



INTER

Inter Media and Communication S.p.A

As the issuer of

€415,000,000 6.75% Senior Secured Notes due 2027

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

For the six months ended 31 December 2021

Date: 28 February 2022

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GENERAL INFORMATION

INTRODUCTION

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

TeamCo is owned by Grand Tower S.à r.l. (68.55%), International Sports Capital S.p.A. (“ISC”) (31.05%) and other minority shareholders (0.40%). Our direct majority shareholder Grand Tower S.à r.l. (“Grand Tower”) is an entity created in the context of a financing plan closed at shareholder level on May 20, 2021 (already described in our previous reports and in the Offering Memorandum released with the Notes – the “Offering Memorandum”) and is fully owned by Grand Sunshine S.à r.l. which is fully owned by Great Horizon S.à r.l. (“Great Horizon”).

Great Horizon is part of the Suning Holdings Group Co., Ltd. (“Suning”), a Chinese corporate group with businesses in a variety of sectors. ISC is owned by LionRock Capital (“LionRock”), an experienced private equity investor based in Hong Kong.

TeamCo, with a history dating back to 1908, is one of the leading European football clubs and one of the top football clubs in Italy. TeamCo is the only club to have played every season in Italy’s top football league, known as Serie A, since the league’s inception in 1929, and is the only club in Serie A that has never been relegated to a league with a lower standing. Inter has won 32 domestic trophies (including nineteen Serie A championships, seven Domestic Cup titles and six Super Cup titles, of which the last one in January 2022), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010 Inter became the first Italian team to complete the “Continental Treble” by winning the titles in Serie A, TIM Cup and UEFA Champions League all in the same season. Since 2000, Inter has won the Serie A championship five consecutive times, from 2005/2006 to 2009/2010 and in the last sporting season (2020/2021).

CORPORATE BOARDS, MANAGEMENT AND AUDITORS

MediaCo Board of Directors

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

MediaCo Senior Management

Zhang Kangyang	Chairman
Alessandro Antonello	Chief Executive Officer – Corporate
Giuseppe Marotta	Chief Executive Officer - Sport
Javier Zanetti	Vice President
Andrea Accinelli	Chief Financial Officer
Matteo Pedinotti	Chief Communications Officer
Luca Danovaro	Chief Revenue Officer
Piero Ausilio	Chief Sport Officer
Mark van Huuksloot	Chief Operating Officer
Lionel Sacchi	Chief People Officer

MediaCo Board of Statutory Auditors

Luca Alessandro Padula	Chairman
Roberto Cassader	Auditor
Simone Biagiotti	Auditor
Fabrizio Piercarlo Bonelli	Alternate Auditor
Antonio Ricci	Alternate Auditor

MediaCo Independent Auditors

Deloitte & Touche S.p.A.

MEDIACO REFINANCING TRANSACTION

Senior Secured Notes due 2027 priced in January 2022 and issued in February 2022

On January 27, 2022, MediaCo priced its offering of €415.0 million in aggregate principal amount of 6.75% Senior Secured Notes due 2027 at an issue price of 100.00%. (the "Notes"). The issuance and settlement of the Notes occurred on February 9, 2022.

The proceeds of the Notes have been used to redeem the MediaCo's outstanding senior secured notes due 2022 (the "Old Notes"), to repay TeamCo's revolving credit facility due 2022 (the "RCF"), to fund the secured accounts with respect to the Notes and to pay related fees and expenses.

Through this refinancing transaction (the "Refinancing Transaction") we have extended the maturity profile of the TeamCo group's debt, keeping a financing structure which enables the group to pursue its long-term strategic goals.

FINANCIAL INFORMATION

INTRODUCTION

The financial information presented in this section is based on the unaudited interim financial statements of MediaCo as of and for the six month period ended December 31, 2021 (the "Interim Financial Statements").

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

INCOME STATEMENT

The following table sets forth Income Statement data for MediaCo for the six months ended December 31, 2021 compared with the six months ended December 31, 2020.

	For the six months ended December 31	
	2020	2021
<i>(in thousands of €)</i>		
Revenue	60,149	34,405
Other Income	692	66
Total revenue	60,841	34,470
Personnel costs	1,518	1,375
Cost of services	5,641	5,334
Other operating costs	276	576
Write-downs of trade receivables	2,902	200
Depreciation and amortization	9,180	10,304
Provisions for risks and charges	-	-
Total operating costs	19,517	17,790
Operating profit	41,324	16,681
Net financial expenses	(5,507)	(5,503)
Profit before tax	35,817	11,178
Income taxes	(9,948)	167
Profit for the period	25,869	11,344

BALANCE SHEET

The following table sets forth the Balance Sheet data for the issuer as at December 31, 2021 compared with June 30, 2021.

	As at	
	June 30 2021	December 31 2021
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	365,487	355,231
Property, plant and equipment	170	139
Financial assets	13,142	13,181
Loan to parent company	242,515	248,475
Trade receivables	22,354	21,428
Prepaid expenses	3	-
Non-current Assets	643,671	638,454
Current assets		
Financial assets	480	-
Loan to parent company	-	-
Trade receivables	21,243	25,509
Trade receivables from parent companies and their affiliated	7,472	11,941
Tax receivables	100	130
Deferred tax assets	11,543	6,836
Other receivables	7	6
Prepaid expenses	95	269
Cash at bank and on hand	28,343	23,036
Current Assets	69,283	67,727
Total Assets	712,954	706,181

Liabilities and Shareholders' equity**Shareholders' equity**

Share capital	500	500
Reserve	187,777	187,777
Retained earnings	4,114	4,114
Profit for the period	16,053	11,344
Total Shareholders' equity	208,444	203,735

Non-current Liabilities

Deferred tax liabilities	59,187	57,696
Other provisions	3,338	3,338
Provisions for employee severance indemnities	360	334
Senior Secured Notes 2022	335,870	-
Tax Payables	81	-
Social security payables	6	-
Deferred income	13,544	12,856
Non-current Liabilities	412,386	74,224

Current Liabilities

Senior Secured Notes 2022	9,080	343,237
Trade payables	3,716	3,652
Trade payables to parents companies and their affiliated	46,065	27,961
Dividends Payable	18,831	34,020
Tax Payables	2,462	1,473
Social security payables	171	183
Other payables	410	190
Accrued expenses	83	58
Deferred income	11,306	17,448
Current Liabilities	92,124	428,222

Total Liabilities and Shareholders' equity	712,954	706,181
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CASH FLOW STATEMENT

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2021 compared with the six months ended December 31, 2020

	For the six months ended	
	2020	2021
<i>(in thousands of €)</i>		
Profit for the period	25,869	11,344
Current taxes	11,444	(3,382)
Net Financial Expenses	5,501	5,510
Profit for the period before taxes and interest	42,814	13,473
Depreciation and amortization	9,181	10,304
Write-downs /release/uses) of trade receivables	2,902	200
Employee severance indemnities	39	(26)
Accrual for risks	(130)	-
Deferred tax assets and liabilities	(1,496)	3,215
Cash flow from operating activities before changes in working capital	53,310	27,167
(Increase)/Decrease in trade and other receivables	(26,860)	(8,039)
Increase/(Decrease) in trade and other payables	67,048	(16,429)
Other variations in net working capital	(1,004)	5,259
Cash flow from operating activities after changes in working capital	92,494	7,958
Taxes paid	(262)	(506)
Interest and other financial expenses paid	(8,612)	(8,707)
A. Cash flow from operating activities	83,620	(1,254)
Investments in Intangible Assets	(26)	(18)
Investments in Property, Plant and Equipment	(1)	-
Investments on Financial Assets (Debt service and reserve account)	(16,323)	442
B. Cash flow from investing activities	(16,349)	424
Repayment of Senior Secured Notes 2022	(4,288)	(4,477)
Intercompany loans	(61,376)	-
Senior Secured Notes 2022 (€75M face value issued in July 2020)	66,078	-
Capital/dividend distributions	(19,419)	-
C. Cash flow from financing activities	(19,005)	(4,477)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	48,266	(5,307)
Cash at bank and on hand at the beginning of the period	16,898	28,343
Cash at bank and on hand at the end of the period	65,165	23,036

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEY PERFORMANCE INDICATORS

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

Adjusted Revenue

The following table details Adjusted Revenue for the six months ended December 31, 2021 compared with the six months ended December 30, 2020. Consistently with our previous reports, for a better understanding and comparison of the performance, the table also shows "pro-forma" numbers which, with regard to six months ended December 31, 2020, (i) exclude amounts shifted from the sporting season 2019-2020 due to its end in August 2020 and (ii) include amounts shifted to the following quarters of the fiscal year ended June 30, 2021, due to the postponement of the start of the 2020-2021 sporting season.

	For the six months ended December 31				
	2020 Reported	(Shifted from 2019.2020)	Shifted to following quarters of 2020/2021	2020-Pro- forma	2021 Reported
<i>(in thousands of €)</i>					
A. Direct Media Revenue	7,950	-	-	7,950	4,442
B. Other Income	692	-	-	692	66
C. Sponsorship Revenue	52,199	(19,009)	4,543	37,733	29,962
D. Total Revenue (A+B+C)	60,841	(19,009)	4,543	46,375	34,470
E. Serie A Indirect Media Revenue *	80,627	(8,130)	-	72,497	47,161
F. UEFA Indirect Media Revenue *	60,798	(19,356)	3,837	45,279	48,605
G. Adjusted Media Revenue (A+E+F)	149,375	(27,486)	3,837	125,726	100,208
B. Other Income	692	-	-	692	66
C. Sponsorship Revenue	52,199	(19,009)	4,543	37,733	29,962
Adjusted Revenue (G+B+C)	202,266	(46,495)	8,380	164,152	130,237

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

Our Adjusted Revenue decreased by €72.0 million or - 35.6% to €130.2 million for the six months ended December 31, 2021 from €202.3 million for the six months ended December 31, 2020, while, on a "pro-forma" basis, we record a €33.9 million decrease (-20.7%).

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

Direct Media Revenue

Direct Media Revenue decreased by €3.5 million or - 44.1% to €4.4 million for the six months ended December 31, 2021 from €8.0 million for the six months ended December 31, 2020 mainly due to (i) a lower value relating to the national and international distribution of the archive rights after the expiration of the previous contracts as at June 30, 2021 and (ii) the expiration of the contract for the distribution of the thematic channel Inter TV in China through the platform PPTV.

As of current date, contracts executed with formal signatures for Direct Media Revenue for the fiscal year ending June 30, 2022 are in the region of €1.8 million, however, in the six months ended December 31, 2021, we also accrued revenue for the national distribution of the archive rights based on values expected from actual services rendered in the period according to draft agreement.

Sponsorship Revenue

Sponsorship Revenue decreased by €22.2 million or – 42.6% to €30.0 million for the six months ended December 31, 2021 from €52.2 million for the six months ended December 31, 2020, while, on a “pro-forma” basis, the decrease is lower (€7.8 million or – 20.6% from €37.7 million to €30.0 million). This is detailed on the following table:

	For the six months ended December 31				
	2020 Reported	(Shifted from 2019.2020)	Shifted to following quarters of 2020/2021	2020-Pro-forma	2021 Reported
<i>(in thousands of €)</i>					
Shirt	16,970	(12,893)	1,091	5,168	12,329
Technical	7,815	(2,823)	1,309	6,301	6,250
EU/Global	9,323	(2,881)	1,722	8,164	6,782
Regional and naming rights	18,091	(411)	421	18,100	4,601
Sponsorship Revenue	52,199	(19,009)	4,543	37,733	29,962

- Shirt

On a “pro-forma” basis, Shirt Sponsorship Revenue increased by €7.2 million or 138.6% from €5.2 million to €12.3 million due to (i) the higher overall annual fixed fee of the three new 2021/2022 sponsors (Socios.com, Zytara/Digitalbits and Lenovo) compared to the contractual fixed fee of our previous sponsor (Pirelli) and (ii) the fact that in the six months ended December 31, 2020 we agreed a consent fee in favor of the previous shirt sponsor (reducing the related sponsorship fee) for obtaining the right to include the logo of a new sponsor on one of the sleeves of our team’s jerseys starting from the 2020/2021 season.

The total annual fixed fee for the fiscal year ending June 30, 2022 of our new Shirt sponsors amounts to €26 million (with this fee recognized in the Interim Accounts on a linear pro-rata basis starting from the signing date of each contract to June 30, 2022) and, to date, we have triggered €0.8 million contractual bonuses on top related to the sporting performance of the team.

- Technical

On a “pro-forma” basis, Technical Sponsorship Revenue is in line at €6.3 million.

In line with prior fiscal year, the total contracted annual fixed fee for the fiscal year ending June 30, 2022 of our Technical sponsor amounts to €12.5 million (with this fee recognized in the Interim Accounts on a linear pro-rata basis starting from July 1, 2021 to June 30, 2022)

- EU/Global & Regional and naming rights

On a “pro-forma” basis, EU/Global Sponsorship Revenue decreased by €1.4 million or – 16.9% from €8.2 million to €6.8 million mainly due to the upgrade of Lenovo to Shirt sponsor in the fiscal year ending June 30, 2022.

As of current date contracted EU/Global sponsorship fees for the fiscal year ending June 30, 2022 are in the region of €13.3 million (with the fee of each contract recognized in the Interim Accounts on a linear pro-rata basis starting from the signing date (or July 1, 2021 if the contract was already in place) to June 30, 2022).

- Regional and naming rights

On a “pro-forma” basis, Regional and naming rights Sponsorship Revenue decreased by €13.5 million or – 74.6% from €18.1 million to €4.6 million mainly due to the termination of the contract with a regional partner agency effective from July 1, 2021.

As of current date contracted Regional and naming rights fees for the fiscal year ending June 30, 2022 are in the region of €9.5 million (with the fee of each contract recognized in the quarterly accounts on a linear pro-rata basis starting from the signing date (or July 1, 2021 if the contract was already in place to June 30, 2022).

- *Serie A Indirect Media Revenue*

On a “pro-forma” basis, Serie A Indirect Media Revenue decreased by 25.3 million or – 34.9% from €72.5 million to €47.2 million mainly due to (i) €13.4 million advance payments (including €2.4 million VAT assigned with the receivables) already received in Q4 of the fiscal year ended June 30, 2021 in respect of Media Revenue for the sporting season 2021/2022 and (ii) lower total distributable resources at of the new Serie A cycle 2021/2022-2023/2024

compared to the previous cycle ended June 30, 2021 (approx.- 10% mainly resulting from lower value of international rights following non-assignment to date in the MENA region).

For the fiscal year ending June 30, 2022, based on the distribution model in place and total net distributable revenues for the clubs available to date, we expect a minimum guaranteed amount of €72M (in a worst scenario of last position in the 2021/2022 Serie A ranking) which increases up to €91M in case of 2021/2022 Serie A victory (all these amounts refer to the rights pertaining to the 2021/2022 sporting season and exclude (i) any VAT assigned to MediaCo with the receivable and (ii) the advance payment received in the fiscal year ended June 30, 2021).

- *UEFA Indirect Media Revenue*

On a "*pro-forma*" basis, UEFA Indirect Media Revenue increased by €3.3 million or 7.3% from €45.3 million to €48.6 million mainly due to higher performance bonuses triggered in the UCL Group Stage (with final second position versus fourth position in the previous year) which more than offset a €1.8 million reduction in the component represented by the coefficient based on historical results following the loss of two positions in the ranking of the clubs participating to 2021/2022 UCL Group Stage.

For the fiscal year ending June 30, 2022, based on the distribution model in place and total net distributable revenues for the clubs available to date, as well as considering that the team already achieve the qualification to UCL Ro16, we expect a minimum guaranteed amount in the region of €59.5M. This amount can further increase depending on the progression of the team in the UCL competition.

Cash Available for Debt Service

The following table sets forth Cash Available for Debt Service for the six months ended December 31, 2021 compared with the six months ended December 31, 2020.

	For the six months ended December 31	
	2020	2021
<i>(in thousands of €)</i>		
Sponsorship Revenue		
- Shirt	16,970	12,329
- Technical	7,815	6,250
- EU/Global	9,323	6,782
- Regional and naming rights	18,091	4,601
Direct Media Revenue	7,950	4,442
Other Income	692	66
Total revenue	60,841	34,470
Indirect Media Revenue		
- Serie A Indirect Media Revenue *	80,627	47,161
- UEFA Indirect Media Revenue *	60,798	48,605
Adjusted Revenue	202,266	130,237
Change in Current operating assets	(21,486)	(2,592)
Change in Non-current operating assets	(240)	238
Cash Inflows	180,540	127,883
Personnel costs	(1,518)	(1,375)
Cost of services	(5,641)	(5,334)
Other costs	(276)	(576)
Adjusted Tax Expenses	(465)	(144)
Change in Current operating liabilities	2,708	469
Change in Non-current operating liabilities	(922)	(1,601)
Adjusted Services Agreement Fees	2,521	2,521
Cash Outflows	(3,594)	(6,041)
Cash Available for Debt Service	176,946	121,842

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

Cash Available for Debt Service decreased by €55.1 million or 31.1% to €121.8 million for the six months ended December 31, 2021 from €176.9 million for the six months ended December 31, 2020. With cash outflows relatively stable and immaterial due to the nature of the MediaCo business, such decrease has been driven by a €52.7 million decrease in cash inflows (- 29.2% from €180.5 million to €127.9 million).

The decrease in cash inflows has been driven by the €72.0 million reduction in reported Adjusted Revenue (for the reasons described in the previous section) and has been partially mitigated by a €19.4 million improvement from the change in Current and Non-current operating assets, mainly related to the dynamic of trade receivables which, in the six months ended December 31, 2020, were negatively impacted by an increase resulting from the collection timing of International/Regional Sponsorship contracts and the general impact on the timing of collection of other trade receivables resulting from the pandemic and the consequent shift of the 2019-2020 and 2020-2021 sporting seasons.

Historical Debt Service Coverage Ratio ("DSCR")

In the last twelve months ended December 31, 2021:

- Cash Available for Debt Service amounted to € 253.2 million
- Payments for Debt Service (relating to Old Notes) amounted to € 26.2 million

Accordingly, the DSCR is 9.65. The calculation is summarized in the in the table below:

Currency (€ 000)	For the Twelve months ended December 31, 2021
Aggregate Inflows	263,551
Aggregate Outflows	(10,326)
Cash Available for Debt Service	253,224
Mandatory Amortisation	8,891
Interest paid	17,341
Debt Service Payments (Old Notes)	26,232
Debt Service Coverage Ratio	9.65

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

The DCSR pro-forma for the 12 months from January 1, 2022 to December 31, 2022 is 8.40 as presented in the table below:

Currency (€ 000)	Estimated fro the twelve months ending December 31. 2022
Aggregate Inflows	229,152
Aggregate Outflows	(19,452)
Cash Available for Debt Service	209,700
Mandatory Amortisation	-
Interest paid	24,978
Debt Service Payments (Notes)	24,978
Debt Service Coverage Ratio	8.40

This has been calculated based on the following main assumptions:

- Participation to UCL competition (with Group stage exit) in the sporting season 2022/2023 (we note that, to date, with 12 matches left to play, the team has 10 points margin on the last position which gives access to UCL)
- Other Media Revenue and Sponsorship Revenue mainly covered by contracts signed and/or expected to be renewed/signed (and including contractual values and performance bonuses consistent with sporting performance assumptions).
- Cash Outflows projected based on historical levels plus a prudential additional coverage

RESULTS OF OPERATIONS

The following table sets forth Income Statement data for MediaCo for the six months ended December 31, 2021 compared with the six months ended December 31, 2020. Consistently with our previous reports, for a better understanding and comparison of the performance, the table also shows “pro-forma” numbers which, with regard to the six months ended December 31, 2020, (i) exclude amounts shifted from the sporting season 2019-2020 due to its end in August 2020 and (ii) include amounts shifted to the following quarters of the fiscal year ended June 30, 2021, due to the postponement of the start of the 2020-2021 sporting season.

	For the six months ended Dec 31				
	2020 Reported	(Shifted from 2019.2020)	Shifted to following quarters of 2020/2021	2020-Pro-forma	2021 Reported
<i>(in thousands of €)</i>					
Revenue	60,149	(19,009)	4,543	45,683	34,405
Other Income	692	-	-	692	66
Total revenue	60,841	(19,009)	4,543	46,375	34,470
Personnel costs	1,518	-	-	1,518	1,375
Cost of services	5,641	(141)	-	5,500	5,334
Other operating costs	276	-	-	276	576
Write-downs of trade receivables	2,902	-	-	2,902	200
Depreciation and amortization	9,180	-	-	9,180	10,304
Provisions for risks and charges	-	-	-	-	-
Total operating costs	19,517	(141)	-	19,376	17,790
Operating profit	41,324	(18,868)	4,543	26,999	16,681
Net financial expenses	(5,507)	-	-	(5,507)	(5,503)
Profit before tax	35,817	(18,868)	4,543	21,492	11,178
Income taxes	(9,948)	5,240	(1,262)	(5,969)	167
Profit for the period	25,869	(13,628)	3,281	15,523	11,344

Revenue. Revenues for the six months ended December 31, 2021 decreased by €26.4 million or – 43.3% to €34.5 million from €60.8 million for the six months ended December 31, 2020. On a “pro-forma” basis, the decrease is smaller (€11.9 million or – 25.7% from €46.4 million to 34.5 million) driven by a reduction in regional and naming rights sponsorship revenue which has partially been mitigated by a growth in other sponsorship revenues (refer to the Section “Adjusted Revenues” for more details).

Personnel costs, Cost of services and Other Operating Costs. These operating costs totalize €7.3 million for the six months ended December 31, 2021 and are overall with the six months ended December 31, 2020.

Write-downs of trade receivables. Write-downs of trade receivables for the six months ended December 31, 2021 amounted to €0.2 million and reflect an assessment made based

on most updated information in respect of certain overdue receivables relating to sponsorship contracts terminated in prior fiscal years. The €2.9 million accrual made in the Income Statement of the six months ended December 31, 2020 resulted from an assessment of the collection risk relating to outstanding receivables from Sky in respect of 2019/2020 Serie Indirect Media Revenue (for reasons related to the impacts of the pandemic). As explained in our previous reports, these amounts were subsequently collected and a provision for €3.1 million accrued in the fiscal year ended June 30, 2021 is in place to cover the estimated risk of reimbursement resulting from a judicial procedure in progress in this respect between Serie A and Sky.

Depreciation and amortization. Depreciation and amortization for the six months ended December 31, 2021 increased by €1.1 million or 12.2% to €10.3 million from €9.2 million for the six months ended December 31, 2020 due to the revaluation of intangible assets (€89.6 million relating to the Brand and €25.0 million relating to the TV Archive) booked on June 30, 2021 exploiting the option pursuant to art. 110 of Legislative Decree no. 104/2020 converted in Law no. 126 of October 13, 2020 (as explained in our Report published in respect of the fiscal year ended June 30, 2021).

Net Financial expenses. Net Financial expenses for the six months ended December 31, 2021 are in line with the six months ended December 31, 2020 at €5.5 million with the combined opposite effect of:

- Increase in interest expense on the Old Notes (including amortization of OID and transaction fees) by €0.6 million driven by higher interest on the €75.0 million tap Notes issued in July 2020 (being such Notes issued on July 31, 2020, related interest expense affected the first half of prior year for five months only)
- higher interest income by €0.6 million (€6.0 million vs. €5.4 million) accrued on the Intercompany Loans granted to TeamCo due to higher value of the loaned amount.

Income taxes. Income taxes for the six months ended December 31, 2021 decreased by €10.1 million (and by €6.1 million on a pro-forma basis) becoming €0.1 million positive due to the impact of (i) the reversal of deferred tax assets accrued on June 30, 2021 on the bad debt provision relating to Asian receivables (reversal related to the use of the provision in the six months ended December 31, 2021) and (ii) the recovery of certain taxes paid in prior years due to the possibility to exploit the so called “patent box”, i.e. a tax measure that provides special tax treatment for profits generated from intellectual property.

Profit for the period. For the reasons described above, Profit for the six months ended December 31, 2021 decreased by €14.5 million or -56.1% to €11.3 million from €25.9 million for the six months ended December 31, 2020. On a “pro-forma” basis, Profit for the period decreased by €4.2 million (from €15.5 million to €11.3 million).

CASH FLOW

The following table sets forth Cash Flow Statement data for MediaCo for the six months ended December 31, 2021 compared with the six months ended December 31, 2020.

	For the six months ended	
	2020	2021
<i>(in thousands of €)</i>		
Profit for the period	25,869	11,344
Current taxes	11,444	(3,382)
Net Financial Expenses	5,501	5,510
Profit for the period before taxes and interest	42,814	13,473
Depreciation and amortization	9,181	10,304
Write-downs /release/uses) of trade receivables	2,902	200
Employee severance indemnities	39	(26)
Accrual for risks	(130)	-
Deferred tax assets and liabilities	(1,496)	3,215
Cash flow from operating activities before changes in working capital	53,310	27,167
(Increase)/Decrease in trade and other receivables	(26,860)	(8,039)
Increase/(Decrease) in trade and other payables	67,048	(16,429)
Other variations in net working capital	(1,004)	5,259
Cash flow from operating activities after changes in working capital	92,494	7,958
Taxes paid	(262)	(506)
Interest and other financial expenses paid	(8,612)	(8,707)
A. Cash flow from operating activities	83,620	(1,254)
Investments in Intangible Assets	(26)	(18)
Investments in Property, Plant and Equipment	(1)	-
Investments on Financial Assets (Debt service and reserve account)	(16,323)	442
B. Cash flow from investing activities	(16,349)	424
Repayment of Senior Secured Notes 2022	(4,288)	(4,477)
Intercompany loans	(61,376)	-
Senior Secured Notes 2022 (€75M face value issued in July 2020)	66,078	-
Capital/dividend distributions	(19,419)	-
C. Cash flow from financing activities	(19,005)	(4,477)
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	48,266	(5,307)
Cash at bank and on hand at the beginning of the period	16,898	28,343
Cash at bank and on hand at the end of the period	65,165	23,036

Cash flow from operating activities. Cash flow from operating activities for the six months ended December 31, 2021 decreased by €84.9 million to negative €1.3 million from €83.6 million for the six months ended December 31, 2020 mainly due to:

- a €26.1 million decrease in Cash flow from operating activities before changes in working capital driven by the €24.6 million reduction in Operating profit described in the paragraph “RESULTS OF OPERATIONS”
- €58.4 million decrease in the impact of change in Working Capital mainly driven by the combined opposite impact of:
 - €83.5 million worsening from the variation of the line “trade and other payables” mainly related to the different timing in the assignment of media rights receivables and in their repayment to TeamCo through the payment waterfall mechanism set out by the indenture (with this different timing which, in the six months ended December 31, 2020, generated a €75.5 million increase in payables due to TeamCo for assigned receivables not yet repaid (“up-streamed”) at the balance sheet date, versus a decrease of €14.7 million in the six months ended December 31, 2021)
 - €25.1 million improvement from the variation of “trade and other receivables and other net working capital components” which, in the six months ended December 31, 2020, was negatively impacted by an increase resulting from the collection timing of International/Regional Sponsorship contracts and the general impact on the timing of collection of other trade receivables resulting from the pandemic and the consequent shift of the 2019-2020 and 2020-2021 sporting seasons

Cash flow from investing activities. Cash flow from investing activities for the six months ended December 31, 2020 amounted to €16.3 million compared to €0.4 million in the six months ended December 31, 2021.

While capital investments in intangible and intangible assets remained immaterial in respect of our business (€18 thousands versus €27 thousands), the €0.4 million investment in financial assets in the six months ended December 31, 2021 exclusively relates to the net change in balance of the debt service account used to pay mandatory amortization and interest expense of the Old Notes (the amount of €16.3 million in the six months ended December 31, 2020 was mainly due to the fact that we filled the account for the payment of June 2021 installment before the end of December 2020).

Cash flow from financing activities. Cash flow from financing activities for the six months ended December 31, 2021 was €4.5 million negative fully related to the payment of mandatory amortization of the Old Notes (versus €4.3 million in the six months ended December 31, 2020)

In the six months ended December 31, 2020 Cash flow from financing also included:

- Inflows of €66.1 million from the Old Notes with regard to the €75M face value issued in July 2020
- Outflows of €61.4 million for Intercompany Loans provided to TeamCo (mainly through cash collected upon the issuing of the €75M notes in July 2020)
- Outflows of €19.4 million for the payment of dividends to the immediate parent companies TeamCo and BrandCo

Both dividends and Intercompany loans (together with payments made under the Tax Consolidation Regime and in respect of the I/C Service Agreement) are provided to TeamCo as a permitted distribution under the waterfall rules defined by the indenture.

Net change in cash and cash equivalent. Net change in cash and cash equivalent for the six months ended December 31, 2021 decreased by €53.6 million to negative €5.3 million from positive €48.3 million for the six months ended December 31, 2020, for the reasons described above.

BALANCE SHEET

The following table sets forth the detail of Balance Sheet data for the issuer as at December 31, 2021 compared with June 30, 2021

Assets:

	As at	
	June 30 2021	December 31 2021
<i>(in thousands of €)</i>		
Non-current assets		
Intangible assets	365,487	355,231
Property, plant and equipment	170	139
Financial assets	13,142	13,181
Loan to parent company	242,515	248,475
Trade receivables	22,354	21,428
Prepaid expenses	3	-
Non-current Assets	643,671	638,454
Current assets		
Financial assets	480	-
Loan to parent company	-	-
Trade receivables	21,243	25,509
Trade receivables from parent companies and their affiliated	7,472	11,941
Tax receivables	100	130
Deferred tax assets	11,543	6,836
Other receivables	7	6
Prepaid expenses	95	269
Cash at bank and on hand	28,343	23,036
Current Assets	69,283	67,727
Total Assets	712,954	706,181

Non-current assets. Non-current assets decreased by €5.2 million from €643.7 million at June 30, 2021 to €638.5 million at December 31, 2021 mainly due the combined opposite impact of:

- the €10.3 million reduction in Intangible Assets related to amortization of the period.
- The €0.9 million reduction in Trade Receivables (for a description of the trend in Trade Receivables please refer to the next paragraph)
- the € 6.0 million increase in Loans to parent company related to accrual of interest income of the period

Current assets. Current decreased by €1.6 million from €69.3 million at June 30, 2021 to €67.7 million at December 31, 2021 mainly due to the combined opposite effect of:

- the €5.3 million decrease in Cash at bank and on hand due to negative net cash flow recorded in the period (as previously explained in the paragraph "Cash Flow Statement")
- the €4.7 million decrease in Deferred Tax Assets due to the reversal of the amount accrued on June 30, 2021 on the bad debt provision relating to Asian receivables (reversal related to the use of the provision in the six months ended December 31, 2021)
- The €8.7 million increase in Trade Receivables, as detailed by the table below:

	As at June 30 2021	As at December 31 2021	Var.
<i>(in thousands of €)</i>			
Other International/Regional Sponsorship Agreements- Receivables from Agencies	63,776	29,976	(33,800)
Provision for doubtful accounts	(32,800)	-	32,800
Provision for doubtful accounts (Discount of long term receivables)	(6,537)	(6,537)	-
Trade Receivables from International/Regional Agencies	24,439	23,439	(1,000)
Serie A and UEFA Indirect Media Revenue (receivables collected in January 2022)	-	17,650	17,650
Other trade receivables	32,428	23,788	(8,640)
(Provision for doubtful accounts)	(5,798)	(5,998)	(200)
Other Trade Receivables - Net	26,630	35,440	8,809
Total Trade receivables (incl. from parent companies and affiliated) - Net	51,069	58,878	7,809
Breakdown in the Balance Sheet			
Trade receivables (Non-current Assets) [A]	22,354	21,428	(926)
Trade receivables (Current Assets)	21,243	25,509	4,266
Trade receivables from parent companies and their affiliated	7,472	11,941	4,469
Total Trade receivables (Current Assets) [B]	28,715	37,450	8,735
Total Trade receivables (incl. from parent companies and affiliated) - Net [A] + [B]	51,069	58,878	7,809

Receivables from International/Regional Agencies

Receivables from International/Regional Agencies decreased by €1.0 million due to a €1.0 million collection in September 2021 in line with the schedule set by the repayment plan agreed with the counterparties.

As shown by the table, we notice that in six months ended December 31, 2021 we utilized the €32.8 million provision for doubtful accounts accrued at June 30, 2021 reducing the gross value of related trade receivables.

The outstanding amount of €30,0 million is covered by a long-term repayment plan with annual instalments of growing value agreed with the counterparties. We will remain in regular contact with them to monitor any evolution of the current plan.

Serie A and UEFA Indirect Media Revenue (receivables collected in January 2022)

The amount of €17.7 million relates to a portion of Serie A and UEFA Indirect Media Revenue invoiced in December 2021 and collected in January 2022 according to the invoicing and payment scheduling set by Lega Serie A and UEFA, respectively.

Other Trade Receivables

Other trade receivables: the €8.6 million decrease reflects the dynamic of collections and new receivables booked in the six months ended December 31, 2021.

Provision for doubtful accounts

Provision for doubtful accounts: the €0.2 million increase is a result of the accrual made in the six months ended December 30, 2021 (as described in the paragraph "RESULTS OF OPERATIONS").

Liabilities:

	As at	
	June 30 2021	December 31 2021
<i>(in thousands of €)</i>		
Liabilities and Shareholders' equity		
Shareholders' equity		
Share capital	500	500
Reserve	187,777	187,777
Retained earnings	4,114	4,114
Profit for the period	16,053	11,344
Total Shareholders' equity	208,444	203,735
Non-current Liabilities		
Deferred tax liabilities	59,187	57,696
Other provisions	3,338	3,338
Provisions for employee severance indemnities	360	334
Senior Secured Notes 2022	335,870	-
Tax Payables	81	-
Social security payables	6	-
Deferred income	13,544	12,856
Non-current Liabilities	412,386	74,224
Current Liabilities		
Senior Secured Notes 2022	9,080	343,237
Trade payables	3,716	3,652
Trade payables to parents companies and their affiliated	46,065	27,961
Dividends Payable	18,831	34,020
Tax Payables	2,462	1,473
Social security payables	171	183
Other payables	410	190
Accrued expenses	83	58
Deferred income	11,306	17,448
Current Liabilities	92,124	428,222
Total Liabilities and Shareholders' equity	712,954	706,181

Shareholders' equity. Shareholders' equity decreased by €4.7 million from €208.4 million at June 30, 2021 to €203.7 million at December 31, 2021 due to the combined opposite effect of:

- (negative) the resolution of the Shareholders' Meeting held on October 28th, 2021 for the distribution in kind as a dividend of the €16.0 million net profit of the fiscal year ended June 30, 2021 to its immediate shareholders (TeamCO and BrandCo).
- (positive) the €11.3 million Net Profit of the period.

Non-current liabilities. Non-current liabilities decreased by €338.2 million from €412.4 million at June 30, 2021 to €74.2 million at December, 2021 mainly due to the reclassification under Current Liabilities of all the outstanding amount of the Old Notes (being their maturity, before the Refinancing Transaction closed in February 2022, in December 2022).

Current liabilities. Current liabilities increased by €336.1 million from €92.1 million at June 30, 2021 to €428.2 million mainly due to the reclassification of the Old Notes above described.

Other main variations under Current Liabilities relate to:

- €18.2 million decrease in trade payables to parent companies and their affiliated primarily relating to (i) the decrease from €35.9 million to € 21.2 million of payables due to TeamCo in respect of assignment of media rights receivables not yet repaid ("up-streamed") at the balance sheet date through the payment waterfall mechanism set out by the indenture and (ii) the decrease from €6.1 million to €2.9 million of net payables due to TeamCo under the consolidation tax regime.
- €15.2 million increase in Dividends payables driven by the resolution of the Shareholders' Meeting held on October 28th, 2021 for the distribution in kind as a dividend of the €16.0 million net profit of the fiscal year ended June 31, 2021
- €6.1 million increase in deferred Income which relates to sponsorship installments already invoiced and collected in the current semester but whose revenues pertain and, accordingly, will be recognized, in the remaining part of the fiscal year ending June 30, 2022.

CAPITAL EXPENDITURES

At €18 thousand, the level of capital expenditure in intangible and tangible assets is not considered material for the period under review.

NET FINANCIAL POSITION

The following table sets forth the Net Financial position data for the issuer as at December 31, 2021 (€307.0 million) compared with June 30, 2021 (€303.0 million)

	June 30 2021	As at December 31 2021
<i>(in thousands of €)</i>		
Cash at bank and on hand	28,343	23,036
Current financial assets (Debt Service Account)	480	-
Current financial receivables	480	-
Senior Secured Notes 2022 - current portion (face value)	(9,080)	(349,021)
Senior Secured Notes 2022 - unamortized OID and transaction fees		5,784
Current financial liabilities	(9,080)	(343,237)
Net current financial assets/(liabilities)	19,743	(320,201)
Senior Secured Notes 2022 - long term portion (face value)	(344,418)	-
Senior Secured Notes 2022 - unamortized OID and transaction fees	8,548	-
Financial Assets (Debt Reserve Account+ Debt Service (Dec21))	13,142	13,181
Non-current financial liabilities	(322,728)	13,181
Net financial position	(302,985)	(307,021)

The table shows:

- the reclassification as at December 31, 2021 of all the outstanding amount of the Old Notes from Non-current Liabilities to Current Liabilities as previously described (being their maturity, before the Refinancing Transaction closed in February 2022, in December 2022).
- that the €4.0 million increase in the Net Financial position has been mainly driven by the €5.3 million decrease in Cash at bank and on hand due to negative net cash flow generated in the period (as previously explained in the paragraph "Cash Flow Statement").

RISK FACTORS

We confirm that the risk factors described in the Offering Memorandum, and not updated herein, remain applicable to the group.

TEAMCO UPDATE

SPORTING PERFORMANCE

After the most recent matches of 2021/2022 sporting season played as of February 28, 2022, the team is currently:

- 3rd in the Serie A table (after 26 matches), two points behind (with one more match to be played) the two teams in 1st position;
- qualified to the Round of 16 (first time in ten years), where, in the home match versus Liverpool FC, lost 0 -2 ; the return match in Liverpool is scheduled on March 8, 2022
- qualified to the semi-finals of Coppa Italia which will be played in the coming weeks versus AC Milan

On January 12, 2022, the team won the Italian SuperCup (the sixth in the history of the Club) defeating Juventus FC.

MATCHDAY REVENUE

The 2021/2022 season has benefitted from the reopening of the Stadium which reopened at 50% capacity, subsequently increased to 75% until December end, reduced again to 50% and to 5.000 people for two matches in January due to the resurgence of COVID-19 driven by the Omicron variant, finally back to 75% by mid February as of the date of this presentation.

Based on the attendance of the first months and current rules in place, we expect to achieve at least €30M matchday revenue in the current season.

TRANSFER MARKET SUMMARY

The main players signed in the transfer market windows affecting the current fiscal year ending June 30, 2022 are:

Summer 2021:

- Calhanoglu (free transfer)
- Dzeko (from Rome)

- Dumfries (from PSV)
- Correa (from Lazio)
- Vanheusden (from Standard Liege)

Winter 2022:

- Gosens (from Atalanta)
- Caicedo (on loan from Genoa)

The main players who left TeamCo in the transfer market windows affecting the current fiscal year ending June 30, 2022 are:

Summer 2021:

- Hakimi (sold to PSG)
- Lukaku (sold to Chelsea)
- Lazaro (on loan to Benfica)
- Vanheusden (on loan to Genoa)
- Joao Mario (early contract termination)
- Nainggolan (early contract termination)

Winter 2022:

- Sensi (on loan to Sampdoria)

We finally remind that on June 3, 2021 Simone Inzaghi was appointed new head coach of the first team until June 2023 after an agreement was reached with Antonio Conte (former head coach) on May 26, 2021 for the termination of his contract by mutual consent.

SHAREHOLDER LOANS AND RCF DRAW DOWN

As described in the Offering Memorandum, TeamCo received in the past few years a number of shareholder loans (and related parties' loans).

The outstanding amount in the TeamCo balance sheet as at December 31, 2021 is €60.0 million (all related to shareholder loans provided during the fiscal year ended June 30, 2021 by Grand Tower), plus accrued interest for €18.1 million of which €2.1 million related to shareholder loans provided during the fiscal year ended June 30, 2021 by Grand Tower and €16.0 million related to shareholder loans provided in prior fiscal years by Great Horizon (the latter representing non-waived interest on shareholders loans which have been fully converted into equity reserve in the past fiscal year).

As at December 31, 2021, TeamCo had a cash drawn down under its Revolving Credit Facility of €50.0 million (closed on February 9, 2021 through the Refinancing Transaction)

FINANCIAL FAIR PLAY POSITION

Below a summary of most updated relevant facts in respect of our Financial Fair Play position:

- In October 2021, we submitted to UEFA our calculations in respect of the Financial Fair Play (“FFP”) break-even requirement as at June 30, 2021. Such calculations demonstrated that we have not fulfilled the break-even requirement as currently set, and as a result, UEFA requested additional information in November 2021
- on December 17, 2021, UEFA officially communicated that the review performed by the CFCB First Chamber of the break-even information provided by us highlighted a significant aggregate break-even deficit for the monitoring period covering the reporting periods 2018, 2019, 2020 and 2021 and required the submission of our most updated projected break-even information for the reporting period ending in June 2022 (that we provided on January 20, 2022)
- on February 14, 2022, UEFA communicated to us:
 - their decision to open proceedings in respect of our club in accordance with Article 12 (1) of the Procedural rules governing the UEFA Club Financial Control Body (“CFCB”) – Edition 2021.
 - the appointment of a reporting member in charge of establishing the facts and collect all relevant evidence (including a business plan for the period FY23-FY25) pursuant to Article 12 (2) of the Procedural rules
 - the invitation to attend a hearing before the CFCB First Chamber in March 2022 (date to be confirmed) at the House of European Football in Nyon (Switzerland) once the reporting member will have issued his conclusions on our club’s case.

Due to the wide range of disciplinary measures potentially imposed by the CFCB, as well as the application of the proportionality principle required by its procedural rules when considering the relevant facts and circumstances contributing to a deviation from FFP rules, and considering the significant discussions underway at an institutional level regarding the reform of the current regulations (also considering that several clubs across Europe are in breach of current FFP break-even rules), we are not in a position to formulate expectations at this stage as to whether UEFA will impose any sanctions as a result of the failure to fulfil the break-even requirement.

FURTHER EXPLANATORY NOTES AND BASIS OF PREPARATION

BASIS OF PRESENTATION

The interim financial statements as of and for the six-months period ended December 31, 2021 (hereinafter "Interim Financial Statements") have been prepared for the purposes of the preparation of the six-months consolidated accounts of the TeamCo group as at December 31, 2021.

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

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

The Interim Financial Statements have been prepared on a going concern basis. The accounting policies adopted in preparing the Interim Financial Statements are the same as for the previous fiscal years and therefore reference should be made to the Financial Statements for the fiscal year ended June 30, 2021 for further considerations.

OTHER INFORMATION

Use of estimates

For Financial Statements preparation, it is necessary that the Management make estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet and even on potential assets and liabilities at the Financial Statements date. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the final results could therefore differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of each of their variation are reflected on the income statement in the year when the estimate is revised (if this review has effects only in the current year), or also in subsequent years (if the review has effects on both the current and future years). The Balance Sheet items that are affected by these assumptions, are the bad debt reserve, the provisions for risks and charges and the evaluation of the recoverable value of property, plant and equipment and intangible assets (impairment test). The impairment test is generally carried out only when the audited Financial Statements for the fiscal year are prepared, unless there are indicators which require updates to estimates. No impairment test has been performed as of December 31, 2021 since no impairment indicators were brought to Directors' attention.

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

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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

SUBSEQUENT EVENTS OCCURRED AFTER DECEMBER 31, 2021

In addition to what is already described in this document (and, in particular, the closing of the Refinancing Transaction on February 9, 2022), there are no further matters to be highlighted occurring between January 1, 2022 and the current date.