



**INTER**

**Inter Media and Communication S.p.A**

As the issuer of

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

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

For the three months ended 30 September 2019

Date: 28 November 2019

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# Honours



## SERIE A CHAMPIONSHIP

**18**

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



## ITALIAN CUP

**7**

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



## ITALIAN SUPER CUP

**5**

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



## UEFA CHAMPIONS LEAGUE

**3**

1963/64 1964/65 2009/10



## UEFA CUP

**3**

1990/91 1993/94 1997/98



## INTERCONTINENTAL CUP

**2**

1964/65 1965/66



## FIFA CLUB WORLD CUP

**1**

2010/11



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## GENERAL INFORMATION

### INTRODUCTION

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

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

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



## CORPORATE BOARDS, MANAGEMENT AND AUDITORS

### MediaCo Board of Directors

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

### MediaCo Senior Management

Alessandro Antonello	Chief Executive Officer - Corporate
Giuseppe Marotta	Chief Executive Officer - Sport
Javier Zanetti	Vice President
Tim Williams	Chief Financial Officer
Matteo Pedinotti	Chief Communications Officer
Luca Danovaro	Chief Marketing Officer
Piero Ausilio	Chief Sport Officer
Jaime Colas Rubio	Chief Commercial Officer (since August 19 <sup>th</sup> , 2019)

### MediaCo Board of Statutory Auditors

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

### MediaCo Independent Auditors

Deloitte & Touche S.p.A.



## REFINANCING TRANSACTION

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

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

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

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



## FINANCIAL INFORMATION

### INTRODUCTION

The financial information presented in this section is based on the unaudited interim financial statements of MediaCo as of and for the three-month period ended September 30, 2019 (the "Interim Financial Statements").

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

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

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

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

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

### FORWARD-LOOKING STATEMENTS

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





## INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Revenue	30,966	22,440
Other Income	10	24
<b>Total revenue</b>	<b>30,976</b>	<b>22,464</b>
Personnel costs	634	806
Cost of services	2,507	2,425
Other operating costs	213	225
Depreciation and amortization	4,578	4,576
<b>Total operating costs</b>	<b>7,932</b>	<b>8,032</b>
<b>Operating profit</b>	<b>23,044</b>	<b>14,432</b>
Net financial expenses	(2,332)	(2,280)
<b>Profit before tax</b>	<b>20,712</b>	<b>12,152</b>
Income taxes	(5,578)	(3,551)
<b>Profit for the period</b>	<b>15,134</b>	<b>8,601</b>



## BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at 30 September 2019 compared with 30 June 2019.

	As at	
	June 30 2019	September 30 2019
<i>(in thousands of €)</i>		
<b>Non-current assets</b>		
Intangible assets	287,001	282,445
Property, plant and equipment	211	277
Financial assets	10,410	10,410
Loan to parent company	131,445	155,968
Prepaid expenses	22	17
<b>Non-current Assets</b>	<b>429,088</b>	<b>449,116</b>
<b>Current assets</b>		
Financial assets	108	10,420
Trade receivables	79,206	103,880
Trade receivables from parent companies and their affiliated	34,891	17,842
Deferred tax assets	667	677
Other receivables	5	5
Prepaid expenses	113	54
Cash at bank and on hand	15,664	39,069
<b>Current Assets</b>	<b>130,681</b>	<b>171,976</b>
<b>Total Assets</b>	<b>559,769</b>	<b>621,092</b>



	As at	
	June 30 2019	September 30 2019
<i>(in thousands of €)</i>		
<b>Liabilities and Shareholders' equity</b>		
<b>Shareholders' equity</b>		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	76,734
Profit for the period	72,646	8,601
<b>Total Shareholders' equity</b>	<b>182,330</b>	<b>190,932</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	31,040	30,564
Provisions for employee severance indemnities	248	251
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	281,232
Deferred income	11,714	11,608
<b>Non-current Liabilities</b>	<b>324,043</b>	<b>323,902</b>
<b>Current Liabilities</b>		
Senior Secured Notes 2022	6,550	10,130
Trade payables	3,043	2,073
Trade payables to parents companies and their affiliated	14,114	58,682
Dividends Payable	28,765	28,765
Tax Payables	378	1,754
Social security payables	186	141
Other payables	277	233
Accrued expenses	83	159
Deferred income	-	4,321
<b>Current Liabilities</b>	<b>53,396</b>	<b>106,258</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>559,769</b>	<b>621,092</b>



## CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	15,134	8,601
Current taxes	6,061	4,037
Net Financial Expenses	2,332	2,334
<b>Profit for the period before taxes and interest</b>	<b>23,527</b>	<b>14,973</b>
Depreciation and amortization	4,578	4,576
Employee severance indemnities	20	3
Deferred tax assets and liabilities	(482)	(487)
<b>Cash flow from operating activities before changes in working capital</b>	<b>27,643</b>	<b>19,065</b>
Increase in trade and other receivables	(30,327)	(7,221)
Increase/(Decrease) in trade and other payables	38,466	40,444
Other variations in net working capital	2,907	4,354
<b>Cash flow from operating activities after changes in working capital</b>	<b>38,690</b>	<b>56,642</b>
Interest and other financial expenses paid	-	(37)
<b>A. Cash flow from operating activities</b>	<b>38,690</b>	<b>56,605</b>
Investments in Intangible Assets	(14)	(5)
Investments in Property, Plant and Equipment	-	(81)
<b>B. Cash flow from investing activities</b>	<b>(14)</b>	<b>(86)</b>
Intercompany loans	-	(22,801)
Debt service account	(10,375)	(10,312)
<b>C. Cash flow from financing activities</b>	<b>(10,375)</b>	<b>(33,114)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>28,301</b>	<b>23,405</b>
<b>Cash at bank and on hand at the beginning of the period</b>	<b>8,510</b>	<b>15,664</b>
<b>Cash at bank and on hand at the end of the period</b>	<b>36,811</b>	<b>39,069</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### KEY PERFORMANCE INDICATORS

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

#### Adjusted Revenue

The following table details Adjusted Revenue for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
A. Direct Media Revenue	3,196	3,322
B. Other Income	10	24
C. Sponsorship Revenue	27,770	19,118
<b>D. Total Revenue (A+B+C)</b>	<b>30,976</b>	<b>22,464</b>
E. Serie A Indirect Media Revenue *	35,383	36,399
F. UEFA Indirect Media Revenue *	32,228	31,626
<b>G. Adjusted Media Revenue (A+E+F)</b>	<b>70,807</b>	<b>71,347</b>
B. Other Income	10	24
C. Sponsorship Revenue	27,770	19,118
<b>Adjusted Revenue (G+B+C)</b>	<b>98,587</b>	<b>90,489</b>

\* represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo during the three months period ended 30 September

Our Adjusted Revenue decreased by €8.1 million or 8.2% to €90.5 million for the three months ended September 30, 2019 from €98.6 million for the three months ended September 30, 2018. This decrease was driven by the reduction in regional Sponsorship Revenue as explained in the next paragraphs.

#### *Sponsorship Revenue*

Sponsorship Revenue decreased by €8.7 million or 31.2% to €19.1 million for the three months ended September 30, 2019 from €27.8 million for the three months ended



September 30, 2018, driven by the reduction in regional and naming right sponsorships which has been only partially offset by the growth in the Shirt and Technical sponsorship fee and in value of EU/global sponsorship packages. This is detailed on the following table:

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Shirt	2,635	3,065
Technical	2,500	3,125
EU/Global	2,624	3,961
Regional and naming rights	20,011	8,966
<b>Sponsorship Revenue</b>	<b>27,770</b>	<b>19,118</b>

- Shirt

The increase in Shirt sponsorship revenue is related to the higher annual contractual base fee (from €10.5 million in the fiscal year ended June 30, 2019 to €12.3 million in the current fiscal year ending June 30, 2020).

- Technical

The increase in Technical sponsorship revenue is related to the higher annual contractual base fee (from €10.0 million in the fiscal year ended June 30, 2019 to €12.5 million in the current fiscal year ending June 30, 2020) with no reduction anymore in place relating to penalties for past sporting performance (after second consecutive sporting season in UCL)

- EU/Global

The increase in EU / Global sponsorship revenue is driven by the signing of new important partnerships since 1 July 2019, such as Lenovo, Acronis, Hugo Boss, Rinascente, Linkem, A2A and other new contracts indicated in the paragraph "Update on Sponsorship Agreements" later in this document.



- Regional and Naming Rights

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

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Naming Rights and Sponsorship Agreement	2,204	2,204
Other Sponsorship Agreements	17,806	6,762
<b>Regional and naming rights</b>	<b>20,011</b>	<b>8,966</b>

The reduction in Other Sponsorship Agreements is mainly due to:

- The termination of the contracts with Full Share Holding Limited and King Dawn Investment Limited which, at the beginning of April 2019, exercised their contractual right to withdraw from their respective sponsorship agreements effective from July 1st, 2019. This has an impact on fiscal year ending June 30, 2020 (compared to fiscal year ended June 30, 2019) of €20M, which, pro-rated as of 30 September 2019, is €5.0 million;
- The expiration of the contract with the marketing agency Beijing Yixinshijie as at June 30, 2019. This has an impact on fiscal year ending June 30, 2020 (compared to fiscal year ended June 30, 2019) of €25M, which, pro-rated as of 30 September 2019, is €6.3 million

The return of the rights under the contracts above along with the appointment of our new Chief Commercial Officer gives us a strong opportunity to further exploit these rights with further deals into the future.

#### *Adjusted Media Revenue*

Adjusted Media Revenue is substantially in line with prior period, with no material change to be highlighted.

With regard to Indirect UEFA Media Revenues, the amount of €31.6 million assigned from TeamCo to MediaCo during the current quarter is broken down as follows:

- €14.5 million: 2019/2020 guaranteed Group Stage participation fee
- €16.6 million: 2019/2020 coefficient based on historical results
- €0.5 million: final settlement of the 2018/2019 Group Stage participation fee



Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt	2,635	3,065
- Technical	2,500	3,125
- EU/Global	2,624	3,961
- Regional and naming rights	20,011	8,966
Direct Media Revenue	3,196	3,322
Other Income	10	24
<b>Total revenue</b>	<b>30,976</b>	<b>22,464</b>
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	35,383	36,399
- UEFA Indirect Media Revenue *	32,228	31,626
Adjusted Revenue	98,587	90,489
Change in Current operating assets	(27,856)	(3,727)
Change in Non current operating assets	317	317
<b>Cash inflow</b>	<b>71,048</b>	<b>87,078</b>
Personnel costs	(634)	(806)
Cost of services	(2,507)	(2,425)
Other costs	(213)	(225)
Income taxes	(5,578)	(3,551)
Change in Current operating liabilities	2,043	5,412
Change in Non current operating liabilities	(472)	(467)
<b>Cash Outflow</b>	<b>(7,360)</b>	<b>(2,062)</b>
<b>Cash Available for Debt Service</b>	<b>63,688</b>	<b>85,017</b>

\* represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo for the three months ended 30 September





Cash Available for Debt Service increased by €21.3 million or 33.5% to €85.0 million for the three months ended September 30, 2019 from €63.7 million for the three months ended September 30, 2018.

This increase is explained as follows:

- €24.6 million favourable impact of Change in Current operating assets mainly related to collection timing of international/regional Sponsorship contracts
- €5.3 million reduction in cash outflows, which, in the three months ended 30 September 2018, were affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017, which decreased the positive balance of Change in Current Operating liabilities.

We notice that there was no payment of Income Taxes in the three months ended 30 September 2019 (neither in the three months ended 30 September 2018), with the value of related lines in the table above offset by an increase in the line "Change in Current Operating liabilities"

For an update on collection status of international/regional Sponsorship contracts, we present the following table:

<i>(in thousands of €)</i>	Value	Outstanding at 30 September 2019	Outstanding at date of this report
Revenues booked in fiscal year ended 30 June 2017	74,808	-	-
Revenues booked in fiscal year ended 30 June 2018	87,629	-	-
Revenues booked in fiscal year ended 30 June 2019	89,095	79,650	59,650
Revenues booked in the 3 months ended 30 September 2019	8,966	8,506	8,506
<b>Total</b>	<b>260,499</b>	<b>88,156</b>	<b>68,156</b>

The table highlights that:

- in the period 1 July 2016 – 30 September 2019, we booked accumulative revenues of €260.5 million, collecting, to date, €192.3 million (74%)
- €68.2 million outstanding amount to date is related to the last fiscal year ended 30 June 2019 and to the current quarter, with all old amounts now cleared.

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



## RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Revenue	30,966	22,440
Other Income	10	24
<b>Total revenue</b>	<b>30,976</b>	<b>22,464</b>
Personnel costs	634	806
Cost of services	2,507	2,425
Other operating costs	213	225
Depreciation and amortization	4,578	4,576
<b>Total operating costs</b>	<b>7,932</b>	<b>8,032</b>
<b>Operating profit</b>	<b>23,044</b>	<b>14,432</b>
Net financial expenses	(2,332)	(2,280)
<b>Profit before tax</b>	<b>20,712</b>	<b>12,152</b>
Income taxes	(5,578)	(3,551)
<b>Profit for the period</b>	<b>15,134</b>	<b>8,601</b>

**Revenue.** Revenues for the three months ended September 30, 2019 decreased by €8.5 million or 27.5% to €22.5. million from €31.0 million for the three months ended September 30, 2018. This decrease was primarily due to the reduction in regional Sponsorship Revenue as already described on previous pages (refer to the Section "Adjusted Revenues" for more details).

**Personnel costs.** Personnel costs for the three months ended September 30, 2019 increased by €0.2 million or 27.1% as a result of gradual strengthening of commercial and digital/TV (Media House) departments implemented during the last two years to support the growth plan of the group. As at 30 September 2019, we had a total of 44 employees.

**Cost of services.** Cost of services for the three months ended September 30, 2019 are in line with the same quarter of prior year at €2.4 million



**Other operating costs.** Other operating costs for the three months ended September 30, 2019 are in line with the same quarter of prior year at €0.2 million.

**Depreciation and amortization.** Depreciation and amortization for the three months ended September 30, 2019 is in line with the same quarter of prior year at €4.6 million.

**Net Financial expenses.** Net Financial expenses for the three months ended September 30, 2019 are in line with the same quarter of prior year at €2.3 million.

**Income taxes.** Income taxes for the three months ended September 30, 2019 decreased by €2.0 million or 36.3% to €3.6 million from €5.6 million for the three months ended September 30, 2018. This is related to reduction in Profit Before Tax driven by decrease in revenues while the tax rate shows an increase from 26.9% to 29.2%.

**Profit for the period.** For the reasons described above, Profit for the period for the three months ended September 30, 2019 was €8.6 million presenting a €6.5 million decrease (43.2%) compared to same quarter of prior year.



## CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the three months ended September 30, 2019 compared with the three months ended September 30, 2018.

	For the three months ended September 30	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	15,134	8,601
Current taxes	6,061	4,037
Net Financial Expenses	2,332	2,334
Profit for the period before taxes and interest	23,527	14,973
Depreciation and amortization	4,578	4,576
Employee severance indemnities	20	3
Deferred tax assets and liabilities	(482)	(487)
Cash flow from operating activities before changes in working capital	27,643	19,065
Increase in trade and other receivables	(30,327)	(7,221)
Increase/(Decrease) in trade and other payables	38,466	40,444
Other variations in net working capital	2,907	4,354
Cash flow from operating activities after changes in working capital	38,690	56,642
Interest and other financial expenses paid	-	(37)
<b>A. Cash flow from operating activities</b>	<b>38,690</b>	<b>56,605</b>
Investments in Intangible Assets	(14)	(5)
Investments in Property, Plant and Equipment	-	(81)
<b>B. Cash flow from investing activities</b>	<b>(14)</b>	<b>(86)</b>
Intercompany loans	-	(22,801)
Debt service account	(10,375)	(10,312)
<b>C. Cash flow from financing activities</b>	<b>(10,375)</b>	<b>(33,114)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>28,301</b>	<b>23,405</b>
<b>Cash at bank and on hand at the beginning of the period</b>	<b>8,510</b>	<b>15,664</b>
<b>Cash at bank and on hand at the end of the period</b>	<b>36,811</b>	<b>39,069</b>

**Cash flow from operating activities.** Cash flow from operating activities for the three months ended September 30, 2019 increased by €17.9 million or 46.3% to €56.6 million from €38.7 million for the three months ended September 30, 2018.

As already explained in the paragraph 'Cash Flow Available for Debt Service', this increase has been achieved notwithstanding the described reduction in Operating Profits mainly thanks to favourable impact of Working Capital mainly related to:

- collection timing of international/regional Sponsorship contracts



- timing of repayment of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017.

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

**Cash flow from investing activities.** Cash flow from investing activities for the three months ended September 30, 2019 amounted to €86 thousands (compared to €14 thousands in the same quarter of prior fiscal year), remaining immaterial in respect of our business.

**Cash flow from financing activities.** Cash flow from financing activities for the three months ended September 30, 2019 amounted to negative €33.1 compared to negative €10.4 million in same quarter of prior fiscal year). The increase in negative balance is fully related to €22.8 million intercompany loans provided to TeamCo during the current quarter (we remind that loans are provided to TeamCo to upstream cash in excess of the value of assigned media rights as governed by the waterfall rules defined by the Refinancing Transaction).

The remaining amount composing the negative balance (€10.3 million) relates, fully in line with the same quarter of prior fiscal year, to cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes.

**Net change in cash and cash equivalent.** Net change in cash and cash equivalent for the three months ended September 30, 2019 decreased by €4.9 million or 17.3% to €23.4 million from €28.3 million for the three months ended September 30, 2018, for the reasons described above.



## BALANCE SHEET

The following table sets forth the detail of Balance Sheet data for the issuer as at 30 September 2019 compared with 30 June 2019.

Assets:

	As at	
	June 30 2019	September 30 2019
<i>(in thousands of €)</i>		
<b>Non-current assets</b>		
Intangible assets	287,001	282,445
Property, plant and equipment	211	277
Financial assets	10,410	10,410
Loan to parent company	131,445	155,968
Prepaid expenses	22	17
<b>Non-current Assets</b>	<b>429,088</b>	<b>449,116</b>
<b>Current assets</b>		
Financial assets	108	10,420
Trade receivables	79,206	103,880
Trade receivables from parent companies and their affiliated	34,891	17,842
Deferred tax assets	667	677
Other receivables	5	5
Prepaid expenses	113	54
Cash at bank and on hand	15,664	39,069
<b>Current Assets</b>	<b>130,681</b>	<b>171,976</b>
<b>Total Assets</b>	<b>559,769</b>	<b>621,092</b>

**Non-current assets.** Non-current assets increased by €20.0 million from €429.1 million at 30 June 2019 to €449.1 million at 30 September 2019 driven by the €24.5 million increase in Loans to parent company, of which €22,8 million relating to new Intercompany Loans to TeamCo provided in the current quarter (as previously described) and €1.7 million to accrual of interest expense.

This increase has been partially offset by €4.6 million reduction in Intangible Assets related to amortization of the current quarter.

**Current assets.** Current assets increased by €41.3 million from €130.7 million at 30 June 2019 to €172.0 million at 30 September 2019 mainly due to:



- €10.3 million increase in Financial Assets which fully relates to cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes
- €7.6 million increase in Trade Receivables as explained below
- €23.4 million increase in Cash at bank and on hand due to positive net cash flow generated in the period (as previously explained in the paragraph "Cash Flow Statement").

As detailed in the table below, the increase in Trade receivables, has been driven by collection timing of UEFA Indirect Revenues:

	As at June 30 2019	As at September 30 2019	Var.
<i>(in thousands of €)</i>			
<b>Trade receivables (incl. from parent companies and affiliated)</b>			
Naming Rights and Sponsorship Agreement	29,495	11,854	(17,641)
Other International/Regional Sponsorship Agreements	70,000	76,301	6,301
<b>Trade Receivables relating to International/Regional Sponsorship Agreements</b>	<b>99,495</b>	<b>88,156</b>	<b>(11,339)</b>
UEFA Indirect Media Revenue	-	17,126	17,126
Other trade receivables	14,602	16,441	1,839
<b>Total Trade receivables (incl. from parent companies and affiliated)</b>	<b>114,097</b>	<b>121,723</b>	<b>7,625</b>
<i>of which</i>			
<i>Trade receivables</i>	<i>79,206</i>	<i>103,880</i>	<i>24,675</i>
<i>Trade receivables from parent companies and their affiliated</i>	<i>34,891</i>	<i>17,842</i>	<i>(17,049)</i>

- Receivables relating to international/regional Sponsorship Agreements

The €17.6 million reduction in trade receivables relating to Naming Rights and Sponsorship Agreement results from collections in the current quarter relating to revenues booked in prior years (€19.8 million) net of revenue booked in the period for €2,2 million

The €6.3 million increase in trade receivables relating to Other international/regional Sponsorship Agreements results from revenue booked in the current quarter (€6.8 million), less collections received in the same period (€0.5 million). Since 1 October 2019 to current date, we collected further €20.0 million.

For more details on status of collections relating to international/regional Sponsorship Agreements, please refer to the paragraph 'Cash Flow Available for Debt Service' on the previous pages.



- UEFA Indirect Media Revenue

The €17.1 million receivable relates to the portion of UEFA Indirect Media Revenue booked in three months ended 30 September 2019 relating to the coefficient based on historical results (€16.6 million) and the final settlement of the 2018/2019 Group Stage participation fee (€0.5 million). This amount, in line with prior year timing and UEFA payment schedule, has been collected in second quarter of the current fiscal year.

## Liabilities:

	As at	
	June 30 2019	September 30 2019
<i>(in thousands of €)</i>		
<b>Liabilities and Shareholders' equity</b>		
<b>Shareholders' equity</b>		
Share capital	500	500
Reserve	105,097	105,097
Retained earnings	4,088	76,734
Profit for the period	72,646	8,601
<b>Total Shareholders' equity</b>	<b>182,330</b>	<b>190,932</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	31,040	30,564
Provisions for employee severance indemnities	248	251
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	281,232
Deferred income	11,714	11,608
<b>Non-current Liabilities</b>	<b>324,043</b>	<b>323,902</b>
<b>Current Liabilities</b>		
Senior Secured Notes 2022	6,550	10,130
Trade payables	3,043	2,073
Trade payables to parents companies and their affiliated	14,114	58,682
Dividends Payable	28,765	28,765
Tax Payables	378	1,754
Social security payables	186	141
Other payables	277	233
Accrued expenses	83	159
Deferred income	-	4,321
<b>Current Liabilities</b>	<b>53,396</b>	<b>106,258</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>559,769</b>	<b>621,092</b>





**Shareholders' equity.** Shareholders' equity increased by €8.6 million from €182.3 million at 30 June 2019 to €190.9 million at 30 September 2019 due to the Net Profit for the period.

**Non-current liabilities.** Non-current liabilities at 30 September 2019 amounted to €323.9 million in line with value at 30 June 2019 (€324.0 million).

**Current liabilities.** Current liabilities increased by €52.9 million from €53.4 million at 30 June 2019 to €106.3 million at 30 September 2019 mainly due to:

- increase in trade payables to parent companies and their affiliated (+ €44.6 million). This primarily relates to the increase (from €11.5 million to € 50.5 million) in payables due to TeamCo in respect of assignment of receivables made in the first three months of the current fiscal year relating to Indirect Media Revenues which were not yet distributed to TeamCo at 30 September 2019 through the waterfall rules;
- €3.6 million increase in the current element of the Senior Secured Notes which relates to the portion of interest accrued in the three months ended 30 September 2019 to be paid on 31 December 2019
- €4.3 million increase in deferred Income which relates to sponsorship installments already invoiced and collected in the current quarter but whose revenues pertain and, accordingly, will be recognized, in the remaining part of the fiscal year ending 30 June 2020.

## CAPITAL EXPENDITURES

At €86 thousands, the level of capital expenditure was not considered material for the period under review.



## NET FINANCIAL POSITION

The following table sets forth the Net Financial position data for the issuer as at 30 September 2019 compared with 30 June 2019

	As at	
	June 30 2019	September 30 2019
<i>(in thousands of €)</i>		
<b>Cash at bank and on hand</b>	<b>15,664</b>	<b>39,069</b>
Current financial assets	108	10,420
<b>Current financial receivables</b>	<b>108</b>	<b>10,420</b>
Bond - current portion	(6,550)	(6,550)
Accrued interest charges and other financial expenses	-	(3,580)
<b>Current financial liabilities</b>	<b>(6,550)</b>	<b>(10,130)</b>
<b>Net current financial assets/(liabilities)</b>	<b>9,222</b>	<b>39,359</b>
Senior Secured Notes 2022	(280,794)	(281,232)
Financial Assets	10,410	10,410
<b>Non-current financial liabilities</b>	<b>(270,384)</b>	<b>(270,822)</b>
<b>Net financial position</b>	<b>(261,162)</b>	<b>(231,463)</b>

The table shows an improvement of €29.7 million to € 231.5 driven by the increase in (i) Cash at bank and on hand driven by net cash flow generated in the three months period and (ii) Current financial assets relating to cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes.

## RISK FACTORS

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



## OTHER RELEVANT INFORMATION

Update on Sponsorships agreements

The table below summarizes our current sponsorship agreements in Italy and the rest of Europe. The table also highlights those contracts renewed (7)/signed (9) starting from 1 July 2019:

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



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

Contracted revenue for the fiscal year ending 30 June 2020 (according to the definition of Adjusted Revenue used in the Offering Memorandum and this document) to the date of this report amounts to €210.7 million – i.e. €80.3 million lower than final figure recorded in the fiscal year ended 30 June 2019. This is detailed in the following table.

<i>(in thousands of €)</i>	For the three months ended 30 September 2019	Fiscal Year ending 30 June 2020	Fiscal Year ended 30 June 2019
	Actual	Contracted to date	Actual
A. Direct Media Revenue	3,322	14,372	14,484
B. Other Income	24	24	194
C. Sponsorship Revenue	19,118	75,300	130,457
<b>D. Total Revenue (A+B+C)</b>	<b>22,464</b>	<b>89,696</b>	<b>145,134</b>
E. Serie A Indirect Media Revenue	36,399	80,000	94,868
F. UEFA Indirect Media Revenue	31,626	41,000	50,989
<b>G. Adjusted Media Revenue (A+E+F)</b>	<b>71,347</b>	<b>135,372</b>	<b>160,341</b>
B. Other Income	24	24	194
C. Sponsorship Revenue	19,118	75,300	130,457
<b>Adjusted Revenue (G+B+C)</b>	<b>90,489</b>	<b>210,696</b>	<b>290,991</b>

As detailed in the table above, the difference mainly relates to the reduction in contracted Sponsorship Revenue to date (€ - 55.2M being €75.3M vs. €130.5 million), which is mainly due to:

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

Negative impact of items above described has been partially offset by signing of new partnerships since 1 July 2019, such as Lenovo, Acronis, Hugo Boss, Rinascente, Linkem, A2A



and other new contracts indicated in the paragraph above "Update on Sponsorship Agreements", generating a positive €6.6 million net impact.

Current gap under Serie A and UEFA Indirect Media Revenue is a result of the calculation method applied for contracted revenue; in fact, the calculation of contracted revenue is prudently made and excludes any item related to the expected performance of the team and, in particular:

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

## TEAMCO UPDATE

### SPORTING PERFORMANCE

After the most recent matches played as of November 27<sup>th</sup>, 2019, the team is currently:

- 2<sup>nd</sup> in the Serie A table (after 13 matches), one point behind the team sitting in 1<sup>st</sup> position
- 2<sup>nd</sup> in the UCL Group Stage (after 5 matches).

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

### MATCH ATTENDANCE

The 2019/2020 season ticket campaign showed significant increases vs. prior season 2018/2019 with revenues amounting to €12.5 million (+14% vs. prior season) plus €7.4 million relating to corporate hospitality packages (+ 19% vs. prior season).

Match attendance numbers in current sporting season 2019/2020 is confirming the positive trend of the prior season.

In the six Serie A home matches of the season 2019/2020 played to the date of the current document, the average attendance has been 64,593. In the match against FC Juventus we



established the Italian historical record for a Serie A match with a gross income of €6.8 million.

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

#### TRANSFER MARKET SUMMARY

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

Summer 2019:

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

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

Summer 2019:

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

#### SHAREHOLDER LOANS AND RCF DRAW DOWN

As described in the Offering Memorandum, TeamCo received a number of shareholder loans from Suning. As of September 30, 2019, shareholder loans (and related parties' loans) total outstanding amount was € 200.1 million (including accrued interest for €13.0 million).

As at 30 September 2019 (and as of current date), we had a cash drawn down under our Revolving Credit Facility of €50.0 million.



## FURTHER EXPLANATORY NOTES AND BASIS OF PREPARATION

### BASIS OF PRESENTATION

The interim financial statements as of and for the three-months period ended September 30, 2019 (hereinafter "Interim Financial Statements") have been prepared for the purposes of the preparation of the three-months consolidated accounts of the TeamCo group as at September 30, 2019.

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

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

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

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

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



## SIGNIFICANT ACCOUNTING POLICIES

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

The Interim Financial Statements have been prepared on a going concern basis. The accounting policies adopted in preparing the Interim Financial Statements are the same as for the previous fiscal years and therefore reference should be made to the Financial Statements for the fiscal year ended June 30, 2019 for further considerations.

## OTHER INFORMATION

### *Use of estimates*

For Financial Statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet and even on potential assets and liabilities at the Financial Statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years). The Balance Sheet items that are affected by these assumptions, are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of property, plant and equipment and intangible assets (impairment test). The impairment test is generally carried out only when the audited Financial Statements for the fiscal year are prepared, unless there are indicators which require updates to estimates. No impairment test has been performed as of September 30, 2019 since no impairment indicators were brought to Directors' attention.

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

## GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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





## SUBSEQUENT EVENTS OCCURRED AFTER SEPTEMBER 30, 2019

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

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

Since 30 September 2019 to the date of this report we collected an amount of €20.0 million relating to international/regional Sponsorship agreements.

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

