



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 six months ended 31 December 2019

Date: 27 February 2020

Honours



SERIE A CHAMPIONSHIP

18

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



ITALIAN CUP

7

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



ITALIAN SUPER CUP

5

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



UEFA CHAMPIONS LEAGUE

3

1963/64 1964/65 2009/10



UEFA CUP

3

1990/91 1993/94 1997/98



INTERCONTINENTAL CUP

2

1964/65 1965/66



FIFA CLUB WORLD CUP

1

2010/11



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GENERAL INFORMATION

INTRODUCTION

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

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

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



CORPORATE BOARDS, MANAGEMENT AND AUDITORS

MediaCo Board of Directors

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

MediaCo Senior Management

Alessandro Antonello	Chief Executive Officer - Corporate
Giuseppe Marotta	Chief Executive Officer - Sport
Javier Zanetti	Vice President
Tim Williams	Chief Financial Officer
Matteo Pedinotti	Chief Communications Officer
Luca Danovaro	Chief Marketing Officer
Piero Ausilio	Chief Sport Officer
Jaime Colas Rubio	Chief Commercial Officer

MediaCo Board of Statutory Auditors

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

MediaCo Independent Auditors

Deloitte & Touche S.p.A.



REFINANCING TRANSACTION

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

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

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

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



FINANCIAL INFORMATION

INTRODUCTION

The financial information presented in this section is based on the unaudited interim financial statements of MediaCo as of and for the six-month period ended December 31, 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.



NOTE REGARDING THE CURRENT CORONAVIRUS SITUATION

We wish to give a brief update as to the current situation regarding the Coronavirus outbreak around the world, but especially here in Italy. On the basis of the ordinances issued by the Ministry of Health, of the Lombardy Region, as well as on the application of any measures required by the Municipality of Milan, FC Internazionale Milano is taking all necessary precautionary and preventive measures towards its employees, members, collaborators, players and technical staff. At this moment we do not anticipate any material financial impact as a result of the initial measures taken, but we are monitoring the situation carefully.



INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the six months period ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
Revenue	68,082	46,182
Other Income	20	1,214
Total revenue	68,102	47,396
Personnel costs	1,577	1,926
Cost of services	5,053	5,598
Other operating costs	439	377
Write-downs of trade receivables	1,607	-
Depreciation and amortization	9,157	9,152
Total operating costs	17,833	17,052
Operating profit	50,270	30,344
Net financial expenses	(4,613)	(4,407)
Profit before tax	45,656	25,937
Income taxes	(12,360)	(7,452)
Profit for the period	33,296	18,485



BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at December 31, 2019 compared with June 30, 2019.

	As at	
	June 30 2019	December 31 2019
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	287,001	277,888
Property, plant and equipment	211	264
Financial assets	10,410	10,410
Loan to parent company	131,445	165,937
Prepaid expenses	22	11
Non-current Assets	429,088	454,510
Current assets		
Financial assets	108	10,410
Trade receivables	79,206	90,846
Trade receivables from parent companies and their affiliated	34,891	23,181
Tax receivables	27	586
Deferred tax assets	667	662
Other receivables	5	5
Prepaid expenses	113	45
Cash at bank and on hand	15,664	17,702
Current Assets	130,681	143,437
Total Assets	559,769	597,946



	As at	
	June 30 2019	December 31 2019
<i>(in thousands of €)</i>		
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,124
Retained earnings	4,088	4,088
Profit for the period	72,646	18,485
Total Shareholders' equity	182,330	128,197
Non-current Liabilities		
Deferred tax liabilities	31,040	30,082
Provisions for employee severance indemnities	248	233
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	278,270
Deferred income	11,714	11,501
Non-current Liabilities	324,043	320,333
Current Liabilities		
Senior Secured Notes 2022	6,550	6,700
Trade payables	3,043	3,254
Trade payables to parents companies and their affiliated	14,114	37,509
Dividends Payable	28,765	97,464
Tax Payables	378	1,417
Social security payables	186	198
Other payables	277	250
Accrued expenses	83	63
Deferred income	-	2,561
Current Liabilities	53,396	149,417
Total Liabilities and Shareholders' equity	559,769	597,946



CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	33,296	18,485
Current taxes	13,530	8,405
Net Financial Expenses	4,613	4,393
Profit for the period before taxes and interest	51,439	31,284
Depreciation and amortization	9,157	9,153
Employee severance indemnities	49	(16)
Deferred tax assets and liabilities	(1,169)	(954)
Cash flow from operating activities before changes in working capital	59,476	39,468
Increase in trade and other receivables	(35,086)	403
Increase/(Decrease) in trade and other payables	23,561	15,533
Other variations in net working capital	(3,185)	2,406
Cash flow from operating activities after changes in working capital	44,765	57,810
Taxes paid	(461)	-
Interest and other financial expenses paid	(7,312)	(7,208)
A. Cash flow from operating activities	36,992	50,603
Investments in Intangible Assets	(25)	(9)
Investments in Property, Plant and Equipment	-	(84)
B. Cash flow from investing activities	(25)	(93)
Dividends	-	(4,119)
Repayment of bank loans/Senior Secured Notes 2022	(3,100)	(3,250)
Intercompany loans	-	(30,801)
Debt service account	38	(10,302)
C. Cash flow from financing activities	(3,062)	(48,472)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	33,905	2,037
Cash at bank and on hand at the beginning of the period	8,510	15,664
Cash at bank and on hand at the end of the period	42,415	17,702



MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS

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

Adjusted Revenue

The following table details Adjusted Revenue for the six months ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
A. Direct Media Revenue	7,377	7,882
B. Other Income	20	1,214
C. Sponsorship Revenue	60,705	38,300
D. Total Revenue (A+B+C)	68,102	47,396
E. Serie A Indirect Media Revenue *	69,469	72,606
F. UEFA Indirect Media Revenue *	42,539	40,944
G. Adjusted Media Revenue (A+E+F)	119,384	121,432
B. Other Income	20	1,214
C. Sponsorship Revenue	60,705	38,300
Adjusted Revenue (G+B+C)	180,110	160,946

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

Our Adjusted Revenue decreased by €19.2 million or 10.6% to €160.9 million for the six months ended December 31, 2019 from €180.1 million for the six months ended December 31, 2018. This decrease was driven by the reduction in Regional Sponsorship Revenue which has been partially mitigated by increases related to shirt and technical sponsors and to other EU/global sponsorship packages (as explained in the next paragraphs).



Direct Media Revenue

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

Other Income

In the six months ended December 31, 2019, Other income of €1.2 million was mainly due to having booked €1.0 million revenue for the distribution in China of the thematic channel Inter TV for the fiscal year 2018/2019. This revenue was not booked in the financial statements of the fiscal year ended June 30, 2019 as a result of the distribution agreement being signed in January 2020.

Sponsorship Revenue

Sponsorship Revenue decreased by €22.4 million or 36.9% to €38.3 million for the six months ended December 31, 2019 from €60.7 million for the six months ended December 31, 2018, driven by the reduction in regional and naming right sponsorships which has been 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 six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
Shirt	5,271	6,130
Technical	5,027	6,250
EU/Global	5,877	8,072
Regional and naming rights	44,531	17,849
Sponsorship Revenue	60,705	38,300

- 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 partnerships since July 1, 2019, including 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 six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
Naming Rights and Sponsorship Agreement	9,008	4,408
Other Sponsorship Agreements	35,522	13,440
Regional and naming rights	44,531	17,849

The €4.6 million reduction in revenues deriving from the Naming Rights and Sponsorship Agreement is the result of no contractual performance bonuses being recognized in advance of a renegotiation and extension of this contract.

The €22.1 million reduction in Other Sponsorship Agreements is driven by:

- The termination of the contracts with Fullshare Holding Limited and King Dawn Investments Limited which, at the end of March 2019, exercised their contractual right to withdraw from their respective sponsorship agreements effective from July 1, 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 December 31, 2019, is €10.0 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 December 31, 2019, is €12.5 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.



Indirect Media Revenue

Indirect 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 €40.9 million assigned from TeamCo to MediaCo during the six months period ended December 31, 2019 is broken down as follows:

- €14.5 million: 2019/2020 guaranteed UCL Group Stage participation fee
- €16.6 million: 2019/2020 UCL coefficient based on historical results
- €0.5 million: final settlement of the 2018/2019 UCL Group Stage participation fee
- €6.8 million: 2019/2020 UCL Group Stage performance bonuses
- €2.5 million: down payment on 2019/2020 UCL Group stage market pool



Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the six months ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt	5,271	6,130
- Technical	5,027	6,250
- EU/Global	5,877	8,072
- Regional and naming rights	44,531	17,849
Direct Media Revenue	7,377	7,882
Other Income	20	1,214
Total revenue	68,102	47,396
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	69,469	72,606
- UEFA Indirect Media Revenue *	42,539	40,944
Adjusted Revenue	180,110	160,946
Change in Current operating assets	(34,967)	2,632
Change in Non current operating assets	210	(213)
Cash inflow	145,353	163,365
Personnel costs	(1,577)	(1,926)
Cost of services	(5,053)	(5,598)
Other costs	(439)	(377)
Income taxes	(12,360)	(7,452)
Change in Current operating liabilities	8,332	12,579
Change in Non current operating liabilities	(944)	(963)
Cash Outflow	(12,041)	(3,736)
Cash Available for Debt Service	133,312	159,628

* represented based on actual cash value (incl. VAT where applicable) of Media Revenue assigned from TeamCo to MediaCo for the six months ended December 31, 2019



Cash Available for Debt Service increased by €26.3 million or 19.7% to €159.6 million for the six months ended December 31, 2019 from €133.3 million for the six months ended December 31, 2018.

This improvement is explained as follows:

- €18.0 million increase in cash inflows driven by €37.2 million favourable impact of Change in Current operating assets mainly related to collection timing of international/regional Sponsorship contracts. This more than offset the €19.2 million reduction in Adjusted Revenue described on previous pages
- €8.3 million reduction in cash outflows, which, in the six months ended December 31, 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.

Note there was no payment of Income Taxes in the six months ended December 31, 2019 (€0.5 million in the six months ended December 31, 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 31 December 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	59,650	50,000
Revenues booked in the 6 months ended 31 December 2019	17,849	17,011	12,603
Total	269,381	76,661	62,603

The table highlights that:

- in the period July 1, 2016 –December 31, 2019, we booked cumulative revenues of €269.4 million, collecting, to date, €206.8 million (77%)
- €62.6 million outstanding amount to date is related to the last fiscal year ended June 30, 2019 and to the six months period ended December 31, 2019, 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.



Historical Debt Service Coverage Ratio ("DSCR")

In the last twelve months ended December 31, 2019:

- Cash Available for Debt Service amounted to € 286.8 million
- Payments for Debt Service amounted to € 20.8 million (of which €6.4 million is amortization of the principle together with €14.4 million interest)

Accordingly, the DSCR is 13.79. The calculation is summarized in the in the table below:

Currency (€ 000)	For the Twelve months ended 31 December 2019
<u>Historical Cash Available for Debt Service</u>	
Aggregate Inflows	309,205
Aggregate Outflows	(22,426)
Cash Available for Debt Service	286,780
<u>Debt Service Payments (IMandatory Amortisation + Interest Expense)</u>	
June 2019	10,387
December 2019	10,410
Cash Available for Debt Service	20,797
Debt Service Coverage Ratio (LTM ended 31 December 2019)	13.79



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

The DCSR pro-forma for the 12 months from January 1, 2020 to December 31, 2020 is 10.35 as presented in the table below:

Currency (€ 000)	Twelve months ending 31 December 2020
<u>Pro-forma Estimated Look- Forward Cash Available for Debt Service</u>	
Aggregate Inflows	241,917
Aggregate Outflows	(26,745)
Cash Available for Debt Service	215,172
<u>Debt Service Payments (Mandatory Amortisation + Interest Expense)</u>	
June 2020	10,381
December 2020	10,400
Cash Available for Debt Service	20,781
Debt Service Coverage Ratio (12 months ending 31 December 2020)	10.35

This has been calculated based on the following main assumptions:

- Participation to UEL competition (with Group stage exit) in the sporting season 2020/2021 (we note that, to date, with 13 Serie A matches left to play, the team has 12 points margin (and one more match to play) on the last position which gives access to UCL, which would guarantee approximately €35M more inflows than what has been assumed in this exercise);
- Other Media Revenue and Sponsorship Revenue based on contracts signed only (and including contractual value and performance bonuses consistent with sporting performance assumptions).



RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the six months ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended December 31	
	2018	2019
<i>(in thousands of €)</i>		
Revenue	68,082	46,182
Other Income	20	1,214
Total revenue	68,102	47,396
Personnel costs	1,577	1,926
Cost of services	5,053	5,598
Other operating costs	439	377
Write-downs of trade receivables	1,607	-
Depreciation and amortization	9,157	9,152
Total operating costs	17,833	17,052
Operating profit	50,270	30,344
Net financial expenses	(4,613)	(4,407)
Profit before tax	45,656	25,937
Income taxes	(12,360)	(7,452)
Profit for the period	33,296	18,485

Revenue. Revenues for the six months ended December 31, 2019 decreased by €20.7 million or 30.4% to €47.4 million from €68.1 million for the six months ended December 31, 2018. This decrease, as already described on previous pages, was primarily due to the reduction in regional Sponsorship Revenue which has been partially mitigated by increases related to shirt and technical sponsors and to other EU/global sponsorship packages (refer to the Section "Adjusted Revenues" for more details).

Personnel costs. Personnel costs for the six months ended December 31, 2019 increased by €0.3 million or 22.1% to €1.9 million from €1,6 million for the six months ended December 31, 2018. This is a result of the 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 December 31, 2019, we had a total of 44 employees.



Cost of services. Cost of services for the six months ended December 31, 2019 increased by €0.5 million or 10.8% to €5.6 million from €5.1 million for the six months ended December 31, 2018. This is as a result of increasing resources allocated to creation and production of digital contents and brand activities in order to support the growth plan of the group.

Other operating costs. Other operating costs for the six months ended December 31, 2019 are in line with the same semester of prior year at €0.4 million.

Write-downs of trade receivables. No write-downs in the six months ended December 31, 2019, whilst In the same semester of prior year we accrued a provision of €1.6M as a result of an ongoing litigation between MP Silva and Lega Nazionale Professionisti relating to the settlement of the amounts still due by MP Silva in respect of 2017/2018 Serie A international media rights.

Depreciation and amortization. Depreciation and amortization for the six months ended December 31, 2019 is in line with the same semester of prior year at €9.2 million.

Net Financial expenses. Net Financial expenses for the six months ended December 31, 2019 are in line with the same semester of prior year (€4.4 million vs. €4.6 million).

Income taxes. Income taxes for the six months ended December 31, 2019 decreased by €4.9 million or 39.7% to €7.5 million from €12.4 million for the six months ended December 31, 2018. This is related to reduction in Profit Before Tax driven by decrease in revenues while the tax rate is overall in line (28.7% vs 27.1%).

Profit for the period. For the reasons described above, Profit for the period for the six months ended December 31, 2019 was €18.5 million presenting a €14.8 million decrease (44.5%) compared to same semester of prior year.



CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2019 compared with the six months ended December 31, 2018.

	For the six months ended	
	2018	2019
<i>(in thousands of €)</i>		
Profit for the period	33,296	18,485
Current taxes	13,530	8,405
Net Financial Expenses	4,613	4,393
Profit for the period before taxes and interest	51,439	31,284
Depreciation and amortization	9,157	9,153
Employee severance indemnities	49	(16)
Deferred tax assets and liabilities	(1,169)	(954)
Cash flow from operating activities before changes in working capital	59,476	39,468
Increase in trade and other receivables	(35,086)	403
Increase/(Decrease) in trade and other payables	23,561	15,533
Other variations in net working capital	(3,185)	2,406
Cash flow from operating activities after changes in working capital	44,765	57,810
Taxes paid	(461)	-
Interest and other financial expenses paid	(7,312)	(7,208)
A. Cash flow from operating activities	36,992	50,603
Investments in Intangible Assets	(25)	(9)
Investments in Property, Plant and Equipment	-	(84)
B. Cash flow from investing activities	(25)	(93)
Dividends	-	(4,119)
Repayment of bank loans/Senior Secured Notes 2022	(3,100)	(3,250)
Intercompany loans	-	(30,801)
Debt service account	38	(10,302)
C. Cash flow from financing activities	(3,062)	(48,472)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	33,905	2,037
Cash at bank and on hand at the beginning of the period	8,510	15,664
Cash at bank and on hand at the end of the period	42,415	17,702

Cash flow from operating activities. Cash flow from operating activities for the six months ended December 31, 2019 increased by €13.6 million or 36.8% to €50.6 million from €37.0 million for the six months ended December 31, 2018.



As already explained in the paragraph 'Cash Flow Available for Debt Service', this increase has been achieved notwithstanding the reduction in Operating Profits mainly due to the favourable impact of Working Capital 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 six months ended December 31, 2019 amounted to €93 thousands (compared to €25 thousands in the same semester of prior fiscal year), remaining immaterial in respect of our business.

Cash flow from financing activities. Cash flow from financing activities for the six months ended December 31, 2019 amounted to negative €48.5 compared to negative €3.1 million in same semester of prior fiscal year). The increase in negative balance is related to:

- €4.1 million dividends plus €30.8 million intercompany loans provided to TeamCo during the six month period ended December 31, 2019 (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).
- €10.3 million cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes in the second semester (in prior year, such cash was transferred at the beginning of third quarter).

Net change in cash and cash equivalent. Net change in cash and cash equivalent for the six months ended December 31, 2019 decreased by €31.9 million or 94.0% to €2.0 million from €33.9 million for the six months ended December 31, 2018, for the reasons described above.



BALANCE SHEET

The following table sets forth the detail of Balance Sheet data for the issuer as at December 31, 2019 compared with June 30, 2019.

Assets:

	As at	
	June 30 2019	December 31 2019
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	287,001	277,888
Property, plant and equipment	211	264
Financial assets	10,410	10,410
Loan to parent company	131,445	165,937
Prepaid expenses	22	11
Non-current Assets	429,088	454,510
Current assets		
Financial assets	108	10,410
Trade receivables	79,206	90,846
Trade receivables from parent companies and their affiliated	34,891	23,181
Tax receivables	27	586
Deferred tax assets	667	662
Other receivables	5	5
Prepaid expenses	113	45
Cash at bank and on hand	15,664	17,702
Current Assets	130,681	143,437
Total Assets	559,769	597,946

Non-current assets. Non-current assets increased by €25.4 million from €429.1 million at June 30, 2019 to €454.5 million at December 31, 2019 driven by the €34.5 million increase in Loans to parent company, of which €30.8 million relating to new Intercompany Loans to TeamCo provided in the six months period ended December 31, 2019 (as previously described) and €3.7 million to accrual of interest income.

This increase has been partially offset by €9.1 million reduction in Intangible Assets related to amortization of the six months period ended December 31, 2019.

Current assets. Current assets increased by €12.8 million from €130.7 million at June 30, 2019 to €143.4 million at December 31, 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 in the second semester
- €2.0 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, Trade receivables remained stable at approximately €114 million as a result of collection timing of Indirect Media Revenue, which generated an increase offsetting the reduction of trade receivables relating to international/regional Sponsorship Agreements:

	As at June 30 2019	As at December 31 2019	Var.
<i>(in thousands of €)</i>			
Trade receivables (incl. from parent companies and affiliated)			
Naming Rights and Sponsorship Agreement	29,495	14,058	(15,437)
Other International/Regional Sponsorship Agreements	70,000	62,603	(7,397)
Trade Receivables relating to International/Regional Sponsorship Agreement	99,495	76,661	(22,834)
UEFA Indirect Media Revenue (performance bonus invoiced in December)	-	3,235	3,235
Serie A Indirect Media Revenue (installment invoiced in December)	-	17,106	17,106
Other trade receivables	14,602	17,025	2,422
Total Trade receivables (incl. from parent companies and affiliated)	114,097	114,027	(70)

- Receivables relating to international/regional Sponsorship Agreements

The €15.4 million reduction in trade receivables relating to Naming Rights and Sponsorship Agreement results from €19.8 million collections in the six months period ended December 31, 2019 relating to revenues booked in prior years net of revenue booked in the period for €4.4 million. The €14.1 million receivable as at December 31, 2019 has been fully collected since January 1, 2020 to current date.

The €7.4 million reduction in trade receivables relating to Other international/regional Sponsorship Agreements results from €20.8 million collections in the six months period ended December 31, 2019 relating to revenues booked in prior years (€20.0 million) and in the period (€0.8 million) net of revenue booked in the period for €13.4 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 €3.4 million receivable has been collected in January 2020.

- Seria A Indirect Media Revenue

The €17.1 million receivable relates to the installment invoiced in December 2019 by TeamCo to broadcasters and then assigned to MediaCo. This amount has been mainly collected in January 2020.

Liabilities:

	As at	
	June 30 2019	December 31 2019
<i>(in thousands of €)</i>		
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	105,097	105,124
Retained earnings	4,088	4,088
Profit for the period	72,646	18,485
Total Shareholders' equity	182,330	128,197
Non-current Liabilities		
Deferred tax liabilities	31,040	30,082
Provisions for employee severance indemnities	248	233
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	278,270
Deferred income	11,714	11,501
Non-current Liabilities	324,043	320,333
Current Liabilities		
Senior Secured Notes 2022	6,550	6,700
Trade payables	3,043	3,254
Trade payables to parents companies and their affiliated	14,114	37,509
Dividends Payable	28,765	97,464
Tax Payables	378	1,417
Social security payables	186	198
Other payables	277	250
Accrued expenses	83	63
Deferred income	-	2,561
Current Liabilities	53,396	149,417
Total Liabilities and Shareholders' equity	559,769	597,946



Shareholders' equity. Shareholders' equity decreased by €54.1 million from €182.3 million at June 30, 2019 to €128.2 million at December 31, 2019 as a combined opposite effect of:

- Decrease: resolution of the Shareholders' Meeting held on October 28, 2019 for the distribution as a dividend of the €72.6 million net profit recorded in the fiscal year ended June 30, 2019 to its immediate shareholders (TeamCo and BrandCo).
- Increase: Net Profit of the period of € 18.5 million

Non-current liabilities. Non-current liabilities decreased by €3.7 million from € 324.0 million at June 30, 2019 to € 320.3 million at December 31, 2019 mainly as a result of the amortization plan of the Senior Secured Notes.

Current liabilities. Current liabilities increased by €96.0 million from €53.4 million at June 30, 2019 to €149.4 million at December 31, 2019 mainly due to:

- The €68.7 million increase in Dividends payables relating to distribution of €72.6 million net profit of the fiscal year ended June 30, 2019 (net of a payment already made to TeamCo for €4 million)
- increase in trade payables to parent companies and their affiliated (+ €23.4 million). This primarily relates to the increase in payables due to TeamCo in respect of assignment of receivables made in the first six months of the current fiscal year relating to Indirect Media Revenues which were not yet distributed to TeamCo at December 31, 2019 through the waterfall rules
- the €2.6 million increase in deferred Income which relates to sponsorship installments already invoiced but whose revenues pertain and, accordingly, will be recognized, in the remaining part of the fiscal year ending June 30, 2020.

CAPITAL EXPENDITURES

At €93 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 December 31, 2019 compared with June 30, 2019

	June 30 2019	As at December 31 2019
<i>(in thousands of €)</i>		
Cash at bank and on hand	15,664	17,702
Current financial assets	108	10,410
Current financial receivables	108	10,410
Bond - current portion	(6,550)	(6,700)
Accrued interest charges and other financial expenses	-	-
Current financial liabilities	(6,550)	(6,700)
Net current financial assets/(liabilities)	9,222	21,412
Senior Secured Notes 2022	(280,794)	(278,270)
Financial Assets	10,410	10,410
Non-current financial liabilities	(270,384)	(267,860)
Net financial position	(261,162)	(246,449)

The table shows an improvement of €14.7 million to € 246.4 driven by the increase in (i) Current financial assets relating to cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes in the second semester and (ii) Cash at bank and on hand driven by net cash flow generated in the six months period.

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 (10) starting from July 1, 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	
A2A	Official Partner	Energy	June 2021	New
Acronis	Official Partner	Cyber Protection	June 2022	New
Linkem	Official Partner	Internet	June 2021	New
Mastercard	Official Partner	Official payment	June 2020	
RDS	Official Partner	Radio	June 2021	
DentalPro	Official Partner	Dental Care	June 2020	
Carimi	Official Partner	Electrical Equipment	June 2021	New
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

Total annual value of new contracts amounts to €7 million.



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

Contracted revenue for the fiscal year ending June 30, 2020 (according to the definition of Adjusted Revenue used in the Offering Memorandum and this document) to the date of this report amounts to €217.6 million – i.e. €73.4 million lower than final figure recorded in the fiscal year ended June 30, 2019. This is detailed in the following table.

(in thousands of €)	For the six months ended	Fiscal Year ending	Fiscal Year ended
	31 December 2019	30 June 2020	30 June 2019
	Actual	Contracted to date	Actual
A. Direct Media Revenue	7,882	15,645	14,484
B. Other Income	1,214	1,214	194
C. Sponsorship Revenue	38,300	75,744	130,457
D. Total Revenue (A+B+C)	47,396	92,603	145,134
E. Serie A Indirect Media Revenue	72,606	80,000	94,868
F. UEFA Indirect Media Revenue	40,944	45,000	50,989
G. Adjusted Media Revenue (A+E+F)	121,432	140,645	160,341
B. Other Income	1,214	1,214	194
C. Sponsorship Revenue	38,300	75,744	130,457
Adjusted Revenue (G+B+C)	160,946	217,603	290,991

As detailed in the table above, the difference mainly relates to the reduction in contracted Sponsorship Revenue to date (€ - 54.7M being €75.7M vs. €130.5 million), which is mainly due to:

- The termination of the contracts with Fullshare Holding Limited and King Dawn Investments Limited which, at the beginning of April 2019, exercised their contractual right to withdraw from their respective sponsorship agreements effective from July 1, 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 July 1, 2019, including Lenovo, Acronis, Hugo Boss, Rinascente, Linkem,



A2A and other new contracts indicated in the paragraph above “Update on Sponsorship Agreements”, generating a positive €7.1 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, at this stage, a minimum guaranteed amount, only).
- with regard to UEFA competitions, it has been calculated assuming the team will not enter the next round to be played in the UEL (i.e. Ro16), to ensure we present the minimum guaranteed amount only.

TEAMCO UPDATE

SPORTING PERFORMANCE

After the most recent matches played as of February 26, 2020, the team is currently 3rd in the Serie A table (after 25 matches), six points behind the team sitting in 1st position (but with one more match to play).

The team will play the return match of Ro32 of the Europa League on February 27, 2020 (at 9 pm) against Ludogorets after having won the away match 2-0. We remind that we entered Europa League knock-out stages after having finished in 3rd position in the Champions' League Group Stage behind Barcelona and Borussia Dortmund.

The team reached the semi-finals of the domestic Cup (“Coppa Italia”) and will play the return match on March 5, 2020 against Naples (after having lost the home match 1-0).

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 twelve Serie A home matches of the season 2019/2020 played to the date of the current document, the average attendance has been 65,800. 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 three home matches of the UCL Group Stage, the average attendance has been 62,540. In the match against FC Barcelona we established the Italian historical record for a single match with a gross income of €7.8 million. With regards to our return match of the Ro32 of the Europa League against Ludogorets, due to the current Coronavirus situation in the Lombardia region of Italy, this game will be played at the San Siro but behind closed doors. The impact on overall ticket revenues at the TeamCo level is minimal, even less so at EBITDA level.

TRANSFER MARKET SUMMARY

The main players signed in the transfer market windows affecting the current fiscal year ending June 30, 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 Sochaux)

Winter 2020:

- Eriksen (from Tottenham Hotspur)
- Young (from Manchester United)
- Moses (on loan from Chelsea)

The main players who left TeamCo in the transfer market windows affecting the current fiscal year ending June 30, 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)

Winter 2020:

- Barbosa (sold to Flamengo)
- Politano ((on loan to Naples with obligation to buy)
- Lazaro (on loan to Newcastle)
- Dimarco (on loan to Verona)

SHAREHOLDER LOANS AND RCF DRAW DOWN

As described in the Offering Memorandum, TeamCo received a number of shareholder loans from Suning. As of December 31, 2019, shareholder loans (and related parties' loans) total outstanding amount was €202.4 million (including accrued interest for €15.3 million).

As at December 31, 2019, we had a cash drawn down under our Revolving Credit Facility of €50.0 million (increased by €25 million when compared to June 30, 2019).

FURTHER EXPLANATORY NOTES AND BASIS OF PREPARATION

BASIS OF PRESENTATION

The interim financial statements as of and for the six-months period ended December 31, 2019 (hereinafter "Interim Financial Statements") have been prepared for the purposes of the preparation of the six-months consolidated accounts of the TeamCo group as at December 31, 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 December 31, 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 DECEMBER 31, 2019

Since December 31, 2019 to the date of this report we collected an amount of €14.1 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 January 1, 2020 and the current date.

