



**INTER**

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

**As the issuer of**

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

**€75,000,000 4.875% Senior Secured Notes due 2022**

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

**For the fiscal year ended 30 June 2020**

**Date: 28 October 2020**

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# Honours



## **SERIE A CHAMPIONSHIP**

**18**

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



## **ITALIAN CUP**

**7**

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



## **ITALIAN SUPER CUP**

**5**

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



## **UEFA CHAMPIONS LEAGUE**

**3**

1963/64 1964/65 2009/10



## **UEFA CUP**

**3**

1990/91 1993/94 1997/98



## **INTERCONTINENTAL CUP**

**2**

1964/65 1965/66



## **FIFA CLUB WORLD CUP**

**1**

2010/11



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## GENERAL INFORMATION

### INTRODUCTION

We, Inter Media and Communication S.p.A (“MediaCo”), are the sole manager and operator of the media, broadcast and sponsorship business of our parent company F.C. Internazionale Milano S.p.A. (“TeamCo” 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%), International Sports Capital S.p.A. (“ISC”) (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. ISC is owned by LionRock Capital (“LionRock”), an experienced private equity investor based in Hong Kong.

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 AND FURTHER FINANCING

### Senior Secured Notes due 2022 issued in December 2017

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

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

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

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

### Senior Secured Notes due 2022 issued in July 2020

On July 24<sup>th</sup>, 2020, MediaCo priced an offering of €75.0 million in aggregate principal amount of new 4.875% Senior Secured Notes due 2022 (the “New Notes”) at an issue price of 93%.

The New Notes were issued on July 31<sup>st</sup>, 2020 pursuant to the same indenture of the Existing Notes (the Indenture”) and form a single class, under the Indenture, with the Existing Notes for all purposes under the Indenture, including, without limitation, waivers, amendments and all other matters which are not specifically designated for any applicable series. However, the New Notes are not fungible for U.S. federal income tax purposes with the Existing Notes and do not have the same ISINs and common codes as the Existing Notes.

The proceeds of the New Notes, net of fees and expenses, including OID, in respect of the offering of the New Notes, have been used to fund TeamCo’s general corporate purposes and to fund the secured accounts as a result of the increased size of the principal amount of indebtedness outstanding following the issuance of the New Notes.

The impact of the New Notes will be reflected in Q1 interim financial statements of the fiscal year ending June 30, 2021.



## FINANCIAL INFORMATION

### INTRODUCTION

The financial information presented in this section is sourced from and based on the audited financial statements of MediaCo for the fiscal year ended June 30, 2020 (the “Annual Financial Statements”).

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

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

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

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

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

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

### FORWARD-LOOKING STATEMENTS

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





## INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the fiscal year ended June 30, 2020 compared with the fiscal year ended June 30, 2019. The Income Statement data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with Generally Accepted Accounting principles (GAAP) in other countries and International Financial Reporting Standards (IFRS).

	For the fiscal year ended June 30	
	2019	2020
<i>(in thousands of €)</i>		
Revenue	144,941	85,578
Other Income	194	323
<b>Total revenue</b>	<b>145,134</b>	<b>85,901</b>
Personnel costs	3,372	3,284
Cost of services	11,082	11,470
Other operating costs	1,002	633
Write-downs of trade receivables	2,542	519
Depreciation and amortization	18,184	18,205
Provisions for risks and charges	-	4,193
<b>Total operating costs</b>	<b>36,181</b>	<b>38,304</b>
<b>Operating profit</b>	<b>108,954</b>	<b>47,597</b>
Net financial expenses	(9,822)	(8,417)
<b>Profit before tax</b>	<b>99,132</b>	<b>39,180</b>
Income taxes	(26,486)	(11,574)
<b>Profit for the period</b>	<b>72,646</b>	<b>27,607</b>



## BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at 30 June 2020 compared with 30 June 2019. The Balance Sheet data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS

	As at	
	June 30 2019	June 30 2020
<i>(in thousands of €)</i>		
<b>Non-current assets</b>		
Intangible assets	287,001	268,886
Property, plant and equipment	211	234
Financial assets	10,410	10,410
Loan to parent company	131,445	169,971
Prepaid expenses	22	14
<b>Non-current Assets</b>	<b>429,088</b>	<b>449,515</b>
<b>Current assets</b>		
Financial assets	108	29
Trade receivables	79,206	80,619
Trade receivables from parent companies and their affiliated	34,891	8,127
Tax receivables	27	0
Deferred tax assets	667	1,789
Other receivables	5	7
Prepaid expenses	113	120
Cash at bank and on hand	15,664	16,898
<b>Current Assets</b>	<b>130,681</b>	<b>107,588</b>
<b>Total Assets</b>	<b>559,769</b>	<b>557,103</b>



	As at	
	June 30 2019	June 30 2020
<i>(in thousands of €)</i>		
<b>Liabilities and Shareholders' equity</b>		
<b>Shareholders' equity</b>		
Share capital	500	500
Reserve	105,097	105,124
Retained earnings	4,088	4,088
Profit for the period	72,646	27,607
<b>Total Shareholders' equity</b>	<b>182,330</b>	<b>137,318</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	31,040	29,120
Other provisions	247	4,439
Provisions for employee severance indemnities	248	263
Existing Notes	280,794	275,659
Deferred income	11,290	10,894
<b>Non-current Liabilities</b>	<b>323,619</b>	<b>320,376</b>
<b>Current Liabilities</b>		
Existing Notes	6,550	6,900
Trade payables	3,043	4,745
Trade payables to parents companies and their affiliated	14,114	25,788
Dividends Payable	28,765	52,952
Tax Payables	378	345
Social security payables	186	207
Other payables	277	170
Accrued expenses	83	79
Deferred income	424	8,224
<b>Current Liabilities</b>	<b>53,820</b>	<b>99,409</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>559,769</b>	<b>557,103</b>



## CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the fiscal year ended June 30, 2020 compared with the fiscal year ended June 30, 2019. The Cash Flow data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS.

	For the fiscal year ended June 30	
	2019	2020
<i>(in thousands of €)</i>		
Profit for the period	72,646	27,607
Current taxes	28,876	14,616
Net Financial Expenses	9,837	8,426
<b>Profit for the period before taxes and interest</b>	<b>111,359</b>	<b>50,649</b>
Depreciation and amortization	18,184	18,206
Write-downs/(release/uses) of trade receivables	2,542	319
Employee severance indemnities	76	15
Accrual for risks and charges	-	4,193
Deferred tax assets and liabilities	(2,390)	(3,043)
<b>Cash flow from operating activities before changes in working capital</b>	<b>129,771</b>	<b>70,339</b>
Increase in trade and other receivables	2,033	26,575
Increase/(Decrease) in trade and other payables	(58,125)	(300)
Other variations in net working capital	(905)	7,416
<b>Cash flow from operating activities after changes in working capital</b>	<b>72,775</b>	<b>104,030</b>
Taxes paid	(5,106)	(2,576)
Interest and other financial expenses paid	(14,652)	(14,401)
<b>A. Cash flow from operating activities</b>	<b>53,016</b>	<b>87,052</b>
Investments in Intangible Assets	(39)	(30)
Investments in Property, Plant and Equipment	(162)	(85)
<b>B. Cash flow from investing activities</b>	<b>(201)</b>	<b>(115)</b>
Repayment of Existing Notes	(6,250)	(6,550)
Intercompany loans	(16,408)	(30,801)
Debt service account	(65)	79
Capital/dividend distributions	(22,938)	(48,432)
<b>C. Cash flow from financing activities</b>	<b>(45,661)</b>	<b>(85,704)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>7,154</b>	<b>1,234</b>
<b>Cash at bank and on hand at the beginning of the period</b>	<b>8,510</b>	<b>15,664</b>
<b>Cash at bank and on hand at the end of the period</b>	<b>15,664</b>	<b>16,898</b>



## UPDATE ON THE MAIN IMPACTS OF THE COVID-19 PANDEMIC

### SPORTING SEASON

#### ➤ Sporting Season 2019/2020

All the official competitions of the sporting season 2019/2020 have been fully completed after the temporary interruption from the second week of March 2020 to mid-June 2020. All the matches since the re-start have been played behind closed doors and shifted to the first two months of the fiscal year ending June 30, 2021.

- Serie A: TeamCo finished in second position with the last match played on August 1<sup>st</sup>, 2020
- UEFA Europa League: TeamCo reached the final losing vs. Sevilla Football Club on August 21<sup>st</sup>, 2020.
- Coppa Italia: TeamCo was eliminated in the semi-finals by Naples on June 13<sup>th</sup>, 2020.

#### ➤ Sporting Season 2020/2021

The Serie A and UEFA Champions League 2020/2021 started on September 19<sup>th</sup>, 2020 and October 20<sup>th</sup>, 2020, respectively, both in full compliance with the agreed technical protocols and restrictions relating to Covid-19 pandemic.

While all the technical protocols in place are aimed at ensuring a safe continuation of the current sporting season, the sporting performance can be significantly affected by possible infections that players can contract and the evolution of the season could be significantly affected by the epidemiological trend and related legislative decisions issued by the authorities.

As carried out since the beginning of the outbreak at the end of February 2020, FC Inter will continue to take all necessary precautionary and preventive measures towards its employees, members, collaborators, players and technical staff.

### ACCOUNTING SHIFT

The shift of the last part of the 2019-2020 sporting season to the first two months of the fiscal year ending June 30, 2021 (i.e. July and August 2020), resulted in a shift in the recognition of a portion of Direct and Indirect Revenue of MediaCo (no material impact on operating costs).

In particular:

- The recognition in the Income Statement of certain Sponsorship Revenue has been interrupted for three months from March 1<sup>st</sup>, 2020 to May 31<sup>st</sup>, 2020, and the residual contractual fee for the sporting season 2019-2020 has been accounted for on a linear basis in the period June 1<sup>st</sup>, 2020 – August 31<sup>st</sup>, 2020



- Certain performance bonuses included in Sponsorship contracts for the sporting season 2019-2020 have been triggered in July and August 2020
- The final settlement of Serie A Media Revenue for the sporting season 2019-2020 has been defined (and then invoiced by TeamCo and related receivables assigned to MediaCo) in August 2020. Accordingly, this will be recognized in the Serie A Media Revenue for the sporting season 2020-2021
- The final settlement of UCL Group stage market pool and all UEFA Europa League Media Revenue from Ro16 to the final have been defined (and then invoiced by TeamCo and related receivables assigned to MediaCo) in September 2020. Accordingly, this will be recognized in the UEFA Media Revenue for the sporting season 2020-2021

On the next pages, we present a pro-forma Income Statement and a pro-forma table of Adjusted Revenue including the portion shifted, for a better understanding of the underlying financial performance of the fiscal year ended June 30, 2020.

## SPONSORSHIP REVENUE

### ➤ Fiscal Year ended June 30, 2020

As reported in our Q3 report, the temporary suspension of the 2019/2020 sporting season from March to May 2020, has created a temporary inability to fully comply with certain contractual obligations with some of our commercial partners.

However, the restart and full completion of the sporting season, together with the provision of alternative services (such as the delivery of additional digital contents), has allowed us to limit losses in respect of our sponsorship contracts. In the fiscal year ended June 30, 2020, we agreed reductions for an amount of €0.7 million related to contractual fees for the sporting season 2019-2020 as a result of negotiations with our commercial partners for the effects resulting from the pandemic.

In addition, based on an assessment of discussions still in progress with our partners, we have accrued in the Annual Financial Statements for the fiscal year ended June 30, 2020, a provision for risks for an amount of €2.2 million.

### ➤ Fiscal Year ending June 30, 2021

Notwithstanding the potential for future impacts of the pandemic, with the start of the new sporting season we have already launched four new partnerships (EA Sports, Snaipay, Starcasinò and SDY Sports) for a total annual value, in the fiscal year ending June 30, 2021, in the range of €5.0 million and we have renewed some partnerships expired at the end of the sporting season 2019/2020 (such as Volvo and Gatorade).

### Note on the sleeve sponsorship contract signed in June 2020

We recently terminated the sleeve sponsorship agreement we entered into in June 2020 due to the sponsor's failure to comply with its contractual payment obligations and retained €2.5million already paid. The sponsor filed a wrongful termination suit against us requesting



the reimbursement of the €2.5 million already paid plus interest, with the first hearing scheduled before the court of Milan on April 14, 2021. Provisions for €2.0 million related to this matter were set aside in our audited annual financial statements as of and for the year ended June 30, 2020.



## SERIE A INDIRECT MEDIA REVENUE

## ➤ Sporting season 2019/2020

Serie A 2019-2020\_Installments invoiced by TeamCo and related receivables assigned to MediaCo post appearance of Covid-19 outbreak

<i>(in thousands of €)</i>	Total Amount (incl. Vat)	Collected to date	O/S to date
in the fiscal year ended June 30, 2020 (April 2020) (6th installment)	4,575	(981)	3,594
shifted to the fiscal year ending June 30, 2021 (August 2020) (final settlement installment*)	8,130	(3,417)	4,714
<b>Total</b>	<b>12,706</b>	<b>(4,398)</b>	<b>8,308</b>

\* amount defined based on final second position of the team in the Serie A 2019/2020 terminated on August 1st, 2020

As shown by the table above, as of the date of this report, we have outstanding receivables of €8.3 million relating to Indirect Serie A Revenue for the sporting season 2019-2020. This mainly relates to the fact the Sky Italy has not yet paid their portion of the installments due after the beginning of the pandemic. Lega Serie A issued a payment injunction but, in the meantime, discussions are in place to find an agreement.

## ➤ Sporting season 2020/2021

All the due installments to date in respect of the sporting season 2020/2021 have been settled by the broadcasters.

To date, in the event of the completion of the current sporting season, we do not expect any reduction to the amount contractually due for the full season. Such amount, which will be affected by the team performance, is expected to be not lower than €80 million in case of theoretical last position in the Serie A 2020-2021, subject to any further adverse impact on the sporting season deriving from the evolution of Covid-19 pandemic.

However, given the current context and the unstable global economic situation, we will monitor this position on a continuing basis.





## UEFA INDIRECT MEDIA REVENUE

### ➤ Sporting season 2019/2020

UEFA 2019-2020\_Installments invoiced/to be invoiced by TeamCo and related receivables assigned/to be assigned to MediaCo post appearance of Covid-19 outbreak

<i>(in thousands of €)</i>	Total Amount	Collected to date	O/S to date
in the fiscal year ended June 30, 2020	-	-	-
shifted to the fiscal year ending June 30, 2021_already invoiced and assigned (September 2020)	13,100	(13,100)	-
shifted to the fiscal year ending June 30, 2021_final expected settlement (end of October 2020)	5,400		5,400
<b>Total</b>	<b>18,500</b>	<b>(13,100)</b>	<b>5,400</b>

As shown by the table above, the achievement of the UEFA Europa League final after the re-start of the competition in August 2020 and the definition of final amount of the UCL market pool, has generated additional Revenue for an expected amount of €18.5 million, of which €13,1 million was collected in September 2020 and €5.4 million representing the best estimate for the final settlement installment, which will be communicated by UEFA at the end of October.

Such amount already reflects a reduction of approx. €2.7 million following UEFA's cut of prize money (with regard to the sporting season 2019-2020) to take into consideration the loss of rights revenue and ticketing and hospitality revenue of the finals which were staged behind closed doors.

### ➤ Sporting season 2020/2021

UEFA has spread the financial impact of the losses incurred from the sporting season 2019/20 in the following five sporting seasons until the sporting season 2023/24.

Based on the detailed distribution mechanism for the calculation communicated by UEFA, we expect a 4% reduction to the amounts contractually due in the sporting season 2020-2021. This means that, with regard to the participation to UCL Group Stage, compared to a minimum guaranteed amount of €45 million (excluding any performance bonuses relating to the single matches), we expect to receive an amount in the range of €43 million.

However, given the current context UEFA has encouraged all clubs to adopt a prudent approach when budgeting for their anticipated income, even for fixed amounts, with final distributions which will be based on payments actually received.

In the meantime, according to the payment schedule communicated by UEFA, we have collected in mid-October the fee of €14.5 million for the participation to UCL Group stage.

## MAIN IMPACTS AT TEAMCO LEVEL

The main financial impact of the pandemic at TeamCo level relate to the loss in ticketing revenue due to matches played behind closed doors (or with severely restricted numbers) since the end of February 2020.



➤ Sporting season 2019/2020

Starting from the closure of the stadiums at the end of February 2020, we suffered (i) losses deriving from the reimbursement of the admission tickets (both one-time and season tickets) and (ii) the loss of profits deriving from the lack of matchday revenue due to matches being played behind closed doors.

However, we were able to mitigate such negative impact, both from a financial and cash flow perspective, through the activation of business interruption insurance coverage: in fact, a reimbursement of approximately Euro 10.0 million (i.e. the coverage cap), is expected in the coming weeks, compared to a total net loss that we estimate in the range of €13.0 million.

➤ Sporting season 2020/2021

The sporting season 2020/2021 commenced with stadiums only open to a restricted number of people. As a result, we have not put for sale any season or matchday tickets to date.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### KEY PERFORMANCE INDICATORS

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

#### Adjusted Revenue

The following table details Adjusted Revenue for the fiscal year ended June 30, 2021 compared with the fiscal year ended June 30, 2020. As described on the initial pages, the table also shows pro-forma numbers, which reflect amounts relating to the sporting season 2019-2020 shifted to the fiscal year ending June 30, 2021 due to the shift of the last part of such sporting season to July and August 2020 (hence, pro-forma numbers provide a better understanding of the performance of the fiscal year ended June 30, 2020).

	For the fiscal year ended June 30			
	2019	2020 Reported	Shifted to 2021	2020 Pro-forma
<i>(in thousands of €)</i>				
A. Direct Media Revenue	14,484	16,110	422	16,532
B. Other Income	194	323		323
C. Sponsorship Revenue	130,457	69,468	19,009	88,478
<b>D. Total Revenue (A+B+C)</b>	<b>145,134</b>	<b>85,901</b>	<b>19,431</b>	<b>105,333</b>
E. Serie A Indirect Media Revenue *	94,868	101,569	8,130	109,700
F. UEFA Indirect Media Revenue *	50,989	42,544	18,500	61,044
<b>G. Adjusted Media Revenue (A+E+F)</b>	<b>160,341</b>	<b>160,223</b>	<b>27,052</b>	<b>187,275</b>
B. Other Income	194	323	-	323
C. Sponsorship Revenue	130,457	69,468	19,009	88,478
<b>Adjusted Revenue (G+B+C)</b>	<b>290,991</b>	<b>230,015</b>	<b>46,061</b>	<b>276,076</b>

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

Our Adjusted Revenue decreased by €61.0 million or 21.0% to €230.0 million for the fiscal year ended June 30, 2020 from €291.0 million for the fiscal year ended June 30, 2019.

On a pro-forma basis, the decrease of our Adjusted Revenue is lower (€14.9 million or 5.1% to €276.1 million). Main pro-forma adjustments relate to:

- Shift of Sponsorship Revenue for €19.0 million, including (i) annual fees relating to the sporting season 2019/2020, whose recognition has been deferred to the months of July and August 2021 and (ii) performance bonuses included under sponsorship contracts triggered in the months of July and August 2021



- Shift of Serie A Indirect Media Revenue for €8.1 million relating to the assignment of receivables resulting from the final installment of the 2019-2020 sporting season made in August 2020 (amount defined after the end of the league)
- Shift of UEFA Indirect Media Revenue for €18.5 million relating to the assignment of receivables resulting from the final settlement of UCL Group stage market pool and all UEFA Europa League Media Revenue from Ro16 to the final made in September 2020 after the end of the UEFA competitions (Note: a portion of €5.4 million is still a best estimate with the final communication from UEFA still to be received)

In the below paragraphs we explain in detail the reasons of the net decrease of our Adjusted Revenue

#### *Direct Media Revenue*

Direct Media Revenue increased by €1.6 million or 11.2% to €16.1 million for the fiscal year ended June 30, 2020 from €14.5 million for the fiscal year ended June 30, 2019 mainly due to having signed, in the current fiscal year (January 2020), the contract for the distribution in China of Inter TV for the fiscal years (i) 2018/2019 (€1M fee) and (ii) 2019/2020 (€1m fee)

On a pro-forma basis, the increase of Direct Media Revenue is higher (€2.0 million or 14.1% to €16.5 million).

#### *Other Income*

In the fiscal year ended June 30, 2020, Other Income mainly result from the recovery of an amount accrued in prior years following the successful outcome of the litigation in progress with the former customer.

#### *Sponsorship Revenue*

Sponsorship Revenue decreased by €61.0 million or 46.7% to €69.5 million for the fiscal year ended June 30, 2020 from €130.5 million for the fiscal year ended June 30, 2019, driven by the reduction in regional and naming right sponsorships, as described further below.

On a pro-forma basis, the decrease of Sponsorship Revenue is lower (€42.0 million or 32.2% to €16.5 million) as the reduction in regional and naming right sponsorships, considering the impacts of the full sporting season, 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:



<i>(in thousands of €)</i>	For the fiscal year ended June 30			
	2019	2020 Reported	Shifted to FY21	2020-Pro-forma
Shirt & Technical	29,108	21,167	15,716	36,884
EU/Global	12,254	12,046	2,881	14,928
Regional and naming rights	89,095	36,255	411	36,666
<b>Sponsorship Revenue</b>	<b>130,457</b>	<b>69,468</b>	<b>19,009</b>	<b>88,478</b>

- Shirt & Technical

The increase in Shirt & Technical sponsorship revenue, looking at pro-forma numbers, is related to the higher value of the annual sponsorship packages, with a total amount of €36.9 million relating to the 2019/2020 sporting season.

- EU/Global

The increase in EU / Global sponsorship revenue, looking at pro-forma numbers, is driven by the signing of new partnerships since July 1, 2019, including Lenovo for the back of the training kit.

This positive trend, aside from any future impact of the current pandemic, confirms our expectations at the time we took over the marketing and negotiation of our sponsorship agreements in Italy and the rest of Europe and shows our ongoing effectiveness in securing sponsorships from flagship brands and in managing our global sponsorship rights by a dedicated in-house team for our sponsorship marketing efforts.

- Regional and Naming Rights

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

<i>(in thousands of €)</i>	For the fiscal year ended June 30			
	2019	2020 Reported	Shifted to FY21	2020-Pro-forma
Naming Rights and Sponsorship Agreement	18,395	8,480	-	8,480
Other Sponsorship Agreements	70,700	27,775	411	28,186
<b>Regional and naming rights</b>	<b>89,095</b>	<b>36,255</b>	<b>411</b>	<b>36,666</b>

The €9.9 million reduction in revenues deriving from the Naming Rights and Sponsorship Agreement is the result of the removal of all contractual performance bonuses (amounting to €9.7 million in the fiscal year ending June 30, 2019) from the renewed contract extended until June 30, 2022 (for a fixed annual fee of €16.0 million, of which, consistently with the previous terms, a 53% portion pertains to MediaCo and a 47% portion pertains to TeamCo).



We notice that the extension of the contract mitigates the impact of the removal of the performance bonuses.

The €42.9 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 ended June 30, 2020 (compared to fiscal year ended June 30, 2019) of €20.0 million
- The expiration of the contract with the marketing agency Beijing Yixinshijie as at June 30, 2019. This has an impact on fiscal year ended June 30, 2020 (compared to fiscal year ended June 30, 2019) of €25.0 million

Reductions above explained have been partially offset by a €2.1 million increase in other regional sponsorship agreements signed during the current fiscal year.

The return of the rights under the contracts above gives us a strong opportunity to further exploit these rights with further deals into the future. To date, notwithstanding the negative impacts of the pandemic, which, in the second semester, complicated the finalization of a number of contracts, we have signed an important new regional partnership with the client SDY Sport and the current contracted amount of regional sponsorships for the full fiscal year ending June 30, 2021 is in the range of €2,0 million on top of the minimum guaranteed amount of €25.0 million under the contract with the marketing agency I-Media. Furthermore, there are a number of potential new partners in our pipeline which, if finalized, could start before the second half of the fiscal year.

#### *Serie A Indirect Media Revenue*

Looking at pro-forma numbers, Serie A Indirect Media Revenue increased by €14.8 million or 15.6% to €109.7 million for the fiscal year ended June 30, 2020 from €94.9 million for the fiscal year ended June 30, 2019. Such increase is mainly related to (i) the improved sporting performance of TeamCo in the league (final second position in the sporting season 2019-2020 compared to fourth) (ii) and a different timing relating to payments of Serie A Media Revenue relating to the fiscal year ended June 30, 2019 (with an advance payment made in the fiscal year ended June 30, 2018).

#### *UEFA Indirect Media Revenue*

Looking at pro-forma numbers, UEFA Indirect Media Revenue increased by €10.0 million or 19.7% to €61.0 million for the fiscal year ended June 30, 2020 from €51.0 million for the fiscal year ended June 30, 2019. Such increase is mainly related to the improved sporting performance of TeamCo in the Europa League (achievement of the final compared to exit at Ro16).

As previously explained, the amount of €61.0 million already reflects a reduction of approx. €2.7 million resulting from the reduction applied by UEFA to prize money distributed to the clubs (with regard to the sporting season 2019-2020) to take into consideration the impacts of the pandemic. The breakdown between the two competitions is as follows:



- UCL Group Stage: €44.4 million
- UEL from Ro32 to final: €16.6 million



Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the fiscal year ended June 30, 2020 compared with the fiscal year ended June 30, 2019 (according to the definition set out in the Offering Memorandum issued concurrently with the New Notes)

	For the fiscal year ended June 30	
	2019	2020
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt & Technical	29,108	21,167
- EU/Global	12,254	12,046
- Regional and naming rights	89,095	36,255
Direct Media Revenue	14,484	16,110
Other Income	193	323
<b>Total revenue</b>	<b>145,134</b>	<b>85,901</b>
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	94,868	101,569
- UEFA Indirect Media Revenue *	50,989	42,544
<b>Adjusted Revenue</b>	<b>290,991</b>	<b>230,015</b>
Change in Current operating assets	626	33,150
Change in Non-current operating assets	(424)	(396)
<b>Cash Inflows</b>	<b>291,193</b>	<b>262,768</b>
Personnel costs	(3,372)	(3,284)
Cost of services	(11,082)	(11,470)
Other costs	(853)	(323)
Adjusted Tax Expenses	(2,507)	456
Change in Current operating liabilities	(6,092)	657
Change in Non-current operating liabilities	(1,860)	(1,897)
Adjusted Services Agreement Fees	6,100	6,100
<b>Cash Outflows</b>	<b>(19,666)</b>	<b>(9,762)</b>
<b>Cash Available for Debt Service</b>	<b>271,527</b>	<b>253,007</b>

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

Cash Available for Debt Service decreased by €18.5 million or 6.8% to €253.0 million for the fiscal year ended June 30, 2020 from €271.5 million for the fiscal year ended June 30, 2019.

This overall decrease is explained by the combined impact of:

- €28.4 million decrease in cash inflows
- €9.9 million decrease in cash outflows





The €28.4 million decrease in cash inflows was driven by the €61.0 million decrease in Adjusted Revenue, significantly affected by the impacts of Covid-19 pandemic and, particularly, by the shift of the 2019/2020 sporting season with related impacts on timing of Sponsorship Revenue and Serie A/UEFA Indirect Media Revenue (as previously described in the sections “Adjusted Revenue” and “Update on the main impacts of the Covid-19 pandemic”). Such effect has been partially mitigated by €32.5 million favorable impact of Change in Current operating assets mainly related to collection size and timing of international Sponsorship contracts.

The €9.9 million decrease in cash outflows was driven by the following factors: (i) the fiscal year ended June 30, 2019 was affected by repayment to TeamCo of 47% fee of 2017/2018 Naming Rights contract pertaining to TeamCo starting from 21 December 2017 (€4.1 million which decreased the positive balance of Change in Current Operating liabilities) and (ii) a reduction in Income Taxes actually paid out of the group (less IRAP for €2.5 million from €5.1 million in the fiscal year ended June 30, 2019 to €2.6 million in the fiscal year ended June 30, 2020).

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

<i>(in thousands of €)</i>	Value	Outstanding at 30 June 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	29,100	12,800
Revenues booked in fiscal year ended 30 June 2020	36,255	26,183	26,183
<b>Total</b>	<b>287,787</b>	<b>55,283</b>	<b>38,983</b>

The table highlights that:

- in the period July 1st, 2016 – June 30th, 2020, we booked cumulative revenues of €287.8 million, collecting, to date, €248.8 million (86.4%), of which €16.3 million since July 1, 2020 (collections since Q3 report amount to €17.4 million)
- €39.0 million outstanding amount to date is related to the last two fiscal years ended June 30, 2019 and June 30, 2020.

With regards to amounts remaining outstanding/overdue, we are in regular contact with the counterparties, though as can be seen on the above table the position continues to improve.



Historical Debt Service Coverage Ratio (“DSCR”)

In the fiscal year ended June 30, 2020:

- Cash Available for Debt Service amounted to € 253.0 million
- Payments for Debt Service amounted to € 20.8 million

Accordingly, the DSCR is 12.17. The calculation is summarized in the in the table below:

Currency (€ 000)	For the Fiscal Year ended June 30, 2020
Aggregate Inflows	262,768
Aggregate Outflows	(9,762)
<b>Cash Available for Debt Service</b>	<b>253,007</b>
Mandatory Amortisation	6,550
Interest paid	14,241
<b>Debt Service Payments</b>	<b>20,791</b>
<b>Debt Service Coverage Ratio</b>	<b>12.17</b>

Pro-forma Debt Service Coverage Ratio (“Pro-forma DSCR”)

The DCSR pro-forma for the 12 months from July 1, 2020 to June 30, 2021 is 8.45 as presented in the table below:

Currency (€ 000)	Twelve months ending June 30, 2021
Aggregate Inflows	243,977
Aggregate Outflows	(21,971)
<b>Pro-forma Estimated Look- Forward Cash Available for Debt Service</b>	<b>222,006</b>
Mandatory Amotization (Existing Notes + New Notes)	15,720
Interest Expense (Existing Notes + New Notes)	10,565
<b>Pro-forma Estimated Look- Forward Debt Service Payments</b>	<b>26,285</b>
<b>DSCR Pro-forma</b>	<b>8.45</b>

Main assumptions underlying the DCSR pro-forma are:

- General assumptions:



- Inclusion of contracted inflows shifted from fiscal year ending June 30, 2020 (as described on previous pages)
- Inclusion of contracted amounts to date reduced according to a risk assessment in terms of impacts from Covid-19 pandemic on each inflow line. This assessment has been based on relevant discussions in progress to date and on current status of the 2020/2021 sporting season (regularly in progress according to the defined technical protocols) and does not take into consideration potential further adverse impacts resulting from the evolution of the epidemiological trend on the regular continuation of the sporting season, on the general economic system and on the specific industry of our clients
- Assumption to finish 2020/2021 Serie A in 5<sup>th</sup> position (with qualification to 2021/2022 UEL)
- Assumption of a last position in the 2020/2021 Group Stage with no access to UEL Ro32
- Specific assumptions
  - Serie A Indirect Media Revenue: estimated based on total available resources and allocation criteria among the clubs updated to keep into considerations final data from 2019/2020 sporting season (including second final position of TeamCo). Calculation made assuming final 5<sup>th</sup> position for 2020/2021 Serie A and keeping into consideration a risk in respect of final settlement of rights for 19/20 sporting season
  - UEFA Indirect Media Revenue: estimated based on updated information received by UEFA in terms of available resources (keeping into considerations reductions due to Covid-19 impacts) and allocation criteria among the clubs updated to keep into considerations final data from 2019/2020 sporting season (including second final position of TeamCo in Serie A, affecting market pool portion). Calculation made assuming final assuming last position in UCL Group Stage, with no access to UEL Ro32
  - Direct Media Revenue and Sponsorship Revenue based on contracts signed only (and including contractual performance bonuses consistent with sporting performance assumption) and [keeping into consideration risks related to Covid-19 as previously described
  - prudent assessment of the timing of collections of existing sponsorship agreements compared to due contractual dates to keep into considerations risks of delays related to Covid-19 and to historical patterns of collections from Asia.
  - Prudent provision included for the estimate of cash outflows



## RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the fiscal year ended June 30, 2020 compared with the fiscal year ended June 30, 2019. The Income Statement data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with Generally Accepted Accounting principles (GAAP) in other countries and International Financial Reporting Standards (IFRS). As described on the initial pages, the table also shows pro-forma numbers, which reflect amounts relating to the sporting season 2019-2020 shifted to the fiscal year ending June 30, 2021 due to the shift of the last part of such sporting season to July and August 2020 (hence, pro-forma numbers provide a better understanding of the performance of the fiscal year ended June 30, 2020).

	For the fiscal year ended June 30			
	2019	2020 Reported	Shifted to 2021	2020-Pro-forma
<i>(in thousands of €)</i>				
Revenue	144,941	85,578	19,431	105,010
Other Income	194	323	-	323
<b>Total revenue</b>	<b>145,134</b>	<b>85,901</b>	<b>19,431</b>	<b>105,333</b>
Personnel costs	3,372	3,284	-	3,284
Cost of services	11,082	11,470	141	11,611
Other operating costs	1,002	633	-	633
Write-downs of trade receivables	2,542	519	-	519
Depreciation and amortization	18,184	18,205	-	18,205
Provisions for risks and charges	-	4,193	-	4,193
<b>Total operating costs</b>	<b>36,181</b>	<b>38,304</b>	<b>141</b>	<b>38,445</b>
<b>Operating profit</b>	<b>108,954</b>	<b>47,597</b>	<b>19,290</b>	<b>66,887</b>
Net financial expenses	(9,822)	(8,417)	-	(8,417)
<b>Profit before tax</b>	<b>99,132</b>	<b>39,180</b>	<b>19,290</b>	<b>58,471</b>
Income taxes	(26,486)	(11,574)	(5,698)	(17,272)
<b>Profit for the period</b>	<b>72,646</b>	<b>27,607</b>	<b>13,592</b>	<b>41,199</b>

**Revenue.** Revenues for the fiscal year ended June 30, 2020 decreased by €59.2 million or 40.8% to €85.9 million from €145.1 million for the fiscal year ended June 30, 2019.

On a pro-forma basis, the decrease in Revenues is lower (€39.9 million or 27.6% to €105.0 million). 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 Direct Media Revenues as well as 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 fiscal year ended June 30, 2020 are in line with previous fiscal year at €3.3 million. The limited increasing impact resulting from 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 has been offset by certain saving measures taken after the start of the pandemic. In the fiscal year ended June 30, 2020, we had an average of 43 employees.

**Cost of services.** Cost of services for the fiscal year ended June 30, 2020 increased by €0.4 million or 3.5% to €11.5 million from €11.1 million for the fiscal year ended June 30, 2019 (similar numbers at pro-forma level). 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 (impact partially mitigated in the last part of the fiscal year by certain restrictions and saving measures taken after the start of the pandemic).

**Other operating costs.** Other operating costs for the fiscal year ended June 30, 2020 decreased by €0.4 million or 36.8% to €0.6 million from €1.0 million for the fiscal year ended June 30, 2019. This is a result of certain restrictions and saving measures taken after the start of the pandemic.

**Write-downs of trade receivables.** Write-downs of trade receivables for the fiscal year ended June 30, 2020 amounted to €0.5 million and relates to two outstanding positions from two sponsors whose contracts have been closed during the fiscal year due to consistent delays in payments for reasons not related to the pandemic. The amount charged to the Income Statement of the previous fiscal year was considerably higher (€2.5 million) as affected by an amount 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 fiscal year ended June 30, 2020 is in line with the previous fiscal year at €18.2 million.

**Provisions for risks and charges.** In the fiscal year ended June 30, 2020, we charged an amount of €4.2 million to Provisions for risks and charges. The breakdown is as follows:

- €2.2 million: current assessment, based on the status of the negotiations and discussions in progress with our commercial partners, of the risk relating to potential future reductions of contractual fees for the sporting season 2019-2020 in respect of the negative impacts of Covid-19 outbreak on the full ability to comply with our contractual obligations (as previously explained in the paragraph “Update on the main impacts of the Covid-19 pandemic”)
- €2.0 million: accrual to cover the risk relating to the litigation arisen in respect of the sleeve sponsorship contract, as previously explained in the paragraph “Update on the main impacts of the Covid-19 pandemic”

**Net Financial expenses.** Net Financial expenses for the fiscal year ended June 30, 2020 decreased by €1.4 million or 14.3% to €8.4 million from €9.8 million for the fiscal year ended June 30, 2020 mainly due to higher interest income (€7.7 million vs. €6.5 million) accrued on the Intercompany Loans granted to TeamCo.



**Income taxes.** Income taxes for the fiscal year ended June 30, 2020 decreased by €14.9 million or 56.3% to €11.6 million from €26.5 million for the fiscal year ended June 30, 2019. This is related to reduction in Profit Before Tax driven by decrease in revenues while the tax rate is overall in line (29% vs 27%). On a pro-forma basis, keeping the same tax rates, the decrease in Income Tax is lower (€9.2 million or 34.8% to €17.3 million).

**Profit for the period.** For the reasons described above, Profit for the period for the fiscal year ended June 30, 2020 was €27.6 million presenting a €45.0 million decrease (62.0%) compared to previous fiscal year. On a pro-forma basis, the decrease in Profit for the period is lower (€31.4 million or 43.3% to €41.2 million).



## CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the fiscal year ended June 30, 2020 compared with the fiscal year ended June 30, 2019. The Cash Flow data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS

	For the fiscal year ended June 30	
	2019	2020
<i>(in thousands of €)</i>		
Profit for the period	72,646	27,607
Current taxes	28,876	14,616
Net Financial Expenses	9,837	8,426
<b>Profit for the period before taxes and interest</b>	<b>111,359</b>	<b>50,649</b>
Depreciation and amortization	18,184	18,206
Write-downs/(release/uses) of trade receivables	2,542	319
Employee severance indemnities	76	15
Accrual for risks and charges	-	4,193
Deferred tax assets and liabilities	(2,390)	(3,043)
<b>Cash flow from operating activities before changes in working capital</b>	<b>129,771</b>	<b>70,339</b>
Increase in trade and other receivables	2,033	26,575
Increase/(Decrease) in trade and other payables	(58,125)	(300)
Other variations in net working capital	(905)	7,416
<b>Cash flow from operating activities after changes in working capital</b>	<b>72,775</b>	<b>104,030</b>
Taxes paid	(5,106)	(2,576)
Interest and other financial expenses paid	(14,652)	(14,401)
<b>A. Cash flow from operating activities</b>	<b>53,016</b>	<b>87,052</b>
Investments in Intangible Assets	(39)	(30)
Investments in Property, Plant and Equipment	(162)	(85)
<b>B. Cash flow from investing activities</b>	<b>(201)</b>	<b>(115)</b>
Repayment of Existing Notes	(6,250)	(6,550)
Intercompany loans	(16,408)	(30,801)
Debt service account	(65)	79
Capital/dividend distributions	(22,938)	(48,432)
<b>C. Cash flow from financing activities</b>	<b>(45,661)</b>	<b>(85,704)</b>
<b>Increase/(Decrease) cash and cash equivalents (A ± B ± C)</b>	<b>7,154</b>	<b>1,234</b>
<b>Cash at bank and on hand at the beginning of the period</b>	<b>8,510</b>	<b>15,664</b>
<b>Cash at bank and on hand at the end of the period</b>	<b>15,664</b>	<b>16,898</b>



**Cash flow from operating activities.** Cash flow from operating activities for the fiscal year ended June 30, 2020 increased by €34.0 million or 64.2% to €87.0 million from €53.0 million for the fiscal year ended June 30, 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 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 fiscal year ended June 30, 2020 amounted to €115 thousands (compared to €201 thousands in the previous fiscal year), remaining immaterial in respect of our business.

**Cash flow from financing activities.** Cash flow from financing activities for the fiscal year ended June 30, 2020 amounted to negative €85.7 million compared to negative €45.7 million in the previous fiscal year).

The increase in negative balance is related to higher payments made to the immediate parent companies TeamCo/BrandCo under the form of:

- Dividends: €48.4 million (€30.4 million to TeamCo and €18.0 million to BrandCo) in the fiscal year ended June 30, 2020 compared to €22.9 million (to BrandCo) in the fiscal year ended June 30, 2019 (while in such year, the dividend distribution to TeamCo has been settled through reduction of the existing Intercompany Loans)
- Intercompany Loans to TeamCo: €30.8 million in the fiscal year ended June 30, 2020 compared to €16.4 million in the fiscal year ended June 30, 2019

We remind that both dividends and Intercompany loans (together with payments made under the Tax Consolidation Regime) 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.

Remaining financing flows are in line and relate to the €6.6 million mandatory amortization of the Existing Notes (€6.3 million in the previous fiscal year).





**Net change in cash and cash equivalent.** Net change in cash and cash equivalent for the fiscal year ended June 30, 2020 decreased by €5.9 million or 82.8% to €1.2 million from €7.2 million for the fiscal year ended June 30, 2019, for the reasons described above.

## BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at 30 June 2020 compared with 30 June 2019. The Balance Sheet data presented in this document have been prepared using the data included in the audited financial statements of Inter Media & Communication S.p.A. prepared for statutory purposes according to Italian law and Italian GAAP (the Annual Financial Statements). The Annual Financial Statements do not conform with GAAP in other countries and IFRS

### Assets:

	As at	
	June 30 2019	June 30 2020
<i>(in thousands of €)</i>		
<b>Non-current assets</b>		
Intangible assets	287,001	268,886
Property, plant and equipment	211	234
Financial assets	10,410	10,410
Loan to parent company	131,445	169,971
Prepaid expenses	22	14
<b>Non-current Assets</b>	<b>429,088</b>	<b>449,515</b>
<b>Current assets</b>		
Financial assets	108	29
Trade receivables	79,206	80,619
Trade receivables from parent companies and their affiliated	34,891	8,127
Tax receivables	27	0
Deferred tax assets	667	1,789
Other receivables	5	7
Prepaid expenses	113	120
Cash at bank and on hand	15,664	16,898
<b>Current Assets</b>	<b>130,681</b>	<b>107,588</b>
<b>Total Assets</b>	<b>559,769</b>	<b>557,103</b>

**Non-current assets.** Non-current assets increased by €20.4 million from €429.1 million at June 30, 2019 to €449.5 million at June 30, 2020 driven by the €38.5 million increase in Loans to parent company, of which €30,8 million relating to new Intercompany Loans to TeamCo provided during the fiscal year (as previously described) and €7.7 million to accrual of interest income.



This increase has been partially offset by €18.1 million reduction in Intangible Assets related to amortization of the fiscal year.

**Current assets.** Current assets decreased by €23.1 million from €130.7 million at June 30, 2019 to €107.6 million at June 30, 2020 mainly due to the €26.8 million decrease in Trade receivables driven by reduction relating to International/Regional Sponsorship Agreements, as detailed in the table below:

<i>(in thousands of €)</i>	As at June 30 2019	As at June 30 2020	Var.
<b>Trade receivables (incl. from parent companies and affiliated)</b>			
Naming Rights and Sponsorship Agreement	29,495	4,107	(25,388)
Other International/Regional Sponsorship Agreements	70,000	55,283	(14,717)
<b>Trade Receivables relating to International/Regional Sponsorship Agreements</b>	<b>99,495</b>	<b>59,390</b>	<b>(40,105)</b>
Serie A Indirect Media Revenue - 4th and 5th Installment	-	9,042	9,042
Serie A Indirect Media Revenue - 6th Installment	-	3,981	3,981
Other trade receivables	14,602	16,331	1,729
<b>Total Trade receivables (incl. from parent companies and affiliated)</b>	<b>114,097</b>	<b>88,745</b>	<b>(25,352)</b>

- Receivables relating to international/regional Sponsorship Agreements

The €25.4 million reduction in trade receivables relating to Naming Rights and Sponsorship Agreement results from €33.9 million collections in the fiscal year ended June 30, 2020, net of revenue booked in the period for €8.5 million (of which only €3.9 million still outstanding to date).

The €14.5 million reduction in trade receivables relating to Other international/regional Sponsorship Agreements results from €42.3 million collections in the fiscal year ended June 30, 2020, net of revenue booked in the period for €27.8 million (of which €26.4 million outstanding to date). We highlight that since July 1, 2020, we have collected further €16.3 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.

- Serie A Indirect Media Revenue - 4th and 5th Installment

Relate to installments issued before the starting of the pandemic which were still outstanding as at June 30, 2020. This amount has been fully collected in Q1 of the fiscal year ending June 30, 2021

- Serie A Indirect Media Revenue - 6th Installment

Relate to the installment issued in April 2020 after the start of the pandemic and the temporary suspension of the league.

An amount of €0.4 million has been collected in Q1 of the fiscal year ending June 30, 2021, leaving an outstanding amount to date equal to €3.6 million, which, as previously described, relates to the fact the Sky Italy has not yet paid their portion of the installments due after the beginning of the pandemic.



## Liabilities:

	As at	
	June 30 2019	June 30 2020
<i>(in thousands of €)</i>		
<b>Liabilities and Shareholders' equity</b>		
<b>Shareholders' equity</b>		
Share capital	500	500
Reserve	105,097	105,124
Retained earnings	4,088	4,088
Profit for the period	72,646	27,607
<b>Total Shareholders' equity</b>	<b>182,330</b>	<b>137,318</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	31,040	29,120
Other provisions	247	4,439
Provisions for employee severance indemnities	248	263
Existing Notes	280,794	275,659
Deferred income	11,290	10,894
<b>Non-current Liabilities</b>	<b>323,619</b>	<b>320,376</b>
<b>Current Liabilities</b>		
Existing Notes	6,550	6,900
Trade payables	3,043	4,745
Trade payables to parents companies and their affiliated	14,114	25,788
Dividends Payable	28,765	52,952
Tax Payables	378	345
Social security payables	186	207
Other payables	277	170
Accrued expenses	83	79
Deferred income	424	8,224
<b>Current Liabilities</b>	<b>53,820</b>	<b>99,409</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>559,769</b>	<b>557,103</b>

**Shareholders' equity.** Shareholders' equity decreased by €45.0 million from €182.3 million at June 30, 2019 to €137.3 million at June 30, 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 € 27.6 million



**Non-current liabilities.** Non-current liabilities decreased by €3.2 million from € 324.0 million at June 30, 2019 to € 320.4 million at June 30, 2020 mainly as a result of the combined opposite effect of:

- Decrease: amortization plan of the Senior Secured Notes
- Increase: €4.2 million accrual to Provisions for risks and charges, as previously described in section commenting the Income Statement

**Current liabilities.** Current liabilities increased by €45.6 million from €53.8 million at June 30, 2019 to €99.4 million at June 30, 2020 mainly due to:

- € 11.7 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 not yet distributed at the balance sheet date (+€4.9 million)
  - the Intercompany Service Agreement (+€6.1 million including vat, being the €5.0 million fee for the fiscal year ended June 30, 2020 fully outstanding at June 30, 2020)
- €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
- €7.8 million increase in deferred Income, mainly relating to the accounting shift of sponsorship revenue previously described).

## CAPITAL EXPENDITURES

At €115 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 June 30, 2020 compared with June 30, 2019.

	June 30 2019	June 30 2020
<i>(in thousands of €)</i>		
<b>Cash at bank and on hand</b>	<b>15,664</b>	<b>16,898</b>
Current financial assets	108	29
<b>Current financial receivables</b>	<b>108</b>	<b>29</b>
Senior Secured Notes 2022 - current portion	(6,550)	(6,900)
<b>Current financial liabilities</b>	<b>(6,550)</b>	<b>(6,900)</b>
<b>Net current financial assets/(liabilities)</b>	<b>9,222</b>	<b>10,027</b>
Senior Secured Notes 2022	(280,794)	(275,659)
Financial Assets	10,410	10,410
<b>Non-current financial liabilities</b>	<b>(270,384)</b>	<b>(265,250)</b>
<b>Net financial position</b>	<b>(261,162)</b>	<b>(255,223)</b>

The table shows an improvement of €5.9 million to € 255.2 million driven by (i) the reduction of the liability for the Senior Secured Notes due to related amortization plan and (ii) the increase in Cash at bank and on hand resulting from net cash flow generated in the fiscal year ended June 30, 2020.

## 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 pandemic situation, for which we refer to the section “Update on the main impacts of the Covid-19 pandemic” on the previous pages of this document.



## OTHER RELEVANT INFORMATION

Update on Sponsorships agreements

The table below summarizes our current sponsorship agreements. The table also highlights those contracts renewed (3)/signed (4) starting from July 1, 2020:

Sponsor	Product Category	Expiration Date	New/ Renewed since 1 July 2020
<b>Global Sponsors</b>			
Pirelli	Tyres	June 2021	
Nike	Apparel	June 2024	
Suning	Electronics	June 2022	Renewed
Lenovo	IT Hardware	June 2022	
EA Sports	Video Games	June 2024	New
Acronis	Cyber Protection	June 2022	
Hugo Boss	Formalwear	June 2021	
Crédit Agricole	Bank	June 2021	
Volvo	Cars	June 2021	Renewed
Sky	Media partner	June 2021	
Dazn	Media partner	June 2021	
Manpower	Staffing	June 2022	
Snaipay	E-Wallet	June 2022	New
Locauto	Car rental	June 2022	
Frecciarossa (Trenitalia)	Train	June 2022	
Lyoness/Cashback	Affinity Card	December 2020	
Esprinet (Nilox)	Overboard	June 2022	
Linkem	Internet	June 2021	
A2A	Energy	June 2021	
Carimi	Electrical plants	June 2021	
RDS	Radio	June 2021	
La Molisana	Pasta	June 2021	
Fratelli Beretta	Food	June 2021	
Gattinoni	Travel	June 2021	
Konica Minolta	Consumer electronic	June 2021	
Gatorade	Beverage	June 2021	Renewed
Starcasinò	Sport news / Entertainment	June 2023	New
<b>Regional Sponsors (in addition to those under contract with I-Media Agency)</b>			
Monalista	Tiles	June 2021	
Visa - CEB	Official payment	June 2021	
SDY	On line gaming	June 2022	New
Moutai	Spirits	October 2021	

Total annual value of new contracts is in the range of €5 million.



## TEAMCO UPDATE

### SPORTING PERFORMANCE

After the most recent matches of 2020/2021 sporting season played as of October 27<sup>th</sup>, 2020, the team is currently:

- 4<sup>th</sup> in the Serie A table (after 5 matches), three points behind the team in 1<sup>st</sup> position;
- 3<sup>rd</sup> in the UCL Group Stage (after 2 matches), with the same points of the team sit in 2<sup>nd</sup> position and two points behind the team leading the Group. We remind that UCL Group stage is composed 32 clubs in 8 Groups of 4 clubs: the top two teams in each Group will qualify to Round of 16 and with third place being admitted to the Round of 32 of the UEFA Europa League.

The team will start to play the domestic Cup (“Coppa Italia”) in January 2021 starting from the Round of 16.

### TRANSFER MARKET SUMMARY

The main players signed in the transfer market windows affecting the current fiscal year ending June 30, 2021 are:

Summer 2020:

- Hakimi (from Real Madrid)
- Darmian (from Parma)
- Kolarov (from Roma)
- Nainggolan (return from loan to Cagliari)
- Perisic (return from loan to Bayern Munich)
- Vidal (free agent)
- Pinamonti (from Genoa)
- Sensi (converted from loan to permanent transfer)
- Sanchez (converted from loan to permanent transfer)
- Radu (return from loan to Parma)

The main players who left TeamCo in the transfer market windows affecting the current fiscal year ending June 30, 2021 are:

Summer 2020:

- Candreva (on loan to Genoa with obligation to buy)
- Godin (early contract termination)
- Asamoah (early contract termination)
- Dalbert (on loan to Rennes)
- Joao Mario (on loan to Sporting Lisbon)
- Dimarco (on loan to Verona)
- Esposito (on loan to Spal)
- Salcedo (on loan to Verona)



- Lazaro (on loan to Borussia Mönchengladbach)

## SHAREHOLDER LOANS AND RCF DRAW DOWN

As described in the Offering Memorandum, TeamCo received a number of shareholder loans. As of June 30, 2019, shareholder loans (and related parties' loans) total outstanding amount was €129.4 million (including accrued interest for €12.3 million). This, after conversions into equity made in the fiscal year ended June 30, 2020 for an amount of €70.0 million (plus waiver of all accrued interest on such amount).

As at June 30, 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 financial information presented in this document is sourced from and based on the audited financial statements of MediaCo for the fiscal year ended June 30, 2020 (the "Annual Financial Statements"). The independent auditor is Deloitte & Touche S.p.A..

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

### SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounting policies adopted in preparing the Financial Statements are the same as for the previous fiscal year and therefore reference should be made to the Financial Statements for the fiscal year ended June 30, 2019 for further considerations.

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

Here, we notice that:

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





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

### Use of estimates

For Annual Financial Statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet and even on potential assets and liabilities at the Annual Financial Statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years). The Balance Sheet items that are affected by these assumptions, are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of property, plant and equipment and intangible assets (impairment test). The impairment test carried out as of June 30, 2020 did not highlight any requirement of impairment.

### GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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

### SUBSEQUENT EVENTS OCCURRED AFTER JUNE 30, 2020

The Shareholders' Meeting of MediaCO held on October 27<sup>th</sup>, 2020 has approved the Annual Financial Statements of the fiscal year ended June 30, 2020 and the distribution in kind as a dividend of the €27.6 million net profit to its immediate shareholders (TeamCO and BrandCo).

Since July 1, 2020 to the date of this report we collected an amount of €16.3 million relating to international/regional Sponsorship agreements.

In addition to what already described in this document, in particular with regard to the sections "Refinancing transaction and further financing" and "Update on the main impacts of the Covid-19 pandemic", there are no further matters to be highlighted occurring between July 1st, 2020 and the current date.



## **APPENDIX 1- ANNUAL FINANCIAL STATEMENTS**

Please refer to separate file provided together with this document.

