



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 nine months ended 31 March 2020

Date: 28 May 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” or “FC Inter”). 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 nine-month period ended March 31, 2020 (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

The first set of legislative measures relating to the Coronavirus outbreak was issued in Italy on February 23rd, 2020. These measures have had an immediate impact on the operations of FC Inter group both from a sporting and a corporate perspective. FC Inter has immediately taken all necessary precautionary and preventive measures towards its employees, members, collaborators, players and technical staff. All measures have been taken in full compliance with legislative decisions and technical protocols issued by the competent authorities.

Impact on Sporting Season

➤ Current Status

The sporting season has been suspended from the second week of March. At that stage, there were twelve Serie A matches to be played (thirteen for TeamCo, of which seven were home matches). The team should have played the UEL Ro16 vs. Getafe Club de Futbol and the return match of semi-final round of Italian domestic Cup vs. Naples. These matches have yet to be played.

After the suspension of the sporting season, in accordance with legislative decisions and in full compliance with technical protocols, the first team restarted training sessions on an individual basis on May 4th, 2020 and on a collective basis on May 20th, 2020.

➤ Decisions yet to be made

The restart of the sporting season, and resulting format of the competitions, have not been established yet as at the date of this report.

The decision relating to domestic competitions (Serie A and Coppa Italia) is expected to be taken on May 28th, 2020. Based on the most updated information, in case of decision to recommence, the first games would be played between June 13th and June 20th, 2020 and the competitions would conclude by August 20th, 2020.

The UEFA Europa League matches are expected to be played in August 2020.

Impact on Sponsorship Revenue

➤ Current status

The suspension of the season, and the impossibility to organize physical events and activities, has involved our temporary inability to fully comply with contractual obligations with our commercial partners.

Considering the extraordinary nature of the current situation and the need to comply in good faith with our contractual obligations, we have had a number of discussions aimed at continuing – as far as possible – in the *provision of services* currently possible (such as the



delivery of digital contents), and in offering deferred provision of other services to contractual counterparties as soon as this will be possible under applicable laws and regulations. Moreover, we pointed out to our partners that the suspension of sports activities is, to date, temporary, highlighting in particular the fact that we are awaiting developments on the expected recommencement of competitions and other commercial activities.

➤ Decisions yet to be made

In light of the above, also taking into account the uncertainty in respect of the recommencement of the season, we are not in a position, to date, to quantify the actual impact on our contracted Sponsorship Revenue.

Impact on Indirect Serie A Revenue

➤ Current Status

As of the date of this report, the broadcasters, assignees with the audio-television rights of the Serie A championship, had paid five out of the six installments due with regard to the current 2019/2020 season, covering approx. 84% of total amount contracted.

The last installment, due at the beginning of May 2020, with the sporting season suspended, has not been settled at the date of this report. As a result, Lega Serie A has initiated discussions with broadcasters (in particular, Sky and Perform-DAZN), with the aim of assessing the various options regarding payment by such entities of the last installment and indications with regards to the next sporting season (which will be the last one of the 2018/2019 – 2020/2021 three year-cycle).

The portion of the last installment pertaining to TeamCo amounts to approx. €8 million which would involve an assignment to MediaCo of receivables (including VAT where applicable) for an amount of approx. €9 million.

➤ Decisions yet to be made

In light of the above, also taking into account the uncertainty in respect of the recommencement of the season, we are not in a position, to date, to quantify the full impact deriving from COVID-19 on our contracted Indirect Serie A Revenue.

Impact on Indirect UEFA Revenue

➤ Current status

As of the current date, UEFA has paid to TeamCo (and TeamCo has paid to MediaCo) all the amounts due in respect of the UCL Group stage and the UEL progression (until Ro16)

The only outstanding amount relates to the final balance of the market pool, typically paid in June, and estimated in approx. €6 million.



➤ Decisions yet to be made

In light of the interruption of the season, we do not currently know if the final estimated €6 million balance of the market pool will be paid in June as expected.

Estimated main impacts on TeamCo

At TeamCo level, as of the date of this report, we expect the main financial impact to relate to the loss in ticketing revenue since, even in the event of a restart of the season, we expect such matches to be played behind closed doors.



INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the nine months period ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Revenue	101,976	72,151
Other Income	182	116
Total revenue	102,158	72,268
Personnel costs	2,471	2,712
Cost of services	7,776	9,110
Other operating costs	624	452
Write-downs of trade receivables	2,064	-
Depreciation and amortization	13,636	13,678
Total operating costs	26,572	25,952
Operating profit	75,586	46,316
Net financial expenses	(7,099)	(6,439)
Profit before tax	68,487	39,877
Income taxes	(18,486)	(11,385)
Profit for the period	50,001	28,492



BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at March 31, 2020 compared with June 30, 2019.

	As at	
	June 30 2019	March 31 2020
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	287,001	273,386
Property, plant and equipment	211	249
Financial assets	10,410	10,410
Loan to parent company	131,445	167,938
Prepaid expenses	22	6
Non-current Assets	429,088	451,989
Current assets		
Financial assets	108	10,410
Loan to parent company	-	-
Trade receivables	79,206	76,780
Trade receivables from parent companies and their affiliated	34,891	10,693
Tax receivables	27	0
Deferred tax assets	667	541
Other receivables	5	7
Prepaid expenses	113	92
Cash at bank and on hand	15,664	34,233
Current Assets	130,681	132,758
Total Assets	559,769	584,747



	As at	
	June 30 2019	March 31 2020
<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	28,492
Total Shareholders' equity	182,330	138,203
Non-current Liabilities		
Deferred tax liabilities	31,040	29,602
Provisions for employee severance indemnities	248	237
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	278,715
Deferred income	11,714	11,396
Non-current Liabilities	324,043	320,196
Current Liabilities		
Senior Secured Notes 2022	6,550	10,240
Trade payables	3,043	4,347
Trade payables to parents companies and their affiliated	14,114	52,152
Dividends Payable	28,765	52,952
Tax Payables	378	1,368
Social security payables	186	132
Other payables	277	231
Accrued expenses	83	134
Deferred income	-	4,791
Current Liabilities	53,396	126,348
Total Liabilities and Shareholders' equity	559,769	584,747

CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Profit for the period	50,001	28,492
Current taxes	20,286	12,698
Net Financial Expenses	7,099	5,427
Profit for the period before taxes and interest	77,385	46,617
Depreciation and amortization	13,636	13,679
Write-downs/(release/uses) of trade receivables	2,064	(735)
Employee severance indemnities	60	(11)
Deferred tax assets and liabilities	(1,800)	(1,313)
Cash flow from operating activities before changes in working capital	91,346	58,238
(Increase)/Decrease in trade and other receivables	8,719	28,769
Increase/(Decrease) in trade and other payables	(16,630)	27,889
Other variations in net working capital	(2,661)	4,560
Cash flow from operating activities after changes in working capital	80,774	119,456
Taxes paid	(1,844)	(1,741)
Interest and other financial expenses paid	(7,312)	(6,258)
A. Cash flow from operating activities	71,618	111,456
Investments in Intangible Assets	(28)	(18)
Investments in Property, Plant and Equipment	-	(85)
B. Cash flow from investing activities	(28)	(103)
Repayment of bank loans/Senior Secured Notes 2022	(3,100)	(3,250)
Intercompany loans	36,464	(30,801)
Debt service account	(10,352)	(10,302)
Capital/dividend distributions	(36,013)	(48,432)
C. Cash flow from financing activities	(13,001)	(92,785)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	58,590	18,569
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	67,100	34,233



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 nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
A. Direct Media Revenue	10,903	12,564
B. Other Income	182	116
C. Sponsorship Revenue	91,072	59,587
D. Total Revenue (A+B+C)	102,158	72,268
E. Serie A Indirect Media Revenue *	85,273	96,994
F. UEFA Indirect Media Revenue *	42,539	42,544
G. Adjusted Media Revenue (A+E+F)	138,715	152,102
B. Other Income	182	116
C. Sponsorship Revenue	91,072	59,587
Adjusted Revenue (G+B+C)	229,969	211,806

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

Our Adjusted Revenue decreased by €18.2 million or 7.9% to €211.8 million for the nine months ended March 31, 2020 from €230.0 million for the nine months ended March 31, 2019. The reasons of this net decrease are explained in detail in the below paragraphs.

Direct Media Revenue

Direct Media Revenue increased by €1.7 million or 15.2% to €12.6 million for the nine months ended March 31, 2020 from €10.9 million for the nine months ended March 31, 2019 due to having signed, in the current fiscal year (January 2020), the contract for the distribution in China of the thematic channel Inter TV for the fiscal years (i) 2018/2019 (€1M fee fully recognized in the nine months ended March 31, 2020) and (ii) 2019/2020 (€1m fee, of which €0.75M recognized, on a pro-rata basis, in the nine months ended March 31, 2020)



Sponsorship Revenue

Sponsorship Revenue decreased by €31.5 million or 34.6% to €59.6 million for the nine months ended March 31, 2020 from €91.1 million for the nine months ended March 31, 2019, 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 nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Shirt	10,012	11,195
Technical	7,500	9,375
EU/Global	8,814	12,221
Regional and naming rights	64,747	26,797
Sponsorship Revenue	91,072	59,587

- 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).

We highlight that in both the nine-month periods under analysis, a €2,2 million contractual performance bonus was achieved for the progression to the Ro16 of the UEFA Europa League

- 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 nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Naming Rights and Sponsorship Agreement	11,715	6,366
Other Sponsorship Agreements	53,033	20,431
Regional and naming rights	64,747	26,797

The €5.3 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 €32.6 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 March 31, 2020, is €15.0 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 March 31, 2020, is €18.7 million

Reductions above explained have been partially offset by a €1.1 million increase in other regional sponsorship agreements signed during the current fiscal year.

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. To date, there are a number of possible new contracts in our pipeline which, if finalized, could start at the beginning of the next fiscal year.

Serie A Indirect Media Revenue

Serie A Indirect Media Revenue increased by €11.7 million or 13.7% to €97.0 million for the nine months ended March 31, 2020 from €85.3 million for the nine months ended March 31, 2019.

Such increase is:

- Approx. € 6 million related to a different timing of the installments through which the annual value of media rights is invoiced; and
- Approx. €5.7 million related to the improvement in the Serie A position over the current sporting season until interruption at the beginning of March, being this one of the criteria underlying the allocation of total available resources to each club.



UEFA Indirect Media Revenue

UEFA Indirect Media Revenues are in line with prior period. The amount of €42.5 million assigned from TeamCo to MediaCo during the nine months period ended March 31, 2020 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
- €1.6 million: fixed fee for 2019/2020 UEL Ro32 and Ro16



Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt	10,012	11,195
- Technical	7,500	9,375
- EU/Global	8,814	12,221
- Regional and naming rights	64,747	26,797
Direct Media Revenue	10,903	12,564
Other Income	182	116
Total revenue	102,158	72,268
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	85,273	96,994
- UEFA Indirect Media Revenue *	42,539	42,544
Adjusted Revenue	229,969	211,806
Change in Current operating assets	11,001	31,412
Change in Non current operating assets	106	(319)
Cash inflow	241,076	242,899
Personnel costs	(2,471)	(2,712)
Cost of services	(7,776)	(9,110)
Other costs	(624)	(452)
Income taxes	(18,486)	(11,385)
Change in Current operating liabilities	19,108	19,249
Change in Non current operating liabilities	(1,398)	(1,433)
Cash Outflow	(11,647)	(5,843)
Cash Available for Debt Service	229,429	237,056

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

Cash Available for Debt Service increased by €7.6 million or 3.3% to €237.1 million for the nine months ended March 31, 2020 from €229.4 million for the nine months ended March 31, 2019.

This improvement is explained as follows:

- €1.8 million increase in cash inflows driven by €20.4 million favourable impact of Change in Current operating assets mainly related to collection size and timing of

international/regional Sponsorship contracts. This more than offset the €18.2 million reduction in Adjusted Revenue described on previous pages

- €5.8 million reduction in cash outflows, which, in the nine months ended March 31, 2019, 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 the payment of Income Taxes in the nine months ended March 31, 2020 amounted to €1.7 million (€1,8 million in the nine months ended March 31, 2019), 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 March 2020	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	30,000	30,000
Revenues booked in the 9 months ended 31 March 2020	26,797	20,725	20,725
Total	278,329	50,725	50,725

The table highlights that:

- in the period July 1, 2016 –March 31, 2020, we booked cumulative revenues of €278.3 million, collecting, to date, €227.6 million (82%)
- €50.7 million outstanding amount to date is related to the last fiscal year ended June 30, 2019 and to the nine months period ended March 31, 2019.

With regards to amounts remaining outstanding/overdue, we are in regular contact with the counterparties.

RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Revenue	101,976	72,151
Other Income	182	116
Total revenue	102,158	72,268
Personnel costs	2,471	2,712
Cost of services	7,776	9,110
Other operating costs	624	452
Write-downs of trade receivables	2,064	-
Depreciation and amortization	13,636	13,678
Total operating costs	26,572	25,952
Operating profit	75,586	46,316
Net financial expenses	(7,099)	(6,439)
Profit before tax	68,487	39,877
Income taxes	(18,486)	(11,385)
Profit for the period	50,001	28,492

Revenue. Revenues for the nine months ended March 31, 2020 decreased by €29.9 million or 29.3% to €72.3 million from €102.2 million for the nine months ended March 31, 2019. 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 nine months ended March 31, 2020 increased by €0.2 million or 9.7% to €2.7 million from €2.5 million for the nine months ended March 31, 2019. 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 March 31, 2020, we had a total of 44 employees.

Cost of services. Cost of services for the nine months ended March 31, 2020 increased by €1.3 million or 17.1% to €9.1 million from €7.8 million for the nine months ended March 31, 2019. This is as a result of increasing resources allocated to sales department and to the 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 nine months ended March 31, 2020 are in line with the same period of prior year at €0.5 million.

Write-downs of trade receivables. No write-downs in the nine months ended March 31, 2020, whilst In the same period of prior year we accrued a provision of €2.1M mainly related to an ongoing litigation between MP Silva and Lega Nazionale Professionisti relating to the settlement of the amounts still due by MP Silva in respect of 2017/2018 Serie A international media rights.

Depreciation and amortization. Depreciation and amortization for the nine months ended March 31, 2020 is in line with the same period of prior year at €13.7 million.

Net Financial expenses. Net Financial expenses for the nine months ended March 31, 2020 decreased by €0.7 million or 9.3% to €6.4 million from €7.1 million for the nine months ended March 31, 2019 mainly due to higher interest income (€5.7 million vs. €5,1 million) accrued on the Intercompany Loans granted to TeamCo.

Income taxes. Income taxes for the nine months ended March 31, 2020 decreased by €7.0 million or 38.4% to €11.4 million from €18.5 million for the nine months ended March 31, 2019. This is related to reduction in Profit Before Tax driven by decrease in revenues while the tax rate is overall in line (28.6% vs 27.0%).

Profit for the period. For the reasons described above, Profit for the period for the nine months ended March 31, 2020 was €28.5 million presenting a €21.5 million decrease (43.0%) compared to same period of prior year.



CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31	
	2019	2020
<i>(in thousands of €)</i>		
Profit for the period	50,001	28,492
Current taxes	20,286	12,698
Net Financial Expenses	7,099	5,427
Profit for the period before taxes and interest	77,385	46,617
Depreciation and amortization	13,636	13,679
Write-downs/(release/uses) of trade receivables	2,064	(735)
Employee severance indemnities	60	(11)
Deferred tax assets and liabilities	(1,800)	(1,313)
Cash flow from operating activities before changes in working capital	91,346	58,238
(Increase)/Decrease in trade and other receivables	8,719	28,769
Increase/(Decrease) in trade and other payables	(16,630)	27,889
Other variations in net working capital	(2,661)	4,560
Cash flow from operating activities after changes in working capital	80,774	119,456
Taxes paid	(1,844)	(1,741)
Interest and other financial expenses paid	(7,312)	(6,258)
A. Cash flow from operating activities	71,618	111,456
Investments in Intangible Assets	(28)	(18)
Investments in Property, Plant and Equipment	-	(85)
B. Cash flow from investing activities	(28)	(103)
Repayment of bank loans/Senior Secured Notes 2022	(3,100)	(3,250)
Intercompany loans	36,464	(30,801)
Debt service account	(10,352)	(10,302)
Capital/dividend distributions	(36,013)	(48,432)
C. Cash flow from financing activities	(13,001)	(92,785)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	58,590	18,569
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	67,100	34,233

Cash flow from operating activities. Cash flow from operating activities for the nine months ended March 31, 2020 increased by €39.8 million or 55.6% to €111.5 million from €71.6 million for the nine months ended March 31, 2019.

This increase has been achieved, notwithstanding the reduction in Operating Profits, mainly due to the favourable impact of Working Capital related to:



- Size and timing of collection of international/regional Sponsorship contracts (affecting the line “(Increase)/Decrease in trade and other receivables”)
- Size and timing of cash up streams of assigned media rights to TeamCo through the secured waterfall accounts and of transfer of balances relating to tax consolidation regime balance (both affecting the line Increase/(Decrease) in trade and other payables)
- timing of repayment of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017 (affecting the line Increase/(Decrease) in trade and other payables)

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 nine months ended March 31, 2020 amounted to €103 thousands (compared to €28 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 nine months ended March 31, 2020 amounted to negative €92.8 compared to negative €13.0 million in the same period of prior fiscal year).

The increase in negative balance is related to the fact that, in the nine month period ended March 31, 2020, MediaCo paid a total amount of €79.2 million composed of €48.4 million dividends to its immediate parent companies (€30.4 million to TeamCo and €18.0 million to BrandCo) and €30.8 million intercompany loans to TeamCo (we remind that both dividends and 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). In the same period of prior year, the dividend distribution to TeamCo for €36.0 million has been settled through reduction of the existing Intercompany Loans.

Remaining financing flows are in line and relate to (i) the €3.3 million mandatory amortization of the Senior Secured Notes (installment paid at the end of December 2019) and (ii) €10.3 million cash deposited in the Debt Service Account for the payment of the installment of the Senior Secured Notes due in June 2020.

Net change in cash and cash equivalent. Net change in cash and cash equivalent for the nine months ended March 31, 2020 decreased by €40.0 million or 68.3% to €18.6 million from €58.6 million for the nine 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 March 31, 2020 compared with June 30, 2019.

Assets:

	As at	
	June 30 2019	March 31 2020
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	287,001	273,386
Property, plant and equipment	211	249
Financial assets	10,410	10,410
Loan to parent company	131,445	167,938
Prepaid expenses	22	6
Non-current Assets	429,088	451,989
Current assets		
Financial assets	108	10,410
Loan to parent company	-	-
Trade receivables	79,206	76,780
Trade receivables from parent companies and their affiliated	34,891	10,693
Tax receivables	27	0
Deferred tax assets	667	541
Other receivables	5	7
Prepaid expenses	113	92
Cash at bank and on hand	15,664	34,233
Current Assets	130,681	132,758
Total Assets	559,769	584,747

Non-current assets. Non-current assets increased by €22.9 million from €429.1 million at June 30, 2019 to €452.0 million at March 31, 2020 driven by the €36.5 million increase in Loans to parent company, of which €30,8 million relating to new Intercompany Loans to TeamCo provided in the nine months period ended March 31, 2019 (as previously described) and €5.7 million to accrual of interest income.

This increase has been partially offset by €13.6 million reduction in Intangible Assets related to amortization of the nine months period ended March 31, 2020.

Current assets. Current assets increased by €2.1 million from €130.7 million at June 30, 2019 to €132.8 million at March 31, 2020 mainly due to the net impact of:



- €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
- €18.6 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”).
- €26.6 million decrease in Trade receivables driven by reduction relating to International/Regional Sponsorship Agreements, as detailed in the table below

	As at June 30 2019	As at 31 March, 2020	Var.
<i>(in thousands of €)</i>			
Trade receivables (incl. from parent companies and affiliated)			
Naming Rights and Sponsorship Agreement	29,495	1,958	(27,537)
Other International/Regional Sponsorship Agreements	70,000	48,767	(21,233)
Trade Receivables relating to International/Regional Sponsorship Agreements	99,495	50,725	(48,770)
UEFA Indirect Media Revenue (UEL fixed amount collected in April)	-	1,600	1,600
Other trade receivables	14,602	35,149	20,547
Total Trade receivables (incl. from parent companies and affiliated)	114,097	87,474	(26,623)

- Receivables relating to international/regional Sponsorship Agreements

The €27.5 million reduction in trade receivables relating to Naming Rights and Sponsorship Agreement results from €33.9 million collections in the nine months period ended March 31, 2020, net of revenue booked in the period for €6.4 million (of which only €2 million still outstanding).

The €21.2 million reduction in trade receivables relating to Other international/regional Sponsorship Agreements results from €41.7 million collections in the nine months period ended March 31, 2020, net of revenue booked in the period for €20.4 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 €1.6 million receivable has been collected in April 2020.

- Other trade receivables

The €20.5 million increase is related to the normal timing of the cycle invoicing-collection during the financial year.



Liabilities:

	As at	
	June 30 2019	March 31 2020
<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	28,492
Total Shareholders' equity	182,330	138,203
Non-current Liabilities		
Deferred tax liabilities	31,040	29,602
Provisions for employee severance indemnities	248	237
Provisions for risks	247	247
Senior Secured Notes 2022	280,794	278,715
Deferred income	11,714	11,396
Non-current Liabilities	324,043	320,196
Current Liabilities		
Senior Secured Notes 2022	6,550	10,240
Trade payables	3,043	4,347
Trade payables to parents companies and their affiliated	14,114	52,152
Dividends Payable	28,765	52,952
Tax Payables	378	1,368
Social security payables	186	132
Other payables	277	231
Accrued expenses	83	134
Deferred income	-	4,791
Current Liabilities	53,396	126,348
Total Liabilities and Shareholders' equity	559,769	584,747

Shareholders' equity. Shareholders' equity decreased by €44.1 million from €182.3 million at June 30, 2019 to €138.2 million at March 31, 2020 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 € 28.5 million



Non-current liabilities. Non-current liabilities decreased by €3.8 million from € 324.0 million at June 30, 2019 to € 320.2 million at March 31, 2020 mainly as a result of the amortization plan of the Senior Secured Notes.

Current liabilities. Current liabilities increased by €73.0 million from €53.4 million at June 30, 2019 to €126.3 million at March 31, 2020 mainly due to:

- € 38.0 million increase in trade payables to parent companies and their affiliated. This relates to the increase in payables due to TeamCo in respect of:
 - assignment of media rights receivables made in the first nine months of the current fiscal year which were not yet distributed to TeamCo at March 31, 2020 through the waterfall rules
 - tax consolidation regime balance
- €24.2 million increase in Dividends payables relating to distribution of €72.6 million net profit of the fiscal year ended June 30, 2019, net of payments already made in the period for €48.4 million
- €4.8 million increase in deferred Income which relates to sponsorship installments already invoiced and collected but whose revenues pertain and, accordingly, will be recognized, in the remaining part of the fiscal year ending June 30, 2020.
- €3.5 million interest expense on Senior Secured Notes accrued for the period January 1, 2020 – March 31, 2020

CAPITAL EXPENDITURES

At €103 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 March 31, 2020 compared with June 30, 2019.

	As at	
	June 30 2019	March 31 2020
<i>(in thousands of €)</i>		
Cash at bank and on hand	15,664	34,233
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	-	(3,540)
Current financial liabilities	(6,550)	(10,240)
Net current financial assets/(liabilities)	9,222	34,402
Senior Secured Notes 2022	(280,794)	(278,715)
Financial Assets	10,410	10,410
Non-current financial liabilities	(270,384)	(268,305)
Net financial position	(261,162)	(233,903)

The table shows an improvement of €27.3 million to € 233.9 million driven by the increase in (i) Cash at bank and on hand (+€18.6 million) as a result of net cash flow generated in the nine months period of the current fiscal year and (ii) Current financial assets (+€10.3 million) relating to cash transferred into the Debt Service Accounts to fulfill the obligations of the Notes in the last quarter of the current fiscal year.

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. However, we note the specific risks related to current Coronavirus situation, for which we refer to the section "NOTE REGARDING THE CURRENT CORONAVIRUS SITUATION" on page 9.



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.



TEAMCO UPDATE

SPORTING PERFORMANCE

Before the interruption of the season on March 8th, 2020, due to the Coronavirus outbreak, the team:

- was 3rd in the Serie A table (after 25 matches), nine points behind the team sitting in 1st position (but with one more match to play).
- reached the UEL Ro16, and scheduled to played versus Getafe Club de Futbol
- reached the semi-finals of the domestic Cup ("Coppa Italia"), with the return match to be played 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).

Before the interruption due to the Coronavirus outbreak, match attendance numbers in current sporting season 2019/2020 confirmed the positive trend of the prior season.

In the twelve Serie A home matches played, 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.

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. As of March 31, 2019, shareholder loans (and related parties' loans) total outstanding amount was €138.9 million (including accrued interest for €11.8 million). This, after a conversion into equity made in the third quarter for an amount of €60.0 million (plus waiver of accrued interest on such amount for €6.4 million).

As at March 31, 2020, 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 nine-months period ended March 31, 2020 (hereinafter "Interim Financial Statements") have been prepared for the purposes of the preparation of the nine-months consolidated accounts of the TeamCo group as at March 31, 2020.

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,

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 MARCH 31, 2020

In addition to what already described in this document, in particular with regard to the section “NOTE REGARDING THE CURRENT CORONAVIRUS SITUATION, there are no further matters to be highlighted occurring between April 1, 2020 and the current date.

