with expiring date June 30, 2024, to which some sponsorship rights were sold after repurchased by the Chinese Company as described above, which provides for a non-refundable up-front fees

of Euro 23.1 million and annual fees of Euro 25 million. During the period, the Company recorded revenue on an accrual basis - including the initial and irreversible signing fee - for an amount of Euro 27.3 million.

These new sources of revenue and liquidity significantly increase the Company's ability to fulfill the repayment of the Bond Loan and confirm its capital value, as well as guaranteeing to Parent Company a correlated flow of dividends that will contribute to achieving the economic and financial balance.

Analysis of balance sheet items

ASSETS

Fixed assets

Intangible assets

As of June 30, 2018 and June 30, 2017, intangible assets amount respectively to Euro 305,107 thousand and Euro 328,610 thousand with an amortization of the period of Euro 19,434 thousand (of which Euro 1,295 thousand classified in the "Financial charges", as described below).

Historical Cost	Balance as of June 30, 2017	Increases	Decreases	Reclass.	Balance as of June 30, 2018	Amortizations as of June 30, 2017	Impairment	Transf.	Amortization	Amortizations as of June 30, 2018	Net Book Value
<i>Euro thousand</i>											
Concessions, licences, trademarks and similar rights	337,259	10	(7)	9	337,272	(114,690)	-	-	(12,197)	(126,887)	210,385
Goodwill	118,843	-	-	-	118,843	(18,233)	-	-	(5,942)	(24,176)	94,668
Construction in progress and advances	-	64	-	(9)	55	-	-	-	-	-	55
Other intangible assets	13,757	-	(13,757)	-	-	(8,326)	(4,136)	13,757	(1,295)	-	-
TOTAL	469,859	74	(13,764)	-	456,170	(141,249)	(4,136)	13,757	(19,434)	(151,063)	305,107

The item "Concessions, licences, trademarks and similar rights" includes the value of Rai television archive (historical library - material and rights as previously described), the share of the archive of self-production for the Inter Channel TV from 2000 to 2008 and the "F.C. Inter" trademark that in the fiscal year ended as of June 30, 2015 were contributed to the Company by F.C. Inter within the Contribution.

As of June 30, 2018, the "F.C. Inter" trademark has a residual net value of Euro 157,960 thousand, whereas the Library has a residual net value of Euro 52,425 thousand.

The caption also include a portion of difference between the fair value (determined with an external appraisal) and the net book value of the business units contributed by FC Inter to the Company with the Contribution. The Company at the time of the Contribution has restated useful lifetime of the trademark, which has been established as 20 years starting from June 5, 2014. With reference to the "Historical Library", the amortisation period is in line with the past. The original amortisation period was 30 years and it was determined based on a specific appraisal drawn up at the time by an independent expert based on the flows from revenue that will be achieved over time.

The increase of Euro 74 thousand refers to the cost incurred for renewing the INTER trademarks' registration, of which 64 thousand recorded as construction in progress and advances since the registration was not effective yet at the financial statements date.

"Goodwill" refers to the residual amount – after having allocated to the caption Concessions, licences, trademarks and similar rights as above described - deriving from the allocation of the difference between the fair value and the net book value, emerged from the Contribution.

"Other intangible assets" included the costs incurred by the Company for the subscription of the G.S. Loan. The decrease for the fiscal year refers to the full amortisation of the residual amount for Euro 4,136 thousand which was completely pay back in December 2017 following the issuance of Notes as described in the paragraph "Other information - Debt refinancing operations". With reference to these item equal to Euro 1,295 thousand was classified in the Income Statement under item C17d) "Other financial expenses" consistent with previous year amortisation.

In accordance with OIC 9, in order to support the significant value of intangible assets recorded in the financial statements, the Directors, supported by an independent expert, performed an impairment test as of June 30, 2018.

The impairment test was carried out using the "discounted cash flow" criterion in line with what was done in the appraisal carried out for the Contribution.

"Discounted Cash Flow Analysis", measured the value of the business through the discounting of cash flows originating from the financial-economic forecasts, discounted by the WACC rate (Weighted Average Cost of Capital) determined in 8,76% (versus 8,51% in the fiscal year 2016/2017).

The assumptions used in the preparation of forecast used in the valuation process and the relative cash flows consider a prudent scenario related to sports results of the Parent Company FC Inter (participation in the UEFA Champions League 2018/2019 and participation in the UEFA Europa League over the remaining years of the plan), merchandising trend estimated prudently although the influence of the Parent Company's New Shareholder and the operating cost trend estimated consistently with the Parent Company's current organizational logic.

The result of the impairment test and the sensitivity analysis on the forecast data and to the WACC, with the objective of making a control "stress test" of the sensitivity of the "recoverable amount" of the asset upon the variation of the forecast assumptions and WACC, did not reveal any impairment losses on the values of Inter Media's assets because the recoverable value is greater than the book value in the Financial Statements.

Property, plant and equipment

As of June 30, 2018 and as of June 30, 2017, Property, plant and equipment amount respectively to Euro 87 thousand and Euro 47 thousand.

Depreciation for the period amount to Euro 18 thousand and has been calculated on all the Property, plant and equipment depreciated as of June 30, 2018, applying the rates representing the technical-economic life, specified in the evaluation and measurement criteria.

Historical cost	Balance as of June 30, 2017	Increases	Decreases	Balance as of June 30, 2018	Accumulated Amortization as of June 30, 2017	Amortization	Accumulated Amortization as of June 30, 2018	Net Book Value
Euro thousand								
Plant and Machinery	26	54	-	80	(2)	(11)	(13)	67
- machinery	26	54	-	80	(2)	(11)	(13)	67
Other assets	39	4	-	43	(16)	(7)	(23)	20
- electronic machines	23	-	-	23	(10)	(4)	(14)	9
- furniture	-	4	-	4	-	-	-	4
- mobile telephones	16	-	-	16	(6)	(3)	(9)	7
TOTAL	65	58	-	123	(18)	(18)	(36)	87

The increase of "Plant and machinery" for Euro 54 thousand refers to the purchase of a ledwall video system for Euro 50 thousand and sound speakers for Euro 4 thousand placed at the "Suning Sports Center in memory of Angelo Moratti" respectively at the Inter TV studios and in the new Media House.

Financial fixed assets

Receivables included in the financial assets

Euro thousand	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Receivables from parent companies	144,944	27,430	117,514
Other receivables	10,453	21,873	(11,420)
Total	155,397	49,303	106,094

"Receivables from parent companies" amount to Euro 144,944 thousand and refers to the new intercompany interest bearing borrowing Loan Agreement bearing interests at variable annual rate equal to 3-month Euribor plus 4.875%. The item includes principal amount equal to Euro 144,250 thousand and accrued interest for Euro 694 thousand. The repayment of both the principal amount and the interest portion is expected by December 2022, aligned with the due date of the Bond Loan.

As of June 30, 2018 "Other Receivables" amount to Euro 10,453 thousand (Euro 21,873 thousand as of 30 June 2017) and refers to restricted cash used as collateral for the Bond Loan. It should be noted that for Euro 10,410 thousand they are due beyond one year. It should also be noted that with reference to the termination of GS Loan, the previous restricted cash existing as of June 31, 2017 was release and used for the repayment of such borrowing. For more details with reference to cash flows from financing activities, please refer to the Cash Flow Statement.

Operating assets and liabilities

Before analysing the individual items, we show a table summarizing the Operating assets and liabilities at the end of the current and previous fiscal year.

<i>Euro thousand</i>	<i>Balance as of June 30, 2018</i>	<i>Balance as of June 30, 2017</i>	<i>Variation</i>
Current assets (with excl. Cash at bank and on hand)	115,538	63,241	52,297
Accrued income and prepaid expenses	255	786	(531)
Receivables prepaid expenses due beyond 12 months	(9)	(112)	103
Operating assets	115,784	63,915	51,869
Payables (excl. Financial Payables)	(71,556)	(28,680)	(42,876)
Accrued expenses and deferred income	(12,820)	(18,683)	5,863
Payables and deferred income due beyond 12 months	11,714	12,137	(423)
Operating liabilities	(72,662)	(35,226)	(37,436)
Operating assets and liabilities	43,122	28,689	14,433

Trade and other receivables included in the current assets

Receivables amount to Euro 115,538 thousand and refer to:

<i>Euro thousand</i>	<i>Balance as of June 30, 2018</i>	<i>Balance as of June 30, 2017</i>	<i>Variation</i>
Trade receivables	76,834	33,598	43,236
Receivables from parent companies	37,987	29,419	8,568
Receivables from companies subject to parent companies control	1,139	558	581
Tax receivables (including deferred tax assets)	200	154	46
Other receivables	5	138	(133)
Total Receivables	116,164	63,867	52,297
Bad debt provision	(626)	(626)	-
Total	115,538	63,241	52,297

Trade receivables

The amount of Euro 76,834 thousand includes receivables from a diversified range of customers, mainly composed by private companies and are connected mainly to sales of television and sponsorship rights. They includes i) a new Chinese sponsor regional for Euro 25,000 thousand whose collection of receivables have been extended from June 2018 to December 2018, ii) three new regional sponsors (to which reference should be made to paragraph "Other Information - Sponsorship Agreements") for Euro 36,766 thousand, and iii) certain amount to be received by Infront for Euro 5,385 thousand (which included an amount not yet invoiced for Euro 2,568 thousand), Telecom Italia for Euro 1,100 thousand, Sky for Euro 1,159 thousand (which included an amount not yet invoiced for Euro 260 thousand), Nike B.V. for Euro 938 thousand, B4 Capital for Euro 621 thousand, Pirelli for Euro 610 thousand, LNP Serie A for Euro 585 thousand, RCS for Euro 331 thousand, Volvo for Euro 290 thousand, Keylog for Euro 180 thousand and Acqua Lete for Euro 153 thousand.

The increase for the fiscal year is mainly connected to the increase of revenue connected with the three new regional sponsors.

Receivables from parent companies

As of June 30, 2018, Receivables from parent companies amount to Euro 37,987 thousand (Euro 29,419 thousand as of June 30, 2017) and refer to receivables to Jiangsu Suning Sports Industry, for an amount of Euro 33,600 thousand (of which invoices to be issued for Euro 2,000 thousand). The collection of such receivable has been extended consistent with an agreement between the parties from June 2018 to October 2018 for Euro 14 million and from June 2018 to December 2018 for Euro 8.5 million and related to Naming Rights and Sponsorship Agreement. The caption include also trade receivables from FC Inter equal to Euro 1,484 thousand and other receivables from FC Inter related to the tax consolidation agreement for Euro 2,903 thousand.

Receivables from companies subject to parent companies control

This line item amount to Euro 1,139 thousand as of June 30, 2018 (Euro 558 thousand as of June 30, 2017) and relates to receivables from Suning Group Company PPLIVE Corporation for the sales of Inter Tv's broadcasting rights in China.

Tax receivables

The caption includes Receivables from the Italian Tax Authority from withholding tax paid on bank interest income.

Receivables for deferred tax assets

<i>Euro thousand</i>	Balance as of June 30, 2017	Increases	Decreases	Balance as of June 30, 2018
Receivables for deferred tax assets	154	75	(29)	200
	154	75	(29)	200

<i>Euro thousand</i>	Balance as of June 30, 2018		Balance as of June 30, 2017	
	Temporary Differences	Tax	Temporary Differences	Tax
Interests Expense	-	-	-	-
Bad debt Provision	521	125	521	143
Losses on exchange by evaluation	64	15	38	11
Provision for risks	247	60	-	-
	832	200	559	154

Receivables for deferred tax assets amount to Euro 200 thousand as of June 30, 2018 (Euro 154 thousand as of June 30, 2017) and relate to the difference from the tax value of the certain assets or liabilities as indicated in the table. The recoverable amount has been established in connection to the Tax Consolidation Agreement and to the expected future tax profits of the Company. The decrease during the fiscal year is mainly due to the release of IRES deferred tax assets on exchange losses from previous fiscal years and on the existing deferred tax assets on the bad debt provision following the reduction of the IRES tax rate at 24% as established by art. 1 paragraph 61 of the 2016 Italian Stability Law.

Other receivables

Other receivables amount to Euro 5 thousand and mainly relate to advance payment made to the INAIL institute for Euro 4 thousand. The decrease is mainly due to the reimbursement by a lender, participating in the former G.S. Loan of the Withholding Tax for the fiscal year 2016 for Euro 134 thousand, which was collected in the month of July 2017.

Bad debt provision

This item, as set forth in the breakdown, had no movements in the period:

Bad Debt Provision	Bad Debt Provision ex art. 2426 Italian Civil Code	of which Bad Debt Provision ex art. 106 D.P.R. 917/1986
Balance as of June 30, 2017	626	626
Uses for losses on receivables	-	-
Provisions for the year	-	-
Balance as of June 30, 2018	626	626

The breakdown of receivables by currency is set forth below:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017
Receivables in Euro	114,399	62,683
Receivables in USD	1,139	558
	115,538	63,241

Cash at bank and on hand

Cash at bank and on hand comprise cash on hand and demand deposits and amount to Euro 8,510 thousand as of June 30, 2018, whereas Euro 8,982 thousand as of June 30, 2017. Cash on hand amount to Euro 59.

Please see the Cash Flow Statement for further details.

Accrued income and prepaid expenses

The line item accrued income and prepaid expense can be analysed as follows:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Accessory charges on G.S. Loan	-	580	(580)
Accessory charges on Bond Loan	70	-	70
Insurance premiums	7	6	1
Other prepaid expenses	178	200	(22)
Total	255	786	(531)

Prepaid expenses related "Accessory charges on G.S. Loan " mainly included as of June 30, 2017 the fee paid in advance for the "Interest rate cap", was expensed and charged to the Income Statement under item C17d) "Other financial expenses", in relation to the aforementioned new debt refinancing operation that resulted in the termination of the previous Goldman Sachs / Unicredit Loan. The item "Accessory charges on Bond Loan" includes the portions of expenses related to next fiscal year for which invoices and the related payables have been already received and paid related to the Bond Loan.

"Other prepaid expenses" relates to miscellaneous deferrals for which an amount of Euro 9 thousand are recoverable beyond 12 months.

There are no accrued income or prepaid expenses recoverable beyond 5 years.

LIABILITIES

Shareholders' Equity

<i>Euro thousand</i>	Share capital	Share premium reserve	Statutory reserve	Retained Earnings/Losses	Profit/loss for the year	Total
Balances as of 30-06-2016	500	104,997	100	-	9,250	114,847
Shareholders' resolution dated 28/10/2016:						
Result for the fiscal year 2016				9,250	(9,250)	-
Shareholders' resolution dated 27/06/2017:						
- distribution of retained earnings				(5,162)		
Result for the fiscal year 2017					50,904	50,904
Balances as of June 30, 2017	500	104,997	100	4,088	50,904	165,750
Shareholders' resolution dated 27/10/2017:						
- distribution of profit for year ending at 30/06/2017					(50,904)	(50,904)
Result for the fiscal year 2018					65,571	65,571
Balances as of June 30, 2018	500	104,997	100		65,571	180,417

In the Shareholders' Meeting of October 27, 2017 was resolved a dividend distribution in kind to the shareholders of the entire profit for the fiscal year as of June 30, 2017, demanding to the Board of Directors to execute such resolution.

On May 25, 2018, the Company's Board of Directors partially executed the aforementioned resolution by paying the dividend to the Parent Company F.C. Inter, for an amount equal to Euro 28,308 thousand through compensation part of the principal amount of the Loan Agreement for Euro 23,755 thousand, and accrued interest matured until May 25, 2018 for Euro 4,553 thousand. At the same time, the Board of Directors of the Parent Company F.C. Inter also approved the voluntary compensation in the same terms and conditions.

Share capital

The subscribed share capital as of June 30, 2018 amounts Euro 500 thousand.

Share premium reserve

The amount of Euro 104,997 thousand represents the residual share premium arisen from the Contribution, minus subsequent distributions.

Statutory reserve

The statutory reserve of Euro 100 thousand, that should be accrued until a minimum amount of 20% of share capital as required by law, was entirely created, as specified above, on June 30, 2014, date of the Contribution.

Availability of reserves

The information required by art. 2427 no. 7 bis of the Italian Civil Code on available of reserves is provided below:

<i>Euro thousand</i>	Balance as of June 30, 2018	Possibility of use	Available	Balance as of June 30, 2017
Share capital	500			500
Reserves:				
Share premium reserve	104,997	A, B, C	104,997	104,997
Statutory reserve	100	B		100
Retained earnings/losses	4,088	A, B, C	4,088	4,088
Profit/loss for the period	65,571	A, B, C	65,571	50,904
Total	175,255		174,655	160,588

Legend

A share capital increase

B coverage of losses

C distribution to shareholders

Provisions for risks and charges

For taxes including deferred tax liabilities

This item amounts to Euro 32,963 thousand and relates to the deferred tax impact of the step-up value allocated to the "Historical Library" (Euro 27,278 thousand as of June 30, 2018) and to the "F.C. Inter" trademark (Euro 90,869 thousand as of June 30, 2018) at the Contribution date, since the relative amortisation is not tax-deductible.

The taxation rate applied to the calculation was 27.90%, which corresponds to the sum of current applicable IRES for 24% and IRAP for 3.90%. The amount stated on the financial statement as of June 30, 2018 is net of the release allocated to the period (Euro 1,923 thousand).

Provisions for risk and charges

As of June 30, 2018, Euro 247 thousand (provision for the fiscal year) was recorded to cover the risk of cash outflow connected with a potential contractual breaches over an early termination of a sponsorship agreement occurred in previous fiscal year.

Reserve for employee severance indemnity

This item has changed as follows:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Balance at the beginning of the fiscal year	131	88	43
Use to terminate employment	(28)	(16)	(12)
Use for INPS payments	(35)	(35)	-
Use for other funds	(32)	(29)	(3)
Provision for the year	136	123	13
Balance at the end of the fiscal year	172	131	41

The amount was calculated in relation to contractual obligations and applicable law.

Payables

The amount as of June 30, 2018 of Euro 363,436 thousand (Euro 236,680 thousand as of June 30, 2017) is set forth below in detail:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Bond Loan	291,880	-	291,880
Bank Loan	-	208,000	(208,000)
Trade payables	3,073	2,698	375
Payables to companies subject to parent companies control	22,596	-	22,596
Payables to parent companies	44,689	22,772	21,917
Tax liabilities	830	2,840	(2,010)
Social security payables	146	135	11
Other payables	221	234	(13)
Total payables	363,436	236,680	126,756

The most significant change relates to the decrease in "Bank Loan" with the consequent increase in the item "Bond Loan" following the debt refinancing operation in December 2017, as better described in the paragraphs "Other Information - Debt refinancing operations" and "Bond Loan".

Bond Loan

As described in the paragraph "Other Information - Debt refinancing operations", on December 21, 2017, the Company issued and placed to institutional investors Senior Secured Notes for an amount of Euro 300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875% per annum. The Bond Loan is secured by cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as flows deriving from the proceeds of the UEFA rights and the Serie A and Tim Cup television rights assigned to Inter Media by the Parent Company.

The Mandatory Amortization Redemption and Principal Repayment Date is shown below:

- Euro 3,1 million on December 31, 2018;
- Euro 3,15 million on June 30, 2019;
- Euro 3,25 million on December 31, 2019;
- Euro 3,3 million on June 30, 2020;

- Euro 3,4 million on December 31, 2020;
- Euro 3,5 million on June 30, 2021;
- Euro 3,55 million on December 31, 2021;
- Euro 3,65 million on June 30, 2022;
- Euro 273,1 million within December 31, 2022.

The Bond Loan is measured in the financial statement using the amortized cost calculation and amount to Euro 291,880 thousand which represent the present value of future cash flows, less transaction costs of Euro 8,988 thousand. The effective interest rate (the internal rate of return (IRR) has been determined in 5.5936% so that the interest expense paid will not be recorded in the Income Statement at the nominal interest rate of 4.875% but they will be supplemented on the basis of the effective interest rate, which mainly corresponds to the financial charge implicit of the Bond Loan amortised over the duration of the contract. The Bond Loan also provides for compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. The Debt Service Coverage Ratio represents the ratio between the net cash inflows from operations and the sum of interest paid reported on the financial statement and the capital repayments occurring in the twelve months prior to the calculation date (or, alternatively, if twelve months have not passed from the date when the Bond Loan contract is issued and placed the period between the signing date and the calculation date). The Pro-forma Debt Service Coverage Ratio is calculated using the same data but on a forward-looking basis as reported in the budget for the next twelve months from the calculation date. These financial covenants have to be tested semi-annually at the time of delivery of financial statement starting from June 30, 2018 based on Inter Media financial statement data and have to be respectively equal or greater than 1,5 and 1. The same have been respected with reference to the date of June 30, 2018 and based on forecast and budget projections available, considering financial support from the Leading Shareholder of the Parent Company as well, management believes that such financial covenants will be met next deadlines in connection with the time period of twelve months.

Interest in the period has been regularly paid according to the schedule.

In view of complete disclosure, it should be noted that the Bond Loan has a maturity beyond the following year for Euro 285,630 thousand, while there are none amount with a maturity of more than 5 years.

Banks Loan

Bank Loan related to Goldman Sachs/Unicredit Loan set up in 2014-2015 (that would have its natural conclusion on June 30, 2019) was fully repaid and reduced to zero following the Bond Loan issuance.

The instalments due in the fiscal year up to the date on which the Bank Loan was fully paid out have been regularly paid.

For more information on the cash flows in the fiscal year, please refer to Cash Flow Statement.

Trade payables

The balance is composed as follows:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Current suppliers	1,870	1,793	77
Suppliers for invoices to be received	1,203	905	298
Total Trade payables	3,073	2,698	375

The amount of Euro 3,073 thousand relates principally to trade and marketing consultancy agreement and to the program, video production and digitalisation activities related to Inter TV.

Trade payables do not include amounts payable beyond the current year and beyond 5 years.

Payables to parent companies

The item amounts to Euro 44,689 thousand and mainly includes trade payable related to the assignment of the audio-visual rights from F.C. Inter to Inter Media for Euro 18,682 thousand (Euro 6,733 thousand as of June 30, 2017), as well as the amount to be paid to the Parent Company F.C. Inter, as a result of tax consolidation for Euro 26,007 thousand (Euro 16,039 thousand as of June 30, 2017).

Payables to companies subject to parent companies control

This item refers to the share of profits Inter Media has to distribute to Inter Brand, as resolved by the Shareholders' Meeting on October 27, 2017.

Tax payables

Tax payables caption includes the following amounts:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Payables for Irpef on sub. employ. in June	69	62	7
Payables for Irap	435	2,452	(2,017)
Payables for VAT	326	326	-
Total tax liabilities	830	2,840	(2,010)

The item "Payables for IRPEF on subordinated employees in June" refers to the withholding tax paid by the Company at the expiring date usually occur in July.

The item "Payables for IRAP" decreased due to higher advance payment made by the Company during the fiscal year consistent with the tax law which were partially offset with the tax accrued for the fiscal year.

Social security payables

The amount, relating to contributions for June, is composed as follows:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Payables to Inps	18	20	(2)
Payables to Inail	2	2	-
Payables to Previndai	4	9	(5)
Payables to Enpals	47	33	14
Expenses for holidays accrued but not taken	57	54	3
Payables to other agencies	18	17	1
Total	146	135	11

Other payables

Other payables are composed as follows:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Payables to employees and collaborators for remuneration accrued and not paid	209	222	(13)
Other payables	12	12	-
Total other payables	221	234	(13)

"Payables to employees and collaborators for remuneration accrued and not paid" include payables for accrued holidays but not taken for Euro 201 thousand.

The following is the breakdown of payables by foreign currency:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017
Payables in Euro	363,221	236,617
Payables in USD	122	63
Payables in GBP	93	-
Total payables	363,436	236,680

Accrued expenses and deferred income

The caption includes portion of costs already occurred in the period but for which the invoice has not been received and portion of revenue or income related to future periods/years for which invoices and the related receivables have been already received/paid as following:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Accrued expenses	72	3,123	(3,051)
Deferred income	12,748	15,560	(2,812)
Total accrued expenses and deferred income	12,820	18,683	(5,863)

Accrued expenses amount to Euro 72 thousand and related to:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
13 th month	72	73	(1)
Interest charges on G.S. Loan	-	3,027	(3,027)
Fronting Fee on G.S. Loan	-	23	(23)
Total accrued expenses	72	3,123	(3,051)

The decrease mainly refers to interest accrued on GS Loan, regularly paid during July 2017 for Euro 3,027 thousand.

Deferred income mainly relates to:

<i>Euro thousand</i>	Balance as of June 30, 2018	Balance as of June 30, 2017	Variation
Sponsorship - Infront	-	90	(90)
Sponsorship - Regional	600	1,311	(711)
Rai Archive-Infront	12,137	14,159	(2,022)
Others	11	-	11
Total deferred income	12,748	15,560	(2,812)

As indicated in the paragraph "Other information - Agreements with the Rai Group and Infront" and in the comment to the item "Trade receivables", the portion of deferred income relating to the "RAI Archive-Infront" represents income to be earned in future fiscal years for marketing rights to use the historical library. The balance as of June 30, 2017 also included the amount related to the deferral of income related to the commercialization of the Infront archive, as reported in the addendum to the original contract signed on June 21, 2012, already mentioned in the paragraph "Other information - Agreements with the Rai Group and Infront" to which reference should be made.

As of June 30, 2018, there are deferred income in the amount of Euro 11,714 thousand that matures beyond 12 months, of which an the amount of Euro 10,021 thousand that matures beyond 5 years.

Analysis of the line items on the Income Statement

VALUE OF PRODUCTION

Revenue from the sales and services

Revenue from the sales and services relate principally to revenue from sponsorship and those relating to the channel Inter TV and commercialization of the television archive.

Revenue from the sales and services are shown below:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
- Official Sponsor	16,293	9,167	7,126
- Technical Sponsor	4,250	9,375	(5,125)
- Sponsor Infront	14,327	14,962	(635)
- Regional sponsorships	87,629	74,808	12,821
Rai Archive - Infront	9,772	9,904	(132)
- Inter Tv	3,921	4,109	(188)
- Infront audiovisual production	650	650	-
- Income from participation in UEFA cup	-	20	(20)
- Licensing	10	5	5
Total revenues from sales and services	136,852	123,000	13,852

The items "Official Sponsor" and "Technical Sponsor" include income from the sponsorship agreements with Pirelli and Nike, including bonuses accrued for the qualification of the First Team of the Parent Company in the UEFA Champions League 2018-2019 for Euro 6,240 thousand and Euro 500 thousand respectively.

The decrease in revenue related to the "Technical Sponsor" compared to the previous fiscal year refers to the non-participation in the UEFA Champions League in the 2017/2018 season.

The item "Sponsorship Infront" includes the part of revenue relating to the contract in place for 2014-2015 with Infront Italy S.r.l., for the development of promotional and advertising activities

The item "Revenue from sales and services" shows an overall increase mainly due to the increase in "Sponsorship Regional" revenue by the commercial agreements stipulated during the past and current fiscal year, referred to in the paragraph "Other Information - Sponsorship Agreements" to which reference should be made, as well as revenue related to the "Official Sponsor". These effects are partially offset by the simultaneous reduction in revenue related to the "Technical Sponsor" mainly due to the lack of qualification for UEFA competitions, the "Sponsorship Infront" due to the reduction in the guaranteed minimum recognized by Infront and the Inter TV channel.

For a description of economic performance for the current fiscal year please refers to Report on Operation.

Other revenue and income

This item is shown below:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
- Other revenue and income	553	95	458
Total revenues from sales and services	553	95	458

Other revenue and income mainly refer to previous year income for Euro 534 thousand. The increase is mainly due to the recognition of the consideration of Euro 500 thousand pertaining to the last fiscal year by the "Official Sponsor" which was recognised following the agreement between the parties only at the end of 2017/2018 fiscal year connected to the participation to the Pirelli Cup by the Fc Inter first team.

PRODUCTION COSTS

Costs of raw materials, supplies and consumables

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Consumables	486	180	306
Capital goods < € 516,46	2	3	(1)
Total	488	183	305

The increase of Euro 305 thousand related to "Consumables" is due essentially to the growth on barter transaction related to purchases of consumables as agreed in certain sponsorship agreements.

Costs for services

This line item includes:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Insurance and welfare	56	18	38
Bank charges	11	25	(14)
Commission payable	8	2	6
Sundry utilities	58	30	28
Statutory auditors emoluments	60	57	3
Auditing firm's emoluments	29	37	(8)
Various consultancy services	1,276	1,080	196
Entertainment, public relations and gifts	183	141	42
Billboards	100	78	22
External events	402	237	165
Advertising expenses	881	1,594	(713)
Inter Tv	3,651	3,262	389
Costs of television archive marketing - Infront	250	250	-
Shipping and transport costs	8	7	1
Service Agreement	2,619	5	2,614
Sundry costs	36	31	5
Total	9,628	6,854	2,774

The costs for "Various consultancy services" include Euro 1,142 thousand for costs for various business, media and digital contents consultancy and Euro 134 thousand for tax and legal administrative consultancy.

The item "Advertising expenses" includes costs barter transaction connecting to advertising spots for Euro 162 thousand (Euro 96 thousand as of June 30, 2017), as well as Euro 719 thousand (Euro 1,498 thousand as of June 30, 2017) for the chargeback by F.C. Inter of certain costs related to the subscriptions of season tickets sustained by FC Inter according to sponsorship contracts subscribed by Inter Media.

The item "Inter TV" refers to the management and production costs of the Inter TV.

With reference to the item "Intercompany Service Agreement", which in fact mainly determined the increase in "Costs for services", reference should be made to the Report on Operations in the paragraph "Analysis of the economic results for the year 2017-2018".

Costs of rents and leases

Costs of rents and leases are shown below:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Rent payables	8	2	6
Sundry fees and licenses on use	18	26	(7)
Sundry rental costs	188	175	13
Total	214	203	11

The item "Sundry Rental costs" includes rentals paid as a barter transaction in exchange for goods related to contracts included in the "Sponsorship Infront" agreement.

Personnel costs

Detail of Personnel costs are shown below:

<i>Euro thousand</i>	12 months at June 30, 2018		12 months at June 30, 2017	
	Managers	Other	Managers	Other
Salaries and wages	532	1,432	631	1,194
Social security contributions	121	406	152	319
Employee severance indemnity	38	98	43	80
Other costs	74	165	98	157
	765	2,101	924	1,750
Total Personnel costs	2,866		2,674	

The average workforce of the Company is shown below:

<i>Average workforce</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Executive	3	4	(1)
Managers	3	2	1
Clerical employees	28	23	5
Total	34	29	5

Amortisation and depreciation

Amortisation of intangible assets and Property, plant and equipment

Please see the evaluation criteria of fixed assets for amortisation. The portion of amortisation relating to charges capitalised on the G.S. Loan, for an amount of Euro 1,295 thousand, has been classified on the Income Statement under the item C17 D) "Other financial expenses".

Write-down of fixed assets

The write-down of the net value of the residual charges capitalized on the Goldman Sachs/Unicredit Loan for Euro 4,136 thousand following the extinction of the same was classified in the Income Statement under item C17 d) "Other financial expenses".

Other provisions

Other provisions amount to Euro 247 thousand. For more details refer to the paragraph "Provision for risks and charges".

Other operating expenses

Other operating expenses are shown below:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Sundry taxes and levies	30	32	(2)
Catering and stadium preparation	5	114	(109)
Extraordinary expenses	164	765	(601)
Various	14	2	12
Total	213	913	(700)

The item "Catering and stadium preparation" includes costs linked to matches of the Parent Company's First Team, directly referable to activities performed in the sales area during the event for *sponsors*, as envisaged by the relative sponsorship agreements.

The reduction relates to the revision of the Intercompany Service Agreement starting from December 21, 2017, in which these expenses are included and for this reason accrued by the Parent Company.

The item "Extraordinary expenses" amounting to Euro 164 thousand refers to the costs determined after the close of the previous fiscal year. The decrease during the fiscal year mainly refers to the reduction of the Infront minimum guaranteed set aside for the 2015-2016 fiscal year and set in the previous fiscal year for Euro 518 thousand.

Financial income and expenses

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
<i>Financial income from receivables in fixed assets:</i>			
- from parent companies	5,025	221	4,804
<i>Other financial income:</i>			
- others	3	1	2
Total financial income	5,028	222	4,806
<i>Financial expenses</i>			
- on bond loan	(8,546)	-	(8,546)
- on bank for loans	(5,761)	(12,525)	6,764
- amortization of accessory changes in loans	(1,295)	(2,716)	1,421
- accessory changes on loans	(5,014)	(1,278)	(3,736)
- others	(21)	(6)	(15)
Total financial expenses	(20,637)	(16,525)	(4,112)
Total financial income and expenses	(15,609)	(16,302)	694

Financial income

This item amounts Euro 5,028 thousand and mainly refer to the interest accrued on the Intercompany Loan Agreement of Euro 144.25 million to the Parent Company as of June 30, 2018, described in the paragraph "Receivables included in the financial assets".

Financial expenses

Financial charges on the G.S. Loan extinguished on December 21, 2017 were recorded to, where applicable, gross of any withholdings tax which the Company in accordance with the contractual provisions. The increase of the accessory changes compared to previous fiscal year is mainly connected to the recognition in the Income Statement of the residual value related to the accessory charges capitalized in relation to the previous Loan with Goldman Sachs/Unicredit for Euro 4,136 thousand which was repaid early in the fiscal year following the new debt refinancing as better described in the paragraph "Other information - Debt refinancing operations" and to the residual amortised expenses related to the rate cap contract always connected to the previous G.S. Loan for Euro 232 thousand.

Interest expense on Bond Loan calculated according to the amortized cost criterion amounts to Euro 8,546 thousand.

The financial charges on Bank Loan refer to the portion of interest relating to the Goldman Sachs/Unicredit Loan accrued until its termination.

For further details, please see on paragraph "Payables".

Gains and losses on foreign currency translation

These are shown below:

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Income on exchange	5	3	2
Losses on exchange	(36)	(40)	4
Total	(31)	(37)	6

The effects on receivables and payables in foreign currency, deriving from exchange rate fluctuations after June 30, 2018, are not significant.

Current and deferred income taxes

The current and deferred income taxes amount to Euro 24,382 thousand (Euro 26,877 thousand as of June 30, 2017).

The provision in income tax for the fiscal year was made based on the presumable tax rate according to current regulations.

<i>Euro thousand</i>	12 months at June 30, 2018	12 months at June 30, 2017	Variation
Current taxes:			
- IRES (tax consolidation charges)	(21,685)	(23,026)	1,341
- IRAP	(4,666)	(4,230)	(436)
Deferred tax liabilities	(26,351)	(27,256)	905
- Release of IRES and IRAP deferred tax liabilities on amortisation from allocation of goodwill	1,923	2,164	(241)
Deferred tax assets	1,923	2,164	(241)
- Release of IRES prepaid taxes due to release of bad debt provision	(18)	-	(18)
- On exchange losses from evaluation	16	11	5
- Release of IRES on exchange losses	(11)	(3)	(8)
- On non-deductible interest charges	-	261	(261)
- On provisions for risk	59	-	59
- Release of IRES deferred tax assets on non-deductible interest charges	-	(2,054)	2,054
Total Deferred tax assets	46	(1,785)	1,831
Total Taxes	(24,382)	(26,877)	2,495

On November 21, 2014, the Company Board of Directors resolved to enter into the national tax consolidation agreement with F.C. Inter, Inter Brand and Inter Futura, starting from fiscal year 2014 and until fiscal year 2016 and renewed for a further three years. Tax consolidation is applicable only for IRES tax.

The tax rate for the fiscal year declined, despite the increase compared to the previous year of the Company's turnover and operating margin, due to the combined effect of the change in the IRES tax rate which moved from the previous 27.50% to the current 24% as established by art. 1, paragraph 61 of the 2016 Stability Law and, on the other hand, for the income of Euro 2,586 thousand relating to the excess of EBIT produced on interest payable (so called ROL) that can be used and transferred to the Tax Consolidation as specified by the existing tax consolidation agreements.

IRES (tax consolidated charges)

The IRES taxable base (expressed in Euro thousand), transferred to the Group, is shown below.

Euro thousand

Pre-tax result	89,953	
Theoretical tax burden (24%)		21,589
Increases	14,257	
Decreases	(1,788)	
Losses from previous years	-	
Taxable base transferred to the Group	102,422	
IRES for the fiscal year		24,581

IRAP

The IRAP taxable base (expressed in Euro thousand) is shown below.

Euro thousand

Difference between value and costs of production (according to balance sheet)	105,593	
Irap adjustments	3,114	
Difference between value and cost of production	108,706	
Costs not deductible for IRAP	12,983	
Obligatory accident insurance contributions (Inail)	(4)	
Deduction for long-term employment (tax wedge)	(1,643)	
Welfare and social security contributions (tax wedge)	(406)	
Total	119,635	
Theoretical tax burden (3.90%)		4,666
Irap taxable base	119,635	
IRAP for the fiscal year		4,666

The Company released deferred tax liabilities for Euro 1,923 thousand during the fiscal year, as described in detail in the paragraph "Provisions for risks and charges, for taxes including deferred" and also provisions for net deferred tax assets for Euro 46 thousand, as a result of:

- release of bad debt provisions for Euro 18 thousand;
- provisions for risk for Euro 59 thousand;
- provisions on losses on foreign currency's valuation for Euro 5 thousand.

Related party relationship

Economical and financial relationship with related party (expressed in Euro thousand) occurred during the fiscal year are showed below:

Company	Nature of relationship	Receivables/Accrued Expenses	Payables/Accrued Income	Revenue	Costs
		As of June 30, 2018	As of June 30, 2018	12 months at June 30, 2018	12 months at June 30, 2018
F.c. Internazionale Milano S.p.A. (parent company)	Commercial/Services	1,484	5,859	79	3,215
F.c. Internazionale Milano S.p.A. (parent company)	Credit assignment	-	12,823	-	-
F.c. Internazionale Milano S.p.A. (parent company)	Financial	144,944	-	5,025	-
F.c. Internazionale Milano S.p.A. (parent company)	Tax consolidation charges	2,903	26,007	-	-
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	33,600	-	23,542	-
PPLIVE Corporation Limited	Commercial	1,139	-	605	-
Inter Brand S.r.l.	Dividends	-	22,596	-	-
M-I Stadio S.r.l.	Commercial	-	4	-	12
D.C. Soccer L.L.C.	Commercial	-	122	-	237
Total		184,070	67,411	29,251	3,464

No further significant transactions with related parties were made.

Each transaction with related parties was carried out at fair value.

Directors compensation and Statutory Auditors and Independent Auditing Firm Fees

The fee paid as of June 30, 2018 to the Statutory Auditors and to the Independent Auditing Firm for the activities performed for certification of the financial statements and other auditing activities, amount to Euro 60 thousand and Euro 29 thousand respectively. It should be noted that during the fiscal year the Independent Auditing Firm were paid fees of Euro 465 thousand, referable to certification costs for the issue and placement of the Bond Loan.

No remuneration was paid to directors.

Dividend-right shares, bonds convertible in shares and similar securities or valuables issued by the Company

The Company does not have any investments in the abovementioned securities.

Number and characteristics of other financial instruments issued by the Company

The Company does not have any of the other financial instruments.

Commitments, guarantees and contingent liabilities not resulting from the Balance Sheet

The Company does not have any of the other instruments in object.

Value and type of assets and legal relationship included in each asset destined for a specific transaction

None of the cases in question regard the Company.

Income set forth in the third clause and assets set forth in the fourth clause of Article 2447-decies

None of the cases in question regard the Company.

Finance leasing transactions

None of the cases in question regard the Company.

Nature and economic objectives of agreements not appearing from the Balance Sheet (Article 2427 – 22 ter of the Italian Civil Code)

During the fiscal year, the Company did not stipulate any agreements that are not reflected in the Balance Sheet.

Nature and effect balance, financial and economic of facts occurred after June 30, 2018 (Article 2427 – 22 quarter Civil Code)

Nothing particularly significant to report.

Administration and coordination

The Company is subject to management and coordination by the Parent Company F.C. Internazionale Milano S.p.A..

The data on the last approved financial statements (expressed in Euro thousand) of the Company providing management and coordination is attached below.

FINANCIAL STATEMENTS OF F.C. INTERNAZIONALE MILANO S.p.A. AS OF JUNE 30, 2017

Euro thousand

BALANCE SHEET	BALANCES AS OF JUNE 30, 2017
ASSETS:	
A) Receivables from Shareholders for unpaid capital contribution	-
B) Fixed assets	370,110
C) Current assets	133,110
D) Prepayment and accrued income	7,671
Total assets	510,891
LIABILITIES:	
A) Shareholders' equity:	
Share capital	19,195
Reserves	109,494
Loss for the fiscal year	(82,551)
B) Provisions for risks and charges	1,624
C) Reserve for employee severance indemnity	467
D) Payables	453,251
E) Accruals and deferred income	9,410
Total liabilities	510,891
INCOME STATEMENT	BALANCES AS OF JUNE 30, 2017
A) Value of production	196,181
B) Production costs	(286,829)
C) Financial income and expenses	(12,419)
D) Value adjustments to financial assets	(355)
Current and deferred income taxes for the current fiscal year	20,871
Loss for the fiscal year	(82,551)

Profit allocation proposal

We submit to the Shareholders' Meeting - called by the Directors for the day of October 26, 2018 - the profit for the year of Euro 65,571,192, to be entirely distributed in kind as a dividend to the Shareholders.

These financial statements, composing by the Balance Sheet, Income Statement, Cash Flow Statements and Explanatory Notes, give a true and fair view of the financial position of Inter Media and Communication S.p.A. as of June 30, 2018, and of its financial performance and cash flows for the year ended June 30, 2018 and correspond to the accounting records.

For the Board of Directors
The Chief Executive Officer
(Alessandro Antonello)

A handwritten signature in blue ink, appearing to read 'Alessandro Antonello', is written over the printed name.

**INDEPENDENT AUDITORS' REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Inter Media and Communication S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Inter Media and Communication S.p.A. (the Company), which comprise the balance sheet as at June 30, 2018, the income statement and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Inter Media and Communication S.p.A. are responsible for the preparation of the report on operations of Inter Media and Communication S.p.A. as at June 30, 2018, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Inter Media and Communication S.p.A. as at June 30, 2018 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Inter Media and Communication S.p.A. as at June 30, 2018 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Davide Bertoia
Partner

Milan, Italy
October 10, 2018

This report has been translated into the English language solely for the convenience of international readers.

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39

**Agli Azionisti di
Inter Media and Communication S.p.A.**

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio di Inter Media and Communication S.p.A. (la "Società") costituito dallo stato patrimoniale al 30 giugno 2018, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 30 giugno 2018, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI**Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10**

Gli Amministratori di Inter Media and Communication S.p.A. sono responsabili per la predisposizione della relazione sulla gestione di Inter Media and Communication S.p.A. al 30 giugno 2018, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di Inter Media and Communication S.p.A. al 30 giugno 2018 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di Inter Media and Communication S.p.A. al 30 giugno 2018 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.



Davide Bertoia

Socio

Milano, 10 ottobre 2018

