

## INTER MEDIA & COMMUNICATION S.p.A.

Registered office in Viale della Liberazione 16/18

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.*

### Management Report on operations July 01, 2018 – June, 30 2019

Inter Media & Communication (here follow also the "Company") is part of the F.C. Internazionale Milano Group ("Inter Group") and it deals with sponsorship and trading of audio-visual material related to the First Team of F.C. Internazionale S.p.A., and with management of Inter TV Channel and others operations strictly connected with F.C. Inter brand.

The Company was founded on 6 May 2014, as part of the operational and corporate reorganization of the entire F.C. Internazionale Milano Group started by the previous Majority Shareholder, Erick Thohir, in order to strengthen 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"). In this way, F.C. Inter and Inter Brand on 5 June 2014 contributed to the Company the above-mentioned business, to the Company (hereinafter also in the "Contribution").

Following to the Contribution, F.C. Inter controls the Company for 55.61% and by while Inter Brand (entirely controlled by F.C. Inter) own 44.39%.

The last part of the fiscal year 2015-2016 has been characterized by the entrance in the Parent Company's corporate structure of a new majority Shareholder headed by Suning Holdings Group Co., Ltd., a Chinese multinational company operating in the retail market of consumer electronics 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. Following this extraordinary transaction happened on 28 June 2016, the structure of the Parent Company is as described below:

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

In February 2019 LionRock Zuqiu Limited ("LionRock") - a subsidiary of LionRock Capital, an institutional investor based in Hong Kong – enter in the share capital of F.C. Inter as minority shareholder by acquiring from International Sports Capital HK, Ltd. ("ISC HK") the entire shares held by ISC HK in the company International Sports Capital S.p.A. ("ISC"), which on its turn held no. 4,636,221,998 shares representing 31.05% of the share capital of F.C. Internazionale Milano S.p.A. Thanks to the arrival of the new shareholder, the Group expects to establish further global sporting and commercial relationships. As a direct consequence of the above, on 18 February 2019 the Shareholders' Meeting appointed the new Board of Directors.

The financial year ended 30 June 2019 has been characterised by a series of new strategies, with the aim of generating new revenues and profitability through commercial growth, implemented with the aim build up a global brand through new media and an international business plan (the implementation of which will be carried on by the new Shareholder), as well as on economic and financial efficiency, with a particular focus on the monitoring of costs, working capital, capex and liquidity, this latter enhanced by the financing operation completed at the end of December 2017 and commented below.

It's important to point out that the implementation of the strategic plan, started with the refinancing of the Parent Company's existing debt in 2014/2015, with introduction of a financial structure corresponding to the previous Majority Shareholder's directives and with the arrival of important new figures into the sales and finance offices, which considerably strengthened the management team.

This refinancing operation, was put in place with Goldman Sachs International and Unicredit and allowed the Group to concentrate the debt on one lender, thus allowing the Parent Company to extinguish existing loans with different banks and simultaneously transfer the financial debt to the Company according to what described also in elsewhere in this Management Report and in the Explanatory Notes.

On December 21, 2017, after the change from a limited liability company into a joint-stock company, the Company issued and placed a senior institutional secured bond for an amount of Euro 300 million, with maturity date December 31, 2022 and fixed rate at 4.875% (hereinafter also "bond loan") and, at the same time, FC Inter has signed a revolving credit facility



("RCF") for a maximum amount of Euro 50 million, which at the date of this document result fully withdrawn (withdrawn for Euro 25 million as of June 30 ,2019); the proceeds of the Bond and the RCF were used for i) fully repaying the Goldman Sachs International and Unicredit loan equal to Euro 202 million ii) generating new financial resources to be used for the ordinary activities of the Inter Group.

The Bond loan is guaranteed by the cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as the cash flows deriving from the proceeds of the UEFA rights and the television rights of the Serie A and TIM cup, assigned by FC Inter to the Company similarly to the provisions of the previous loan contract.

It should also be noted that, as part of the bond loan agreement, FC Inter and Inter Brand pledged the shares relating to the share capital held in the Company. The bond also provides for compliance with two financial parameters (covenants). Further details on the transaction are described in the Explanatory Notes.

On June 17 2019, the Company left its headquarters in Corso Vittorio Emanuele II and moved to the new offices of Inter HQ in Viale della Liberazione in the Porta Nuova area, the new global and technological area in Milan. The spaces give a visual identity of the brand, which plays a key role supported by all the historical champions and the internationality of the club.

#### **Assignment from the Parent Company of the audio-visual rights receivables**

As previously said, as a requirement of the bond loan similarly to the provisions of the previous Loan contract, Inter Media signed an agreement with FC Inter, which assigns the audio-visual rights receivables generated by sport competitions of Serie A, Tim Cup, UEFA, other league or football institution competitions from F.C. Inter to Inter Media,. The agreement establishes that the collection of the receivables for media rights must be transfer to Inter Media while the connected revenue to audio-visual rights remain in F.C. Inter because football regulations establish that F.C. Inter must be the first contractor entity. The agreement affects the financial statement in connection to the Cash Flows and the Balance Sheet. The cash flows respectively include the effects of media rights receivables inflows as well as the amount paid back to FC Inter. On the other hand, the Balance Sheet includes media rights receivables and payables to FC Inter related to the amount to be paid back.

#### **Analysis of commercial activities**

During the fiscal year, the Company continued to develop its strategy through management and marketing of historical audiovisual material from the Rai historical archive and the Inter Channel television channel and through new agreements with national and international partners (regional and worldwide). This business was part of the contract signed by the Parent Company with Infront Italy in March 2014, which was contributed to the Company as part of the Contribution, as described in the paragraph "Other information - Agreements with the Rai Group and Infront" of the Explanatory Notes. The contract - which provided Infront to support the Company with strategic consultancy for the stipulation of European sponsorship contracts and *corporate ticketing* contracts - expired at the end of the previous financial year and the Company now carry the sponsorship business in-house.

In addition, it should be noted that during 2016-2017 fiscal year a sponsorship agreement was signed with the related party Jiangsu Suning Sports Industry Co., Ltd., with an expiration date set at 30 June 2020, with which Inter Media granted, on an exclusive basis, certain rights in relation to the name of the Sports Centre of FC Inter (Naming Rights), training uniforms and co-branding of products belonging to specific product categories in the Chinese territory.

On December 21, 2017, at the time of Bond issuance, an amendment was signed relating to the Naming Rights part connected to the aforementioned contract with which the distribution of the revenue was assigned to FC Inter for 47% and the 53% remained to the Company.

Furthermore, during 2016-2017 fiscal the Company signed a contract for the sale of media, trade and sponsorship rights of FC Intern Brand in the Asian region of China, Malaysia, Singapore, Indonesia, Japan and Korea.

Lastly, it should be noted that, during the previous fiscal year multi-year agreements were stipulated with the Chinese companies FullShare (active in the sectors of services for tourism and for the education of children), King Down Investmens Ltd (an online travel agency, better known as Lvmama) - resolved in advance as of June 30, 2019 - and with Beijing Imedia Advertising Co., Ltd., a Chinese sports marketing agency. Further details are provided in the explanatory notes.

#### **Analysis of the economic results of the 2018-2019 fiscal year**

The fiscal year ends with a profit of Euro 72,646 thousand (Euro 65,571 thousand at 30 June 2018), after the recognition of amortisations and depreciation for Euro 18,183 thousand (Euro 18,157 thousand at 30 June 2018), bad debt provision for Euro 2,542 thousand, net financial expenses for Euro 9,822 thousand (Euro 15,640 thousand at 30 June 2018) and taxes for Euro 26,486 thousand (Euro 24,382 thousand at 30 June 2018).

Revenue for the period show an increase and their composition is shown as follows:



Euro thousand	Type	12 months at June 30, 2019		12 months at June 30, 2018	
		Amount	%	Amount	%
	Technical Sponsor	19.108	13,17%	16.293	11,86%
	Official Sponsor	10.000	6,89%	4.250	3,09%
	Sponsorship Infront	-	0,00%	14.327	10,43%
	Sponsorship EU Global in house	12.254	8,44%	-	0,00%
	Sponsorship Regional	89.095	61,39%	87.629	63,77%
	Archive Rai-Infront	9.773	6,73%	9.772	7,11%
	TV production	650	0,45%	650	0,47%
	Inter TV	3.992	2,75%	3.921	2,85%
	Licencing	69	0,05%	10	0,01%
	Others	194	0,13%	553	0,40%
<b>Total</b>		<b>145.134</b>	<b>100%</b>	<b>137.405</b>	<b>100%</b>

Revenues from the official sponsor Pirelli increased during the year following the recognition in the financial year of a bonus for an amount of Euro 2,163 thousand, not present in the financial year at 30 June 2018, and related to the right acquired by the First Team of Parent Company for participation in the UEFA Champions League 2018-2019.

The technical sponsor Nike generated revenues of Euro 10,000 thousand. The increase compared to the previous year is due to the participation to the UEFA Champions League in the current season.

The item "Sponsorship EU Global in house" mainly includes the existing contracts with Credit Agricole, Trenitalia, Bwin, Lete, Brooks Brothers, Volvo, Lyonesse, Locauto, Pepsi, ePrice, Manpower and finally RCS Mediagroup and should be compared with the item "Sponsorship Infront". The decreased, compared to the corresponding period of last year was mainly due to the non-renewal with TIM sponsors.

Revenues from "Sponsorship Regional" increased slightly overall, mainly due to i) the commercial agreements signed last year with the Asian companies FullShare (active in the tourism and childcare services sectors), King Down Investments Ltd. (better known as Lvmama, an online travel agency) and Beijing Imedia Advertising Co., Ltd. (Chinese sports marketing agency), whose total amount during the year was Euro 45 million and ii) to the bonus related to the Naming Rights contract matured during the reference period.

Revenues on item "Rai Archive – Infront" and "TV production", for Euro 10,422 thousand, are related to digitalisation, cataloguing and organisation of the images in the archive, 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.

The decrease in the item "Other" is mainly due to the fact that in the last financial year this item included the payment of Euro 500 thousand pertaining to the 2016/2017 financial year by the "Official Sponsor" for a penalty connected to the failure to organize the "Pirelli Cup" trophy, partially offset by the increase in the financial year and relating to previous year gain connected to media and licensing activities.

Costs for the fiscal year show an increase and their composition is as follows:

Euro thousand	Type	12 months at June 30, 2019		12 months at June 30, 2018	
		Amount	%	Amount	%
	Costs of raw materials, supplies and consumables	640	1.77%	488	1.53%
	Costs for services	11,082	30.63%	9,628	30.26%
	Costs of rents and leases	117	0.32%	214	0.67%
	Personnel costs	3,372	9.32%	2,866	9.01%
	Amortization, depreciation and write-downs	20,726	57.28%	18,404	57.85%
	Other operating expenses	244	0.67%	212	0.67%
<b>Total</b>		<b>36,181</b>	<b>100%</b>	<b>31,812</b>	<b>100%</b>

The increase of production costs is essentially due to the increase in "Costs for services" connected to the increase in the Intercompany Service Agreement between the Company and FC Inter, partially offset by the reduction in "Advertising costs", in relation to which reference should be made to the section "Costs for services" in the Notes to the Financial Statements. Similarly, "Personnel costs" increased as a result of both new hires and non-recurring charges for terminations and leaving



incentives, as well as amortisation, depreciation and write-downs, mainly as a result of provisions made to prudently reflect the updated assessment of the risk of collectability of specific credit positions.

The difference between "Revenues" and "Costs of production" is positive for Euro 108,954 thousand, resulting in an improvement of Euro 3,361 thousand compared to the same period of the previous year due to the combined effect of a more than proportional net increase in revenues compared to costs, as better specified above.

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

<b>Euro thousand</b>	<b>12 months at June 30, 2019</b>	<b>12 months at June 30, 2018</b>	<b>Variation</b>
<i>Financial income from receivables in fixed assets:</i>			
- from parent companies	6,558	5,025	1,533
- others	-	-	-
<i>Other financial income:</i>			
- others	1	3	(2)
<i>Financial expenses</i>			
- on bond	(16,264)	(8,546)	(7,718)
- on bank for loans	27	(5,761)	5,788
- amortization of accessory charges in loans	-	(1,295)	1,295
- accessory charges on loans	(147)	(5,014)	4,867
- others	(13)	(21)	8
Income from exchange	29	5	24
Losses on exchange	(13)	(36)	23
<b>Total financial income and expenses</b>	<b>(9,822)</b>	<b>15,640</b>	<b>5,817</b>

The result for the year was also affected by the improvement in financial management, with net financial charges of Euro 9,822 thousand (compared to Euro 15 thousand in the previous year, as best described in the Explanatory Notes) which mainly refer to the increase of interest income accrued during the reporting period on Intercompany Loan Agreement, and to the decrease of the accessory charges concerning early termination of previous loan with GS/UniCredit. In fact the accessory charges, last year, reflected the non-recurring recognition in the Income Statement, of Euro 4,136 thousand, of the residual value relating to the financial charges capitalised in relation to the previous Loan with Goldman Sachs/Unicredit - repaid in advance on December 21, 2017 following the new debt restructuring (Bond issuance). For further information, reference should be made to the section "Other information - Debt refinancing operations" in the Explanatory Notes.

All the items commented above contributed to a pre-tax profit of Euro 99,132 thousand, compared with Euro 89,953 thousand for the year ended June 30, 2018.

On the other hand, the taxable income increased by Euro 2,104 thousand compared to the previous year because of the increase in turnover and of the Company's operating margin and partially offset by the increase in the deduction of the interest expense transferred to the tax consolidation as per specific regulations of the existing consolidation agreements.

#### **Net financial position**

The cash flow trend has also being characterized by the payment of dividends for Euro 22,938 thousand to Inter Brand as described in detail in the Cash Flow Statement.

#### **Investments**

During this year, the Company made net investments in intangible assets for 39 thousand and in tangible assets for 162 thousand.

Financial fixed assets are related to an Intercompany Loan Agreement (capital share of Euro 129,566 thousand) paid to the Parent Company with an expiration date on December 31, 2022 and to escrow deposits required by 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 own and did not purchase or sell treasury shares, directly or through trust companies or intermediaries, during the period.

### **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 situations afflicting the economy worldwide continued also during this fiscal year. This has had repercussions on financial markets, which were extremely volatile, and negatively affected the major financial institutions. Such risk is mitigated by the fact that 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***

Unsecured credits are carefully monitored and any collection risks are provided with a specific bad debt provision. This risk is partially mitigated by the fact that most of the receivables are concentrated with extremely prestigious parties, which are therefore financially solid and able to honour their debts.

However, it should be noted that part of the receivables is due from Chinese companies and therefore there is the risk that, following government restrictions, the collection of the same may be subject to considerable delays which are unforeseeable and could cause changes in the financial planning put in place by the Management and decrease the financial capacity of the Company, in any case guaranteed by financial support from the New Leading 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 outstanding debts and planned investments using the cash flows produced by operations and the available funds, also taking into account the cash flows guaranteed by media rights, for which receivables have been assigned by the Parent Company to Inter Media in order to satisfy the Bond obligations.

Management of the Company periodically reviews the actual operating performance in order to ascertain whether any estimates and assumptions underlying the recognition of asset and liability items are confirmed and in the case of changes, these are immediately reflected in the Income Statement. With reference to the Bond, the same requires compliance with certain financial covenants as better described in the Explanatory Notes. Any failure to comply with the aforementioned parameters could result in the Bond holders to use the acceleration clause with the consequent need of obtaining significant financial resources in order to immediately repay the residual amount of the Bond (the repayment of which is expected on December 31, 2022 with half-yearly amortization until this deadline and are financed by the cash flows provided for by the Business Plan 2020-2024 whose projections are continuously updated during the year). With reference to the test of compliance, reference should be to what described in the Explanatory Notes. As previously 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 and necessary for the bond's fulfilment, would in any case be guaranteed by the Parent Company, which is on its turn financially supported by the new Majority Shareholder.

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

The Company's revenues are heavily influenced by the sport results of the Parent Company, which is on its turn based on players' performance - which are subject to the possible risk of injury which could affect the Company's economic 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 because, if they are negative or worse than expected, they 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 in place loan for Euro 287.34 million deriving from the bond loan, details of which are provided 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 not significant.

### **Business outlook**

Economic and financial performance in 2019-2020 will be supported by the recurring revenues, which are composed by sponsorship agreements, marketing and management of the Inter Channel TV channel. Results are expected to keep in line with the budget, benefiting from the acquired participation in the 2019-2020 UEFA Champions League.



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**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 placed within the scope of the new debt refinancing (of which Euro 280,794 million long-term and Euro 6,250 million short-term) 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.

**For the Board of Directors**  
The President  
(Zhang Kangyang)





**INTER MEDIA AND COMMUNICATION S.P.A.**  
Financial Statement as of June 30, 2019

Registered office in Viale della Liberazione 16/18  
Share capital of Euro 500,000.00, fully paid-up  
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*Translation from the original version issued in Italian*

BALANCE SHEET - ASSETS	June 30, 2019 <i>amounts in Euro</i>	June 30, 2018 <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	198.266.908	210.384.797
5) Goodwill	88.725.368	94.667.526
6) Under construction and advances	8.621	54.754
Total	287.000.897	305.107.077
II Property, plant and equipment		
2) Plant and machinery	199.097	67.354
4) Other assets	11.592	19.683
Total	210.689	87.037
III Financial fixed assets		
2) Receivables		
c) from parent companies - beyond 12 months	131.444.727	144.943.671
d-bis) Other - within 12 months	107.800	42.612
d-bis) Other - beyond 12 months	10.409.790	10.410.064
Total	141.962.317	155.396.347
TOTAL FIXED ASSETS (B)	429.173.903	460.590.461
C) CURRENT ASSETS		
II Receivables		
1) Trade receivables		
a) within 12 months	79.205.786	76.207.683
4) Parent companies		
a) within 12 months	33.724.955	37.987.003
5) Receivables from companies subject to parent companies control		
a) within 12 months	1.166.520	1.138.703
5 bis) Tax receivables	27.244	316
5 ter) Deferred tax assets	666.610	199.676
5 quarter) Other		
a) within 12 months	5.072	4.636
Total	114.796.187	115.538.017
IV Cash and cash equivalents		
1) Bank and postal deposit accounts	15.664.300	8.510.116
3) Cash on hand	59	59
Total	15.664.359	8.510.175
TOTAL CURRENT ASSETS (C)	130.460.546	124.048.192
D) PREPAYMENT AND ACCRUED INCOME		
II) Prepaid expenses	134.954	254.643
TOTAL ASSETS	559.769.403	584.893.296



**INTER MEDIA AND COMMUNICATION S.P.A.**  
Financial Statement as of June 30, 2019

BALANCE SHEET - LIABILITIES	June 30, 2019 <i>amounts in Euro</i>	June 30, 2018 <i>amounts in Euro</i>
<b>A) SHAREHOLDERS' EQUITY</b>		
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	72.646.068	65.571.192
Total shareholders' equity	<b>182.330.177</b>	<b>175.255.301</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>		
2) For taxes, including deferred	31.040.272	32.963.052
4) others	246.960	246.960
Total	<b>31.287.232</b>	<b>33.210.012</b>
<b>C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES</b>	<b>248.121</b>	<b>172.300</b>
<b>D) PAYABLES</b>		
1) Bond loan		
a) within 12 months	6.550.000	6.250.000
b) beyond 12 months	280.793.825	285.629.729
7) trade payables		
a) within 12 months	3.043.200	3.073.483
11) Parent companies		
a) within 12 months	14.113.788	44.689.194
11-bis) Companies subject to parent companies control		
a) within 12 months	28.764.935	22.596.316
12) Tax payables		
a) within 12 months	377.798	829.908
13) Payables to pension and social security institutions	185.732	146.090
14) Other		
a) within 12 months	277.271	221.121
Total	<b>334.106.549</b>	<b>363.435.841</b>
<b>E) ACCRUALS AND DEFERRED INCOME</b>		
I) Accrued liabilities	83.088	72.385
II) Deferred income	11.714.236	12.747.457
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>559.769.403</b>	<b>584.893.296</b>

**INTER MEDIA AND COMMUNICATION S.P.A.**  
Financial Statement as of June 30, 2019

INCOME STATEMENT	12 months at 30 June 2019 <i>amounts in Euro</i>	12 months at 30 June 2018 <i>amounts in Euro</i>
<b>A) VALUE OF PRODUCTION</b>		
1) Revenues from the sales and services	144.940.820	136.852.144
5) Other revenues and income		
a) miscellaneous income	193.623	552.657
<b>Total</b>	<b>145.134.443</b>	<b>137.404.801</b>
<b>B) PRODUCTION COSTS</b>		
6) Cost of raw materials, supplies and consumables	640.209	488.126
7) Costs of services	11.081.829	9.627.755
8) Costs of rents and leases	117.453	213.820
9) Personnel costs		
a) salaries and wages	2.266.105	1.964.160
b) social security contributions	632.428	527.463
c) employee severance indemnity	154.316	135.645
e) other costs	318.939	238.320
10) Amortisation, depreciation and write-downs		
a) amortisation of intangibles assets	18.143.896	18.139.328
b) depreciation of tangible	38.703	17.958
c) write down of fixed assets	976	-
d) write-down of doubtful account receivables included in current assets	2.542.154	-
13) Other provisions	-	246.960
14) Other operating expenses	243.862	212.742
<b>Total</b>	<b>36.180.870</b>	<b>31.812.277</b>
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)</b>	<b>108.953.573</b>	<b>105.592.524</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
16) Other financial income		
a) from receivables classified as fixed assets		
- from parent companies	6.557.608	5.024.901
- from other companies	197	209
d) other income		
- from third parties	742	2.889
17) Interest and other financial charges		
d) other financial expenses	(16.395.949)	(20.637.089)
17bis) Gains and losses on foreign currency traslation		
a) income from exchange	28.579	4.987
c) losses on exchange	(12.760)	(35.724)
<b>Total (16 - 17)</b>	<b>(9.821.583)</b>	<b>(15.639.827)</b>
<b>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>		
<b>Pre-tax results</b>	<b>99.131.990</b>	<b>89.952.697</b>
20) Current and deferred income taxes		
a) current taxes	(28.875.636)	(26.350.653)
b) deferred tax liabilities	1.922.780	1.923.283
c) deferred tax assets	466.934	45.865
<b>PROFIT FOR THE PERIOD</b>	<b>72.646.068</b>	<b>65.571.192</b>

On behalf of the Board of Directors  
The President  
(Zhang Kangyang)





Euro	12 months at June 30, 2019	12 months at June 30, 2018
<b>Cash flow from operating activities</b>		
Profit for the period	72,646,068	65,571,192
Current taxes	28,875,636	26,350,853
Net Financial Expenses	9,837,402	11,472,541
<b>1. Profit(Loss) for the fiscal year before taxes and interests</b>	<b>111,359,106</b>	<b>103,394,586</b>
<i>Non cash adjustments</i>		
Amortization	16,162,589	16,157,266
Impairment of fixed assets	976	-
Provision for doubtful account receivable impairment	2,542,154	-
Impairment of ancillary costs on Bank Loan	-	4,136,549
Employee severance indemnities	75,621	41,426
Provision for risks and charges	-	246,960
Deferred Tax Assets and Liabilities	(2,369,714)	(1,969,148)
<b>2. Cash flow from operating activities before changes in net working capital</b>	<b>128,770,942</b>	<b>124,007,469</b>
<i>Changes in Net Working Capital</i>		
Variation in trade and other receivables	2,050,036	(52,251,042)
Variation in trade and other payables	(58,124,727)	614,516
Other variations in net working capital	(902,629)	(2,262,469)
<b>3. Cash flow from operating activities after changes in working capital</b>	<b>72,693,422</b>	<b>70,088,434</b>
<i>Other Adjustments</i>		
Taxes paid	(5,105,342)	(6,685,069)
Interests and other financial expenses paid	(14,660,915)	(17,364,753)
<b>A Cash flow from operating activities (A)</b>	<b>53,016,165</b>	<b>46,018,612</b>
<b>Cash flow from investing activities</b>		
Net investments in Intangible Assets	(38,692)	(67,686)
Net investments in Property, Plant and Equipment	(162,355)	(56,071)
<b>B Cash flow from investing activities (B)</b>	<b>(201,047)</b>	<b>(125,767)</b>
<b>Cash flow from financing activities</b>		
<i>Debt Financing</i>		
New Intercompany Loan	(16,407,568)	(140,795,463)
Cash in from Bond Loan issue	-	291,011,955
Bank Loan repayments	-	(208,000,000)
Bond Loan repayments	(6,250,000)	-
Bank Loan security deposit repayments/(integration)	-	21,872,637
New security deposits on Bond Loan issue	-	(10,452,676)
Integration of security deposits on Bond Loan issue	(64,914)	-
<i>Equity Financing</i>		
Dividends	(22,936,433)	-
<b>C Cash flow from financing activities (C)</b>	<b>(45,660,935)</b>	<b>(48,364,347)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>7,154,183</b>	<b>(471,492)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,510,175</b>	<b>8,981,667</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>15,664,359</b>	<b>8,510,175</b>
<i>Non monetary transactions during the fiscal year</i>		
Reserve distribution	(36,464,140)	(28,307,753)
Intercompany compensation for reserve distribution	36,464,140	28,307,753
Compensazione erogazione dividendi a Fc Inter per finanziamento intercompany	-	-
Compensazione debiti intercompany per finanziamento intercompany	-	-

On behalf of the Board of Directors  
The President  
(Zhang Kangyang)



## INTER MEDIA AND COMMUNICATION S.p.A.

Registered office in Viale della Liberazione 16/18

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, 2019

### 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 "Inter Media" or "Company"), is the sole manager and operator of the Parent company F.C. Internazionale Milano S.p.A's media, broadcast and sponsorship business. In particular, Inter Media deals with sponsorship and advertising, marketing of the television archive (*library*) and various brand management activities. The Company also manages the revenues from national television rights on behalf of F.C. Internazionale Milano S.p.A. (hereinafter "Parent Company" or "Fc Inter"), since the related receivables are assigned to Inter Media by the Parent Company.

### Group reorganisation

Inter Media is part of the "F.C. Internazionale" Group, whose Majority Shareholder, as of June 28, 2016, is Suning Holdings Group Co., Ltd. ("Suning Group"), a Chinese multinational company operating in the retail market of consumer electronic and already involved in the football sector in China as owner of the club Jiangsu Suning Football Club, one of China's leading football clubs, participating to the Chinese Super League.

As of June 28, 2016, the shareholders of the Parent Company:

- Great Horizon S.à.r.l 68.55% (wholly owned by Suning Holdings Group Co., Ltd.);
- International Sport Capital S.p.A 31% (referable to Erick Thohir);
- Other minority shareholders 0.4%

In February 2019 the shareholder International Sport Capital HK ("ISC HK"), transferred sold to LionRock Zugiu Limited ("LionRock") – a controlled subsidiary of LionRock Capital, an institutional investor based in Hong Kong – the whole share held by ISC HK into International Sport Capital S.p.A. ISC held 4,626,221,998 shares of FC Inter, representing the 31.05% of the capital stock.

From the entrance of the new shareholder, the FC Internazionale Milano Group expects a support to establish further business and sporting relationship at a global level.

### Significant events that occurred during the year

On 26 October 2018, the Shareholders' Meeting, approved the financial statements as of 30 June 2018 with a net profit of Euro 65,571 thousand and deliberated to distribute it entirely to the Shareholders. During the fiscal year 2019 dividends were paid for Euro 22,938 thousand to the shareholder Inter Brand S.r.l, of which Euro 22,596 thousand to settle the amount due to Inter Brand related to the profit for the fiscal year ended as of June 30, 2017 and Euro 342 thousand as an advance on the amount due related the profit for the fiscal year ended June 30, 2018. Consequently, as of June 30, 2019 the Company presents payables to Inter Brand S.r.l as dividend due for the profit as of June 30, 2018 for Euro 28,765 thousand.

It should also be noted that during the year the entire amount due to the parent company FC Internazionale Milano S.p.A. as a dividend on the profit for the fiscal year ended June 30, 2018 was offset with a financial receivable relating to the *Intercompany Loan* for a total amount of Euro 36,464 thousand.

On June 17, 2019, the Company left its headquarters in Corso Vittorio Emanuele II and moved to the new offices of Inter HQ in Viale della Liberazione in the Porta Nuova area, the new global and technological area in Milan. The new headquarter gives a visual identity of the brand with all the historical champions and colours of the Club.

### Structure and contents of the financial statements

The financial statements, is composed by the Balance Sheet, the Income Statement, the Cash Flow statement and the Explanatory Notes and is supplemented by the Management Report. In particular, Management Report has the purpose to



illustrate and show the analysis of data reported in the financial statements and contains the information required by the art. 2427 C.C..

The Balance Sheet and the Income Statement have been prepared according to the schemes established by Arts. 2424 and 2425 C.C., as modified by Legislative Decree no. 6/2003, as well as by the additions and amendment introduced by the Civil Code with the D.lgs. 139/2015, which adopted the European Accounting Directives 34/2013/EU; these requirements have been also adopted in preparation of the Management Report and these Explanatory Notes.

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

#### **Evaluation criteria and accounting standards**

The financial statements as of 30 June 2019 has been prepared to give a true and fair view of the Company's financial position as at June 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements., as stated in the art. 2423 of the Italian Civil Code. The financial statements as of 30 June 2019 has been prepared according to 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 have been adapted with the amendments introduced to the Civil Code by the D.lgs. 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 with the further amendments issued in December 2017 and in January 2019 to be implemented for the financial statements ended December 31, 2018; the new amendments of January 2019 have not resulted in any discontinuity of assessment and classification in the criteria of preparation of the Financial Statements compared to the Financial Statements for the fiscal year ended June 30, 2018.

The valuation of the items has 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 to account the transactions according to the economic substance rather than to the formal aspects.

It's important to stress that, during the drafting of the Financial Statements as of June 30, 2019 the derogations pursuant to art. 2423, paragraph 4, and 2423 bis, last paragraph, C.C., have not been applied.

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, irrespective of the amortization already recorded, the value of intangible assets 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 net of depreciation. The reversal of an impairment loss is recognized through the income statement.

##### **Concessions, licenses, trademarks and similar rights**

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

The "Historical Library" is related to the purchase of the Rai archive (historical library of images, material and rights relating to Fc. 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 from the date of the Contribution.

Construction in progress and advances related to the cost incurred at point in time for the renewal of the registration of the INTER brands recorded upon acceptance of the registration.

##### **Goodwill**

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

##### **Property, plant and equipment**

Tangible assets are accounted at the cost of purchase, including directly attributable acquisition costs and increased by improvement costs. Annual or periodical maintenance costs, which do not constitute an improvement of the asset, are recorded directly on the Income Statement.

No monetary or economic revaluations according to law were recorded on the financial statements as of June 30, 2019.

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

The annual 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, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost net of depreciation. The reversal of an impairment loss is recognized through the income statement.

#### **Impairment of tangible and intangible assets**

Tangible and intangible assets are analysed annually to identify any indicators of impairment (so-called *impairment test*). If these indicators are present, the recoverable amount of the assets is estimated, 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 cash flows generated by the asset or by the class of asset (CGU). 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, in relation to the investment period and the specific risks of the asset. Impairment loss is recognized in the Income Statement when the book value of the asset is higher than the recoverable value. 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 net of depreciation. The reversal of an impairment loss is recognized through the income statement.

#### **Financial fixed assets**

##### **Receivables included in the financial fixed assets**

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 the Parent company, the amortized cost has not been applied because transaction costs, commissions paid between contracting parties and any other difference between initial value and final value, are not significant.

##### **Trade and other receivables included in the current assets**

Receivables are recognized according to the amortized cost criteria and taking into account of their timing and the expected realizable 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 if the receivables are classified as short-term (i.e. with a maturity of the receivable 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 discounting of future financial flows using market interest rate.

The difference between the nominal value of the receivable and its value on maturity 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, if necessary, by a bad debt reserve, presented as a direct reduction of the value of the receivables to their expected realizable value. The value of that depreciation is equal to the difference between the book value and the value of the estimated financial cash flows, less amounts that are not expected to be received, discounted to the original effective interest rate.

The amount of write-down provision is accounted in the Income Statement.

Receivables in foreign currency under current assets are registered at the current exchange rates on the date when the relative transactions take place. They are adjusted to the year-end exchange rate and any gains or losses are recorded on the Income Statement (in item C17 bis) for the year. Any net profit is set aside 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, deferred income and prepaid expenses**

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 accounting standard applicable for the financial statement of the Company, and includes the value of the net assets contributed in kind by the shareholders at the time of the Contribution 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 2018-2019.

### **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. 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 explanatory notes.

### **Provision for employee severance indemnity**

This reserve reflects the amounts accrued for employees at the end of the period, in accordance with contractual and current legislation. This liability is subject to indexation. It shall be noted that as of January 1, 2007, the Finance Law and its implementing decrees introduced relevant changes in the regulations of employees severance indemnity, including the employee's choice concerning the allocation of severance indemnities occurring (to the supplementary pension funds or to the "Treasury Fund" managed by INPS). The amount accounted in the balance sheet is net of payments to the funds mentioned.

### **Payables**

Payables are recognized according to the amortized cost method, considering the time factor. The amortized cost method is not applied if its effects are irrelevant and for short-term debts (within 12 months). For the amortized cost method, please see on "Receivables included in the current assets" paragraph.

Trade payables in foreign currency are registered at the exchange rate at the date of the transaction.

Then, they are adjusted on a year-end exchange rate and the difference between the two values are registered in the Income Statement (in the line item C17 bis) for the year. The net profit is set apart in a specific reserve, which may be distributed only upon realization..

## **INCOME STATEMENT**

### **Costs and revenues**

Costs and revenue are registered in the financial statements according to the principle of prudence and on an accruals basis, with the related accruals and prepaid income and expenses. Financial income and charges are accounted on the Income Statement on an accruals basis.

In case where delays are granted to customers (revenue) or to the suppliers (costs) not at normal market conditions and without interest charged, the amount that will be collected or paid will be 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 the debt.

### **Income tax**

Taxes are recognised for in accordance with the accruals principle; 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 and deferred income taxes".

### **Deferred tax assets and liabilities**

Deferred tax assets and liabilities emerge when the individual items are recognized for taxation purposes in different periods compared to their accounting recognition period. Specific provisions to deferred tax liabilities are made based on temporary differences. Deferred tax assets including those arising from tax losses are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized, considering the requirements of Law n. 111/2011, which converted Decree Law no. 98/2011 *Urgent measures for financial stabilisation of the country* (2011 corrective measure).



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.

In this regard, it should be noted that these financial statements reflect the calculation of current and deferred taxation using the corporate income tax (IRES) rate of 24% as from 1 July 2017.

## Other information

### *Use of estimates*

For financial statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the financial statements and on the information related to potential assets and liabilities at the financial statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years).

The 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 intangible assets and goodwill.

Regarding the provisions for risks and charges and the write-down of doubtful receivables, 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 (including the goodwill), the Directors performed an impairment test to check the recoverability of the values of assets when preparing the financial statements as of June 30, 2018. The impairment test was performed based on the 2019-2023 economic 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 entail the necessity to write down the intangible assets (including goodwill) and the tangible assets accounted on the Balance Sheet and as of today has never been impaired.

### *Agreements with the Rai Group and Infront*

On June 24, 2011, the Parent Company signed a contract with the Rai for the acquisition, effective from June 30, 2011, of the Rai historical archive of images and videos of the football team (historical archive - material and rights) and the historical archive of broadcasts on Inter Channel 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 the library up to 2041, and also (iii) the right to renew the contract from 30 June 2041 to 30 June 2071. In the financial statements, in relation to this transaction, are recognized deferred income for Euro 11,714 thousands relating to the portion of revenue related to future periods/years for which invoices and the related receivables have been already issued/paid.

On May 2, 2011, the Parent Company entered an agreement with Infront Italy S.r.l. ("Infront"), a leading national and international media company, which digitalised, catalogued and organised the images referred to in the Rai contract for the seasons from 2011-2012 to 2015-2016. On June 21, 2012, an *addendum* to the original contract with Infront S.r.l. was signed which extended the deadline to the 2016-2017 and 2017-2018 football seasons. In addition to commercialization of the archive, the agreement 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 Championship and Tim Cup matches. On 13 May 2014, a further amendment was signed, which extended the duration of the contract to the 2020-2021 season, with a corresponding increase in the fees. This amendment was effective from July 1, 2014.

In conclusion, in March 2014, the 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. This contract was early terminated on June 15, 2018, compared to the original expiration date of June 30, 2018.

### *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 by Inter Brand made two contribution in kind to the Company for those business (herein also defined the "Contribution").

In connection with the abovementioned re-organization, the Company entered into a loan agreement 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.

As already described above, on December 21, 2017, the Company, after having been converted from a limited liability company into a joint-stock company, issued and placed to institutional investors Senior Secured Notes for an amount equal to Euro 300 million, expiring on December 31, 2022 and fixed rate at 4.875% and at the same time FC Inter signed a revolving credit facility for a maximum amount of Euro 50 million, which has been used for Euro 25 million as of June 30, 2019 and in July 2019 for the remaining amount. This transaction led to i) full repayment of the G.S. equal to Euro 202 million at the bond subscription date; ii) generation of new financial resources to be used for the ordinary activities 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 proceeds 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). The amortization of expenses is added to the interest expense calculated at the nominal rate (following the same classification in the Income Statement) so that the effective rate can remain the constant interest rate over the term of the debt to be applied to the book value. It should also be noted that, as part of the Bond indenture, the Company mortgaged the "FC Inter" trademark and FC Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media.

#### *Sponsorship Agreements*

During the previous fiscal years the Company signed sponsorship agreements with Pirelli ("Official Sponsor"), Nike ("Technical Sponsor") and Infront (terminated during the previous fiscal year). Agreement with Infront consist in strategic advice to facilitated stipulation of European sponsorship agreements and ticketing corporate agreements. These activity has been internalized by the Company in the current fiscal year and led to the direct signing of new sponsorship agreements, mainly including Credit Agricole, Trenitalia, Bwin, Lete, Brooks Brothers, Volvo, L'Oréal, Locauto, Pepsi, ePrice, Manpower and finally RCS Mediagroup.

The main Shareholder has contributed significantly to the development of sponsorships in Asia, in particular, 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. In particular, the agreement provides: i) the assignment of the rights to rename the Appiano Gentile sports center (Suning sports center in memory of Angelo Moratti) and the training center of the youth sector (Suning Training Center in memory of Giacinto Facchetti), ii) the rights to apply the Suning brand on official training kits, led, backdrop, including VIP hospitality and tickets dedicated for home games and iii) co-branding rights in Asia.

The contract will expire in June 2020 and provided for an initial non-refundable signing fee of Euro 25 million at the time of the signing and fixed annual fees for Euro 16.5 million until maturity plus bonuses. On December 21, 2017, at the time of Bond issuance, an amendment was signed relating to the Naming Rights part connected to the aforementioned contract with which the distribution of the revenue was assigned to FC Inter for 47% and the 53% remained to the Company. With reference to this agreement, during the year the Company recorded revenues for a total of Euro 18.2 million, including the variable portion linked to bonuses of Euro 9.6 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 at the time of the signing and annual minimum guaranteed fees of Euro 30 million until maturity. This annual minimum amount has been decreased from Euro 30 million to Euro 25 million following an amendment providing the re-purchase by the Company of some categories of sponsorship rights for an amount of 5 million previously included in the agreement. The abovementioned amendment occurred in relation to the signing of a new additional contract with a Chinese marketing agency for which further details will be provided below. The amendment of the agreement includes, among other, 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. Concerning to this contract, the Company, during the fiscal year, has recorded total revenue for an amount of Euro 25 million.

During 2017-2018, the Company has signed an agreement with Beijing Imedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, which expires as of June 30, 2024. In fact, the Company has sold to iMedia the abovementioned part of sponsorship rights which was repurchased as described above. The agreement provided for a non-refundable up-front fee of Euro 23.1 million at the time of the signing and annual payments of Euro 25 million until maturity. During the fiscal year, the Company has recorded Euro 25 million of revenue.

Furthermore, during the same period two multiannual contracts were signed with the Chinese companies Fullshare Holding Ltd. (active in the services sector for tourism and childcare) and King Down Investments Ltd. (an online travel agency, better known

as Lvmama), both expiring on June 30, 2020. Such agreements provided a non-refundable up-front fees of Euro 3.25 million each at the time of the signing and total annual fees of Euro 10 million. It should be noted that both of them has been terminated in advance in May 2019. With reference to these contracts, during the fiscal year the Company recorded revenue for an amount of Euro 20 million.

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



## ASSETS

### Fixed assets

#### Intangible assets

As of June 30, 2019 and June 30 2018, intangible assets amount respectively to Euro 287,001 thousands and Euro 305,107 thousands, with an amortization of the period of Euro 18,144 thousands.

Euro thousand	Balance as of June 30, 2018	Increases	Decreases	Reclass.	Balance as of June 30, 2019	Amortizations as of June 30, 2018	Write-downs	Divestitures	Amortization	Amortization as of June 30, 2019	Net Book Value
Concessions, licences, trademarks and similar rights	337,272	3	-	81	337,356	(126,887)	-	-	(12,202)	(139,089)	198,267
Goodwill	118,843	-	-	-	118,843	(24,176)	-	-	(5,942)	(30,118)	88,725
Construction in progress and advances	55	36	-	(81)	10	-	(1)	-	-	(1)	9
<b>Total</b>	<b>456,170</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>456,208</b>	<b>(151,062)</b>	<b>(1)</b>	<b>-</b>	<b>(18,144)</b>	<b>(169,207)</b>	<b>287,001</b>

The item "Concessions, licences, trademarks and similar rights" includes the value of Rai television archive (historical library - material and rights as previously described), the archive of self-production for the Inter TV channel from 2000 to 2008 and the "Fc Inter" trademark that were contributed in kind to the Company by Fc Inter.

As of 30 June 2019, the "Fc Inter" trademark has a carrying amount of Euro 148,123 thousands, whereas the Library has a carrying amount of Euro 50,144 thousands.

The historical library and the trademark also includes the surplus value arisen from the Contribution as a difference between fair value (as determined by an external appraiser) and the carrying value of the business contributed in kind. The Contribution has also led to a restatement of the useful lifetime of the trademark, which has been established as 20 years starting from 5 June 2014 while for the "Historical Library", the amortisation period is in line with the past (30 years defined on the basis of the appraisal of an independent appraiser).

The increase of the year of Euro 39 thousands refers to the cost incurred for renewing the INTER marks' registration, of which Euro 36 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 calculated as difference between the fair value and the net book value, emerged from the Contribution after the allocation of part of the whole surplus to the caption Concessions, licences, trademarks and similar rights as above described.

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, 2019.

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 purpose of 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 8.37% (versus 8.76% in the fiscal year 2017/2018).

The assumptions used in the preparation of forecast and in the valuation process and the relative cash flows, consider a prudent scenario with reference to sports results of the parent FC Inter (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 majority Shareholder and the operating cost trend estimated consistently with the Parent Company's current organizational structure.

The results of the impairment test that was subject to a sensitivity analysis with the objective of making a "stress test" 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 also considering such stress test.

### Tangible assets

As of June 30, 2019 and as of 30 June 2018, tangible assets amount respectively to Euro 211 thousands and Euro 87 thousands. Depreciation for the period amount to Euro 39 thousands and has been calculated on all the tangible assets depreciated as of June 30, 2019, applying the rates which represent the useful economic and technical lifetime, specified in the evaluation measurement criteria.

Euro thousand	Balance as of June 30, 2018	Increases	Decreases	Balance as of June 30, 2019	Amortizations as of June 30, 2018	Amortization	Amortizations as of June 30, 2019	Net Book Value
Plant and Machinery	80	162	-	242	(13)	(31)	(43)	199
- machinery	80	162	-	242	(13)	(31)	(43)	199
Other assets	43	-	-	43	(24)	(8)	(32)	12
- electronic office machines	23	-	-	23	(15)	(4)	(19)	4
- furniture	4	-	-	4	(0)	(1)	(1)	4
- mobile telephones	16	-	-	16	(9)	(3)	(12)	4
<b>Totale</b>	<b>123</b>	<b>162</b>	<b>-</b>	<b>286</b>	<b>(36)</b>	<b>(39)</b>	<b>(75)</b>	<b>211</b>



The increase of "Plant and machinery" for Euro 162 thousand refers to the purchase of TV devices for the new Inter Tv studies carried out within the new HQ Inter.

#### Financial fixed assets

##### Receivables included in the financial fixed assets

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Receivables from parent companies	131,445	144,944	(13,499)
Other receivables	10,518	10,453	65
<b>Total</b>	<b>141,962</b>	<b>155,396</b>	<b>(13,434)</b>

"Receivables from parent company" amount to Euro 131,445 thousand and refers to the new intercompany Loan Agreement, following the Bond issuance (including principal amount equal to Euro 129,566 thousand and interest Euro 1,879 thousand) which accrues interests of 4.875% + 3-month Euribor every six months and whose repayment of both the principal amount and the interest portion is due by June 30, 2047.

The balance of the item "Other receivables" as of June 30, 2019 amount to Euro 10,518 thousand (Euro 10,453 thousand as of 30 June 2018) and mainly refers to escrow deposit paid as collateral for the bond loan described in the paragraph "Bonds". It should be noted that Euro 10,410 thousand they are due after one year.

For more details with reference to cash flow movements, please refer to the Cash Flow Statement.

#### Operating net asset 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>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Current assets (with excl. Cash at bank and on hand)	114,796	115,538	(742)
Accrued income and prepaid expenses	135	255	(120)
Receivables prepaid expenses due beyond 12 months	-	(9)	9
<b>Operating assets</b>	<b>114,931</b>	<b>115,784</b>	<b>(853)</b>
Payables (excl. Financial Payables)	(17,998)	(48,960)	30,962
Accrued expenses and deferred income	(11,797)	(12,819)	1,022
Payables and deferred income due beyond 12 months	11,290	11,714	(424)
<b>Operating liabilities</b>	<b>(18,505)</b>	<b>(50,065)</b>	<b>31,560</b>
<b>Operating assets and liabilities</b>	<b>96,426</b>	<b>65,719</b>	<b>30,707</b>

The variance as of June 30, 2019 shows a positive balance of Euro 30,707 thousand, caused by the reduction of payables compared to receivables which remain substantially stable.

#### Receivables

Receivables amount to Euro 114,796 thousand and refer to:



<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Trade receivables	82,374	76,834	5,540
Receivables from parent companies	33,725	37,987	(4,262)
Receivables from companies subject to parent companies control	1,167	1,139	28
Tax receivables	27	0	27
Deferred tax assets	667	200	467
Other receivables	5	5	0
<b>Total receivables</b>	<b>117,964</b>	<b>116,164</b>	<b>1,800</b>
(Bad debt provision)	(3,168)	(626)	(2,542)
<b>Total</b>	<b>114,796</b>	<b>115,538</b>	<b>(742)</b>

#### Trade receivables

The amount of Euro 82,374 thousand includes receivables from a diversified range of customers, mainly composed by private companies, connected to the sale of television rights and sponsor agreements, such as: (i) regional sponsors (please refer to paragraph "Other information – Sponsorship contracts") for an amount of Euro 69,992 thousand (Euro 61,766 thousand as of June 30, 2018) part of which will be collected by the date of the Shareholders' Meeting, while for the remaining part the collection deadline will be postponed to March 31, 2020, (ii) Infront for an amount of Euro 3,067 thousand, (iii) LNP Serie A for an amount of Euro 1,457 thousand, (iv) Sky for an amount of Euro 568 thousand (of which invoices to be issued for Euro 256 thousand); (v) Lyonesse Italia for an amount of Euro 488 thousand; (vi) Acque Minerali Italia for an amount of Euro 454 thousand; (vii) IMG Media for an amount of Euro 412 thousand; (viii) Trenitalia for an amount of Euro 306 thousand; (ix) Salumificio Fratelli Beretta for an amount of Euro 226 thousand and (x) RCS Mediagroup for an amount of Euro 181 thousand.

The increase for the year is mainly connected to the increase in the receivables towards the three regional sponsors.

#### Receivables from parent companies

As of June 30, 2019, Receivables from Parent Companies amounts Euro 33,725 thousand (Euro 37,987 thousand as of June 30, 2018) and refer to receivables for a total of Euro 29,495 thousand to Jiangsu Suning Sports Industry (of which invoices to be issued for Euro 3,500 thousand) for the assignment of the rights to rename the Appiano Gentile sports center ("Suning Sports Center in memory of Angelo Moratti") and the training center of the Controllers youth sector ("Suning Training Center in memory of Giacinto Facchetti"), rights for the main visibility of the Suning brand on official training kit, led, backdrop, including VIP hospitality and dedicated tickets for home games, as well as co-branding rights in the Asian territory, and against FC Inter for commercial credits equal to Euro 837 thousand and income from Fiscal Consolidation for Euro 3,393 thousand.

It's important to underline that during July and August, the receivables from Jiangsu Suning Sports Industry have been collected for a total of Euro 19,845 thousand, while for the remain part the collection deadline will be postponed to March 31, 2020.

#### Receivables from companies subject to the control of parent companies

This item amounts to Euro 1,167 thousand as of June 30, 2019 (Euro 1,139 thousand as of June 2018) and relates to receivables from PPLIVE Corporation for the transfer of Inter TV's broadcasting rights in China.

#### Tax receivables

Direct tax receivables, mainly refer to withholding tax receivables of the holding tax and withholding tax receivables on bank interests.

#### Receivables for deferred tax assets

<i>Euro thousand</i>	Balance as of June 30, 2018	Increases	Decreases	Balance as of June 30, 2019
Receivables for deferred tax assets	200	482	(15)	667
	<b>200</b>	<b>482</b>	<b>(15)</b>	<b>667</b>



<i>Euro thousand</i>	Balance as of June 30, 2019		Balance as of June 30, 2018	
	Temporary Differences	Tax	Temporary Differences	Tax
Bad debt Provision	2.493	598	521	125
Losses on exchange by evaluation	37	9	64	15
Provision for risks	247	59	247	59
	<b>2.778</b>	<b>667</b>	<b>832</b>	<b>200</b>

Deferred tax assets amount to Euro 667 thousand as of June 30, 2019 (Euro 200 thousand as of June 30, 2018) and refer to the difference between the taxable value and the carrying value of bad debt provision for Euro 598 thousand, to the exchange losses from evaluation for Euro 9 thousand and to provisions for risk for Euro 59 thousand. The recoverable amount has been established in connection to the Tax Consolidation Agreement and to the future expected taxable profits of the Company. The increase of the year is mainly due to the increase in bad debt provision.

#### Other receivables

Other receivables amount to Euro 5 thousand and relate principally to advance payment to INAIL.

#### Bad debt provision

The change occurred in the year is examined below.

<b>Bad Debt Provision</b>	<b>Bad Debt Provision ex art. 2426 Italian Civil</b>	<b>of which Bad Debt Provision ex art. 106 D.P.R.</b>
<b>Balance as of June 30, 2018</b>	<b>626</b>	<b>105</b>
Use for losses on receivables	-	-
Provisions for the year	2,542	570
<b>Balance as of June 30, 2019</b>	<b>3,168</b>	<b>675</b>

The provision accrued in this fiscal year reflects the analysis of some receivables for which the collectability were considered doubtful.

The composition of receivables by currency is as follows:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018
Receivables in Euro	113.511	114.399
Receivables in CHF	45	-
Receivables in USD	1.239	1.139
	<b>114.796</b>	<b>115.538</b>

#### Cash and cash equivalents

This item consists demand deposit at banks for Euro 15,664 thousand as of June 30, 2019, whereas Euro 8,510 thousand as of June 30, 2018.

Petty cash amounts to Euro 59.

Please see the Cash Flow Statement for further details on the variance of cash and cash equivalents.

#### Accruals and prepaid expenses

The item is detailed below:



<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Accessory charges on Bond Loan	69	70	(1)
Insurance premiums	6	7	(1)
Other prepaid expenses	60	178	(118)
<b>Total</b>	<b>135</b>	<b>255</b>	<b>(120)</b>

The item of "Accessory charges on Bond Loan " amounts to Euro 69 thousand and it includes the the costs incurred annually for the fees linked to the Bond Loan which has been fully paid within the current fiscal year but part of that is related to next year.

The amount shown in "Other prepaid expenses" is equal to Euro 60 thousand, of which Euro 1 thousand has a maturity date after 12 months.

There are no accrued income or prepaid expenses 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
<b>Balance as of June 30, 2017</b>	<b>500</b>	<b>104,997</b>	<b>100</b>	<b>4,088</b>	<b>50,904</b>	<b>160,588</b>
Shareholders' resolution as of October 27, 2017:						
- dividend distribution as of June 30, 2017					(50,904)	(50,904)
Operating result as of June 30, 2018					65,571	65,571
<b>Balance as of June 30, 2018</b>	<b>500</b>	<b>104,997</b>	<b>100</b>	<b>4,088</b>	<b>65,571</b>	<b>175,255</b>
Shareholders' resolution as of October 26, 2018:						
- dividend distribution as of June 30, 2018					(65,571)	(65,571)
Operating result as of June 30, 2019					72,646	72,646
<b>Balance as of June 30, 2019</b>	<b>500</b>	<b>104,997</b>	<b>100</b>	<b>4,088</b>	<b>72,646</b>	<b>182,330</b>

The Shareholders' Meeting of October 26, 2018 approved the distribution in kind to the shareholders of the profit for the year end June 30, 2018 and appointed the Board of Directors to put in place such distribution in kind through the off set of certain receivables.

On February 18<sup>th</sup>, 2019, the Company's Board of Directors partially executed the aforementioned resolution by paying the dividend to the parent company FC Inter, equal to Euro 36,464 thousand through offsetting of the Intercompany Loan Agreement. At the same time, the Board of Directors of the parent company FC Inter also approved such offsetting in the same terms and conditions.

In addition, on the same date, the Shareholders' meeting, resolved to pay in cash a total amount of Euro 22,938 thousand as a dividend due to the shareholder Inter Brand S.r.l., corresponding for Euro 22,596 thousand to the dividends resolved by the Shareholders' Meeting of October 27, 2017 at the time of approval of the financial statements at June 30, 2017 which was not paid yet and for Euro 342 thousand to part of dividend approved by the Shareholders' Meeting of October 26, 2018 at the time of approval of the financial statements as of June 30, 2018. The above payment was made in two tranches of Euro 22,145 thousand on February 25, 2019 and of Euro 793 thousand on April 3, 2019 respectively. In light of the above, the shareholder Inter Brand S.r.l. still has a receivable for residual dividends of Euro 28,765 thousand approved by the Shareholders' Meeting of October 26, 2018, which the Board of Directors has decided to postpone.

### Share capital

The share capital as of June 30, 2019 amounts to Euro 500 thousand.

### Share premium reserve

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

### Statutory reserve

The statutory reserve of Euro 100 thousand, equal to one fifth of share capital, was created, as specified above, on June 30, 2014.

### Retained earnings

The positive amount of Euro 4,088 thousand refers to the residual unallocated profit for the year ended June 30, 2016.

### Availability of reserves

The information required by art. 2427 no. 7 bis C.C. on available and distributable reserves is provided below:

<i>Euro thousand</i>	Balance as of June 30, 2019	Possibility of use	Available	Balance as of June 30, 2018
Share capital	500			500
Reserves:				
Share premium reserve	104,997	A, B e C	104,997	104,997
Statutory reserve	100	B		100
Retained earnings/losses	4,088	A, B e C	4,088	4,088
Profit/loss for the period	72,646	A, B e C	72,646	65,571
<b>Total</b>	<b>182,330</b>		<b>181,730</b>	<b>175,225</b>

*Legend*

A share capital increase

B coverage of losses

C distribution to shareholders

### Provisions for risks and charges, including deferred tax liabilities

#### Deferred tax liabilities

This item amounts to Euro 31,040 thousand and relates to the provision for deferred tax liabilities on the fair value allocated to the "Historical Library" (Euro 26,089 thousand as of June 30, 2019) and the "Fc. Inter" trademark (Euro 85,165 thousand as of June 30, 2019) at the date of the Contribution, since the relative amortisation is not tax-deductible.

The taxation rate originally 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 Balance Sheet as of June 30, 2019 is net of the release allocated to the period (Euro 1,923 thousand).

#### Provisions for risk

At June 30, 2019 provision for risk amount to Euro 247 thousand (all amount allocated in previous years) in order to cover potential probable risk that could arise in liabilities related to the risk of pay back certain amount previously collected in relation to a sponsorship agreement, resolved for which the Company could be in breach of the contract based on what stated by the counterparty.

#### Provision for employee severance indemnity

The change in this item is shown below:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Balance at the beginning of the fiscal year	172	131	41
Use to terminate employment	(27)	(28)	1
Use for INPS payments	(37)	(35)	(2)
Use for other funds	(14)	(32)	18
Provision for the year	154	136	18
<b>Balance at the end of the fiscal year</b>	<b>248</b>	<b>172</b>	<b>76</b>

The total is calculated in relation to contractual obligations and legal requirements.

#### Payables

The balance at 30 June 2019 of Euro 334,107 thousand (Euro 363,436 thousand as of June 30, 2018) is divided as shown below:



<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Bond Loan	287,344	291,880	(4,536)
Trade payables	3,043	3,073	(30)
Payables to parent companies	14,114	44,689	(30,575)
Payables to companies subject to parent companies control	28,765	22,596	6,169
Tax liabilities	378	830	(452)
Social security payables	186	146	40
Other payables	277	221	56
<b>Total payables</b>	<b>334,107</b>	<b>363,436</b>	<b>(29,329)</b>

The most significant change relates to the decrease in "Payables to parent companies" mainly related to payments related to tax consolidation charges of 2017-2018 and 2018-2019.

### **Bond Loan**

As described in the paragraph "Debt refinancing operations", on December 21st, 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%. 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 30 June 2022;
- Euro 273.1 million within December 31, 2022.

The amount is recorded in the balance sheet for Euro 287,344 thousand net of transaction costs of Euro 8,988 thousand according to the amortized cost criterion and net of the repayment of the first two principal instalments on December 31, 2018 and June 30, 2019 respectively. The effective interest rate is equal to 5.5936%, and is defined as the internal rate of return (IRR), constant along the duration of the debt, which makes the current value of the future cash flows deriving from the debt equal to the value at the inception date. As a consequence of this, the interest rate charged to the Income Statement is equal to 5.5936 %

Furthermore, the Bond loan requires compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In brief, the first represents the ratio between the net cash flows from operations and the sum of the financial charges recorded in the balance sheet and the capital payments made in the 12 months preceding the calculation date, or alternatively, if 12 months have not passed, from the date the Bond Loan is drawn up, the period between the stipulation date and the calculation date. The second financial parameter, on the other hand, is calculated using the same factors, determined on the estimated values - as reported in the budget - for the 12 months following the calculation date. The aforementioned parameters are calculated every six months and must result in values greater than or equal to 1.5 and 1.0 respectively. Both the covenants have been respected with reference to the date of June 30, 2019 and based on projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, also taking into account the commitment of the majority shareholder to support the Parent Company and the Group to which the Company belong..

Instalments due in this fiscal year as well as the interests has been regularly paid.

For completeness of information, it should be noted that the amount of the Bond Loan due beyond one year is equal to Euro 280,794 thousand, while there are no amount with a maturity of more than 5 years.

For more information on the evolution of the financial situation in the year, please refer to the Statement of Cash Flow Statement.

### **Trade payables**

The balance is shown below:



<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Current suppliers	1,704	1,870	(166)
Suppliers for invoices to be received	1,339	1,203	136
<b>Total Trade payables</b>	<b>3,043</b>	<b>3,073</b>	<b>(30)</b>

The amount of Euro 3,043 thousand relates principally to commercial and marketing consultancy and to the Inter TV channel for the program and video production and digitalisation activities.

The item in question is entirely due within one year.

#### **Payables to parent companies**

Payables to parent companies amounts to Euro 14,114 and refers to trade payables, including those relating to audiovisual rights from FC Inter to Inter Media for Euro 11,487 thousand (Euro 18,682 thousand at June 30, 2018), and for Euro 2,627 thousand (Euro 26,007 thousand at 30 June 2018) refer to net taxable income to be transferred to the parent company F.C. Inter as a result of tax consolidation agreement.

#### **Payables from companies subject to the control of parent companies**

The item, as better described in the paragraph "Shareholders' equity", refers to the residual portion of profits that Inter Media must distribute as a dividend to Inter Brand, as resolved by the Shareholders' Meeting and the Board of Directors of the former on October 26, 2018 and February 18, 2019 respectively.

#### **Tax payables**

These are represented by the following amounts:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Payables for Irpef on sub. employ. in June	83	69	13
Payables for Irap	225	434	(209)
Payables for VAT	70	326	(256)
<b>Total tax liabilities</b>	<b>378</b>	<b>830</b>	<b>(452)</b>

The item "Payables for IRPEF on subordinated employees for June" refers to the withholding tax paid by the Company in July. Payables for IRAP tax decreased due to higher receivables (for advances) paid by the Company during the year, which were offset with the tax payable accrued for the year.

#### **Social security payables**

The amount, relating to contributions for June, is shown in the table below:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Payables to Inps	22	18	4
Payables to Inail	3	2	1
Payables to Previndai	5	4	0
Payables to Enpals	63	47	17
Payables for holidays accrued but not taken	75	57	18
Payables to other agencies	17	17	(1)
<b>Total</b>	<b>186</b>	<b>146</b>	<b>40</b>

The change over the period is in line with the labour cost.

#### **Other payables**

These are shown below:



<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Payables to employees and collaborators for remuneration accrued and not paid	271	209	62
Other payables	6	12	(6)
<b>Total other payables</b>	<b>277</b>	<b>221</b>	<b>56</b>

Payables to employees include payables for holidays accrued but not used by the employee for Euro 265 thousands (Euro 201 thousand as of June 30, 2018).

Payables in foreign currency are shown below:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018
Payables in Euro	333,997	363,221
Payables in USD	-	122
Payables in GBP	52	93
Payables in RMB	58	-
<b>Total</b>	<b>334,107</b>	<b>363,436</b>

#### Accrued expenses and deferred income

These are provisions relating to charges and revenues occurring during the year but relating to periods after June 30, 2019:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Accrued expenses	83	72	11
Deferred income	11,714	12,747	(1,033)
<b>Total accrued expenses and deferred income</b>	<b>11,797</b>	<b>12,820</b>	<b>(1,023)</b>

Accrued expenses amount to Euro 83 thousand and relate to costs relating to employees and accessory charges (13th month's salary), accrued by the closing date of the financial year, but the payment of which is deferred.

Deferred income relates mainly to:

<i>Euro thousand</i>	Balance as of June 30, 2019	Balance as of June 30, 2018	Variation
Sponsorship - Regional	-	600	(600)
Rai Archive-Infront	11,714	12,137	(423)
Others	-	10	(10)
<b>Total deferred income</b>	<b>11,714</b>	<b>12,747</b>	<b>(1,033)</b>

As indicated in the paragraph "Other information - Agreements with the Rai Group and Infront" and in the comment on the item "Trade receivables", the portion of deferred income relating to the "RAI Archive-Infront" represents income already collected but related to future years connected to the sale of rights on use of the historical library.

As of June 30, 2019, there are deferred income falling due after 12 months for Euro 11,290 thousand and Euro 9,681 thousand falling due after 5 years.



## Analysis of the items on the Income Statement

### VALUE OF PRODUCTION

#### Revenues from the sales and services

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

Revenues on services are shown below:

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
- Official Sponsor	19,108	16,293	2,815
- Technical Sponsor	10,000	4,250	5,750
- Sponsor Infront	-	14,327	(14,327)
- EU Global in house sponsorship	12,254	-	12,254
- Regional sponsorships	89,095	87,629	1,466
- Rai Archive - Infront	9,773	9,772	1
- Inter Tv	3,992	3,921	71
- Infront audiovisual production	650	650	-
- Licensing	69	10	59
<b>Total revenues from sales and services</b>	<b>144,941</b>	<b>136,852</b>	<b>8,089</b>

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 Round 16 of UEFA Europa League 2018-2019 and in the UEFA Champions League 2019-2020 for Euro 2,163 thousand and Euro 6,490 thousand respectively.

The increase in revenues related to the "Technical Sponsor" compared to the previous year is connected to the participation in the UEFA Champions League in the previous season.

The item "Sponsorship Infront" for the year end June 30, 2018, (for which the agreement expired in June 2018) included the portion of revenues pertaining to the contract in force from 2014-2015 with Infront Italy S.p.A. for the development of promotional and advertising activities as described elsewhere in this explanatory notes to the financial statements, has been replaced by the item "Sponsorship EU Global in house" because in the current year the Company decided to sell directly the promotional and advertising spaces without relying on the collaboration of external intermediaries such as Infront.

The item "Revenues from sales and services" shows an overall increase mainly due to the increase in revenues for "Sponsorship Regional", for which more details are provided "Other information - Sponsorship contracts" to which reference should be made, as well as revenues related to the "Official Sponsor" and "Technical Sponsor" directly related to the participation of the Parent Company's First Team in European competitions in the 2018-2019 season as described above in this paragraph. Such increase is partially compensated by the reduction of "Sponsorship Infront" and the "Sponsorship EU Global in house" mainly because of the loss of the sponsor TIM which in the previous financial year produced revenues for Euro 3,100 thousand.

Please refer to the Management Report for further details on economic performance for the current fiscal year.

#### Other revenue and income

This item is shown below:

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Other Revenue and income	194	553	(359)
<b>Total revenues from sales and services</b>	<b>194</b>	<b>553</b>	<b>(359)</b>

These revenues mainly include previous year income totaling Euro 181 thousand (Euro 534 thousand at 30 June 2018), which are mainly related to media and licensing revenues pertaining to the previous year but defined and recognized after the end of the year. The decrease is mainly due to the fact that in the last financial year this item included the recognition of the non-recurring gain of Euro 500 thousand pertaining to the financial year 2016-2017 by the "Official Sponsor" for the failure to organize the "Pirelli Cup" trophy, which was defined by the parties in June 2018.



## PRODUCTION COSTS

### Costs of raw materials, supplies and consumables

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Consumables	640	486	154
Capital goods < € 516,46	-	2	(2)
<b>Total</b>	<b>640</b>	<b>488</b>	<b>152</b>

The increase of Euro 154 thousand related to "Consumables" is due essentially to the growth on the purchase of goods required by certain sponsorship agreements for 2018-2019.

### Costs for services

This item includes:

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Insurance and welfare	51	56	(5)
Bank charges	6	11	(4)
Commission payable	56	8	48
Sundry utilities	55	58	(3)
Statutory auditors emoluments	65	60	5
Auditing firm's emoluments	29	29	0
Sundry consultancy services	1,546	1,276	269
Entertainment, public relations and gifts	183	183	(1)
Billboards	133	100	32
External events	114	402	(288)
Advertising expenses	61	881	(820)
Inter Tv	3,517	3,651	(134)
Costs of television archive marketing - Infront	250	250	-
Shipping and transport costs	13	8	5
Service Agreement	5,000	2,619	2,381
Sundry costs	3	35	(32)
<b>Total</b>	<b>11,082</b>	<b>9,628</b>	<b>1,455</b>

The costs for "Sundry consultancy services" include Euro 1,413 thousand (Euro 1,142 thousand as of June 30, 2018) related to business consultancy, media and digital contents and Euro 133 thousand (Euro 134 thousand as of June 30 2018) related to tax and legal administrative consultancy.

The item "Advertising expenses" decreased significantly due to the decrease in the costs of barter transactions providing exchanging goods for advertising spots which amount to Euro 61 thousand as of June 30, 2019 (Euro 162 thousand as of June 30, 2018), as well as to the fact that FC Inter did not charge back the costs for season tickets envisaged in the related sponsorship contracts recognized to sponsors compared to the previous financial year (Euro 719 thousand as of June 30, 2018), as this cost is now included in the cost of the services contract between the Company and the Parent Company with reference to which we will refer shortly below.

With reference to the item "Intercompany Service Agreement" between the Company and FC Inter, the increase in the reference period is due to the fact that this year the cost was recognized for the entire year, while in the previous year the cost was prorated from December 17, 2017 until June 30, 2018.

### Costs for rents and leases

Costs of rents and leases are shown below:

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Rents payables	62	8	54
Sundry fees and licenses on use	15	18	(3)
Sundry rental costs	40	188	(148)
<b>Total</b>	<b>117</b>	<b>214</b>	<b>(97)</b>

The item "Sundry Rental costs" decreased significantly due expiration of the sponsorship agreement with Infront which included the possibility for the Company to pay certain rental of minor equipment in exchange of goods. Meanwhile, the costs for "Rent payable" increased by Euro 54 thousand, mainly due to the expenses incurred for the location of the Work Shop 2019.

#### Personnel costs

Personnel costs are shown below:

<i>Euro thousand</i>	12 months at June 30, 2019		12 months at June 30, 2018	
	Managers	Other	Managers	Other
Salaries and wages	488	1,778	532	1,432
Social security contributions	113	520	121	406
Employee severance indemnity	32	122	38	98
Other costs	55	264	74	164
	<b>688</b>	<b>2,684</b>	<b>765</b>	<b>2,101</b>
<b>Total Personnel costs</b>	<b>3,372</b>		<b>2,866</b>	

Personnel costs at June 30, 2019 increased by Euro 506 thousand compared to the previous year, mainly due to new hires and non-recurring charges for terminations and leaving incentives.

The average workforce of the Company is shown below:

<i>Average workforce</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Managers	3	3	-
Clerical employee	3	3	-
Office staff	38	28	10
<b>Total</b>	<b>44</b>	<b>34</b>	<b>10</b>

#### Amortisation, depreciation and write-downs

##### Amortisation, depreciation of intangible and tangible assets

Please see the evaluation criteria of fixed assets for amortisation.

##### Write-down of doubtful account receivables included in current assets

The provision for the period of Euro 2,542 thousand prudently reflects the updated assessment of the risk of uncollectability of specific credit positions. For further information, reference should be made to the note on "Bad Debt Provision".

##### Provision for risks

The amount Euro 247 thousand, at as of 30, June 2018, referred to a provision for the details of which can be found in the note to the paragraph "Provision for risks and charges".

#### Other operating expenses

Other operating expenses are shown below:



<b>Euro thousand</b>	<b>12 months at June 30, 2019</b>	<b>12 months at June 30, 2018</b>	<b>Variation</b>
Sundry taxes and levies	33	30	3
Catering and stadium preparation	52	5	47
Extraordinary expenses	147	164	(18)
Donations	10	-	10
Various	2	13	(11)
<b>Total</b>	<b>244</b>	<b>213</b>	<b>31</b>

The item "Catering and stadium preparation" includes costs linked to matches of the Parent Company's main Team, directly referable to activities performed in the sales area during the event for *sponsors*, as envisaged by the relative sponsorship agreements. The increase is directly related to the participation of the Parent Company's First Team in European competitions during the 2018-2019 football season.

The item "Extraordinary expenses" amounting to Euro 147 thousand refers to the costs related to previous year but charges in the Income Statement of this year. The amount of euro 10 thousand included in the item "Charitable donations" refers to the contribution paid to the non-profit organisation Save the Children Italia for the Company's participation in the "Light points in Italy" campaign.

#### Financial income and expenses

<b>Euro thousand</b>	<b>12 months at June 30, 2019</b>	<b>12 months at June 30, 2018</b>	<b>Variation</b>
<i>Financial income from receivables in fixed assets:</i>			
- from parent companies	6,558	5,025	1,533
- others	0	0	(0)
<i>Other financial income:</i>			
- others	1	3	(2)
<b>Total financial income</b>	<b>6,559</b>	<b>5,028</b>	<b>1,531</b>
<i>Financial expenses</i>			
- on bond	(16,264)	(8,546)	(7,718)
- on bank for loans	27	(5,761)	5,788
- amortization of accessory changes in loans	-	(1,295)	1,295
- accessory changes on loans	(147)	(5,014)	4,867
- others	(13)	(22)	9
<b>Total financial expenses</b>	<b>(16,396)</b>	<b>(20,637)</b>	<b>4,241</b>
<b>Total financial income and expenses</b>	<b>(9,837)</b>	<b>(15,609)</b>	<b>5,772</b>

#### Financial income

This item totals Euro 6,559 thousand and mainly refer to the interest accrued on the Intercompany Loan Agreement of 131,445 million euros to the Parent Company, described in the paragraph "Receivables recorded under financial assets".

#### Financial expenses

In 2018, financial charges on the G.S. Loan which was terminated on December 21, 2017, where applicable, were recognized gross of any tax withholdings which the Company had assumed to pay in accordance with the contractual provisions. The decrease of Euro 4,241 thousand compared to the comparative period is directly related to the decrease in charges from the Goldman Sachs/Unicredit loan and the Bond Loan as described in greater detail in the section "Other information - Debt refinancing operations".

Interest expense on "Bond Loan" are calculated according to the amortized cost criterion and amount to Euro 16,264 thousand. For further details please see on "Payables" paragraph.

### Gains and losses on foreign currency translation

These are shown below:

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
Income from exchange	29	5	24
Losses on exchange	(13)	(36)	23
<b>Total</b>	<b>16</b>	<b>(31)</b>	<b>47</b>

The effects on receivables and payables in foreign currency, deriving from exchange rate fluctuations after June 30, 2019, are not significant.

### Current and deferred income taxes

The item totalled Euro 26,486 thousand (Euro 24,382 thousand as of June 30, 2018).

The provision in income tax for the year was made based on the tax rate required by the current regulations.

<i>Euro thousand</i>	12 months at June 30, 2019	12 months at June 30, 2018	Variation
<b>Current taxes:</b>			
- IRES (tax consolidation charges)	(23,979)	(21,685)	(2,294)
- IRAP	(4,897)	(4,666)	(231)
<b>Deferred tax liabilities</b>	<b>(28,876)</b>	<b>(26,351)</b>	<b>(2,525)</b>
- Release of IRES and IRAP deferred tax liabilities on amortisation from allocation of goodwill	1,923	1,923	-
<b>Total Deferred tax liabilities</b>	<b>1,923</b>	<b>1,923</b>	<b>-</b>
<b>Deferred tax assets</b>			
- On Bad Debt provision	473	-	473
- Release of Ires perpaid taxes due to release of bad debt provision	-	(18)	18
- On exchange losses from evaluation	9	16	(7)
- Release of IRES on exchange losses	(15)	(11)	(4)
- On provisions for risk	-	59	(59)
<b>Total Deferred tax assets</b>	<b>467</b>	<b>46</b>	<b>(52)</b>
<b>Total Taxes</b>	<b>(26,486)</b>	<b>(24,382)</b>	<b>(2,104)</b>

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

### IRES (tax consolidated charges)

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



<b>IRES (tax consolidated charges)</b>		<b>Euro thousand</b>
Pre-tax result	99,132	
Theoretical tax burden ( 24%)		23,792
Increases	15,213	
Decreases	(637)	
Losses from previous years	-	
Taxable base transferred to the Group	113,708	
<b>IRES for the period</b>		<b>27,290</b>

## **IRAP**

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

<b>IRAP</b>		<b>Euro thousand</b>
Difference between value and costs of production (according to balance sheet)	108,954	
Irapi adjustments	5,915	
Difference between value and cost of production	114,869	
Costs not deductible for IRAP	13,093	
Obligatory accident insurance contributions (Inail)	(6)	
Deduction for long-term employment (tax wedge)	(1,975)	
Welfare and social security contributions (tax wedge)	(499)	
Total	125,482	
Theoretical tax burden (3.90%)		4,894
Irapi taxable base	125,482	
<b>IRAP for the period</b>		<b>4,894</b>

The Company used deferred tax liabilities for Euro 1,923 thousand during the period, as described in detail in the paragraph "Provisions for risks and charges, including deferred tax liabilities" and also provisions and utilizations for net deferred tax assets for Euro 467 thousand, as a result of:

- provisions for risk for Euro 473 thousand;
- provisions on losses on foreign currency's valuation for Euro 6 thousand.

## **Related party transactions**

Economic and financial transactions with related party occurred during the year are showed below:

<b>Euro thousand Company</b>	<b>Nature of relationship</b>	<b>Receivables/Accruals as of June 30, 2019</b>	<b>Payables/Accrued Income as of June 30, 2019</b>	<b>Revenue as of June 30, 2019</b>	<b>Costs as of June 30, 2019</b>
F.c. Internazionale Milano S.p.A. (parent company)	Commercial/Services	837	324	5	5,000
F.c. Internazionale Milano S.p.A. (parent company)	Credit assignment	-	10,983	-	-
F.c. Internazionale Milano S.p.A. (parent company)	Financial	131,445	-	6,558	-
F.c. Internazionale Milano S.p.A. (parent company)	tax consolidation charges	3,393	2,627	-	-
F.c. Internazionale Milano S.p.A. (parent company)	Dividends	-	-	-	-
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	29,485	180	18,215	-
PPLIVE Corporation Limited	Commercial	1,167	-	-	-
Inter Brand S.r.l.	Dividends	-	28,765	-	-
M-I Stadio S.r.l.	Commercial	-	27	-	39
<b>Total</b>		<b>166,327</b>	<b>42,906</b>	<b>24,778</b>	<b>5,039</b>

No further significant transactions with related parties were made.  
Each transaction with related parties were carried out under normal market conditions.

#### **Emoluments for the Directors, Statutory Auditors and Independent Auditing Firm**

The emoluments paid as of June 30, 2019 to the statutory auditors and to the Audit Firm for the activities performed for certification of the financial statements and other auditing activities, totalled Euro 65 thousand and Euro 29 thousand respectively. 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 type of share.

#### **Number and characteristics of other financial instruments issued by the Company**

The Company does not have any other financial instruments further than the one described in the financial statements.

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

The Company does not have any of the above items.

#### **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 course of the fiscal year the Company did not stipulate any agreements for which the effects are not reflected in the Balance Sheet.

#### **Nature and effect balance, financial and economic of facts occurred after 30 June 2017 (Article 2427 – 22 quarter Civil Code)**

Nothing particularly significant to report.

#### **Discipline on transparency of public grants and subsidies**

The entry into force of Law 124/2017, Article 1 (125) to (129), subsequently supplemented by the "Security" Decree Law (No. 113/2018) and the "Simplification" Decree Law (No. 135/2018) has introduced a number of advertising and transparency obligations to a plurality of individuals who have economic relations with the Public Administrations. Article 1, paragraph 125 provides for the publication of information on grants, contributions, remunerated engagements and, in any case, economic advantages received in the period of more than Euro 10 thousand. Companies fulfil their obligation by publishing this information in the Notes of the financial statements and in the Notes of the consolidated financial statements, where it exists.

In accordance with this obligation, it is indicated below, adopting the cash criterion of subsidies, contributions, remunerated engagements and, in any case, economic advantages of any kind received in the period of more than Euro 10 thousand.

- During the fiscal year ended June 30, 2019, the Company did not receive public grants and subsidies to be reported.



Administration and coordination

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

The data on the last approved financial statements of the Company providing management and coordination is attached below.

#### FINANCIAL STATEMENTS OF FC INTERNAZIONALE MILANO S.p.A. AS OF 30 JUNE 2018

FINANCIAL STATEMENTS OF FC INTERNAZIONALE MILANO S.p.A. AS OF JUNE 30, 2018		Euro
BALANCE SHEET		Balance as of June 30, 2018
<b>ASSETS:</b>		
A) Receivables from Shareholders for unpaid capital contribution		-
B) Fixed assets		458,110,639
C) Current assets		300,807,156
D) Prepayment and accrued income		14,906,193
<b>Total assets</b>		<b>773,823,988</b>
<b>LIABILITIES:</b>		
A) Shareholders' equity:		
Share capital		19,195,313
Reserves		131,943,339
Loss for the current period		(63,295,253)
B) Provisions for risks and charges		359,185
C) Reserve for employee severance indemnity		446,929
D) Payables		668,108,986
E) Accruals and deferred income		17,065,489
<b>Total liabilities</b>		<b>773,823,988</b>
INCOME STATEMENT		Balance as of June 30, 2018
A) Value of production		212,420,821
B) Production costs		(305,970,526)
C) Financial income and expenses		11,440,842
D) Value adjustments to financial assets		(177,480)
Current and deferred income taxes for the current period		18,991,090
<b>Loss for the current period</b>		<b>(63,295,253)</b>

#### Profit allocation proposal

It has been proposed that the profit for the year of Euro 72,646,068 thousand, submitted to the examination and resolution of the Shareholders' Meeting, specifically called by the Directors for the day of October 28, 2019, should be distributed as follows:

Profit as of June 30, 2019	72,646,068
Gains on unrealized change reserve	27,499
Dividend distribution to FC Inter	40,370,398
Dividend distribution to Inter Brand	32,248,171

These financial statements, comprising the Balance Sheet, Income Statement and Explanatory Notes, give a true and fair view of the financial position of Inter Media and Communication S.p.A. as at June 30, 2019, and of its financial performance and correspond to the accounting records.

For the Board of Directors  
The President  
(Zhang Kangyang)



## INTER MEDIA AND COMMUNICATION S.p.A.

Sede sociale in Milano – Viale della Liberazione 16/18

Capitale Sociale Euro 500.000,00 = i.v.

Codice Fiscale n. 08651600960

Società soggetta all'attività di direzione e coordinamento di F.C. Internazionale Milano S.p.A

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### RELAZIONE DEL COLLEGIO SINDACALE SUL BILANCIO D'ESERCIZIO CHIUSO IL 30/06/2019 AI SENSI DELL'ART. 2429 – COMMA 2 DEL CODICE CIVILE

All'Assemblea dei Soci della società INTER MEDIA AND COMMUNICATION S.p.A.

Signori Azionisti,

il bilancio dell'esercizio chiuso al 30 giugno 2019 della società INTER MEDIA AND COMMUNICATION S.p.A. (di seguito anche "Società"), redatto dagli amministratori, è stato approvato dal Consiglio di Amministrazione in data 26 settembre 2019 e trasmesso al Collegio Sindacale unitamente ai prospetti, agli allegati di dettaglio ed alla relazione sulla gestione.

Vi ricordiamo che l'Assemblea dei Soci ha deliberato di affidare, ai sensi e per gli effetti dell'art. 2409-bis del Codice civile e degli artt. 13 e 14 del D.Lgs. 39/10, l'incarico per lo svolgimento dell'attività di revisione legale dei conti della Società alla società di revisione Deloitte & Touche S.p.A., a cui pertanto compete l'espressione del giudizio professionale in relazione alla revisione legale dei conti.

Non essendo pertanto a noi demandato il controllo analitico di merito sul contenuto del bilancio, abbiamo vigilato sull'impostazione generale data allo stesso, nonché sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura.

#### 1. Vigilanza in ordine al bilancio di esercizio e alla relazione sulla gestione

La norma in tema di relazione dei sindaci pone a carico del Collegio Sindacale l'obbligo di riferire all'Assemblea sui risultati dell'esercizio sociale.

Lo Stato patrimoniale evidenzia un utile di periodo di Euro 72.646.068 e si riassume nei seguenti valori:

Immobilizzazioni	euro	429.173.903
Attivo circolante	euro	130.460.546
Ratei e risconti attivi	euro	134.954
<b>Totale attivo</b>	<b>euro</b>	<b>559.769.403</b>
Patrimonio Netto	euro	182.330.177
TFR - Fondi rischi ed oneri	euro	31.535.353



Debiti	euro	334.106.549
Ratei e risconti passivi	euro	11.797.324
<b>Totale passivo</b>	<b>euro</b>	<b>559.769.403</b>

Il Conto Economico presenta, in sintesi, i seguenti valori:

Valore della produzione	euro	145.134.443
Costi della produzione	euro	36.180.870
<b>Differenza</b>	<b>euro</b>	<b>108.953.573</b>
Proventi e oneri finanziari	euro	(9.821.583)
Proventi e oneri straordinari	euro	
<b>Risultato prima delle imposte</b>	<b>euro</b>	<b>99.131.990</b>
Imposte sul reddito	euro	(26.485.922)
<b>Utile (Perdita) dell'esercizio</b>	<b>euro</b>	<b>72.646.068</b>

La Deloitte & Touche S.p.A. ha ultimato la propria revisione del bilancio e ha rilasciato la propria relazione in data 11 ottobre 2019 con la quale certifica che "[...] il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 30 giugno 2019, 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.", "[...] la relazione sulla gestione è coerente con il bilancio di esercizio di Inter Media and Communication S.p.A. al 30 giugno 2019 ed è redatta in conformità alle norme di legge."

Il Collegio Sindacale nella sua attività di vigilanza sul bilancio d'esercizio ha verificato l'osservanza, da parte degli amministratori, delle disposizioni del Codice civile sul procedimento di formazione, controllo e approvazione del bilancio.

L'esame sul bilancio è stato svolto facendo riferimento alle norme di legge che disciplinano il bilancio d'esercizio interpretate e integrate dai corretti principi contabili enunciati dai Consigli nazionali dei Dottori Commercialisti e dei Ragionieri così come modificati dall'Organismo Italiano di Contabilità (O.I.C.) in relazione alla riforma del diritto societario.

In particolare è stato verificato:

- che gli schemi di stato patrimoniale e conto economico siano conformi alle disposizioni del Codice Civile e che gli stessi presentino ai fini comparativi i valori dell'esercizio precedente;
- che la valutazione delle voci di bilancio sia stata fatta ispirandosi ai criteri generali di prudenza e competenza nella prospettiva della continuazione dell'attività;
- che nella nota integrativa siano stati indicati i criteri di valutazione seguiti, che siano conformi a quanto disposto dall'art. 2426 del Codice Civile ed ai principi contabili adottati e che siano i medesimi del bilancio relativo all'esercizio precedente;

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- la completezza e la chiarezza informativa della nota integrativa e della relazione sulla gestione alla luce dei principi di verità, correttezza e chiarezza stabiliti dalla legge;
- che la relazione sulla gestione fornisca adeguate informazioni sui principali rischi e incertezze, di natura sia organizzativa sia funzionale, cui la Società è esposta;
- la rispondenza del bilancio ai fatti e alle informazioni di cui il Collegio Sindacale è a conoscenza a seguito della partecipazione alle riunioni degli organi sociali, dell'esercizio dei suoi doveri di vigilanza e dei suoi poteri di ispezione e controllo.

Nella Nota integrativa – redatta rispettando il contenuto obbligatorio richiesto dall'art. 2427 del Codice Civile – il Consiglio di Amministrazione ha illustrato il contenuto delle singole voci del bilancio, chiarendo i criteri di valutazione applicati e fornendo i dettagli necessari all'illustrazione della situazione patrimoniale e finanziaria della Società e del risultato economico dell'esercizio.

La Relazione sulla gestione illustra la situazione della Società e l'andamento della gestione nel suo complesso ed è stata redatta secondo le disposizioni di cui all'art. 2428 del Codice Civile.

Nell'ambito della Nota integrativa e della Relazione sulla gestione gli Amministratori hanno adempiuto gli obblighi informativi in materia di direzione e coordinamento di cui all'art. 2497-bis, 4° e 5° comma, del Codice Civile. In particolare il Collegio Sindacale prende atto che l'attività di direzione e coordinamento effettuata dalla società di F.C. Internazionale Milano S.p.A.

Per quanto a conoscenza del Collegio Sindacale, gli Amministratori, nella redazione del bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, 4° comma, e 2423 bis, 2° comma, del Codice Civile.

In particolare ex art. 2426, n. 6 c.c., abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello stato patrimoniale di un avviamento iscritto al 30/06/2019 per euro 88.725.368 in relazione al quale, rinviando alla nota integrativa, si evidenzia come gli amministratori, hanno supportato la valorizzazione in commento commissionando all'esperto indipendente EY S.p.A. un test di *impairment* al 30/06/2019.

A giudizio del Collegio Sindacale, la valutazione del patrimonio sociale è stata effettuata in conformità ai criteri dell'art. 2426 del Codice Civile.

## 2. Attività di vigilanza

A partire dalla data di nomina del Collegio Sindacale, avvenuta con Assemblea dei Soci del 28 giugno 2016, e fino alla chiusura dell'esercizio al 30 giugno 2019, abbiamo proceduto al controllo sul rispetto dei principi di corretta amministrazione ed alla vigilanza sull'osservanza della Legge e dello Statuto in linea con i suggerimenti indicati nelle Norme di Comportamento del Collegio Sindacale raccomandate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

Nel corso del nostro mandato non sono pervenute al Collegio Sindacale denunce ai sensi dell'art.

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2408 del Codice Civile e non abbiamo avuto notizia di esposti o di segnalazioni, anche da terzi, né si sono evidenziate le situazioni di cui all'art. 2409 dello stesso Codice Civile per le quali il Collegio Sindacale dovesse attivarsi per richiederne l'applicazione.

Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi fatti significativi tali da richiederne la menzione nella presente relazione.

Nel corso del nostro mandato non abbiamo rilasciato pareri previsti dalla Legge, dato che non sono state poste in essere operazioni o delibere che lo richiedessero.

Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la menzione nella presente Relazione.

Il Collegio Sindacale ha acquisito conoscenza e vigilato sull'adeguatezza della struttura organizzativa della Società attraverso osservazioni dirette, raccolta di informazioni e incontri con i responsabili delle diverse funzioni.

La struttura organizzativa – per gli aspetti di competenza del Collegio Sindacale – è stata ritenuta adeguata in rapporto ai livelli di operatività attuali della Società.

In relazione alla struttura amministrativa e sul rispetto dei principi di corretta amministrazione – per gli aspetti di competenza del Collegio Sindacale – non vi sono particolari osservazioni da effettuare.

In merito all'adeguatezza del sistema informativo/contabile e sulla sua affidabilità a rappresentare i fatti di gestione, il Collegio Sindacale non ha riscontrato alcun fatto censurabile.

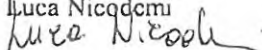
In materia di "fatti di rilievo" avvenuti nel corso dell'esercizio e successivi alla chiusura dello stesso, si rinvia al contenuto della nota integrativa e relazione sulla gestione predisposte dagli Amministratori ed accluse al bilancio di esercizio.

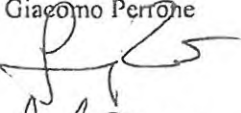
### 3. Conclusioni

Considerato quanto riassunto nei paragrafi precedenti e considerando anche le risultanze dell'attività svolta dal soggetto incaricato della revisione legale dei conti, proponiamo all'Assemblea di approvare il bilancio d'esercizio chiuso al 30/06/2019 così come redatto dagli Amministratori ed esprimiamo parere favorevole alla proposta in merito all'utile dell'esercizio.

Milano, 11 ottobre 2019.

### II. COLLEGIO SINDACALE

Luca Nicodemi  


Giacomo Perrone  


Alessandro Padula  


## 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, 2019, 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, 2019, 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, 2019, 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, 2019 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, 2019 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 11, 2019

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