
INTER MEDIA & COMMUNICATION S.p.A.

Registered office in Viale della Liberazione 16/18

Share capital of Euro 500,000.00, fully paid-up

Company subject to management and coordination by F.C. Internazionale Milano S.p.A.

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

The financial statements has been translated into English from the original version in Italian. It has been prepared in accordance with the accounting principles established by the Italian law related to financial statements, which may be not conform to the generally accepted accounting principles in other countries.

Management Report on operations July 01, 2019 – June, 30 2020

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

The Company was founded on 6 May 2014, as part of the operational and corporate reorganization of the entire F.C. Internazionale Milano Group started by the previous Majority Shareholder, Erick Thohir, in order to strengthen the "F.C. Inter" brand through management and development of the business "marketing of historical audio-visual material, the Inter TV channel and sponsorship", previously operated by F.C. Inter and the "licensing, merchandising, sponsorship and other operations relating to the Inter brand through the Internet and other media", previously operated by Inter Brand S.r.l. (hereinafter "Inter Brand"). In this way, two companies unit contribution operations were carried out, respectively by F.C. Inter and by Inter Brand on 5 June 2014, contributed to the Company the above-mentioned business, to the Company (hereinafter also in the "Contribution").

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

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

As at June 30, 2020 the structure of the Parent Company is as described below:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Group Co., Ltd., Leading Shareholder);
- International Sports Capital S.p.A. 31,05% (entirely controlled by LionRock);
- Other minors 0,4%.

The financial year ended June 30, 2020 was characterized by two phases:

1. the first half of the year was characterized by the succession of new strategies with the main objective of generating different sources of revenue and higher profitability. The main pillars were the construction of a global brand, the exploitation of new media and the adoption of an international commercial plan (the implementation of which will be continued in the future by the new shareholder), as well as the economic-financial efficiency, with a particular focus on cost monitoring, working capital management, investments and liquidity, already enhanced by the financing operation completed at the end of December 2017 and better described below;
2. the 2020 was instead marked by the worldwide spread of the COVID-19 pandemic. The high cases of contagion recorded also in Italy since February have forced the Government and the Authorities to take drastic preventive and safeguard measures, including the suspension of public events and the closure of the gathering areas. In particular, these measures have led to the suspension of all competitions in which the teams of the parent company participate in the period between March and June, and the subsequent resumption of the same but with matches to be played "behind closed doors", i.e. without the presence of the public. The end of the 2019/2020 sports season was therefore extended to August 31, 2020, so as to guarantee the completion of the competitions themselves by awarding the various sports titles. The situation described above has caused for FC Inter and the Company i) a reduction in ticket revenues, due to the matches played "behind closed doors" and the need to reimburse season tickets taken out during the year for non-guaranteed performances (for FC Inter); ii) the failure to define new sponsorship contracts, the termination of existing ones or renewal on less advantageous terms than budgeted, iii) the consequent failure to increase revenues from sponsorship, advertising and merchandising in line with the plans of the Inter Group and the Company, iv) the increase in collection times for receivables in relation to the adverse economic context in which customers found themselves obliged to act. The impact on the Inter Group's and the Company's economic, equity and financial situation has been significant, as better commented in the Explanatory Notes, and has limited and compromised the ability to raise resources in order to fulfil its obligations. With Suning's financial and equity support, it will ensure the company's going concern.

It should be noted that, in order to ensure the implementation of the above described strategic plan prior to the implementation of the new strategies and pre-pandemic COVID-19 pandemic, the refinancing of the existing debt of the parent company was carried out in the financial year 2014-2015 with the implementation of a financial structure in line with the directives of ISC HK and with the entry of new key figures in the commercial and financial functions, with a decisive strengthening of the management team. The aforesaid refinancing operation, carried out with Goldman Sachs International and Unicredit, also made it possible to concentrate the Group's debt in a single loan, allowing the Parent Company to close existing loans with banks and the simultaneous transfer of the financial debt to the Company according to what described also in elsewhere in this Management Report and in the Explanatory Notes.

On December 21, 2017, after the change from a limited liability company into a joint-stock company, the Company (Inter Media and Communication) issued and placed a senior institutional secured bond for an amount of Euro 300 million, with maturity date December 31, 2022 and fixed rate at 4.875% (hereinafter also "bond loan") and, at the same time, FC Inter has signed a revolving credit facility ("RCF") for a maximum amount of Euro 50 million, which at the date of this document result fully withdrawn; the proceeds of the Bond and the RCF were used for i) fully repaying of the Goldman Sachs International and Unicredit loan equal to Euro 202 million ii) generating of new financial resources to be used for the ordinary activities of the Inter Group.

The Bond Loan is guaranteed by the cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as the cash flows deriving from the proceeds of the UEFA rights and the television rights of the Serie A and TIM cup, assigned by FC Inter to the Company similarly to the provisions of the previous loan contract. It should also be noted that, as part of the Intermediation Bond Loan agreement, FC Inter and Inter Brand pledged the shares relating to the share capital held in the Company. The bond also provides for compliance with two financial parameters (covenants).

On July 31, 2020, in order to finance the ordinary activities of FC Inter and mitigate the impact of the effects of the COVID-19 pandemic, as better described above, the Company issued and placed with institutional investors an additional tranche of senior secured bonds for a total amount of Euro 75 million, maturing on December 31, 2022 and with a fixed rate of 4.875% at an issue price of 93%, with the same characteristics and guarantees as the above mentioned Bond.

Further details on the transaction are described in the Explanatory Notes.

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

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

Analysis of commercial activities

During the year, the Company continued the actions aimed at developing the above mentioned strategy through the management and marketing of the historical audiovisual material related to the historical Rai bookshop and the TV channel Inter Tv and the stipulation of contracts with national and international in house partners, compatibly with the limitations and difficulties caused by the COVID-19 pandemic. This business was part of the contract signed by the Parent Company with Infront Italy in March 2014, which was contributed to the Company as part of the Contribution of the company unit, as described in the paragraph "Other information - Agreements with the Rai Group and Infront" of the Explanatory Notes. The contract, - which provided Infront to support the Company with strategic consultancy for the stipulation of European sponsorship contracts and *corporate ticketing* contracts - expired at the end of the previous financial year and the Company now carry the sponsorship business in-house.

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

On December 21, 2017, at the time of Bond issuance, an amendment was signed relating to the Naming Rights part connected to the aforementioned contract with which the distribution of the revenue was assigned to FC Inter for 47% and the 53% remained to the Company. For the sake of completeness of information, it should be noted that during the course of this financial year the Naming Rights agreement was subject to a further revision, in relation to which the variable part of the bonuses on the sports performance of the parent company's teams is no longer provided for, but only the fixed portion for a total amount of Euro 16 million, without prejudice to the distribution of the consideration as explained above.

Analysis of the economic results of the 2019-2020 fiscal year

The fiscal year ends with a profit of Euro 27,607 thousand (Euro 72,646 thousand at June 30, 2019), after the recognition of amortisations and depreciation for the period for Euro 18,205 thousand (Euro 18,183 thousand at June 30, 2019), bad debt provision for Euro 519 thousand (Euro 2,542 thousand at June 30, 2019), other provisions for Euro 4,192 thousand

accounted net financial expenses for Euro 8,417 thousand (Euro 9,822 thousand at June 30, 2019) and taxes for Euro 11,574 thousand (Euro 26,486 thousand at June 30, 2019) .

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

<i>Euro thousand</i>	<i>Type</i>	12 months at		12 months at	
		June 30, 2020		June 30, 2019	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Technical Sponsor		11.491	13,41%	19.108	13,17%
Official Sponsor		9.677	11,29%	10.000	6,89%
Sponsorship Infront		9.508	11,10%	12.254	8,44%
Sponsorship EU Global in house		36.255	42,31%	89.095	61,39%
Sponsorship Regional		2.418	2,82%	-	0,00%
Archive Rai-Infront		9.774	11,41%	9.773	6,73%
TV production		650	0,76%	650	0,45%
Inter TV		5.621	6,56%	3.992	2,75%
Revenues from participation in UEFA competitions		65	0,08%	-	0,00%
Licencing		115	0,13%	69	0,05%
Others		328	0,14%	194	0,13%
Total		85.901	100%	145.134	100%

Before moving on to the analysis of individual revenue items, the following premise must be made. As better commented in the Notes to the Financial Statements, it should be noted that, following the government decisions in response to the spread of the COVID-19 pandemic, which first led to the suspension and then the resumption of competitive activity with the extension of the 2019/2020 football season until August 31, 2020, the revenues from sponsorship are not directly comparable with those of the comparative reference period as they are not homogeneous: in the present financial year, these revenues recorded pro-rata temporis were first suspended during the "lockdown" period and then recompensed pro-rata temporis from the resumption of activity until the natural conclusion of the 2019/2020 football season, set for August 31, 2020, while those of the previous financial year were recorded for the twelve-month period. Revenues from sponsors for the 2019/2020 season postponed to the following financial year amount to approximately Euro 8 million.

Revenues from the official Pirelli sponsor decreased due to the postponement of the end of the season which allowed the first team of the Parent Company to qualify for the UEFA Champions League 2020/2021 only in July 2020, as well as the pro-rata temporis recognition of the basic consideration provided for in the contract. Qualification in the Champions League had guaranteed revenues for Euro 6,490 thousand in the previous financial year.

The item "Sponsorship Regional", which mainly includes agreements entered into with commercial partners in Asia, shows a significant decrease mainly due to the termination last year of commercial contracts with FullShare Holding Ltd., Lvmama and Beijing Yixinshijie Culture Development Co., Ltd., which guaranteed an annual fee of Euro 45 million and which the Company, also due to the COVID-19 pandemic, was not able to replace adequately.

"Sponsorship EU Global in house" revenues refer to the new agreement with the sponsor Lenovo.

The revenues in the items "Archive Rai-Infront" and "TV production" for a total amount of Euro 10,424 thousand, are related to the digitalization, cataloguing and organization of the images belonging to the archive, as well as to the commercialization of the archive, the images of training sessions, interviews and press conferences, media packages and electronic games, as well as the audio-visual production of the Championship and Tim Cup competitions covered by the contracts with Rai and Infront as also described in detail in the paragraph "Other information - Agreements with the Rai and Infront group" of the Notes to the Accounts.

The item "Inter TV" increased significantly by Euro 1,629 thousand directly as a result of the definition of the new agreement for the granting of broadcasting rights for the thematic channel Inter Tv in China for the three-year period 2019/2021 with the Group company Suning Great Mercury Limited for a total amount of Euro 3 million.

It should be noted that the item "Others" includes Euro 201 thousand and for the release of the provision for doubtful debts made as a result of the executive judgment of seizure from third parties carried out by the Company for the purpose of recovering a doubtful receivable from a sponsor and prudentially set aside last year.

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

<i>Euro thousand</i>	<i>Type</i>	12 months at		12 months at	
		June 30, 2020	%	June 30, 2019	%
		<i>Amount</i>		<i>Amount</i>	
	Costs of raw materials, supplies and consumables	66	0,18%	640	1,77%
	Costs for services	11.470	31,76%	11.082	30,63%
	Costs of rents and leases	91	0,25%	117	0,32%
	Personnel costs	3.284	9,09%	3.372	9,32%
	Amortization, depreciation and write-downs	18.725	51,85%	20.726	57,28%
	Other provisions	4.193	5,54%	-	0,00%
	Other operating expenses	476	1,32%	244	0,67%
Total		38.304	100%	36.181	100%

The increase in "Production costs" compared to the same comparative reference period is mainly due to the increase in the item "Other provisions", mainly due to the potential liabilities connected with the probable risk of repayment of the fees collected during the year in relation to sponsorship agreements for which - according to the counterparties - there would have been contractual breaches, closely linked to the restrictive measures issued by government and federal authorities following the expansion of the COVID-19 pandemic, partially offset by the decrease in costs for "Depreciation, amortization and write-downs", as better commented in the Explanatory Notes.

The difference between value of production and costs of production is positive for Euro 47,597 thousand, significantly worse for Euro 59,369 thousand compared to the same period of the previous reference refers to the significant decrease in revenues for the reasons better commented above and in the Explanatory Notes.

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

<i>Euro thousand</i>	12 months as at	12 months as at	Variation
	June 30, 2020	June 30, 2019	
<i>Financial income from receivables in fixed assets:</i>			
- from parent companies	7.725	6.558	1.167
<i>Other financial income:</i>			
- others	16	1	15
<i>Financial expenses</i>			
- on bond	(16.006)	(16.264)	257
- on bank for loans	-	27	(27)
- amortization of accessory changes in loans	-	(1.295)	1.295
- accessory changes on loans	(149)	(147)	(2)
- others	(12)	(13)	1
Income from exchange	14	29	(15)
Losses on exchange	(4)	(13)	9
Total financial income and expenses	(8.417)	(9.822)	1.406

The result for the financial year, in addition to being influenced by the above-mentioned operating performance, was also affected by the improvement in financial management, with net financial charges amounting to euro 8,417 thousand (compared with Euro 9,822 thousand at June 30, 2019), mainly due to the increase in interest income accrued in the period of reference on the Intercompany Loan Agreement and the reduction in financial charges on bonds.

All the items commented above contributed to the final profit before tax of Euro 39,180 thousand, compared with Euro 99,132 thousand in the financial year to June 30, 2019.

The tax burden, on the other hand, decreased by Euro 14,912 thousand, compared with the previous financial year as it was mainly related to the decrease in turnover and operating margins of the Company.

Net financial position

The trend of the cash flow, also characterized by the distribution of dividends through cash for Euro 48,432 thousand of which respectively to Inter Brand for Euro 18,000 thousand and to FC Inter for Euro 30,432, is fully illustrated in the Cash

Flow Statement, to which reference should be made.

Investments

During the year, the Company made net investments were made for Euro 32 thousand in intangible assets and Euro 84 thousand in tangible assets.

With reference to financial fixed assets, these relate to an Intercompany Loan Agreement (capital portion of Euro 167,246 thousand) disbursed to the Parent Company maturing on 31 December 2047 and to time deposits provided under the Bond Loan similar to the previous Goldman Sachs/Unicredit loan agreement as described in the Explanatory Notes.

Research and development

According to the art. 2428, paragraph 2, number 1, of the Italian Civil Code, it is stated that the Company does not perform any research and development activities, due to the nature of its business.

Number and nominal value of treasury shares and the shares of parent companies held or purchased or sold by the Company

According to the art. 2428 of the Italian Civil Code, it is specified that the Company does not possess and did not purchase or sell treasury shares, directly or through trust companies or intermediaries, during the period.

Principal risks and uncertainties

The principal risks and uncertainties to which the Company is exposed are briefly described below.

The Company does not have any significant receivables and has appropriate procedures in place to minimise the exposure to these risks.

Risks related to the general conditions of the economy mainly in view of the COVID-19 pandemic

Risks related to the general conditions of the economy mainly in view of the COVID-19 pandemic

The year 2020 was characterized by the worldwide spread of the COVID-19 pandemic. Starting from the month of February, the cases of contagion in Italy have reached such a level as to force the Government and the Authorities to take drastic safeguard measures including the limitation of aggregation events, including sports events. These measures have led to the suspension of Serie A and Italian Cup matches and the obligation to play home matches in European competitions (in the case of the Parent Company, the Europa League matches) behind closed doors.

The continuation of the contagion and the limitations imposed by the competent authorities, which at the time of drafting these notes are still in force, have caused the Company and the Group:

- i) the non-renewal by some Sponsors of existing contracts or renegotiations and renewals for less advantageous consideration;
- ii) the failure to increase revenues from sponsorships and advertising as envisaged in the Group's prospective plans;
- iii) the increase in the collection times for receivables due to the adverse economic context in which customers operate.

In the short term, with the continuation of the pandemic, the Company's economic, equity and financial situation should be conditioned by limiting and significantly compromising its ability to raise resources in order to fulfil its obligations thus reinforcing the need for equity and financial support guaranteed by the Leading Shareholder, through the parent company.

Risks related to the sponsorship market and commercial agreements

The current situation of weakness and economic uncertainty also due to the spread of the COVID-19 pandemic may affect the sports sponsorship market, reducing the time horizon of promotional-advertising investments.

In addition, the Company and the Group may not be able to guarantee sponsorship contracts that are equally or more profitable due to potential reductions made by sponsors to their respective promotional-advertising budgets given the corresponding uncertainties in their respective sectors due to the COVID-19 pandemic.

For example, the Company has received requests to renegotiate the terms of certain sponsorship agreements and as a result the Company may be exposed to a reduction in sponsorship revenues in connection with a renegotiation of fees or as a result of recessions or other termination rights exercised by sponsors due to temporary inability to fulfill their obligations under current sponsorship agreements, particularly in the event of cancellation of the 2020/2021 season or subsequent seasons if COVID-19 contagions begin to recur after last summer's containment. This scenario determines possible impacts on the Inter Group's and Company's economic, equity and financial situation. Keep maintain the sponsorship partnership relationship.

Financial risks

The principal risks linked with ordinary activities of the Company are:

Credit risk

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

However, it should be noted that part of the receivables is due from Chinese companies and therefore there is the risk that, following government restrictions, the collection of the same may be subject to considerable delays which are unforeseeable to common industries as well and could cause changes in the financial planning put in place by the Management and decrease the financial capacity of the Company.

Risks related to the need for financial means and the minimal level of capitalization

The Company plans to cover financial needs deriving from maturing debts and planned investments through the cash flows produced by operations and available funds, also taking into account the cash flows secured by audio-visual rights, for which receivables have been assigned by the Parent Company to Inter Media in order to satisfy the Loan obligations.

The Company's management performs periodic reviews of operating performance in order to ascertain whether any estimates and assumptions made for assets and liabilities are confirmed in current values and, in the case of changes, these are immediately reflected in the Income Statement. With reference to the Bond Loan, the same provides for compliance with certain financial parameters as better described in the Explanatory Notes. Any failure to comply with the above parameters could result in the Company forfeiting the benefit of the term with the consequent need to raise substantial financial resources in order to repay the residual amount of the bond (the bullet repayment of which is scheduled for 31 December 2022, with six-monthly instalments up to this maturity date which are financed by the cash flows provided for in the 2021-2025 Business Plan, the projections of which are constantly updated, especially at this particular time of emergency). With reference to the verification of compliance with these parameters, reference should be made to the above.

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

The Company's revenues are heavily influenced by the sport results of the Parent Company, whose principal production factor for its typical activity are the rights on footballers' performance - an activity which is subject to the possible risk of injury which could affect the Company's economic and financial position at any moment. Operating performance is therefore exposed indirectly to the risks of football matches, particularly in terms of the results of the First Team because, if they are negative or worse than expected, they could lead to a reduction in the variable fees linked to sponsorship agreements and also to a reduction in fees when the main agreements are renewed.

Risks related to fluctuations of interest rates

The Company holds financial debt positions shown in these financial statements for Euro 282.56 million deriving from the Bond Loan, to which must be added that relating to the new issue and placement of July 31, 2020 for Euro 75 million at a price of 93%, of which more details are provided in the Explanatory Notes. These loans provide for a fixed rate of 4.875% and therefore the risks associated with interest rate fluctuations are currently negligible.

Business outlook

The economic trend of the 2020/2021 financial year will present results still conditioned by the measures that will be taken in response to the continuing spread of the COVID-19 pandemic, despite an operational situation that will benefit from the participation of the First Team of FC Inter in the group stage of the UEFA Champions League. It is not possible, at the moment, to make realistic forecasts on the trend of the next football season which, in addition to the uncertain evolution related to the context conditions, will be influenced by the trend of the sports results that will be achieved. Any better sporting performance could attract new sponsorships and/or renewals of existing contracts with more advantageous fees that could offset the potentially negative effects highlighted above.

Other information

Information required by Art. 2428 of the Italian Civil Code

As already mentioned in the commentary on "Financial Risks", pursuant to the provisions of Article 2428, paragraph 2, point 6 bis of the Italian Civil Code, the Company is exposed to a risk that is not significant with respect to changes in interest rates in relation to the net debt in place consisting of the fixed-rate bond loan placed as part of the debt refinancing operation that took place on 21 December 2017 (of which Euro 275,659 thousand long-term and Euro 6,900 thousand short-term), to which must be added the additional tranche of the bond issued and placed on July 31, 2020 for Euro 75 million at a price of 93% and the normal risk of exchange rate fluctuations in relation to receivables and payables in foreign currency. See the previous paragraph "Financial risks" for further consideration.

For the Board of Directors
The President
(Zhang Kangyang)



INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2020

Registered office in Viale della Liberazione 16/18
Share capital of Euro 500,000.00, fully paid-up
Company subject to management and coordination by F.C. Internazionale Milano S.p.A.
Translation from the original version issued in Italian

BALANCE SHEET - ASSETS	June 30, 2020 <i>amounts in Euro</i>	June 30, 2019 <i>amounts in Euro</i>
A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CAPITAL CONTRIBUTIONS	-	-
B) FIXED ASSETS		
I Intangible assets		
3) Industrial patents and similar intellectual property rights	356	-
4) Concessions, licenses, trademarks and similar rights	186.085.538	198.266.908
5) Goodwill	82.783.210	88.725.368
6) Under construction and advances	16.879	8.621
Total	268.885.983	287.000.897
II Property, plant and equipment		
2) Plant and machinery	228.991	199.097
4) Other assets	5.347	11.592
Total	234.338	210.689
III Financial fixed assets		
2) Receivables		
c) from parent companies - beyond 12 months	169.970.910	131.444.727
d-bis) Other - within 12 months	28.661	107.800
d-bis) Other - beyond 12 months	10.409.514	10.409.790
Total	180.409.085	141.962.317
TOTAL FIXED ASSETS (B)	449.529.406	429.173.903
C) CURRENT ASSETS		
II Receivables		
1) Trade receivables		
a) within 12 months	80.618.544	79.205.786
4) Parent companies		
a) within 12 months	6.126.784	33.724.955
5) Receivables from companies subject to parent companies control		
a) within 12 months	2.000.000	1.166.520
5 bis) Tax receivables	324	27.244
5 ter) Deferred tax assets	1.789.329	666.610
5 quarter) Other		
a) within 12 months	6.620	5.072
Total	90.541.601	114.796.187
IV Cash and cash equivalents		
1) Bank and postal deposit accounts	16.898.116	15.664.300
3) Cash on hand	59	59
Total	16.898.175	15.664.359
TOTAL CURRENT ASSETS (C)	107.439.776	130.460.546
D) PREPAYMENT AND ACCRUED INCOME		
I) Accrued income	20.231	-
II) Prepaid expenses	113.626	134.954
TOTAL ASSETS	557.103.040	559.769.403

INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2020

BALANCE SHEET - LIABILITIES	June 30, 2020	June 30, 2019
	<i>amounts in Euro</i>	<i>amounts in Euro</i>
A) SHAREHOLDERS' EQUITY		
I Share capital	500.000	500.000
II Share premium reserve	104.996.531	104.996.531
IV Legal reserve	100.000	100.000
VIII Other reserves		
- Reserve for unrealized exchange gains	27.499	-
VIII Retained earnings	4.087.578	4.087.578
IX Profit for the period	27.606.777	72.646.068
Total shareholders' equity	137.318.385	182.330.177
B) PROVISIONS FOR RISKS AND CHARGES		
2) For taxes, including deferred	29.120.353	31.040.272
4) others	4.439.460	246.960
Total	33.559.813	31.287.232
C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	262.731	248.121
D) PAYABLES		
1) Bond loan		
a) within 12 months	6.900.000	6.550.000
b) beyond 12 months	275.659.066	280.793.825
7) trade payables		
a) within 12 months	4.744.766	3.043.200
11) Parent companies		
a) within 12 months	35.739.302	14.113.788
11-bis) Companies subject to parent companies control		
a) within 12 months	43.000.318	28.764.935
12) Tax payables		
a) within 12 months	344.648	377.798
13) Payables to pension and social security institutions	206.887	185.732
14) Other		
a) within 12 months	169.767	277.271
Total	366.764.754	334.106.549
E) ACCRUALS AND DEFERRED INCOME		
I) Accrued liabilities	79.460	83.088
II) Deferred income	19.117.897	11.714.236
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	557.103.040	559.769.403

INTER MEDIA AND COMMUNICATION S.P.A.
Financial Statement as of June 30, 2020

INCOME STATEMENT	12 months at 30 June 2020	12 months at 30 June 2019
	<i>amounts in Euro</i>	<i>amounts in Euro</i>
A) VALUE OF PRODUCTION		
1) Revenues from the sales and services	85.578.178	144.940.820
5) Other revenues and income		
a) miscellaneous income	322.996	193.623
Total	85.901.174	145.134.443
B) PRODUCTION COSTS		
6) Cost of raw materials, supplies and consumables	66.070	640.209
7) Costs of services	11.470.367	11.081.829
8) Costs of rents and leases	90.969	117.453
9) Personnel costs		
a) salaries and wages	2.289.396	2.266.105
b) social security contributions	629.129	632.428
c) employee severance indemnity	161.450	154.316
e) other costs	204.262	318.939
10) Amortisation, depreciation and write-downs		
a) amortisation of intangibles assets	18.144.903	18.143.896
b) depreciation of tangible	60.252	38.703
c) write down of fixed assets	-	976
d) write-down of doubtful account receivables included in current assets	519.371	2.542.154
13) Other provisions	4.192.500	-
14) Other operating expenses	475.535	243.862
Total	38.304.204	36.180.870
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	47.596.970	108.953.573
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income		
a) from receivables classified as fixed assets		
- from parent companies	7.724.887	6.557.608
- from other companies	209	197
d) other income		
- from third parties	15.559	742
17) Interest and other financial charges		
d) other financial expenses	(16.166.970)	(16.395.949)
17bis) Gains and losses on foreign currency translation		
a) income from exchange	13.511	28.579
c) losses on exchange	(3.785)	(12.760)
Total (16 - 17)	(8.416.589)	(9.821.583)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
Pre-tax results	39.180.381	99.131.990
20) Current and deferred income taxes		
a) current taxes	(14.616.242)	(28.875.636)
b) deferred tax liabilities	1.919.919	1.922.780
c) deferred tax assets	1.122.719	466.934
PROFIT FOR THE PERIOD	27.606.777	72.646.068

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



Euro	12 months at June 30, 2020	12 months at June 30, 2019
Cash flow from operating activities		
Profit for the period	27,606,777	72,646,068
Current taxes	14,616,242	28,875,636
Net Financial Expenses	8,426,315	9,837,403
1. Profit(Loss) for the fiscal year before taxes and interests	50,649,334	111,359,107
<i>Non cash adjustments</i>		
Amortization	18,206,130	18,182,599
Impairment of fixed assets	-	976
Provision for doubtful account receivable impairment	318,771	2,542,154
Employee severance indemnities	14,610	75,821
Provision for risks and charges	4,192,500	-
Deferred Tax Assets and Liabilities	(3,042,638)	(2,389,714)
2. Cash flow from operating activities before changes in net working capital	70,338,707	129,770,943
<i>Changes in Net Working Capital</i>		
Variation in trade and other receivables	26,575,430	2,060,036
Variation in trade and other payables	(300,441)	(58,124,727)
Other variations in net working capital	7,416,003	(902,829)
3. Cash flow from operating activities after changes in working capital	104,029,699	72,803,423
<i>Other Adjustments</i>		
Taxes paid	(2,576,466)	(5,106,342)
Interests and other financial expenses paid	(14,400,835)	(14,680,915)
A Cash flow from operating activities (A)	87,052,398	53,016,166
Cash flow from investing activities		
Net investments in Intangible Assets	(29,989)	(38,692)
Net investments in Property, Plant and Equipment	(64,876)	(162,355)
Net investments in Financial Assets	-	-
Bank Loan security deposit repayments/(integration)	79,415	(64,914)
B Cash flow from investing activities (B)	(35,450)	(265,961)
Cash flow from financing activities		
<i>Debt Financing</i>		
New Intercompany Loan	(30,801,296)	(16,407,588)
Bond Loan repayments	(6,550,000)	(6,250,000)
New security deposits on Bond Loan issue	-	-
<i>Equity Financing</i>		
Dividends	(48,431,836)	(22,938,433)
C Cash flow from financing activities (C)	(85,783,132)	(45,596,021)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	1,233,816	7,154,184
Cash and cash equivalents at the beginning of the period	15,664,359	8,510,175
Cash and cash equivalents at the end of the period	16,898,175	15,664,359
<i>Non monetary transactions during the fiscal year</i>		
Reserve distribution	-	(36,464,140)
Intercompany compensation for reserve distribution	-	36,464,140

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



INTER MEDIA AND COMMUNICATION S.p.A.

Registered office in Viale della Liberazione 16/18

Share capital of Euro 500,000.00, fully paid-up

Company subject to management and coordination by F.C. Internazionale Milano S.p.A.

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

The financial statements has been translated into English from the original version in Italian. It has been prepared in accordance with the accounting principles established by the Italian law related to financial statements, which may be not conform to the generally accepted accounting principles in other countries.

Explanatory Notes to the Financial Statements as of June 30, 2020

General company information

As described in the Report on Operations – to which reference should be made for further details - Inter Media and Communication S.p.A (hereinafter "Inter Media" or "Company"), is the sole manager and operator of the Parent company F.C. Internazionale Milano S.p.A's media, broadcast and sponsorship business. In particular, Inter Media deals with sponsorship and advertising, marketing of the television archive (*library*) and various brand management activities. The Company also manages the revenues from national television rights on behalf of F.C. Internazionale Milano S.p.A. (hereinafter "Parent Company" or "Fc Inter"), since the related receivables are assigned to Inter Media by the Parent Company.

Group reorganisation

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

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

As at June 30, 2020 the structure of the Parent Company is as described below:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Group Co., Ltd., Leading Shareholder);
- International Sports Capital S.p.A. 31,05% (entirely controlled by LionRock);
- Other minors 0,4%.

Significant events that occurred during the year

The Shareholders' Meeting held on October 28, 2019 approved the financial statements for the year ended June 30, 2019 with a profit for the year of Euro 72,646 thousand, of which Euro 72,619 thousand to be distributed to Shareholders. During the financial year, dividends of Euro 18,000 thousand were distributed in cash to the shareholder Inter Brand S.r.l. as an advance on the dividend due on the economic result for the year ended 30 June 2018. The Company therefore has a payable at June 30, 2020 to the shareholder Inter Brand S.r.l. as a dividend for a total of Euro 43,000 thousand of which Euro 10,765 thousand on the result for the year ended June 30, 2018 and Euro 32,235 thousand on the result for the year ended June 30, 2019.

It should also be noted that during the financial year the advance payment of the dividend due on the economic result for the financial year ended June 30, 2019 was distributed in cash to the parent company FC Internazionale Milano S.p.A. for a total amount of Euro 30,432 thousand. The Company therefore presents a payable as at June 30, 2020 to the Shareholder F.C. Internazionale Milano S.p.A. as a dividend of Euro 9,951 on the result as at June 30, 2019.

The 2020 was characterised by the COVID-19 pandemic. Since February, the cases of contagion in Italy have reached such a level as to force the Government and the Federal Authorities to take drastic safeguard measures such as the limitation of aggregation events and sports competitions in which the Parent Company takes part. The resumption of competitions took place in June through meetings "behind closed doors", i.e. without the presence of the public. The end of the 2019/2020 Sports Season was therefore extended to August 31, 2020.

The continuation of the contagion and the limitations imposed, which at the time of writing of these notes are still in force, have therefore caused for the Company:

- i) the non-renewal by some minor Sponsors of existing contracts or renegotiations and renewals for less advantageous consideration;
- ii) the failure to increase revenues from sponsorship and advertising as envisaged in the Group's prospective plans;
- iii) the increase in the collection times for receivables due to the adverse economic context in which customers operate.

The above has therefore also had significant effects on the economic, equity and financial situation of the F.C. Internazionale Milano Group of which the Company is a part, limiting or compromising the ability to raise resources in order to fulfil its obligations and thus reinforcing the need for the equity and financial support guaranteed by the Major Shareholder, through the parent company.

Structure and contents of the financial statements

The financial statements, is composed by the Balance Sheet, the Income Statement, the Cash Flow statement and the Explanatory Notes and is supplemented by the Management Report. In particular, Management Report has the purpose to illustrate and show the analysis of data reported in the financial statements and contains the information required by the art. 2427 C.C..

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

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

Evaluation criteria and accounting standards

The financial statements as of 30 June 2020 has been prepared to give a true and fair view of the Company's financial position as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements, as stated in the art. 2423 of the Italian Civil Code. The financial statements as of 30 June 2020 has been prepared according to the general principles of prudence and accrual basis and using the going concern assumption as well as considering the economic function of assets and liabilities.

The accounting policies have been adapted with the amendments introduced to the Civil Code by the D.lgs. 139/2015, which adopted in Italy the Accounting Directive 34/2013/EU. In particular, national accounting standards have been reformulated by the OIC in the version issued on December 22, 2016 with the further amendments issued in December 2017 and in January 2019 to be implemented for the financial statements ended December 31, 2018; the new amendments of January 2019 and March 2020 have not resulted in any discontinuity of assessment and classification in the criteria of preparation of the Financial Statements compared to the Financial Statements for the fiscal year ended June 30, 2019.

The valuation of the items has been made taking into account the economic function of the asset or liability items and considering the principle of the prevalence of substance over form, which is mandatory unless it expressly conflict with other specific rules on the preparation of Financial Statements. This allows to evaluate and to account the transactions according to the economic substance rather than to the formal aspects.

It's important to stress that, during the drafting of the Financial Statements as of June 30, 2020 the derogations pursuant to art. 2423, paragraph 4, and 2423 bis, last paragraph, C.C., have not been applied.

The criteria used to measure each caption in the Balance Sheet and Income Statement are set forth below in connection with each single class of caption of the balance sheet and income statement.

Going concern

The Financial Statements at June 30, 2020 are prepared on a going concern basis in accordance with the considerations set out below.

The spread of the pandemic caused by Covid-19 has represented and still represents for the Company a significant event with a direct impact on its cash flows and revenues.

In particular, a portion of revenues from sponsorship contracts was postponed to the following financial year due to the extension of the 2019/20 football season to August 31, 2020.

In this regard, at Group level, the Directors have developed a business plan with different scenarios that envisage consolidated losses also for the 2021 financial year, with direct consequences on both the cash flows generated and the level of capitalization. In this context, the Main Shareholder (Suning) has reconfirmed its commitment to support the parent company and therefore indirectly Inter Media from a financial, equity and economic point of view in the foreseeable future of the next twelve months.

Finally, in July, Inter Media and Communication issued a Bond for an additional amount of Euro 75 million over and above the existing Bond, the resources of which were used mainly for the payment of payables due for the Parent Company's transfer campaign.

In this context, at Group level, the Directors had developed two scenarios in order to assess the potential impact of COVID-19 which were also used to perform the impairment test: Lockdown and Recovery Scenario.

In the Lockdown Scenario, the Directors had assumed, as a key factor, that the 2019/2020 season would be definitively interrupted, with no other games played. Scenario that did not occur but is still useful to define a worst case scenario compared to the Recovery Scenario described below.

In the Recovery Scenario, on the other hand, the Management assumed, as a key factor, that the championship would be resumed in June 2020 and would end regularly in July/August 2020, as in fact happened. In both cases, however, Suning's current commitment would have ensured going concern. With reference instead to the 2020/2021 season, the forecasts in the Recovery Scenario are that the championship will be played behind closed doors until January 31, 2020 with an average attendance of 25% for the remaining part of the season.

Although the Company has a solid capitalization and income management that generates cash flows that make it independent as a going concern, its activities are closely related to the performance of the first team and the smooth running of the Serie A championship and European cups and therefore, could be affected by the potential impacts, not foreseeable to date, related to the Covid-19 pandemic that could in turn affect the activities and results of the parent company F.C. Internazionale Milano S.p.A. Therefore, in preparing the financial statements of Inter Media, the Directors have taken into consideration the support that the majority shareholder has guaranteed to the parent company for the period of 12 months from the date of approval of the financial statements, as described above, allowing, in any case, to believe that the parent company itself can guarantee, in turn, where necessary, financial support to the Company in the event of interruptions in sports activities that could impact on the Company's commercial activities and impair its capacity of independently generating cash flow necessary to meet its obligations.

ASSETS

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs and amortized over their expected useful life. Where, irrespective of the amortization already recorded, the value of intangible assets reports a permanent impairment, a write-down is recognized through the income statement. When an impairment loss no longer applies, with the exception of Goodwill, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost net of depreciation. The reversal of an impairment loss is recognized through the income statement.

Concessions, licenses, trademarks and similar rights

Intangible assets include the value of the "Library" and the "Fc. Inter" brand. "Inter" brand is a "century-old" brand of great tradition and it's amortized on a straight-line basis over twenty years, a period considered representative of the useful life of the asset. The "Historical Library" is related to the purchase of the Rai archive (historical library of images, material and rights relating to Fc. Inter), as described in detail in the paragraph "Other information - *Agreements with the Rai Group and Infront*", which is amortised on a straight-line basis over twenty-seven years from the date of the Contribution. Construction in progress and advances related to the cost incurred at point in time for the renewal of the registration of the INTER brands recorded upon acceptance of the registration.

Goodwill

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

Property, plant and equipment

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

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

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

The annual depreciation rates used are shown in the table below:

Description	Rate
Machinery	19,00%
Electronic Machines	20,00%
Forniture	12,00%
Mobile Telephones	20,00%

Where the value of asset reports a permanent impairment, independent of the amortization already recorded, a write-down of the asset is recognized through the income statement. When an impairment loss no longer applies, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost net of depreciation. The reversal of an impairment loss is recognized through the income statement.

Impairment of tangible and intangible assets

Tangible and intangible assets are analysed annually to identify any indicators of impairment (so-called *impairment test*). If these indicators are present, the recoverable amount of the assets is estimated, allocating any write-down – whether occurred - to the Income Statement. The recoverable value of an asset is the higher between its fair value and the value in use, corresponding

to the estimated future cash flows generated by the asset or by the class of asset (CGU). In the calculation of the value in use, the forecast future cash flows are discounted using a discount rate that reflects the current market value of the cost of money, in relation to the investment period and the specific risks of the asset. Impairment loss is recognized in the Income Statement when the book value of the asset is higher than the recoverable value. When an impairment loss no longer applies, with the exception of Goodwill, the carrying amount of the asset is increased to its new estimated recoverable amount, which may not exceed original cost net of depreciation. The reversal of an impairment loss is recognized through the income statement.

Financial fixed assets

Receivables included in the financial fixed assets

This item includes an intercompany loan to the Parent Company F.C. Inter and restricted cash used as collateral of the Bond Loan recorded at their nominal value. Regarding the loan to the Parent company, the amortized cost has not been applied because transaction costs, commissions paid between contracting parties and any other difference between initial value and final value, are not significant.

Trade and other receivables included in the current assets

Receivables are recognized according to the amortized cost criteria and taking into account of their timing and the expected realizable value. The amortized cost is not applied when its effects are immaterial or when settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity date is not significant or if the receivables are classified as short-term (i.e. with a maturity of the receivable of less than 12 months).

Receivables beyond 12 months, without interest payment or with interest significantly different from market rates, are initially accounted at the value resulting from the discounting of future financial flows using market interest rate.

The difference between the nominal value of the receivable and its value on maturity is registered into the Income Statement as financial income along the credit period, using the effective interest rate method.

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

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

Receivables in foreign currency under current assets are registered at the current exchange rates on the date when the relative transactions take place. They are adjusted to the year-end exchange rate and any gains or losses are recorded on the Income Statement (in item C17 bis) for the year. Any net profit is set aside in a specific reserve which may only be distributed upon realization.

Cash at bank and on hand

Cash at bank and on hand are stated at nominal value.

Accruals, deferred income and prepaid expenses

Accrued income are related to the portion of revenue or income already earned but not yet invoiced.

Prepaid expenses are related to the portion of costs related to future periods/years for which invoices and the related payables have been already received/paid.

Accrued expenses are related to the portion of costs already occurred but for which the invoice has not been received.

Deferred income are related to the portion of revenue or income related to future periods/years for which invoices and the related receivables have been already received/paid.

LIABILITIES

Shareholders' Equity

This line item represents the difference between asset and liability calculated according to the accounting standard applicable for the financial statement of the Company, and includes the value of the net assets contributed in kind by the shareholders at the time of the Contribution and subsequent increases of capital, reserves of any kind, profits and losses of prior fiscal years carried forward and the result of the fiscal year 2019/2020.

Provisions for risks and charges

Provisions for risks and charges are recorded based on the principles of prudence and accruals and include provisions made to cover losses and debts of a certain nature and of a certain and probable existence, with uncertain amount and occurrence date. The valuation of risks and charges which are dependent on future events considers also the information available after the fiscal year end and up to the preparation of the present Financial Statements. The provisions reflect the best estimate on the basis of available information at the reporting date. Potential liabilities which are only considered possible are described in the explanatory notes.

Provision for employee severance indemnity

This reserve reflects the amounts accrued for employees at the end of the period, in accordance with contractual and current legislation. This liability is subject to indexation. It shall be noted that as of January 1, 2007, the Finance Law and its

implementing decrees introduced relevant changes in the regulations of employees severance indemnity, including the employee's choice concerning the allocation of severance indemnities occurring (to the supplementary pension funds or to the "Treasury Fund" managed by INPS). The amount accounted in the balance sheet is net of payments to the funds mentioned.

Payables

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

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

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

INCOME STATEMENT

Costs and revenues

These are shown in the financial statements in accordance with the principles of prudence and accruals with recognition of the related accruals and deferrals. Operating costs, financial income and charges are charged to the Income Statement on an accruals basis.

Sponsorship income is recognised progressively over the duration of the contract when the service has actually been rendered. Up-front fees are fully recognised in the Income Statement when they are verified, usually at the execution of the contract.

In cases where extensions are granted to customers (revenues) or to the Group (costs) not at normal market conditions without interest accruing, the amount that will be collected or paid is discounted. The difference between the present value and the amount collected or paid constitutes a financial income or charge recorded on an accruals basis over the period of maturity of the receivable and payable respectively.

In the light of the information reported in the paragraph " Significant events that occurred during the year" with reference to the decisions taken by the competent authorities in relation to the evolution of the COVID-19 pandemic, i.e. the suspension and resumption of the competitive activity with the end of the 2019/2020 sports season set for August 31, 2020 - it should be noted that the recognition of certain revenues and costs related to the lockdown period has been deferred *pro-rata temporis* from the end of the lockdown (June 2020) until the natural conclusion of the sports season just mentioned above.

Income tax

Taxes are recognised for in accordance with the accruals principle; amount for taxes paid or payable for the fiscal year, determined in accordance with the rates and regulations in force.

The Company also has a tax consolidation agreement with its Parent Company which details are explained in the paragraph "Current and deferred income taxes".

Deferred tax assets and liabilities

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Other information

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the values of the assets and liabilities in the financial statements and on the information relating to potential assets and liabilities at the date of the financial statements. The estimates and assumptions used are based on experience and other factors considered relevant. The actual results may therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of any changes made to them are reflected in the income statement in the year in which the estimate is revised if the revision affects only that year, or also in subsequent years if the revision affects both the current year and future years.

The items in the financial statements affected by certain assumptions of uncertainty are the determination of the provision for bad debts, the provision for risks and charges and the valuation of the recoverable value of intangible assets and goodwill.

With reference to the provision for bad debts and the provision for risks and charges, the financial statements reflect the estimate of liabilities on the basis of the best knowledge of the state of solvency of the counterparties and the progress of disputes, in this regard using the information provided by the legal advisors who assist the Company and taking into account existing contacts with counterparties. The estimate of risks is subject to the uncertainty inherent in any estimate of future events and the outcome of litigation proceedings and it cannot be excluded that in future years there may be charges that cannot be estimated at present for a worsening of the state of litigation and the level of solvency of the counterparties, also in view of the general deterioration in the solvency of the markets following the effects caused by the COVID-19 pandemic on customer operations and their ability to generate cash.

With reference to the valuation of the recoverable value of intangible assets (including goodwill), the Directors used the impairment test to verify the recoverability of the values of fixed assets carried out as at March 31, 2020, considering it still applicable considering the stress tests carried out. The above impairment test was carried out on the basis of Inter Media's 2021-2025 economic and financial projections. The above projections are based on assumptions characterized by intrinsic uncertainty both with reference to macroeconomic and sector conditions and to specific conditions linked to the Company that also depend on the Parent Company's sports results, as well as the foreseeable repercussions of the COVID-19 pandemic crisis, whose possible achievement to date cannot be forecast and could lead to results different from those estimated; this could determine the need to write down intangible assets or goodwill recorded in the financial statements and not written down to date.

Agreements with the Rai Group and Infront

On June 24, 2011, the Parent Company signed a contract with the Rai for the acquisition, effective from June 30, 2011, of the Rai historical archive of images and videos of the football team (historical archive - material and rights) and the historical archive of broadcasts on Inter Channel from 2000 to 2008.

An agreement was simultaneously signed with the Rai which settled (i) a transaction for prior use of the library, (ii) the thirty-year right to use the library up to 2041, and also (iii) the right to renew the contract from 30 June 2041 to 30 June 2071. In the financial statements, in relation to this transaction, are recognized deferred income for Euro 11,714 thousands relating to the portion of revenue related to future periods/years for which invoices and the related receivables have been already issued/paid. On May 2, 2011, the Parent Company entered an agreement with Infront Italy S.r.l. ("Infront"), a leading national and international media company, which digitalised, catalogued and organised the images referred to in the Rai contract for the seasons from 2011-2012 to 2015-2016. On June 21, 2012, an *addendum* to the original contract with Infront S.r.l. was signed which extended the deadline to the 2016-2017 and 2017-2018 football seasons. In addition to commercialization of the archive, the agreement also includes the commercialization of the images of training sessions, interviews and press conferences, the *media packages* and electronic games, and also the audio-visual productions of Championship and Tim Cup matches. On 13 May 2014, a further amendment was signed, which extended the duration of the contract to the 2020-2021 season, with a corresponding increase in the fees. This amendment was effective from July 1, 2014.

Other information - Debt refinancing operations

On December 21, 2017, the Company, after having been converted from a limited liability company into a joint-stock company, issued and placed to institutional investors Senior Secured Notes for an amount equal to Euro 300 million, expiring on December 31, 2022 and fixed rate at 4.875% and at the same time FC Inter signed a revolving credit facility for a maximum amount of Euro 50 million, which has been entirely used as of June 30, 2020. This transaction led to i) full repayment of the G.S. equal to Euro 202 million at the bond subscription date; ii) generation of new financial resources to be used for the ordinary activities of the Inter Group. The Bond Loan is secured by the cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as the cash flows deriving from the proceeds of the UEFA rights and the television rights of the Serie A and Tim Cup, similar to the previous Loan described above. The expenses incurred for the issue and placement of the bond loan (mainly legal advice and bank fees), equal to Euro 9 million, were included in the calculation of the amortized cost using the effective interest criterion and amortized over the expected duration of the debt (5 years). Their amortization complements the interest expense calculated at the nominal rate (following the same classification in the Income Statement) so that the effective rate can remain the constant interest rate over the term of the debt to be applied to the book value. It should also be noted that, as part of the Bond by the Company, FC Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media, which is therefore recorded - for an amount equal to the value of the same participation in the financial statements of the Parent Company and Inter Brand - between commitments, guarantees and potential liabilities not shown on the balance sheet, as reported in the paragraph "Commitments, guarantees and potential liabilities not shown on the balance sheet".

On 31 July 2020, in order to finance the ordinary activities of FC Inter and mitigate the impact of the aforementioned events that occurred due to the COVID-19 pandemic, the Company issued and placed with institutional investors an additional tranche of senior secured bonds for a total amount of Euro 75 million, maturing on December 31, 2022 and with a fixed rate of 4.875% at an issue price of 93%, with the same guarantees as the above mentioned Bond. The issue discount and the expenses incurred for the issue and placement of the bonds (mainly legal advice and bank fees) amounting to Euro 8.9 million, were also included in the calculation of the amortized cost using the effective interest method and amortized over the expected duration of the debt (2 years and 5 months), as better described above.

Sponsorship Agreements

The major shareholder has contributed significantly to the development of sponsorships in Asia and in particular, on September 1, 2016, was signed with the company belonging to Suning Jiangsu Suning Sports Industry Co., Ltd, a contract for i) the sale of

the renaming rights of the sports centre of Appiano Gentile (Suning Sports Center in memory of Angelo Moratti) and the training center of the youth sector (Suning Training Centre in memory of Giacinto Facchetti), ii) the rights for the Suning brand on the official training kits, LEDs, backdrop, including VIP hospitality and dedicated tickets for home matches and iii) the co-branding rights on the Asian territory. The contract, originally expiring in June 2020, provided for an irreversible initial signing fee of Euro 25 million and fixed annual fees of Euro 16.5 million until expiry. On 21 December 2017, at the time of the refinancing operation concluded with the placement of the Bond Loan, an amendment was signed relating to the Naming Rights of the above mentioned contract, redefining the distribution of the envisaged fee: 47% is due to FC Inter and 53% to the Company. During the 2019/2020 financial year the consideration was subject to a new revision which no longer provides for the variable part but only the fixed portion for a total amount of Euro 16 million and the term of the contract was extended to 30 June 2022. With reference to this contract, during the year the Company recorded revenues for a total of Euro 8.4 million.

During the 2017/2018 financial year, an agreement was signed with the Chinese company Beijing Imedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, expiring on 30 June 2024, which provides for an irreversible signing fee of Euro 23.1 million and annual fees of Euro 25 million until maturity. During the year, the Company recorded revenues for a total of Euro 25.8 million including Euro 0.8 million paid by iMedia following the definition of the agreements with the Chinese companies Winchain, Moutai and Yidezhi.

The suspension of the sports season decreed by government and federal authorities due to the spread of the COVID-19 pandemic from March to May 2020 meant that the club was temporarily unable to fully meet its contractual obligations with sponsors. The Company, taking this into account and the subsequent resumption of competitive activity with the new end of the 2019/2020 football season decreed by the federal authorities on 31 August 2020, has recognized pro-rata temporis revenues from sponsorships, with the exception of revenues for Naming Rights deriving from the agreement with the parent company Jiangsu Suning Sports Industry Co., Ltd. and those deriving from the contract with the Beijing iMedia Advertising Co.

In previous years, the Company signed sponsorship contracts with Pirelli ("Official Sponsor"), Nike ("Technical Sponsor"), Credit Agricole, Hugo Boss, Lenovo, Volvo, Mastercard, Trenitalia, Myworld, Locauto, Esprinet, Manpower, Carimi.

Analysis of Balance Sheet items

ASSETS

Fixed assets

Intangible assets

As of June 30, 2020 and June 30 2019, intangible assets amount respectively to Euro 268,886 thousands and Euro 287,001 thousands, with an amortization of the period of Euro 18,145 thousands.

Euro thousand	Balance as of June 30, 2019	Increases	Decreases	Reclass.	Balance as of June 30, 2020	Amortizations as of June 30, 2019	Write-downs	Divestitures	Amortization	Amortization as of June 30, 2020	Net Book Value
Industrial patents and similar intellectual property rights	-	1	-	-	1	-	-	-	(1)	(1)	-
Concessions, licences, trademarks and similar rights	337.356	8	(3)	15	337.376	(139.089)	-	1	(12.202)	(151.290)	186.086
Goodwill	118.843	-	-	-	118.843	(30.118)	-	-	(5.942)	(36.060)	82.783
Construction in progress and advances	9	23	-	(15)	17	(1)	-	-	-	(1)	17
Total	458.208	32	(3)	-	458.237	(180.208)	-	1	(18.145)	(187.351)	268.886

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

As of June 30, 2020, the "Fc Inter" trademark has a carrying amount of Euro 138,226 thousands, whereas the Library has a residual net value of Euro 47,860 thousands.

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

The increase of Euro 32 thousand refers to the cost incurred for renewing the INTER marks' registration, of which Euro 17 thousand recorded as construction in progress and advances since the registration was not effective yet at the financial statements date.

"Goodwill" refers to the residual amount calculated as difference between the fair value and the net book value, emerged from the Contribution after the allocation of part of the whole surplus to the caption Concessions, licences, trademarks and similar rights as above described.

The Directors, in agreement with OIC 9, in order to sustain the significant value of the intangible assets recorded in the financial statements, have proceeded, with the assistance of the independent expert, to carry out an impairment test at March 31, 2020, after having considered the COVID 19 pandemic as a potential indicator of impairment. The above impairment test was considered still applicable at June 30, 2020 considering both the forecasts of the Plan used for which no events emerged that would materially alter its validity and the stress tests carried out.

The valuation was carried out using the "Discounted Cash Flow Analysis" criterion based on the forecast industrial plan 2021/2025 (hereinafter also the "Plan"), developed in different scenarios of the evolution of the COVID-19 pandemic.

The impairment test was carried out by discounting the cash flows resulting from the above mentioned economic and financial projections, discounted at a WACC (Weighted Average Cost of Capital) rate of 7.98% (8.37% in the comparative year).

The test was prepared by the Company's Management with the support of an external consultant and was approved by the Board of Directors together with the Multi Scenario Plan on June 20, 2020.

As already mentioned in the paragraph "Going concern", the impairment test was performed considering two scenarios, where in particular in the "Recovery scenario" the assumptions adopted in the revenue and related cash flow projection take into account revenue values consistent with forecasts of sports results that envisage participation in the UEFA Champions League for the 2020/2021 football season up to the group stage and elimination in the round of 16 of the UEFA Europe League, qualification and participation in the latter competition for the remaining years of the plan, developments in merchandising especially with an increase in revenues from sponsorships prudently estimated, and cost trend operating cost containment estimated consistently with the current organizational logic of the Company Management.

The long-term growth rate used in the terminal value was considered to be zero, as was the change in working capital.

The WACC rate, as better defined above and equal to 7.98%, was determined using the risk free rate (1.21%), the equity risk premium (6%) and the additional risk premium (3.16%) and was not changed between the two scenarios.

In order to highlight any additional impacts deriving from the COVID-19 pandemic, Management carried out additional "stress tests" to verify both the level of the WACC rate and certain other hypotheses such as the reduction or low growth in revenues from sponsorships, i.e. keeping them stable at the pre-pandemic level, whose results at the level of impairment tests still show a significant headroom, while for the WACC rate the level for which the book value is equal to the recoverable value would be 26.8% for the "Lockdown Scenario" and 27.1% for the "Recovery Scenario", data that confirm the significant degree of coverage currently existing.

As a result of what has just been described above, considering the worst-case sensitivity analysis of the scenario included in the forecast and WACC data and the "stress tests" carried out to ascertain the sensitivity of the "recoverable value" of the assets to changes in the prospective assumptions, it has not emerged the need to make any adjustments to the values of Inter Media's fixed assets, as the recoverable value of the assets is significantly higher than the value recorded in the financial statements even if the worst-case conditions for business development are adopted.

Tangible assets

As of June 30, 2020 and as of June 30, 2019, these assets amount respectively to Euro 234 thousand and Euro 211 thousand. Depreciation for the period amount to Euro 60 thousand and has been calculated on all the tangible assets depreciated as of June 30, 2019, applying the rates which represent the useful economic and technical lifetime, specified in the evaluation measurement criteria.

<i>Euro thousand</i>	Balance as of June 30, 2019	Increases	Decreases	Balance as of June 30, 2020	Amortizations as of June 30, 2019	Amortization	Amortizations as of June 30, 2020	Net Book Value
Plant and Machinery	242	84	-	326	(43)	(54)	(97)	229
- machinery	242	84	-	326	(43)	(54)	(97)	229
Other assets	44	-	-	44	(32)	(6)	(39)	5
- electronic office machines	23	-	-	23	(19)	(3)	(22)	1
- furniture	5	-	-	5	(1)	(1)	(2)	3
- mobile telephones	16	-	-	16	(12)	(3)	(15)	1
Totale	286	84	-	370	(75)	(60)	(136)	234

The increase of "Plant and machinery" for Euro 84 thousand refers to the purchase of TV devices for the new Inter Tv studies carried out within the new HQ Inter.

Financial fixed assets

Receivables included in the financial assets

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Receivables from parent companies	169.971	131.445	38.526
Other receivables	10.438	10.518	(80)
Total	180.409	141.963	38.446

"Receivables from parent company" amount to Euro 169,971 thousand and refers to the new intercompany Loan Agreement, following the new debt refinancing operation and bond issuing (share capital Euro 167,246 thousand and interest Euro 2,725 thousand) which accrues interests of 4.875% + 3-month Euribor every six months and whose repayment of both the principal amount and the interest portion is due by June 30, 2047.

The balance of the item "Other receivables" as of June 30, 2020 amount to Euro 10,438 thousand (Euro 10,518 thousand as of June 30, 2019) and refers to time deposits paid as collateral for the bond loan described in the paragraph "Bonds". It should be noted that for Euro 10,410 thousand they are due after one year.

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

Net Working Capital

Before analysing the individual items, we show a table summarizing the Operating assets and liabilities at the end of the current and previous fiscal year.

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2018	Variation
Current assets (with excl. Cash at bank and on hand)	90.542	114.796	(24.254)
Accrued income and prepaid expenses	134	135	(1)
Receivables prepaid expenses due beyond 12 months	(5)	-	(5)
Operating assets	90.671	114.931	(24.260)
Payables (excl. Financial Payables)	(31.254)	(17.998)	(13.256)
Accrued expenses and deferred income	(19.197)	(11.797)	(7.400)
Payables and deferred income due beyond 12 months	10.898	11.290	(392)
Operating liabilities	(39.553)	(18.505)	(21.048)
Operating assets and liabilities	51.118	96.426	(45.308)

Net working capital as at June 30, 2020 showed a positive balance, a net worsening compared to the balance as at June 30, 2019 of euro 45,308 thousand, mainly due to the combined effect of the decrease in receivables and the increase in current payables.

Receivables

Receivables amount to Euro 90,542 thousand and refer to:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Trade receivables	83.371	82.374	998
Receivables from parent companies	6.127	33.725	(27.598)
Receivables from companies subject to parent companies control	2.000	1.167	833
Tax receivables	-	27	(27)
Deferred tax assets	1.789	667	1.123
Other receivables	7	5	2
Total receivables	93.294	117.964	(24.670)
(Bad debt provision)	(2.752)	(3.168)	416
Total	90.542	114.796	(24.254)

Trade receivables

The amount of Euro 83,371 thousand includes receivables from a heterogeneous clientele, consisting mainly of private companies for commercial transactions, mainly related to the sale of television rights and sponsorships, including (i) regional sponsors (with reference to which reference should be made to the paragraph "Other Information - Sponsorship contracts") for a total of Euro 55,042 thousand (Euro 69,992 thousand at June 30, 2019), of which for Euro 54,992 thousand the collection deadline was extended in agreement between the parties at December 31, 2020 for Euro 48,742 thousand as per confirmation letter dated March 20, 2020 and March 27, 2020 and at December 31, 2020 for Euro 6,250 thousand as per confirmation letter dated September 15, 2020, (ii) Infront for Euro 3,872 thousand; it should be noted that in October 2020 receivables amounting to Euro 16,300 thousand were collected, (iii) LNP Serie A for Euro 806 thousand, (iv) Sky for Euro 3,393 thousand (of which invoices to be issued for Euro 215 thousand) and (v) IMG Media for Euro 11,714 thousand (of which Euro 4,752 thousand collected on July 8, 2020).

Receivables from parent companies

Receivables from parent companies amounting to Euro 6,127 thousand at June 30, 2020 (Euro 33,725 thousand at June 30, 2019), of which Euro 200 thousand collected in September 2020, refer to receivables for a total amount of Euro 4,108 thousand from Jiangsu Suning Sports Industry and relating to the sale of the renaming rights of the Appiano Gentile sports center ("Suning Sports Centre in memory of Angelo Moratti") and the parent company's youth training center ("Suning Training Centre in memory of Giacinto Facchetti"), rights for the main visibility of the Suning brand on official training kits, leds, backdrop, including VIP hospitality and dedicated tickets for home matches, as well as co-branding rights on the Asian territory, and against FC Inter for trade receivables equal to Euro 2,019.

Receivables from companies subject to the control of parent companies

Receivables from companies subject to parent company control of Euro 2,000 thousand as at June 30, 2020 (Euro 1,167 thousand as at June 30, 2019) refer to receivables due from the Suning Great Mercury Limited group company for the sale of broadcasting rights for the Inter TV channel in China for the financial years 2018/2019 and 2019/2020 of which the amount expired on June 30, 2020, has been extended by agreement between the parties to December 31, 2020 as per the confirmation letter of September 15, 2020. It should also be noted that the receivables due from the Suning PPLIVE Corporation group company (Euro 1,167 thousand) at 30 June 2019 have been fully collected during the year.

Tax receivables

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

Receivables for deferred tax assets

<i>Euro thousand</i>	Balance as of June 30, 2019	Increases	Decreases	Balance as of June 30, 2020
Receivables for deferred tax assets	667	630	(158)	1.138
	667	630	(158)	1.138

<i>Euro thousand</i>	Balance as of June 30, 2020		Balance as of June 30, 2019	
	Temporary Differences	Tax	Temporary Differences	Tax
Bad debt Provision	2.294	551	2.493	598
Losses on exchange by evaluation	-	-	37	9
Provision for risks	4.439	1.239	247	59
	6.734	1.789	2.778	667

Receivables for deferred tax assets amounted to euro 1,789 thousand at June 30, 2020 (euro 667 thousand at June 30, 2019) and related to the accrual to the doubtful debt reserve for the amount exceeding the deductibility limit provided for by tax regulations currently in force for euro 551 thousand and to accruals to the reserve for contingent liabilities and charges of euro 1,239 thousand. The recoverability of these receivables has been assessed taking into account participation in the tax consolidation and future taxable profits. The increase during the year is mainly due to the allocation of deferred tax assets for IRES and IRAP on the allocations made to the provision for risks and charges for some disputes that took place during the year with some sponsors in relation to the services actually provided due to the limitations provided by government and federal authorities due to the COVID-19 pandemic. For further details please refer to the following paragraphs.

Other receivables

Receivables from others amount to Euro 7 thousand and relate principally to receivables from the INAIL for an advance made on self-payment.

Bad debt provision

The change in value adjustments for risks of non-collectability is examined below.

Bad Debt Provision	Bad Debt Provision ex art. 2426 Italian Civil Code	of which Bad Debt Provision ex art. 106 D.P.R. 917/1986
Balance as of June 30, 2019	3.168	675
Use for losses on receivables	(735)	(675)
Releases due to surplus	(201)	-
Provisions for the year	519	457
Balance as of June 30, 2020	2.752	457

The provision for the period reflects the prudent write-down of some credit positions considered doubtful, while uses are related to the unfavourable settlement to the company of two disputes that occurred during the year and the releases to the positive outcome of an executive procedure of third party seizure that made it possible to collect the balance receivable from a sponsor prudently set aside last year.

The composition of receivables by currency is as follows:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019
Receivables in Euro	90.467	113.512
Receivables in CHF	-	45
Receivables in GBP	5	-
Receivables in USD	71	1.239
	90.542	114.796

Cash and cash equivalents

This item consists of temporary funds at banks produced in treasury management and amount of Euro 16,898 thousand as of June 30, 2020, whereas Euro 15,664 thousand as of June 30, 2019.

Cash and cash equivalents amount to Euro 59.

Please see the Cash Flow Statement for further details.

Accruals and prepaid expenses

The item is detailed below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Accessory charges on Bond Loan	44	69	(25)
Insurance premiums	7	6	1
Other prepaid expenses	63	60	3
Total	114	135	(21)

The item "Accessory charges on Bond Loan" amounts to Euro 44 thousand and includes the portions accruing after the current year of the costs incurred annually for the fees associated with the Bond Loan.

In "Other prepaid expenses" the amount shown in the table amounts to Euro 63 thousand, of which Euro 14 thousand is due beyond 12 months.

There are no prepayments and accrued income with a maturity of more than 5 years.

LIABILITIES

Shareholders' Equity

<i>Euro thousand</i>	Share capital	Share premium reserve	Statutory reserve	Reserve for unrealized exchange gains	Retained Earnings/Losses	Profit/loss for the year	Total
Balance as of June 30, 2018	500	104.997	100	-	4.088	65.571	175.255
Shareholders' resolution as of October 26, 2018:							
- dividend distribution as of June 30, 2018						(65.571)	(65.571)
Operating result as of June 30, 2019						72.646	72.646
Balance as of June 30, 2019	500	104.997	100	-	4.088	72.646	182.330
Shareholders' resolution as of October 28, 2019:							
- reserve for unrealized exchange gains				27		(27)	-
- dividend distribution as of June 30, 2019						(72.619)	(72.619)
Operating result as of June 30, 2020						27.607	27.607
Balance as of June 30, 2020	500	104.997	100	27	4.088	27.607	137.318

At the Shareholders' Meeting held on October 28, 2019, the distribution to the Shareholders of the profit for the year to June 30, 2019 was resolved, delegating to the Board of Directors the powers to implement the resolution.

During the financial year, the Company partially implemented the above mentioned resolution by proceeding with the payment in cash of the dividend due to the Parent Company FC Inter by paying Euro 30,432 thousand of the expected Euro 40,383 thousand.

On January 15, 2020, the Company paid Euro 18,000 thousand in cash to the shareholder Inter Brand S.r.l., as an advance on the dividend due on the economic result for the year ended June 30, 2018.

Share capital

The subscribed share capital as of June 30, 2020 amounts to Euro 500 thousand.

Share premium reserve

The amount of Euro 104,997 thousand already discussed above represents the residual share premium defined on Contribution, minus subsequent distributions.

Statutory reserve

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

Retained earnings

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

Availability of reserves

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

<i>Euro thousand</i>	Balance as of June 30, 2020	Possibility of use	Available	Balance as of June 30, 2019
Share capital	500			500
Reserves:				
Share premium reserve	104.997	A, B and C	104.997	104.997
Statutory reserve	100	B		100
Reserve for unrealized exchange gains	27	A and B		
Retained earnings/losses	4.088	A, B and C	4.088	4.088
Profit/loss for the period	27.607	A, B and C	27.607	65.571
Total	137.318		136.691	175.225

Legend

A share capital increase

B coverage of losses

C distribution to shareholders

Provisions for risks and charges, including deferred tax liabilities

Deferred tax liabilities

This item amounts to Euro 29,120 thousand and related to deferred taxes of Euro 29,116 thousand on capital gains allocated at the time of Transfer to the "Historical Library" (Euro 24,899 thousand at June 30, 2020) and to the "F.C. Inter" trademark (Euro 79,461 thousand at June 30, 2020), since the relative amortization and depreciation was not deductible for tax purposes and Euro 4 thousand on interest received on arrears not collected.

The taxation rate originally applied to the calculation was 27.90%, which corresponds to the sum of current applicable IRES for 24% and IRAP for 3.90%. The amount stated on the Balance Sheet as of June 30, 2020 is net of the release allocated to the period (Euro 1,924 thousand).

Provisions for risk

At June 30, 2020, this item included Euro 4,439 thousand (Euro 247 thousand at June 30, 2019) to cover potential liabilities connected with the probable risk of repayment of the amount collected in the financial years 2016/2017 and 2019/2020 in relation to a sponsorship agreement for which - according to the counterparties - there would have been contractual non-compliance, which in particular as far as the accrual for the financial year was concerned (amounting to Euro 4,193 thousand) was closely connected with restrictive measures issued by government and federal authorities following the expansion of the COVID-19 pandemic. The risk relating to the above mentioned case amounts to allocations for the year of Euro 4,193 thousand.

It should also be noted that with reference to the litigation for the 2016/2017 financial year, the Company won the case in 1st instance, but the judgment is not yet final as the counterparty will appeal.

Reserve for employee severance indemnity

The change in this item is shown below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Balance at the beginning of the fiscal year	248	172	76
Use to terminate employment	(92)	(27)	(65)
Use for substitute tax	(1)	-	(1)
Use for INPS payments	(39)	(38)	(1)
Use for other funds	(15)	(14)	(1)
Provision for the year	162	154	8
Balance at the end of the fiscal year	263	248	15

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

Payables

The balance at June 30, 2020 of Euro 366,765 thousand (Euro 334,107 thousand as of June 30, 2019) is divided as shown below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Bond Loan	282.559	287.344	(4.785)
Trade payables	4.745	3.043	1.702
Payables to parent companies	35.739	14.114	21.625
Payables to companies subject to parent companies control	43.000	28.765	14.235
Tax liabilities	345	378	(33)
Social security payables	207	186	21
Other payables	170	277	(107)
Total payables	366.765	334.107	32.658

The most significant changes mainly concern the increase in "Payables to parent companies" directly related to the advance payments of tax consolidation charges for 2019/2020 set aside on a historical basis to a greater extent than the actual charge for the year resulting from the decrease in turnover partly due to the effects of the COVID-19 pandemic, as better referred to above, of "Payables to companies under the control of parent companies" as a result of the dividends distributed to the shareholder Inter Brand S. r.l. with reference to the financial statements for the year ended June 30, 2019 net of their cash payments, which are referred to in the paragraph "Shareholders' equity" to which reference should be made, and "Payables to suppliers". This effect is partially offset by the decrease in the item "Bonds" due to the payments of the related capital portion.

Bond

As described in the paragraph "Debt refinancing operations", on December 21st, 2017, the Company issued and placed to institutional investors Senior Secured Notes for an amount of Euro 300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875%. The bond loan is secured by cash flows deriving from sponsorship agreements and media contracts signed by the Company as well as flows deriving from the proceeds of the UEFA rights and the Serie A and Tim Cup television rights assigned to Inter Media by the Parent Company.

The Mandatory Amortization Redemption and Principal Repayment Date is shown below

- Euro 3.1 million on December 31, 2018;
- Euro 3.15 million on June 30, 2019;
- Euro 3.25 million on December 31, 2019;
- Euro 3.3 million on June 30, 2020;
- Euro 3.4 million on December 31, 2020;
- Euro 3.5 million on June 30, 2021;
- Euro 3.55 million on December 31, 2021;
- Euro 3.65 million on 30 June 2022;
- Euro 273.1 million within December 31, 2022.

The debt recorded in the financial statements net of accessory costs according to the amortised cost method, for an amount of Euro 282,559 thousand, net of accessory costs according to the amortised cost method and the repayment of the first four

principal instalments on December 31, 2018, June 30, 2019 and June 30, 2020 respectively, represents the present value of future cash flows, less transaction costs of Euro 8,988 thousand. The effective interest rate of Euro 5.5936%, i.e. the internal rate of return (IRR), constant over the duration of the debt, makes the present value of future cash flows deriving from the debt and its initial recognition value equal. As a result of this, it should be noted that the Income Statement does not charge interest paid at maturity to the extent of the nominal interest rate of 4.875%, but is supplemented on the basis of the effective interest rate, which corresponds to the implicit financial burden of the Bond Loan.

The Bond Loan also provides for compliance with two financial parameters (covenants), respectively the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In summary, the first represents the ratio between net cash flows from operating activities and the sum of the financial charges recorded in the financial statements and the capital payments made in the 12 months preceding the calculation date (or alternatively, if 12 months have not passed since the date of stipulation of the Bond, the period between the stipulation date and the calculation date). The second financial parameter, instead, is calculated using the same factors, determined on the estimated values - as reported in the budget - for the 12 months following the calculation date. The above parameters, which must result in values greater than or equal to 1.5 and 1.0 respectively, on the basis of the calculations made as at 30 June 2020, are respected; likewise, on the basis of the projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, taking into account the commitment for the financial support of the Parent Company by Suning Group.

The instalments due to date have been regularly paid.

For the sake of completeness of information, it should be noted that there are obligations due beyond the next financial year for Euro 275,659 thousand, while there are none due beyond 5 years.

For further information on the evolution of the bond loan during the year, please refer to the Cash Flow Statement.

Trade payables

The balance is shown below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Current suppliers	4.014	1.704	2.310
Suppliers for invoices to be received	731	1.339	(608)
Total Trade payables	4.745	3.043	1.702

The amount of Euro 4,745 thousand relates principally to commercial and marketing consultancy and to the Inter TV channel with the program and video production and digitalisation activities.

The item in question does not include amounts payable beyond the current year and beyond 5 years.

Payables to parent companies

The item amounts to Euro 35,739 thousand and referred to trade payables of Euro 22,652 thousand, including those relating to the sale of audiovisual rights from FC Inter to Inter Media for Euro 15,867 thousand (Euro 11,487 thousand at June 30, 2019), Euro 3,136 thousand (Euro 2,627 thousand at June 30, 2019) to net taxable amounts to be transferred to the Parent Company F.C. Inter as a result of participation in the tax consolidation and Euro 9,951 to dividends distributed but not yet paid with reference to the financial statements for the year ended June 30, 2019.

Payables from companies subject to the control of parent companies

The debt recorded in the financial statements, as better described in the section "Shareholders' equity", refers to the residual portion of profits that Inter Media has yet to pay to Inter Brand with reference to the financial statements for the years ended June 30, 2018 and June 30, 2019, as resolved by the Shareholders' Meeting on October 26, 2018 and October 28, 2019.

Tax payables

These are represented by the following amounts:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Payables for IRPEF on sub. employ. in March and June	108	83	25
Payables for IRAP	236	225	11
Payables for VAT	1	70	(69)
Total	345	378	(33)

The item "Payables for IRPEF employees sub. employ. months March and June", refers to withholdings paid by the Company in July and related to the month of June, as well as those related to March 2020 not yet paid and related to the month of March because the payment was postponed by government measure to September 16, 2020 to support the liquidity of companies as

a result of the COVID-19 pandemic. For the same reasons also the VAT payable shown in the above table is net of the same credit accrued in the month of June and the amount payable for the liquidation for the month of March amounting to Euro 609 thousand will be settled on September 16, 2020. The payables for IRAP tax are net of the receivables for advances paid by the Company during the financial year, which have been offset against the tax payable accrued during the financial year.

Social security payables

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

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Payables to INPS	26	23	3
Payables to INAIL	3	3	-
Payables to PREVINDAI	-	5	(5)
Payables to ENPALS	106	63	43
Payables for holidays accrued but not taken	45	75	(30)
Payables to other agencies	27	17	10
Total	207	186	21

The change during the period is in line with labour costs. It should be noted, as already done for the previous item, that also for the March contributions included in the balance, the company benefited from the government measure to support the liquidity of the companies and their payment was postponed to September 16, 2020.

Other payables

These are shown below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Payables to employees and collaborators for remuneration accrued and not paid	157	271	(114)
Other payables	13	6	7
Total other payables	170	277	(107)

Amounts due to employees also include payables for vacations accrued and not taken by employees for an amount of Euro 159 thousand (Euro 265 thousand at June 30, 2019), a value which decreased sharply as a direct consequence of the "lockdown" measure decreed by the government for about 3 months as a result of the expansion of the COVID-19 pandemic.

Payables in foreign currency are shown below:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019
Payables in Euro	366.759	333.996
Payables in USD	-	-
Payables in GBP	6	53
Payables in RMB	-	58
	366.765	334.107

Accrued expenses and deferred income

These are provisions relating to charges and revenues occurring during the year but relating to periods after June 30, 2020:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Accrued expenses	79	83	(4)
Deferred income	19.118	11.714	7.404
Total	19.197	11.797	7.400

Accrued expenses amount to Euro 79 thousand and relate to costs relating to employees and accessory charges (13th month's salary), accrued by the closing date of the financial year, but the payment of which is deferred.

Deferred income relates mainly to:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Sponsorship - EU in house	1.126	-	1.126
Sponsorship - Regional	376	-	376
Sponsorship - Global	732	-	732
Official Sponsor	2.769	-	2.769
Technical Sponsor	2.823	-	2.823
Rai Archive-Infront	11.290	11.714	(424)
Others	2	-	2
Total	19.118	11.714	7.404

The increase in sponsorship deferred income is directly related to what is reported in the paragraph "Other information - Sponsorship contracts" due to the suspension/resumption of competitive activity for the spread of the COVID-19 pandemic, to which reference should be made.

As indicated in the paragraph "Other Information - Agreements with the Rai Group and Infront" and in the comment to the item "Receivables from customers", the portion of the deferred income relating to the "Rai Archives" represents the deferral of income accruing in future years for the marketing of the rights to use the historical library.

At June 30, 2020 there are deferred income for Euro 10,894 thousand with expiry beyond 12 months of which Euro 9,341 thousand with expiry beyond 5 years.

Analysis of the items on the Income Statement

It should be noted for clarity of exposure that, following the government decisions in response to the spread of the COVID-19 pandemic, which led first to the suspension and then to the resumption of competitive activity with the extension of the 2019/2020 sports season until August 31, 2020, the revenues from sponsorships are not comparable with those of the comparative reference period as they are not homogeneous: in the present financial year, these revenues, were first suspended during the "lockdown" period and then recorded pro-rata temporis from the end of the lockdown until the natural conclusion of the sports season just mentioned above, while those of the previous financial year were recorded for the 12-month period.

VALUE OF PRODUCTION

Revenues from the sales and services

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

Revenues on services are shown below:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Official Sponsor	11.491	19.108	(7.617)
Technical Sponsor	9.677	10.000	(323)
Sponsorship EU Global in house	9.508	12.254	(2.746)
Sponsorship Regional	36.255	89.095	(52.840)
Sponsorship Global	2.418	-	2.418
Archive Rai-Infront	9.774	9.773	1
Inter TV	5.621	3.992	1.629
TV Production	650	650	-
Revenues from participation in UEFA competitions	65	-	65
Licencing	114	69	45
Others	5	-	5
Total	85.578	144.941	(59.363)

The items "Official Sponsor" and "Technical Sponsor" include the income from sponsorship contracts with Pirelli and Nike, including the bonus accrued for the right acquired by the First Team of the Parent Company to qualify for Round 16 of the UEFA Europe League 2019/2020 for Euro 2,250 thousand.

Revenues from sales and services show a decrease directly related to the decrease in revenues for "Sponsorship Regional" caused mainly by the early termination and/or natural expiry of some contracts in the Asia area at the end of last year. During the 2019-2020 fiscal year, new contracts were signed, however, which guaranteed lower fees also due to the spread of the COVID-19 pandemic, which in fact slowed down investments in the product category in question.

The decrease in revenues from sponsors is also due to the suspension of the same during the "lockdown" period and the subsequent pro-rata temporis recognition from the resumption of activity until June 30, 2020 considering the end of the 2019/2020 football season on August 31, 2020.

The item "Inter TV", on the other hand, recorded a significant increase of Euro 1,629 thousand mainly due to the definition of the new contract for the concession of broadcasting rights for the Inter Tv thematic channel in China for the three-year period 2019/2021 with the Group company Suning Great Mercury Limited for a total amount of Euro 3 million.

Please see on what explained in the Management Report for a description of economic performance for the current fiscal year.

Other revenue and income

This item is shown below:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Other Revenue and income	323	194	129
Total	323	194	129

These essentially refer to contingent assets and non-existent liabilities of Euro 292 thousand (Euro 181 thousand at June 30, 2019), which mainly include the release of the doubtful debt provision (of Euro 201 thousand) as a result of the executive judgement of seizure from third parties by the Company for the purpose of recovering a doubtful receivable from a sponsor and prudentially set aside in the previous financial year, as well as media and sponsorship income relating to the previous financial year but defined contractually after its closure.

PRODUCTION COSTS

Costs of raw materials, supplies and consumables

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Consumables	65	640	(575)
Capital goods < € 516,46	1	-	1
Total	66	640	(574)

The decrease of Euro 575 thousand relating to the item "Consumables" is essentially due to the closure of the sponsorship contract at the end of last year with Brooks Brothers Europe, which provided for the supply of foreign currency for the group's employees and which, between the cash part and the "exchange of goods" part, resulted in a total cost of Euro 548 thousand.

Costs for services

This item includes:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Insurance and welfare	67	51	16
Bank charges	6	6	-
Commission payable	128	56	72
Sundry utilities	22	55	(33)
Statutory auditors emoluments	65	65	-
Auditing firm's emoluments	38	29	9
Various consultancy services	1.635	1.546	89
Entertainment, public relations and gifts	85	183	(98)
Billboards	1	133	(132)
External events	72	114	(42)
Advertising expenses	880	61	819
Inter Tv	3.211	3.517	(306)
Costs of television archive marketing - Infront	250	250	-
Shipping and transport costs	9	13	(4)
Service Agreement	5.000	5.000	-
Sundry costs	1	3	(2)
Total	11.470	11.082	388

The costs for "Various consultancy services" include Euro 1,511 thousand (Euro 1,413 thousand at June 30, 2019) costs for various commercial, media and digital contents consulting and Euro 96 thousand (Euro 133 thousand at June 30, 2019) costs for administrative, tax, legal and notary consultancy. The increase in the financial year was directly related to the costs incurred for the implementation of branding reinforcement campaigns.

The item "Advertising expenses" increased significantly compared to the same comparative period of reference and mainly includes costs for advertising spots for events and new promotional, commercial and brand initiatives.

Inter Tv costs refer to the management and production costs of the thematic channel.

Costs of rents and leases

Costs of rents and leases are shown below:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Rents payables	40	62	(22)
Sundry fees and licenses on use	9	15	(6)
Sundry rental costs	42	40	2
Total	91	117	(26)

The decrease in this item is directly related to the "lockdown" period imposed by government authorities following the expansion of the COVID-19 pandemic.

Personnel costs

Personnel costs are shown below:

<i>Euro thousand</i>	12 months at June 30, 2020		12 months at June 30, 2019	
	Managers	Other	Managers	Other
Salaries and wages	431	1.858	488	1.778
Social security contributions	86	543	113	520
Employee severance indemnity	32	129	32	122
Other costs	108	96	55	264
	658	2.626	688	2.684
Total Personnel costs		3.284		3.372

Personnel costs as at June 30, 2020, recorded a decrease of Euro 88 thousand compared to the same period of reference, mainly due to the reduction in the previous load of vacations accrued but not taken.

The average workforce of the Company is shown below:

<i>Average workforce</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Managers	2	3	(1)
Clerical employee	4	3	1
Office staff	37	38	(1)
Total	43	44	(1)

Amortisation, depreciation and write-downs

Amortisation, depreciation of intangible and tangible assets

Please see the evaluation criteria of fixed assets for amortisation.

Write-down of doubtful account receivables included in current assets

The provision for the period of Euro 519 thousand prudently reflects the updated assessment of the risk of uncollectability of specific credit positions.

Provision for risks

The amount Euro 4,192 thousand referred to a provision for the details of which can be found in the note to the paragraph "Provision for risks and charges".

Other operating expenses

Other operating expenses are shown below:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Sundry taxes and levies	31	33	(1)
Catering and stadium preparation	1	52	(51)
Extraordinary expenses	310	147	163
Donations	-	10	(10)
Various	134	2	131
Total	476	244	232

The item "Contingent liabilities, non-existent assets and extraordinary charges" of Euro 310 thousand mainly refers to costs defined after the end of the previous financial year.

The increase in the item "Miscellaneous" is essentially due to the purchase of corporate tickets during the tour in Asia in relation to the participation of the First Team of the Parent Company in the International Super Cup at the turn of July and August 2019.

Financial income and expenses

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
<i>Financial income from receivables in fixed assets:</i>			
- from parent companies	7.725	6.558	1.167
<i>Other financial income:</i>			
- others	16	1	15
Total financial income	7.741	6.559	1.182
<i>Financial expenses</i>			
- on Bond	(16.006)	(16.264)	258
- on bank for loans	-	27	(27)
- accessory changes on loans	(149)	(147)	(2)
- others	(12)	(13)	1
Total financial expenses	(16.167)	(16.397)	230
Total	(8.426)	(9.838)	1.412

Financial income

This item totals Euro 7,725 thousand and mainly refer to the interest accrued on the Intercompany Loan Agreement of Euro 169,971 million to the Parent Company, described in the paragraph "Receivables recorded under financial assets".

Financial expenses

Interest expense "on Bond" calculated according to the amortised cost criterion amounted to Euro 16,006 thousand, a decrease of Euro 258 compared to the same comparative period.

For further details please see on "Payables" paragraph.

Gains and losses on foreign currency translation

These are shown below:

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Income from exchange	14	29	(15)
Losses on exchange	(4)	(13)	9
Total	10	16	(6)

The effects on receivables and payables in foreign currency, deriving from exchange rate fluctuations after June 30, 2020, are not significant.

Current and deferred income taxes

The item totalled Euro 11,574 thousand (Euro 26,486 thousand as of June 30, 2019).

The provision in income tax for the year was made based on the presumable tax burden according to current regulations.

<i>Euro thousand</i>	12 months at June 30, 2020	12 months at June 30, 2019	Variation
Current taxes:			
- IRES (tax consolidation charges)	(12.029)	(23.979)	11.949
- IRAP	(2.587)	(4.897)	2.310
Total Current taxes:	(14.616)	(28.876)	14.259
<i>Deferred tax liabilities</i>			
- Release of IRES and IRAP deferred tax liabilities on amortisation from allocation of goodwill	1.923	1.923	-
- on valuation exchange gains	0	(0)	1
- on reserve profits on unrealized exchange gains	(4)	-	(4)
Total Deferred tax liabilities	1.920	1.923	(3)
<i>Deferred tax assets</i>			
- On Bad Debt provision	15	473	(459)
- Release of Ires perpaid taxes due to release of bad debt provision	(63)	-	(63)
- On exchange losses from evaluation	0	9	(9)
- Release of IRES on exchange losses	(9)	(15)	7
- On provisions for risk IRES and IRAP	1.179	-	1.179
Total Deferred tax assets	1.123	467	656
Total	(11.574)	(26.486)	14.912

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

IRES (tax consolidated charges)

The IRES taxable base transferred to the Group, is shown below.

IRES (tax consolidated charges)	<i>Euro thousand</i>	
Pre-tax result	39.180	
Theoretical tax burden (24%)		9.403
Increases	17.904	
Decreases	(649)	
Losses from previous years	-	
Taxable base transferred to the Group	56.435	
IRES for the period		13.544

IRAP

The IRAP taxable base is shown below:

IRAP	Euro thousand	
Difference between value and costs of production (according to balance sheet)	47.597	
Irap adjustments	7.796	
Difference between value and cost of production	55.392	
Costs not deductible for IRAP	13.527	
Obligatory accident insurance contributions (Inail)	(6)	
Deduction for long-term employment (tax wedge)	(1.975)	
Welfare and social security contributions (tax wedge)	(499)	
Total	66.439	
Theoretical tax burden (3.90%)		2.591
Irap taxable base	66.439	
IRAP for the period		2.591

The Company used deferred tax liabilities for Euro 1,920 thousand during the period, as described in detail in the paragraph "Provisions for risks and charges, including deferred tax liabilities" and also provisions and utilizations for net deferred tax assets for Euro 1,123 thousand, as a result of:

- net allocations to the taxed provisions for doubtful debts and risks and charges of Euro 1,132 thousand;
- provisions on losses on foreign currency's valuation for Euro 9 thousand.

Related party transactions

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

(Euro thousand)

Company	Nature of relationship	Receivables/Accruals as of June 30, 2020	Payables/Accrued Income as of June 30, 2020	Revenue as of June 30, 2020	Costs as of June 30, 2020
F.c. Internazionale Milano S.p.A. (parent company)	Commercial/Services	2.019	6.501	5	5.000
F.c. Internazionale Milano S.p.A. (parent company)	Credit assignment	-	15.867	-	-
F.c. Internazionale Milano S.p.A. (parent company)	Financial	169.971	-	7.725	-
F.c. Internazionale Milano S.p.A. (parent company)	tax consolidation charges	-	3.136	-	-
F.c. Internazionale Milano S.p.A. (parent company)	Dividends	-	9.951	-	-
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	4.108	285	8.375	-
Great Mercury Limited	Commercial	2.000	-	2.000	-
Inter Brand S.r.l.	Dividends	-	43.000	-	-
M-I Stadio S.r.l.	Commercial	-	11	-	17
Total		178.098	78.751	18.105	5.017

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

Fees for the Directors, Statutory Auditors and Independent Auditing Firm

The emoluments paid as of June 30, 2020 to the auditors and to the Audit Firm for the activities performed for certification of the financial statements and other auditing activities, totalled Euro 65 thousand and Euro 38 thousand respectively.
No remuneration was paid to directors.

Dividend-right shares, bonds convertible in shares and similar securities or valuables issued by the Company

The Company does not have any investments in the abovementioned.

Number and characteristics of other financial instruments issued by the Company

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

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

Below are details of commitments, guarantees and contingent liabilities not shown in the financial statements for the year ended June 30, 2020.

	Balance as of June 30, 2020	Balance as of June 30, 2019	Variation
Euro thousand			
Pledge on the shares	272.458	272.435	23

The Company has pledged the proprietary trademarks to guarantee the underwriting of the Bond Loan, as better described in the section "Other information - Debt refinancing operations".

Value and type of assets and legal relationship included in each asset destined for a specific transaction

None of the cases in question regard the Company.

Income set forth in the third clause and assets set forth in the fourth clause of Article 2447-decies

None of the cases in question regard the Company.

Finance leasing transactions

None of the cases in question regard the Company.

Nature and economic objectives of agreements not appearing from the Balance Sheet (Article 2427 – 22 ter of the Italian Civil Code)

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

Nature and effect balance, financial and economic of facts occurred after June 30, 2020 (Article 2427 – 22 quarter Civil Code)

On July 31, 2020, in order to finance the ordinary activities of FC Inter and mitigate the impact of the effects caused by the COVID-19 pandemic, the Company issued and placed with institutional investors an additional tranche of senior secured bonds for a total amount of Euro 75 million, maturing on December 31, 2022 and with a fixed rate of 4.875% at an issue price of 93%, with the same guarantees and characteristics Bond issued and placed on December 21, 2017. The issue discount and the expenses incurred for the issue and placement of the bonds (mainly legal advice and bank fees), amounting to Euro 8.9 million, were also included in the calculation of the amortised cost using the effective interest method and amortised over the expected duration of the debt (2 years and 5 months).

The relative repayment plan for the capital line in six-monthly instalments is set out below:

- 1 instalment of Euro 0.89 million on December 31, 2020;
- 1 instalment of Euro 0.91 million on June 30, 2021;
- 1 instalment of Euro 0.93 million on December 31, 2021;
- 1 instalment from Euro 0.95 million on June 30, 2022;
- 1 final instalment of Euro 71.32 million by December 31, 2022.

The effective interest rate of Euro 10.2625%, i.e. the internal rate of return (IRR), constant over the duration of the debt, makes the present value of future cash flows deriving from the debt and its initial recognition value equal. As a result of this, it should be noted that the income statement will not be charged with the interest paid at maturity to the extent of the nominal interest rate of 4.875%, but will be supplemented on the basis of the effective interest rate, which corresponds to the implicit financial burden of the Bond Loan.

Discipline on transparency of public grants and subsidies

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

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

During the fiscal year ended June 30, 2020, the Company did not receive public grants and subsidies to be reported.

Administration and coordination

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

According to the art. 2497-bis of the Italian Civil Code, below we provide the condensed values of the approved stand-alone Statutory Financial Statements throughout the fiscal years of the Parent Company providing administration and coordination:

FINANCIAL STATEMENTS OF FC INTERNAZIONALE MILANO S.p.A. AS OF 30 JUNE 2019

FINANCIAL STATEMENTS OF FC INTERNAZIONALE MILANO S.p.A. AS OF JUNE 30, 2019		Euro thousand
BALANCE SHEET		Balance as of June 30, 2019
<u>ASSETS:</u>		
A) Receivables from Shareholders for unpaid capital contribution		-
B) Fixed assets		478.070.852
C) Current assets		226.989.716
D) Prepayment and accrued income		13.690.191
Total assets		718.750.759
<u>LIABILITIES:</u>		
A) Shareholders' equity:		
Share capital		19.195.313
Reserves		108.648.086
Loss for the current period		(74.406.716)
B) Provisions for risks and charges		27.542.542
C) Reserve for employee severance indemnity		482.024
D) Payables		618.166.401
E) Accruals and deferred income		19.123.109
Total liabilities		718.750.759
INCOME STATEMENT		Balance as of June 30, 2019
A) Value of production		276.517.269
B) Production costs		(409.385.787)
C) Financial income and expenses		37.094.036
D) Value adjustments to financial assets		871.196
Current and deferred income taxes for the current period		20.496.570
Loss for the current period		(74.406.716)

Profit allocation proposal

The Board of Directors proposed that the profit for the year of Euro 27,606,777 thousand, submitted to the examination and resolution of the Shareholders' Meeting, called by the Directors for the day of October 27, 2020, should be used as follows:

Profit as of June 30, 2020	27.606.777
Gains on unrealized change reserve	(26.544)
Retained earnings	26.544
Dividend distribution to FC Inter	15.352.129
Dividend distribution to Inter Brand	12.254.648

These financial statements, comprising the Balance Sheet, Income Statement, the Cash Flow Statement and Explanatory Notes, give a true and fair view of the financial position of Inter Media and Communication S.p.A. as at June 30, 2020, and of its financial performance and correspond to the accounting records.

For the Board of Directors
The President
(Zhang Kangyang)

INTER MEDIA AND COMMUNICATION S.p.A.

Sede sociale in Milano – Viale della Liberazione 16/18

Capitale Sociale Euro 500.000,00 = i.v.

Codice Fiscale n. 08651600960

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

RELAZIONE DEL COLLEGIO SINDACALE SUL BILANCIO D'ESERCIZIO CHIUSO IL 30/06/2020 AI SENSI DELL'ART. 2429 – COMMA 2 DEL CODICE CIVILE

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

Signori Azionisti,

il bilancio dell'esercizio chiuso al 30 giugno 2020 della società INTER MEDIA AND COMMUNICATION S.p.A. (di seguito anche "Società"), redatto dagli amministratori, è stato approvato dal Consiglio di Amministrazione in data 27 ottobre 2020 e trasmesso al Collegio Sindacale unitamente ai prospetti, agli allegati di dettaglio ed alla relazione sulla gestione in applicazione delle norme di cui all'art. 106 del DL 17/3/2020 n.18 nonché nel rispetto della rinuncia ai termini ex art.2429, comma 3 del Codice Civile.

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

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

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

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

Lo Stato patrimoniale evidenzia un utile di periodo di Euro 27.606.777 e si riassume nei seguenti valori:

Immobilizzazioni	curo	449.529.406
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Attivo circolante	euro	107.439.776
Ratei e risconti attivi	euro	133.858
Totale attivo	euro	557.103.040
Patrimonio Netto	euro	137.318.385
TFR - Fondi rischi ed oneri	euro	33.822.544
Debiti	euro	366.764.754
Ratei e risconti passivi	euro	19.197.357
Totale passivo	euro	557.103.040

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

Valore della produzione	euro	85.901.174
Costi della produzione	euro	38.304.204
Differenza	euro	47.596.970
Proventi e oneri finanziari	euro	(8.416.589)
Proventi e oneri straordinari	euro	
Risultato prima delle imposte	euro	39.180.381
Imposte sul reddito	euro	(11.573.604)
Utile (Perdita) dell'esercizio	euro	27.606.777

La Deloitte & Touche S.p.A. ha ultimato la propria revisione del bilancio (d'ora in avanti anche "**Relazione Deloitte**") e ha rilasciato la propria relazione con la quale certifica che "[...] il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 30 giugno 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.", "[...].

Si evidenzia, come adeguatamente dettagliato sia nella Nota Integrativa che nella Relazione sulla gestione, come i risultati economici, finanziari e patrimoniali della Società siano stati sostanzialmente impattati dagli effetti della diffusione della pandemia COVID-19 e dalle conseguenziali misure di salvaguardia attuate, a partire dal mese di febbraio, dal Governo e delle Autorità Federali. Al riguardo si rinvia al richiamo di informativa di cui alla Relazione Deloitte.

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

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

In particolare è stato verificato:

- che gli schemi di stato patrimoniale e conto economico siano conformi alle disposizioni del Codice Civile e che gli stessi presentino ai fini comparativi i valori dell'esercizio precedente;
- che la valutazione delle voci di bilancio sia stata fatta ispirandosi ai criteri generali di prudenza e competenza nella prospettiva della continuazione dell'attività;
- che nella nota integrativa siano stati indicati i criteri di valutazione seguiti, che siano conformi a quanto disposto dall'art. 2426 del Codice Civile ed ai principi contabili adottati e che siano i medesimi del bilancio relativo all'esercizio precedente;
- la completezza e la chiarezza informativa della nota integrativa e della relazione sulla gestione alla luce dei principi di verità, correttezza e chiarezza stabiliti dalla legge;
- che la relazione sulla gestione fornisca adeguate informazioni sui principali rischi e incertezze, di natura sia organizzativa sia funzionale, cui la Società è esposta;
- la rispondenza del bilancio ai fatti e alle informazioni di cui il Collegio Sindacale è a conoscenza a seguito della partecipazione alle riunioni degli organi sociali, dell'esercizio dei suoi doveri di vigilanza e dei suoi poteri di ispezione e controllo;
- in relazione alla "continuità aziendale" si rinvia al richiamo di informativa di cui alla Relazione Deloitte.

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

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

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

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

In particolare ex art. 2426, n. 6 c.c., abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello stato patrimoniale di un avviamento iscritto al 30/06/2020 per euro 82.783.210 in relazione al quale, rinviando alla nota integrativa, si evidenzia come gli amministratori, hanno supportato la valorizzazione in commento commissionando all'esperto indipendente EY S.p.A. un test di *impairment* al 31/03/2020.

Si segnala infine l'emissione addizionale di un Bond Obbligazionario per di Euro 75 milioni incrementali a quello in essere impiegati principalmente per il pagamento dei debiti in scadenza

relativi alla campagna trasferimenti della Controllante.

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

2. Attività di vigilanza

A partire dalla data di nomina del Collegio Sindacale, avvenuta con Assemblea dei Soci del 28 giugno 2016, e fino alla chiusura dell'esercizio al 30 giugno 2020, abbiamo proceduto al controllo sul rispetto dei principi di corretta amministrazione ed alla vigilanza sull'osservanza della Legge e dello Statuto in linea con i suggerimenti indicati nelle Norme di Comportamento del Collegio Sindacale raccomandate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili.

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

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

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

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

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

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

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

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

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

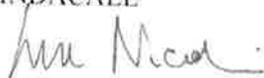
3. Conclusioni

Considerato quanto riassunto nei paragrafi precedenti e considerando anche le risultanze dell'attività svolta dal soggetto incaricato della revisione legale dei conti, proponiamo all'Assemblea di approvare il bilancio d'esercizio chiuso al 30/06/2020 così come redatto dagli Amministratori ed esprimiamo parere favorevole alla proposta in merito all'utile dell'esercizio.

Milano, 27 ottobre 2020.

IL COLLEGIO SINDACALE

Luca Nicodemi



Giacomo Perrone



Alessandro Padula



INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Inter Media and Communication S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Inter Media and Communication S.p.A. (the Company), which comprise the balance sheet as at June 30, 2020, the income statement and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosure provided by Directors in the Management Report on Operation as well as in the Note "Going Concern" of the Explanatory Notes to the Financial Statements, which disclose the consideration and the evaluation carried out after the break out of the epidemiological emergency related to the Covid-19 pandemic.

The Directors assessed the potential impacts of the pandemic on the Company's business and, although in the presence of uncertainties, considered as not significant, they prepared the financial statements using going concern basis.

As indicated in the Note “Going Concern” of the Explanatory Notes to the Financial Statements, although the Company has a solid capitalization and results of operation generating sufficient cash flow to be independent from a going concern perspective, its activities are closely related to the performance of the first team and to the smooth running of the Serie A championship and European cups and therefore could be affected by potential impacts - unforeseeable as of today - related to the Covid-19 pandemic. Such impacts could in turn affect the activities and results of the parent company F.C. Internazionale Milano S.p.A.. However, the capital and financial support guaranteed by the majority shareholder to the parent company for next twelve months allows to consider that the parent company itself can guarantee, in turn, where necessary, the financial support to the Company in the event of interruptions of sports activities that could impact on its commercial activities and impair its capacity to independently generate cash flows necessary to meet its obligations.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Inter Media and Communication S.p.A. are responsible for the preparation of the report on operations of Inter Media and Communication S.p.A. as at June 30, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Inter Media and Communication S.p.A. as at June 30, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Inter Media and Communication S.p.A. as at June 30, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Daide Bertoia
Partner

Milan, Italy
October 27, 2020

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