



INTER

Inter Media and Communication S.p.A

As the issuer of

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

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

For the fiscal ended 30 June 2019

Date: 28 October 2019

Honours



SERIE A CHAMPIONSHIP

18

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



ITALIAN CUP

7

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



ITALIAN SUPER CUP

5

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



UEFA CHAMPIONS LEAGUE

3

1963/64 1964/65 2009/10



UEFA CUP

3

1990/91 1993/94 1997/98



INTERCONTINENTAL CUP

2

1964/65 1965/66



FIFA CLUB WORLD CUP

1

2010/11



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GENERAL INFORMATION

INTRODUCTION

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

TeamCo is owned by Great Horizon S.à r.l. (“Great Horizon”)(68.55%), LionRock Capital (31.05%) and other minority shareholders (0.40%). Our majority shareholder Great Horizon is part of the Suning Holdings Group Co., Ltd. (“Suning”), a Chinese corporate group with businesses in a variety of sectors, including entertainment, media and sports investment.

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



CORPORATE BOARDS, MANAGEMENT AND AUDITORS

MediaCo Board of Directors

Zhang Kangyang	President & Director
Alessandro Antonello	Executive Director
Yang Yang	Non-Executive Director
Zhu Qing	Non-Executive Director
Lorenzo Mauro Banfi	Non-Executive Director (Independent Director)

MediaCo Senior Management

Alessandro Antonello	Chief Executive Officer - Corporate
Giuseppe Marotta	Chief Executive Officer - Sport
Javier Zanetti	Vice President
Tim Williams	Chief Financial Officer
Robert Faulkner	Chief Communications Officer (left on June 30 th , 2019)
Matteo Pedinotti	Chief Communications Officer (since May 1 st , 2019)
Luca Danovaro	Chief Marketing Officer
Piero Ausilio	Chief Sport Officer
Giovanni Gardini	Chief Football Operations Officer (left on June 30 th , 2019)
Jaime Colas Rubio	Chief Commercial Officer (since August 19 th , 2019)

MediaCo Board of Statutory Auditors

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

MediaCo Independent Auditors

Deloitte & Touche S.p.A.



REFINANCING TRANSACTION

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

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

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

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



FINANCIAL INFORMATION

INTRODUCTION

The financial information presented in this section is sourced from and based on the audited financial statements of MediaCo for the fiscal year ended June 30, 2019 (the "Annual Financial Statements").

The Annual Financial Statements and related Audit Opinion are attached to this document under Appendix 1.

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

In preparing the financial information presented in this document, however, MediaCo reclassified and renamed certain Italian GAAP line items in line with international format.

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

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

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

FORWARD-LOOKING STATEMENTS

This presentation may contain forward-looking statements that are based on our current expectations, estimates and projections as well as management's beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "should", "will," and variations of these words or similar expressions are intended to identify forward-looking statements. These statements speak only as of the date hereof. Such statements are based upon the information available to us now and are subject to change. We will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and



assumptions that are difficult to predict. Therefore actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.



INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018. The Income Statement data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with Generally Accepted Accounting principles (GAAP) in other countries and International Financial Reporting Standards (IFRS).

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
Revenue	136,852	144,941
Other Income	553	194
Total revenue	137,405	145,134
Personnel costs	2,866	3,372
Cost of services	9,628	11,082
Other operating costs	915	1,002
Accruals for risks	247	-
Write-downs of trade receivables	-	2,542
Depreciation and amortization	18,157	18,184
Total operating costs	31,812	36,181
Operating profit	105,593	108,954
Net financial expenses	(15,640)	(9,822)
Profit before tax	89,953	99,132
Income taxes	(24,382)	(26,486)
Profit for the period	65,571	72,646



BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at 30 June 2019 compared with 30 June 2018. The Balance Sheet data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS.

	As at	
	June 30 2018	June 30 2019
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	305,107	287,001
Property, plant and equipment	87	211
Financial assets	10,410	10,410
Loan to parent company	144,944	131,445
Prepaid expenses	9	22
Non-current Assets	460,557	429,088
Current assets		
Financial assets	43	108
Trade receivables	76,208	79,206
Trade receivables from parent companies and their affiliated	39,126	34,891
Tax receivables	-	27
Deferred tax assets	200	667
Other receivables	5	5
Prepaid expenses	246	113
Cash at bank and on hand	8,510	15,664
Current Assets	124,336	130,681
Total Assets	584,893	559,769



	As at	
	June 30 2018	June 30 2019
<i>(in thousands of €)</i>		
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	4,088
Profit for the period	65,571	72,646
Total Shareholders' equity	175,255	182,330
Non-current Liabilities		
Deferred tax liabilities	32,963	31,040
Provisions for employee severance indemnities	172	248
Provisions for risks	247	247
Senior Secured Notes 2022	285,630	280,794
Deferred income	11,714	11,714
Non-current Liabilities	330,726	324,043
Current Liabilities		
Senior Secured Notes 2022	6,250	6,550
Trade payables	3,073	3,043
Trade payables to parents companies and their affiliated	44,689	14,114
Dividends Payable	22,596	28,765
Tax Payables	830	378
Social security payables	146	186
Other payables	221	277
Accrued expenses	72	83
Deferred income	1,033	-
Current Liabilities	78,912	53,396
Total Liabilities and Shareholders' equity	584,893	559,769



CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018. The Cash Flow data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS.

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	65,571	72,646
Current taxes	26,351	28,876
Net Financial Expenses	11,473	9,837
Profit for the period before taxes and interest	103,394	111,359
Depreciation and amortization	18,157	18,184
Write-downs/(release/uses) of trade receivables	4,137	2,542
Employee severance indemnities	41	76
Accrual for risks	247	-
Deferred tax assets and liabilities	(1,969)	(2,390)
Cash flow from operating activities before changes in working capital	124,007	129,771
Increase in trade and other receivables	(52,251)	2,033
Increase/(Decrease) in trade and other payables	615	(58,125)
Other variations in net working capital	(2,282)	(905)
Cash flow from operating activities after changes in working capital	70,088	72,775
Taxes paid	(6,685)	(5,106)
Interest and other financial expenses paid	(17,385)	(14,652)
A. Cash flow from operating activities	46,019	53,016
Investments in Intangible Assets	(68)	(39)
Investments in Property, Plant and Equipment	(58)	(162)
B. Cash flow from investing activities	(126)	(201)
New finance (Senior Secured Notes 2022)	300,000	-
Transaction fees paid for new finance	(8,989)	-
Repayment of bank loans/Senior Secured Notes 2022	(208,000)	(6,250)
Intercompany loans	(112,489)	(16,408)
Debt service account	11,420	(65)
Capital/dividend distributions	(28,308)	(22,938)
C. Cash flow from financing activities	(46,366)	(45,661)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	(472)	7,154
Cash at bank and on hand at the beginning of the period	8,982	8,510
Cash at bank and on hand at the end of the period	8,510	15,664



MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS

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

Adjusted Revenue

The following table details Adjusted Revenue for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018.

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
A. Direct Media Revenue	14,427	14,484
B. Other Income	553	194
C. Sponsorship Revenue	122,425	130,457
D. Total Revenue (A+B+C)	137,405	145,134
E. Serie A Indirect Media Revenue *	100,669	94,868
F. UEFA Indirect Media Revenue *	539	50,989
G. Adjusted Media Revenue (A+E+F)	115,635	160,341
B. Other Income	553	194
C. Sponsorship Revenue	122,425	130,457
Adjusted Revenue (G+B+C)	238,613	290,991

* represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo during the fiscal year ended 30 June

Our Adjusted Revenue increased by €52.4 million or 22.0% to €291.0 million for the fiscal year ended June 30, 2019 from €238.6 million for the fiscal year ended June 30, 2018. This increase was primarily due to (i) the participation in the UEFA Champions League ("UCL") and (ii) the increase in Sponsorship Revenue driven by international/regional sponsorship agreements signed in the last quarter of prior fiscal year and contractual performance bonuses relating to progression in UEFA competitions (until Ro16 of Europa League).

The positive impact on Serie A Indirect Media Revenue of the new 3-year cycle effective from the current season and of the improved final position of the team in Serie A 2017-2018 (4th) compared to prior sporting season (7th) is not evident in the numbers above reported as (i) in the fiscal year ended June 30, 2018 there was an advance payment on 18/19 audiovisual



rights amounting €4.2 million, including 22% VAT and (ii)) in the current fiscal year VAT assigned with receivables is lower due to different VAT regime applied by broadcasters.

Sponsorship Revenue

Sponsorship Revenue increased by €8.0 million or 6.6% to €130.5 million for the fiscal year ended June 30, 2019 from €122.4 million for the fiscal year ended June 30, 2018, mainly driven by an increase in the Technical and Shirt sponsorship fee and in regional and naming right sponsorship packages. This is detailed on the following table:

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
Shirt	16,293	19,108
Technical	4,250	10,000
EU/Global	14,253	12,254
Regional and naming rights	87,629	89,095
Sponsorship Revenue	122,425	130,457

- Shirt

The increase in Shirt sponsorship revenue is related to (i) the higher annual contractual base fee (from €10.1 million in the fiscal year ended June 30, 2018 to €10.5 million in the fiscal year ended June 30, 2019) and (ii) a €2,2 million contractual performance bonus achieved for the progression until Ro16 of the UEFA Europa League. In line with prior year, we booked a performance bonus for having achieved the qualification to UCL of the next sporting season.

- Technical

The increase in Technical sponsorship revenue is related to the higher annual contractual base fee (from €3.8 million in the fiscal year ended June 30, 2018 to €10.0 million in the fiscal year ended June 30, 2019) due to the return to the UCL in the sporting season 2018/2019.

- EU/Global

The decrease in EU / Global sponsorship revenue is mainly related to the exit from the marketing agreement with Infront which until the fiscal year ended June 30, 2018 ensured a contractual minimum guaranteed amount. We highlight that actual annual value of EU/Global sponsorship for the fiscal year ended 30 June 2019 amounts to €13.3 million including a fee of €1.0 million relating to media partners which is classified under the line Direct Media Revenue being part of the Archive contract with Infront.



For further information on the current sponsorship agreements in Italy and the rest of Europe, please see "Update on Sponsorship agreements".

- Regional and Naming Rights

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

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
Naming Rights and Sponsorship Agreement	23,550	18,395
Other Sponsorship Agreements	64,079	70,700
Regional and naming rights	87,629	89,095

The reduction of Naming Rights and Sponsorship Agreement derives from the impact resulting from the agreement signed at the closing date of the Refinancing Transaction assigning 47% of the value of this contract to TeamCo starting from December 21st, 2017 as related to Naming Rights of the training centers (the total contractual annual base fee remains unchanged at €16.5 million).

The increase in Other regional Sponsorship Agreements (+ 6.6 million or +10.3%) is driven by full year impact, in fiscal year ended June 30, 2019, of the following two contracts signed in the last quarter of the fiscal year ended June 30, 2018:

- Full Share (Full Share Holding Limited) – an Educational Services provider: fee for the fiscal year ended June 30, 2019 of €10,0 million (compared to a fee of €4.9 million recognized in fiscal year ended June 30, 2018, including signing bonus);
- Lvmama.com (King Dawn Investment Limited) – an online travel agent: fee for the fiscal year ended June 30, 2019 of €10,0 million (compared to a fee of €4.9 million recognized in fiscal year ended June 30, 2018, including signing bonus)

We remind that in the last quarter of the fiscal year ended June 30, 2018 we also signed a contract with iMedia, a Chinese Sports Marketing Agency who have been granted selected category rights for an annual minimum guaranteed amount of €25.0 million. In respect of this contract, in fiscal year ended June 30, 2018 we recognized a revenue of €27.3 million, including signing bonus.

Adjusted Media Revenue

Adjusted Media Revenue shows a €44.7 million increase (or 38.7%) which is related to the participation in the UCL and UEL 2018/2019 for which, in the fiscal year ended 30 June 2019, Indirect Media Revenue amounted to €51.0 million relating to:



- UCL - € 47.8 million composed of (i) the Group Stage fee (€14.5 million), (ii) the coefficient based on historical results assigned to the club (€17.7 million), (iii) the performance bonuses relating to Group Stage matches (€7.8 million) and (iv) our share of the market pool distribution awarded to teams playing in Serie A (€7.7 million).
- UEL - € 3.2 million composed of (i) the fixed fee for the participation to Round of 32 and Round of 16 (€1.6million) and (iv) our share of the market pool distribution awarded to teams playing in Serie A (€1.6 million).



Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018.

	For the fiscal year ended June 30	
	2018	2019
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt	16,293	19,108
- Technical	4,250	10,000
- EU/Global	14,253	12,254
- Regional and naming rights	87,629	89,095
Direct Media Revenue	14,427	14,484
Other Income	553	194
Total revenue	137,405	145,134
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	100,669	94,868
- UEFA Indirect Media Revenue *	539	50,989
Adjusted Revenue	238,613	290,991
Change in Current operating assets	(54,642)	202
Change in Non current operating assets	(423)	-
Cash inflow	183,549	291,194
Personnel costs	(2,866)	(3,372)
Cost of services	(9,628)	(11,082)
Other costs	(915)	(1,002)
Income taxes	(24,382)	(26,486)
Change in Current operating liabilities	13,838	6,971
Change in Non current operating liabilities	(1,532)	(1,860)
Cash Outflow	(25,483)	(36,830)
Exclusion cash outflow for Service Agreement (incl. VAT)**	3,195	6,100
Cash Available for Debt Service	161,260	260,464

* represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo during the fiscal year ended 30 June

** not included in the definition of Cash Outflow for the purposes of the calculation of Cash Available for Debt Service

Cash Available for Debt Service increased by €99.2 million or 61.5% to €260.5 million for the fiscal year ended June 30, 2019 from €161.3 million for the fiscal year ended June 30, 2018,



driven by (i) the described growth in Adjusted Revenues and (ii) the positive impact from Change in current operating assets due to collection timing of international/regional Sponsorship contracts (as better described below).

This has been partially offset by an increase in cash outflows mainly due to the repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017, which decreased the positive balance of Change in Current Operating liabilities (in fact, in 2017/2018 MediaCo collected the full €16.5 million annual fee before 21 December 2017, i.e. the effective date for the split of such fee – 53% to MediaCO and 47% to TeamCO).

The payment of Income Taxes in the fiscal year ended 30 June 2019 amounted to €5.1 million (€6.7 million in the fiscal year ended 30 June 2018), with the value of related lines in the table above offset by an increase in the line “Change in Current Operating liabilities”

With regard to collection timing of international/regional Sponsorship contracts, we present the following table:

<i>(in thousands of €)</i>	Value	Outstanding at 30 June 2019	Outstanding at date of this report
Revenues booked in fiscal year ended 30 June 2017	74,808	-	-
Revenues booked in fiscal year ended 30 June 2018	87,629	11,100	-
Revenues booked in fiscal year ended 30 June 2019	89,095	88,395	59,650
Total	251,532	99,495	59,650

Based on the table, we highlight that:

- in the period 1 July 2016 – 30 June 2019, we booked cumulative revenues of €251.5 million, collecting, as at date of this report, €191.9 million (of which €84.3 million in the fiscal year ended June 30, 2019 and further €39.8 million since 1 July 2019 to the date of this report)
- outstanding amounts as at the date of this report decreased to €59.7 million (24% out of the total), fully relating to the most recent fiscal year

With regards to amounts remaining overdue, we are in regular contact with the counterparties and we anticipate further cash collections in the coming months.



Historical Debt Service Coverage Ratio ("DSCR")

In the fiscal year ended 30 June 2019:

- Cash Available for Debt Service amounted to € 265.6 million
- Payments for Debt Service amounted to € 20.8 million

Accordingly, the DSCR is 12.52. The calculation is summarized in the in the table below:

Currency (€ 000)	Fiscal Year ended 30 June 2019
Aggregate Inflows	291,194
Aggregate Outflows	(30,730)
Cash Available for Debt Service (A)	260,464
Mandatory Amotization	6,250
Interest Expense	14,549
Debt Service Payments (B)	20,799
DSCR (A/B)	12.52

Pro-forma Debt Service Coverage Ratio ("Pro-forma DSCR")

The DCSR pro-forma for the 12 months from July 1, 2019 to June 30, 2020 is 13.81 as presented in the table below:

Currency (€ 000)	Twelve months ending June 30, 2020
Aggregate Inflows	310,444
Aggregate Outflows	(23,410)
Pro-forma Estimated Look- Forward Cash Available for Debt Service	287,034
Mandatory Amotization	6,550
Interest Expense	14,241
Pro-forma Estimated Look- Forward Debt Service Payments	20,791
DSCR (A/B)	13.81

Main assumptions underlying the DCSR pro-forma are:



- Serie A Indirect Media Revenue in line with fiscal year ended June 30, 2019, assuming final position in the league 2019/2020 in line with 2018/2019 (4th)
- UEFA Indirect Media Revenue only related to 2019/2020 UCL Group Stage, assuming last position at the the end of it and no access to UEL
- Direct Media Revenue and Sponsorship Revenue based on contracts signed only (and including contractual performance bonuses consistent with sporting performance assumption)



RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018. The Income Statement data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS.

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<i>(in thousands of €)</i>		
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Total revenue	137,405	145,134
Personnel costs	2,866	3,372
Cost of services	9,628	11,082
Other operating costs	915	1,002
Accruals for risks	247	-
Write-downs of trade receivables	-	2,542
Depreciation and amortization	18,157	18,184
Total operating costs	31,812	36,181
Operating profit	105,593	108,954
Net financial expenses	(15,640)	(9,822)
Profit before tax	89,953	99,132
Income taxes	(24,382)	(26,486)
Profit for the period	65,571	72,646

Revenue. Revenues for the fiscal year ended June 30, 2019 increased by €7.7 million or 5.6% to €145.1 million from €137.4 million for the fiscal year ended June 30, 2018. This growth was primarily due to the increase in Sponsorship Revenue as already described (refer to the Section "Adjusted Revenues" for more details).

Personnel costs. Personnel costs for the fiscal year ended June 30, 2019 increased by €0.5 million or 17.7% to €3.4 million from €2.9 million for the fiscal year ended June 30, 2018. This increase reflects the gradual strengthening of commercial and digital/TV departments implemented during the last 12 months to support the growth plan of the business. As at 30 June 2019, we had a total of 44 full time employees.



Cost of services. Cost of services for the fiscal year ended June 30, 2019 increased by €1.5 million or 15.1% to €11.1 million from €9.6 million for the fiscal year ended June 30, 2018. This increase is mainly due to the full year impact (vs. half year impact in prior year) of the Service Agreement in place with TeamCo for an annual fee of €5.0 million starting from the date of the Refinancing Transaction (as described in the Offering Memorandum, TeamCo has undertaken to provide us with certain services including, inter alia, administrative and accounting services, consulting services provided by TeamCo's coaches for events planned by us, support services related to our sponsorship and media lines of business, legal assistance, including legal services to protect intellectual property and other general services necessary for the operation of the business).

Other operating costs. Other operating costs for the fiscal year ended June 30, 2019 are in line with prior fiscal year at approximately €1.0 million.

Accrual for risks. No accrual for risks has been required for the fiscal year ended June 30, 2019. The fiscal year ended June 30, 2018 was affected by an accrual of €0.2 million relating to a provision made in respect of a potential liability relating to a prior year sponsorship agreement

Write-downs of trade receivables. In the fiscal year ended June 30, 2019 we accrued a provision of €2.5 million mainly relating to an ongoing litigation between MP Silva and Lega Nazionale Professionisti relating to the settlement of the amounts still due by MP Silva in respect of 2017/2018 Serie A international media rights.

Depreciation and amortization. Depreciation and amortization for the fiscal year ended June 30, 2019 was €18.2 million, in line with the fiscal year ended June 30, 2018.

Financial expenses. Financial expenses for the fiscal year ended June 30, 2019 decreased by €5.8 million or 37.2% to €9.8 million from €15.6 million for the fiscal year ended June 30, 2018. Most of this decrease is related to the fact that in the fiscal year ended June 30, 2018 we booked a non-cash €4.1 million write-off of the residual book value of transaction fees capitalized on the previous facility upon closing of refinancing on 21 December 2017. Excluding this item, the decrease amounts to €1.7 million and is mainly related to higher interest income (€6.6 million vs. €5.0 million) accrued on the Intercompany Loans granted to TeamCo at the end of the fiscal year ended June 30, 2017 and during the fiscal years ended June 30, 2018 and June 30, 2019.

In the fiscal year ended June 30, 2019, we incurred €16.3 million interest expense on the Notes.

Income taxes. Income taxes for the fiscal year ended June 30, 2019 increased by €2.1 million or 8.6% to €26.5 million from €24.4 million for the fiscal year ended June 30, 2018. This is related to growth in Profit Before Tax, with the tax rate overall in line (26.7% vs. 27.1%).



Profit for the period. For the reasons described above, Profit for the period for the fiscal year ended June 30, 2019 was €72.6 million, a €7.1 million increase (+10.8%) compared to prior fiscal year.



CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the fiscal year ended June 30, 2019, compared with the fiscal year ended June 30, 2018. The Cash Flow data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS.

	For the fiscal year ended	
	June 30	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	65,571	72,646
Current taxes	26,351	28,876
Net Financial Expenses	11,473	9,837
Profit for the period before taxes and interest	103,394	111,359
Depreciation and amortization	18,157	18,184
Write-downs/(release/uses) of trade receivables	4,137	2,542
Employee severance indemnities	41	76
Accrual for risks	247	-
Deferred tax assets and liabilities	(1,969)	(2,390)
Cash flow from operating activities before changes in working capital	124,007	129,771
Increase in trade and other receivables	(52,251)	2,033
Increase/(Decrease) in trade and other payables	615	(58,125)
Other variations in net working capital	(2,282)	(905)
Cash flow from operating activities after changes in working capital	70,088	72,775
Taxes paid	(6,685)	(5,106)
Interest and other financial expenses paid	(17,385)	(14,652)
A. Cash flow from operating activities	46,019	53,016
Investments in Intangible Assets	(68)	(39)
Investments in Property, Plant and Equipment	(58)	(162)
B. Cash flow from investing activities	(126)	(201)
New finance (Senior Secured Notes 2022)	300,000	-
Transaction fees paid for new finance	(8,989)	-
Repayment of bank loans/Senior Secured Notes 2022	(208,000)	(6,250)
Intercompany loans	(112,489)	(16,408)
Debt service account	11,420	(65)
Capital/dividend distributions	(28,308)	(22,938)
C. Cash flow from financing activities	(46,366)	(45,661)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	(472)	7,154
Cash at bank and on hand at the beginning of the period	8,982	8,510
Cash at bank and on hand at the end of the period	8,510	15,664



Cash flow from operating activities. Cash flow from operating activities for the fiscal year ended June 30, 2019 increased by €7.0 million or 15.2% to €53.0 million from €46.0 million for the fiscal year ended June 30, 2018 mainly due to the combined impact of:

- Positive: €5.8 million increase in cash inflows before working capital movements driven by growth in Operating Profit described in the paragraph "Results of Operations"
- Positive €54.3 million impact from decrease in trade and other receivables due to collection timing of international/regional Sponsorship contracts (as described in the paragraph "Cash Available for Debt Service")
- Negative: €58.7 million impact from decrease in trade and other payables due to different timing and size of cash up-streams to TeamCo through the secured waterfall accounts.

For comments on other drivers relating to cash flow from operating activities please refer to the paragraph 'Cash Flow Available for Debt Service'.

Cash flow from investing activities. Cash flow from investing activities for the fiscal year ended June 30, 2019 amounted to €201 thousands (compared to €126 thousands in prior fiscal year), remaining immaterial in respect of our business.

Cash flow from financing activities. Cash flow from financing activities for the fiscal year ended June 30, 2019 amounted to negative €45.7 million being related to (i) the €6.3 million mandatory amortization of the Senior Secured Notes, (ii) Intercompany Loans provided to TeamCo (€16.4 million) (we remind that loans are provided to TeamCo to upstream cash in excess of the value of assigned media rights as governed by the waterfall rules defined by the Refinancing Transaction) and (iii) payment of dividends to BrandCo (€22.9 million). (while the dividend distribution to TeamCo for €36.0 million occurred in February 2019 has been settled through reduction of the existing Intercompany Loans)

Cash flow from financing activities for the fiscal year ended 30 June 2018 (which generated a negative net balance of €46.4 million) is not comparable due to the Refinancing Transaction occurring during that period.

Net change in cash and cash equivalent. Net change in cash and cash equivalent for the fiscal year ended June 30, 2019 increased by €7.6 million to €7.2 million from negative €0.4 million for the fiscal year ended June 30, 2018, for the reasons described above.



BALANCE SHEET

The following table sets forth the detail of Balance Sheet data for the issuer as at 30 June 2019 compared with 30 June 2018. The Balance Sheet data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). Annual Financial Statements do not conform with GAAP in other countries and IFRS.

Assets:

	As at	
	June 30 2018	June 30 2019
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	305,107	287,001
Property, plant and equipment	87	211
Financial assets	10,410	10,410
Loan to parent company	144,944	131,445
Prepaid expenses	9	22
Non-current Assets	460,557	429,088
Current assets		
Financial assets	43	108
Trade receivables	76,208	79,206
Trade receivables from parent companies and their affiliated	39,126	34,891
Tax receivables	-	27
Deferred tax assets	200	667
Other receivables	5	5
Prepaid expenses	246	113
Cash at bank and on hand	8,510	15,664
Current Assets	124,336	130,681
Total Assets	584,893	559,769

Non-current assets. Non-current assets decreased by €31.5 million from €460.6 million at 30 June 2018 to €429.1 million at 30 June 2019 mainly due to:

- amortization of intangible and tangible assets for a total amount of €18.2 million
- €13.5 million reduction in Intercompany Loans as a result of the compensation made against the distribution of dividends to TeamCo (€36.0 million). This has been partially offset by (i) new loans provided to TeamCo for €16.4 million and (ii) the accrual of interest expense for the period (€6.6 million)



Current assets. Current assets increased by €6.3 million from €124.3 million at 30 June 2018 to €130.7 million at 30 June 2019 mainly as a result of €7.2 million increase in Cash at bank and on hand due to positive net cash flow generated in the period (as previously explained in the paragraph “Cash Flow Statement”).

This has been partially offset by €1.2 million decrease in Trade Receivables as summarized in the table below:

	As at June 30 2018	As at June 30 2019	Var.
<i>(in thousands of €)</i>			
Trade receivables (incl. from parent companies and affiliated)			
Naming Rights and Sponsorship Agreement	11,100	29,495	18,395
Naming Rights and Sponsorship Agreement - co-branding	22,500	-	(22,500)
Other International/Regional Sponsorship Agreements	61,815	70,000	8,185
Trade Receivables relating to International/Regional Sponsorship Agreements	95,415	99,495	4,080
Other trade receivables	19,918	14,602	(5,316)
Total Trade receivables (incl. from parent companies and affiliated)	115,333	114,097	(1,236)

- Receivables relating to international/regional Sponsorship Agreements

The €18.4 million increase in trade receivables relating to Naming Rights and Sponsorship Agreement refers to the revenue booked in the fiscal year ended 30 June 2019.

The €8.2 million decrease in trade receivables relating to Other international/regional Sponsorship Agreements is mainly attributable to revenue booked in the fiscal year ended 30 June 2019 (€70.7 million) less collections received in the same period (€61.8 million – i.e. all receivables existing at 30 June 2018).

As explained in the paragraph “Cash Available for Debt Service”, since 1 July 2019 to the date of this report we collected an amount of €39.8 million (out of €99.5 million outstanding at 30 June 2019), of which €19.8 million relating to Naming Rights and Sponsorship Agreement and €20.0 million relating to Other international/regional Sponsorship Agreements.

- Other trade receivables

The €5.3 million decrease in Other trade receivables is partially affected by the €2.6 million write-down explained in the paragraph “Results of Operations”.



Liabilities and Shareholders' equity:

	As at	
	June 30 2018	June 30 2019
<i>(in thousands of €)</i>		
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	4,088
Profit for the period	65,571	72,646
Total Shareholders' equity	175,255	182,330
Non-current Liabilities		
Deferred tax liabilities	32,963	31,040
Provisions for employee severance indemnities	172	248
Provisions for risks	247	247
Senior Secured Notes 2022	285,630	280,794
Deferred income	11,714	11,714
Non-current Liabilities	330,726	324,043
Current Liabilities		
Senior Secured Notes 2022	6,250	6,550
Trade payables	3,073	3,043
Trade payables to parents companies and their affiliated	44,689	14,114
Dividends Payable	22,596	28,765
Tax Payables	830	378
Social security payables	146	186
Other payables	221	277
Accrued expenses	72	83
Deferred income	1,033	-
Current Liabilities	78,912	53,396
Total Liabilities and Shareholders' equity	584,893	559,769

Shareholders' equity. Shareholders' equity increased by €7.1 million from €175.3 million at 30 June 2018 to €182.3 million at 30 June 2019 as a combined opposite effect of:

- Decrease: resolution of the Shareholders' Meeting held on October 26th, 2018 for the distribution in kind as a dividend of the €65.6 million net profit recorded in the fiscal year ended 30 June 2018 to its immediate shareholders (TeamCo and BrandCo).
- Increase: Net Profit of the period of € 72.6 million



Non-current liabilities. Non-current liabilities decreased by €6.7 million from € 330.7 million at 30 June 2018 to € 324.0 million at 30 June 2019 mainly as a result of the amortization plan of the Senior Secured Notes

Current liabilities. Current liabilities decreased by €25.6 million from €78.9 million at 30 June 2018 to €53.4 million at 30 June 2019 mainly due to the decrease in Trade payables to parent companies and their affiliated (- €30.6 million from €44.7 million to €14.1 million), which relates to different timing and size of cash up-streams to TeamCo through the secured waterfall accounts: in fact, as a result of this, payables due to TeamCo in respect of the assignment of receivables from Indirect Media Revenue decreased from €18,9 million to €11.5 million and payables due to TeamCo in respect of taxable income amounts to be transferred under the tax consolidation regime decreased from €26.0 million to €2.6 million

The line Dividends payable relates to outstanding amounts due to BrandCo (the immediate minority controlling company). The payable amount as at June 30, 2019 (€22.6 million) relates to the residual distribution of net profit of the fiscal year ended 30 June 2018.

CAPITAL EXPENDITURES

At €201 thousands, the level of capital expenditure was not considered material for the period under review.



NET FINANCIAL POSITION

The following table sets forth the Net Financial Position data for the issuer as at 30 June 2019 compared with 30 June 2018 and shows an improvement of €11.8 million to € 261.2 million driven by (i) the increase in Cash at bank and on hand resulting from net cash flow generated in the fiscal year ended June 30, 2019 and (ii) the reduction of the liability for the Senior Secured Notes due to related amortization plan

	As at	
	June 30 2018	June 30 2019
<i>(in thousands of €)</i>		
Cash at bank and on hand	8,510	15,664
Current financial assets	43	108
Current financial receivables	43	108
Senior Secured Notes 2022 - current portion	(6,250)	(6,550)
Current financial liabilities	(6,250)	(6,550)
Net current financial assets/(liabilities)	2,303	9,222
Senior Secured Notes 2022	(285,630)	(280,794)
Financial Assets	10,410	10,410
Non-current financial liabilities	(275,220)	(270,384)
Net financial position	(272,917)	(261,162)

RISK FACTORS

We confirm that the risk factors described in the Offering Memorandum, and not updated herein, remain applicable to the group with no material changes.

OTHER RELEVANT INFORMATION

Update on Sponsorships agreements

As described in the Offering Memorandum, starting from 1 July 2018 we took over the marketing and negotiation of our sponsorship agreements in Italy and the rest of Europe (as well as corporate hospitality packages, whose revenues and cash is booked by TeamCo) from Infront and brought these functions in-house. Upon this decision we will no longer receive the minimum revenue contractually guaranteed under the agreement with Infront but we believe that we will be more effective in securing sponsorships from flagship brands and



managing our global sponsorship rights by the creation of a dedicated in-house team for our sponsorship marketing efforts.

The table below summarizes our current sponsorship agreements in Italy and the rest of Europe. The table also highlights those contracts renewed (7)/signed (8) starting from 1 July 2019:

Sponsor	Type of sponsorships	Product Category	Expiration Date	New/ Renewed since 1 July 2019
Pirelli	Global Main Sponsor	Tyres	June 2021	
Nike	Technical Sponsor	Apparel	June 2024	
Suning	Training Grounds/Apparel Naming Rights	Electronics	June 2020	
Lenovo	Training Apparel	IT Hardware	June 2022	New
Sky	Top Partner	Media partner	June 2021	
Dazn	Top Partner	Media partner	June 2021	
Crédit Agricole	Top Partner	Bank	June 2021	
Frecciarossa (Trenitalia)	Premium Partner	Train	June 2022	Renewed
Lyoness/Cashback	Premium Partner	Affinity Card	June 2021	
Manpower	Premium Partner	Staffing	June 2022	Renewed
Locauto	Premium Partner	Car rental	June 2022	Renewed
Volvo	Premium Partner	Cars	June 2020	
Win Chain	Premium Partner	Fresh Food Supply	June 2020	New
PES (Konami)	Official Partner	Video Games	June 2020	
AZA	Official Partner	Energy	June 2021	New
Acronis	Official Partner	Cyber Protection	June 2022	New
Eprice	Official Partner	Consumer electronic retail	June 2021	
Linkem	Official Partner	Internet	June 2021	New
Mastercard	Official Partner	Official payment	June 2020	
RDS	Official Partner	Radio	June 2021	
Norda (Acque Minerali d'Italia)	Official Partner	Water	June 2021	
DentalPro	Official Partner	Dental Care	June 2020	
Peroni	Official Partner	Beer	June 2021	
La Gazzetta dello Sport	Official Partner	Sport newspaper	June 2020	Renewed
Esprinet (Nilox)	Official Partner	Overboard	June 2021	
Fratelli Beretta	Official Supplier	Food	June 2021	
Hugo Boss	Official Supplier	Formalwear	June 2022	New
Gatorade	Official Supplier	Beverage	June 2020	
EdilKamin	Official Supplier	Heating Solutions	June 2021	New
Konica Minolta	Official Supplier	Consumer electronic	June 2021	
Gattinoni	Official Supplier	Travel	June 2021	Renewed
GR Group	Official Supplier	Agency	June 2020	
Rinascente	Official Supplier	Department Store	June 2022	New
Sixtus	Official Supplier	Medical Equipment	June 2020	Renewed
Technogym	Official Supplier	Gym	June 2020	Renewed

Update on contracted revenue for the fiscal year ending 30 June 2020

Contracted revenue for the fiscal year ending 30 June 2020 (according to the definition of Adjusted Revenue used in the Offering Memorandum and this document) to the date of this report amounts to €210.4 million – i.e. €80.5 million lower than final figure recorded in the fiscal year ended 30 June 2019. This is detailed in the following table.



<i>(in thousands of €)</i>	Fiscal Year ended	Fiscal Year ending	%
	30 June 2019	30 June 2020	
	Actual	Contracted to date	
A. Direct Media Revenue	14,484	14,373	99.2%
B. Other Income	194	-	-
C. Sponsorship Revenue	130,457	75,075	57.5%
D. Total Revenue (A+B+C)	145,134	89,448	61.6%
E. Serie A Indirect Media Revenue	94,868	80,000	84.3%
F. UEFA Indirect Media Revenue	50,989	41,000	80.4%
G. Adjusted Media Revenue (A+E+F)	160,341	135,373	84.4%
B. Other Income	194	-	-
C. Sponsorship Revenue	130,457	75,075	57.5%
Adjusted Revenue (G+B+C)	290,991	210,448	72.3%

As detailed in the table above, the difference mainly relates to the reduction in contracted Sponsorship Revenue to date (€ - 55.4M being €75.1M vs. €130.4 million), which is mainly due to:

- The termination of the contracts with Full Share Holding Limited and King Dawn Investment Limited which, at the beginning of April, exercised their contractual right to withdraw from their respective sponsorship agreements effective from July 1st, 2019. This has an impact on fiscal year ending June 30, 2020 (compared to fiscal year ended June 30, 2019) of €20M;
- The non-renewal of the contract with the marketing agency Beijing Yixinshijie which expired as at June 20, 2019. This has an impact on fiscal year ending June 30, 2020 (compared to fiscal year ended June 30, 2019) of €25M;
- the fact that at the date of this report we have not secured yet, for the fiscal year ending June 30, 2020, performance bonuses which are related to team's full season performance during the sporting season 2019-2020. This has an impact of €16.8M (compared to fiscal year ended June 30, 2019 when we recognized such amount of performance bonuses at the end of the sporting season)

Negative impact of items above described has been partially offset by signing of new important partnerships since 1 July 2019, such as Lenovo, Acronis, Hugo Boss, Rinascente, Linkem, A2A and other new contracts indicated in the paragraph above "Update on Sponsorship Agreements", generating a positive €6.4 million net impact.

Current gap under Serie A and UEFA Indirect Media Revenue is a result of the calculation method applied for contracted revenue; in fact, the calculation of contracted revenue is



prudently made and excludes any item related to the expected performance of the team and, in particular:

- with regard to Serie A Indirect Media Revenue, it has been calculated assuming the team will finish in the last position of the Serie A league (in order to include a minimum guaranteed amount, only).
- with regard to UCL, it has been calculated assuming the team will finish in the last position of the Group Stage with consequent elimination from any European competition to ensure we present the minimum guaranteed amount only.



TEAMCO UPDATE

On 17 May 2019, the Investigatory Chamber of UEFA's Club Financial Control Body announced that after the assessment of the financial year to 30 June 2018, F.C. Internazionale Milano S.p.A had fulfilled the cumulative break-even requirements of the Financial Fair Play Settlement Agreement signed in May 2015 and accordingly we are now back to the ordinary Financial Fair Play rules.

SPORTING PERFORMANCE

Season 2018/2019

➤ Serie A championship

The team finished the Italian Serie A championship in 4th place, achieving direct qualification to the Group Stages of the 2019/2020 UEFA Champions League (UCL). This, as occurred in the fiscal year ended 30 June 2019, will provide impacts in the next fiscal year July 1, 2019 – June 30, 2020 as follows:

- enable MediaCo to collect the higher UEFA Indirect Media Revenues associated with UCL revenues.
- ensure higher payments under many of MediaCo's existing sponsorship contracts, including the contracts with Nike and Pirelli

➤ UEFA competitions

After narrowly missing qualification for the Knock-out stages of the UEFA Champions league (finishing in 3rd position in a Group which included Barcelona and finalists Tottenham Hotspur and on equal points with the latter) we entered the UEFA Europa League knock-out stages where we were eliminated in the Ro16 by Eintracht Frankfurt in March 2019.

➤ Domestic Cup

The Team was eliminated at the quarter-finals of the domestic Cup ("Coppa Italia") at the end of January. The impact on revenues and EBITDA of this is however minimal.

Season 2019/2020

After the most recent matches played as of October 26th, 2019, the team is currently:

- 2nd in the Serie A table (after 9 matches), one point behind the team sit in 1st position
- 2nd in the UCL Group Stage (after 3 matches), with the same points of the team sit in 3rd position. We remind that UCL Group stage is composed 32 clubs in 8 Groups of 4



clubs: the top two teams in each Group will qualify to Round of 16 and with third place being admitted to the Round of 32 of the UEFA Europa League.

The team will start to play the domestic Cup ("Coppa Italia") in January 2020 starting from the Round of 16.

MATCH ATTENDANCE

Match attendance numbers have been extremely positive both in the sporting season 2018/2019 and in the first matches of the current sporting season 2019/2020.

Season 2018/2019

During the sporting season 2018/2019, we achieved average Serie A home game attendance of 51,185. Excluding one match played behind closed doors, the average is 61,421 putting again Inter as the 1st club in Italy and among the top ten clubs in Europe.

In the three home matches of the UCL Group Stage, the average attendance has been 66,729. In the match against FC Barcelona we established the Italian historical record for a single match with a gross income of €6.8 million.

Season 2019/2020

The season ticket campaign shows significant increases vs. prior season with revenues amounting to €12.5 million (+14% vs. prior season) plus €7.4 million relating to corporate hospitality packages (+ 19% vs. prior season).

In the five Serie A home matches of the season 2019/2020 played to the date of the current document, the average attendance has been 64,271.

In the two UCL home matches played to date against Slavia Prague and Borussia Dortmund, the average attendance has been 57,901.

TRANSFER MARKET SUMMARY

The main players signed in the transfer market windows affecting the fiscal year ended 30 June 2019 and the current fiscal year ending 30 June 2020 are:

Summer 2018:

- De Vrij (free agent)
- Asamoah (free agent)



- Nainggolan (from AS Roma)
- Martinez (from Racing Club)
- Politano (on loan from Sassuolo)
- Vrsaliko (on loan from Atletico de Madrid)
- Keita Balde (on loan from AS Monaco)

Winter 2018:

- Cedric Soares (on loan from Southampton Football Club)

Summer 2019:

- Lazaro (from Hertha Berlin)
- Godin (free agent)
- Sensi (on loan from Sassuolo)
- Barella (on loan from Cagliari with obligation to buy)
- Lukaku (from Manchester United)
- Sanchez (on loan from Manchester United)
- Biraghi (on loan from Fiorentina)
- Agoume (from Souchaux)

The main players who left TeamCo in the transfer market windows affecting the fiscal year ended 30 June 2019 and the current fiscal year ending 30 June 2020 are:

Summer 2018:

- Kondogbia (sold to Valencia after the loan in Summer 2017)
- Murillo (sold to Valencia after the loan in Summer 2017)
- Nagatomo (sold to Galatasaray after the loan in Winter 2018)
- Santon (sold to AS Roma)
- Zaniolo (sold to AS Roma)
- Eder (sold to Jiangsu Suning)
- Radu (sold to Genoa)
- Valietti (sold to Genoa)
- Odgaard (sold to Sassuolo)
- Bettella (sold to Atalanta)
- Carraro (sold to Atalanta)
- Manaj (sold to Albacete)
- Biabiany (sold to Parma)
- Puskas (sold to Palermo)
- Cancelo (option to buy from Valencia not executed)
- Rafinha (option to buy from Barcelona not executed)
- Lisandro Lopez (option to buy from Benfica not executed)

Summer 2019:



- Icardi (on loan to PSG)
- Perisic (on loan to Bayern Munich)
- Nainggolan (on loan to Cagliari)
- Dalbert (on loan to Fiorentina)
- Karamoh (on loan to Parma with obligation to buy)
- Pinamonti (sold to Genoa)

SHAREHOLDER LOANS AND RCF DRAW DOWN

As described in the Offering Memorandum, TeamCo received a number of shareholder loans from Suning. As of June 30, 2019, shareholder loans total outstanding amount was € 197.8M (including accrued interest for €10.7 million). This after that, in June 2019, there was a conversion into equity reserve for future capital increase for an amount of €40 million with the waiver of unpaid interest accrued on such amount.

The cash drawdown of the Revolving Credit Facility as at 30 June 2019 amounted to € 25.0 million (unchanged compared to 31 March 2019).

FURTHER EXPLANATORY NOTES AND BASIS OF PREPARATION

BASIS OF PRESENTATION

The financial information presented in this document is sourced from and based on the audited financial statements of MediaCo for the fiscal year ended June 30, 2019 (the "Annual Financial Statements"). The independent auditor is Deloitte & Touche S.p.A..

Accordingly, information presented in this document should be read in conjunction with Annual Financial Statements and related notes (which are attached in this document under Appendix 1).

SIGNIFICANT ACCOUNTING POLICIES

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

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



The accounting policies adopted in preparing the Financial Statements are the same as for the previous fiscal year and therefore reference should be made to the Financial Statements for the fiscal year ended June 30, 2018 for further considerations.

Italian GAAP differs in certain aspects from IFRS. For a discussion of the differences between Italian GAAP and IFRS, please refer to the Offering Memorandum in “Annex A: Summary of Certain Differences between Italian GAAP and IFRS.”

Here, we notice that:

- In preparing the financial information presented in this document, MediaCo reclassified and renamed certain Italian GAAP line items in line with international format.
- Italian GAAP has recently been modified in order to take into account changes introduced in the Italian law governing financial statements by Decree No. 139 of August 18, 2015, which implemented Directive 34/2013/UE of the European Parliament and of the European Council on annual financial statements, consolidated financial statements and related reports of certain types of undertakings, with the aim, among other things, to align certain differences between Italian GAAP and IFRS. Such provisions were adopted in the Annual Financial Statements retrospectively beginning in the fiscal year ended June 30, 2015.

Use of estimates

For Annual Financial Statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet and even on potential assets and liabilities at the Annual Financial Statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years). The Balance Sheet items that are affected by these assumptions, are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of property, plant and equipment and intangible assets (impairment test). The impairment test carried out as of June 30, 2019 did not highlight any requirement of impairment.



GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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

SUBSEQUENT EVENTS OCCURRED AFTER JUNE 30, 2019

The Shareholders' Meeting of MediaCO held on October 28th, 2019 has approved the Annual Financial Statements of the fiscal year ended 30 June 2019 and the distribution in kind as a dividend of the €72.6 million net profit to its immediate shareholders (TeamCO and BrandCo).

The Shareholders' Meeting of TeamCO held on October 28th, 2019 has approved its annual audited financial statements of the fiscal year ended 30 June 2019 and the carrying-forward of the €74.4 million net losses resulting from such annual financial statements.

Since 1 July 2019 to the date of this Report, the cash drawdown of the Revolving Credit Facility has been increased to €50.0 million.

Since 1 July 2019 to the date of this report we collected an amount of €39.8 million relating to international/regional Sponsorship agreements, reducing outstanding amount as at 30 June 2019 from €99.5 million to €59.7 million.

On August 19th, 2019, Jaime Colas Rubio has been appointed as new group Chief Commercial Officer. Jaime was in charge of Real Madrid's global sponsorship strategy until June 2019 and will lead in the areas of sponsorship, ticketing, merchandising and licenses playing a key role in the revenue growth plan of the club.

In addition to what already described in this document, there are no further matters to be highlighted occurring between 1 July 2019 and the current date.



APPENDIX 1- ANNUAL FINANCIAL STATEMENTS

Please refer to separate file provided together with this document.

