OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

€75,000,000 Inter Media and Communication S.p.A.
4.875% Senior Secured Notes due 2022

Inter Media and Communication S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy (the "**Issuer**") and a subsidiary of F.C. Internazionale Milano S.p.A., a joint stock company (*società per azioni*) established under the laws of the Republic of Italy ("**Inter**"), is offering €75,000,000 aggregate principal amount of its 4.875% Senior Secured Notes due 2022 (the "**Notes**"). The Notes will be issued pursuant to the indenture dated as of December 21, 2017 (the "**Indenture**"), governing the €300,000,000 in aggregate amount of its 4.875% Senior Secured Notes due 2022 (the "**Existing Notes**"). The Notes will have the same terms as the Existing Notes, except as described herein. The Notes will not be fungible with the Existing Notes and will be issued with a separate ISIN and common code. The Notes will be treated as a single class as the Existing Notes with respect to waivers, amendments and all other matters which are not specifically designated for any applicable series.

The Notes will bear interest at a rate of 4.875% per annum. The Issuer will pay interest on the Notes semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2020. The Notes will mature on December 31, 2022.

The Issuer may redeem all or a portion of the Notes at the redemption prices set forth in this Offering Memorandum. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to purchase the Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, to the redemption date. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes*" for further information.

The Issuer will be required on June 30 and December 31 of each year, commencing on December 31, 2020 to redeem a specified portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to such redemption date, pursuant to an amortization schedule set forth in the Indenture and described herein. See "*Description of the Notes—Mandatory Amortization Redemption*".

The Notes will be subject to three separate partial mandatory redemptions at par on a *pro rata* basis following the end of each fiscal year of the Issuer at a redemption price of 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to such redemption date, if certain conditions are met as of such fiscal year end. See "*Description of the Notes—Mandatory Partial Redemption*".

The Notes will be senior secured obligations of the Issuer. The Notes will rank equally in right of payment with all existing and future indebtedness of the Issuer, including the indebtedness represented by the Existing Notes, that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes and the Existing Notes. The Notes will not be guaranteed. On or about the Issue Date, and subject to certain perfection requirements (to be carried out within the time period provided for in the relevant Security Document), the Notes will be secured on a first-ranking basis by the Collateral. See "*Description of the Notes—Security*". The Collateral will be subject to legal and contractual limitations and may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes and the Collateral*" and "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*".

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("**Decree No. 239**"), or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time ("**Decree No. 461**"), except where the procedures solely required under Decree No. 239 and Decree No. 461, as applicable, in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer. Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a noteholder is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as currently identified by the Italian tax authorities in Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented or once effective in any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239) (the "**White List**") and such noteholder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, noteholders will bear the risk of any change in Decree No. 239 after the date hereof, including any change in the White List.

There is currently no public market for the Notes. Application will be made to have the Notes admitted to trading on the Official List of the Luxembourg Stock Exchange and to be listed on the Euro MTF Market upon their issuance. This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus for securities dated July 16, 2019, as amended. In addition, application will also be made to list the Notes on the Vienna Stock Exchange and to admit the Notes to trading on the Vienna MTF. There can be no assurance that the Notes will be, or will remain, listed and admitted to trading on the Euro MTF Market or on the Vienna MTF. This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States or other jurisdiction. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the U.S. Securities Act ("**Rule 144A**") and outside the United States to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**"), other than to retail investors in the European Economic Area or in the United Kingdom. Prospective purchasers that are QIBs are hereby notified that the Initial Purchaser may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Notice to Investors*" and "*Plan of Distribution*".

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented upon issuance by one or more global notes in registered form, which we expect will be deposited with and registered in the name of a nominee for a common depositary for Euroclear SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") on the Issue Date. See "*Book-Entry, Delivery and Form*".

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 26.

Issue Price: 93% plus accrued interest, if any, from the Issue Date

We expect that the Notes will be delivered in book-entry form through Euroclear and Clearstream on or about July 31, 2020.

Sole Physical Bookrunner

J.P. Morgan

The date of this Offering Memorandum is July 31, 2020.

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

We are offering the Notes in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been recommended by any U.S. federal, state or any non-U.S. securities authorities, nor have any such authorities determined that this Offering Memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

You are not to construe the contents of this Offering Memorandum as investment, legal, business or tax advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes. You are responsible for making your own examination of the Issuer and your own assessment of the merits and risks of investing in the Notes. We are not, and none of the Trustee, the Security Agent, J.P. Morgan Securities plc (the "**Initial Purchaser**") are, making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws. You may contact us if you need any additional information.

No person is authorized in connection with any offering made by this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchaser. The information contained in this Offering Memorandum is as of the date hereof and subject to change, completion or amendment without notice. The delivery of this Offering Memorandum at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our affairs since the date of this Offering Memorandum. The information contained in this Offering Memorandum has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchaser, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set forth in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchaser or their respective directors, affiliates, advisors and agents, whether as to the past or the future. Certain documents are summarized herein, and such summaries are qualified entirely by reference to the actual documents, copies of which will be made available to you upon request. By receiving this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchaser, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents in connection with your investigation of the accuracy of this information or your decision to invest in the Notes. We undertake no obligation to update this Offering Memorandum or any information contained in it, whether as a result of new information, future events or otherwise, save as required by law. By purchasing the Notes you will be deemed to have acknowledged that:

- you have reviewed this Offering Memorandum; and
- you have had an opportunity to request any additional information that you need from us.

You should base your decision to invest in the Notes solely on information contained in this Offering Memorandum.

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any of the Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any of the Notes. We and the Initial Purchaser are not responsible for your compliance with these legal requirements.

The Notes are subject to restrictions on resale and transfer as described under "*Notice to Investors*" and "*Plan of Distribution*". By purchasing any of the Notes you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Offering Memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

We reserve the right to withdraw the Offering at any time. We are making the Offering subject to the terms described in this Offering Memorandum and the purchase agreement relating to the Notes (the "**Purchase Agreement**"). We and the Initial Purchaser may, for any reason, reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

We will apply to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. In addition, application will be made to obtain listing of the Notes on the Vienna MTF. In the course of any review by the competent authority, we may be required (under applicable law, rules, regulations or guidance applicable to the listing of securities or otherwise) to make certain changes or additions to or deletions from the description of our business, financial statements and other information contained herein in producing listing particulars for such listing. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information in the listing particulars. We may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects since the publication of this Offering Memorandum. We cannot guarantee that such applications for the admission of the Notes to listing on the Official List of the Luxembourg Stock Exchange and on the Vienna Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange and on the Vienna MTF will be approved as of the settlement date for the Notes or, with respect to the listing on the Luxembourg Stock Exchange and on the Vienna Stock Exchange, at any time thereafter, and settlement of the Notes is not conditioned on obtaining either listing. Following the listing, the relevant listing particulars will be available at the offices of the Listing Agent (as defined herein). Any investor or potential investor in the European Economic Area (the "**EEA**") or the United Kingdom should not base any investment decision relating to the Notes on the information contained in this Offering Memorandum after publication of the listing particulars and should refer instead to the listing particulars.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. However, the content set forth under the headings "*Exchange Rate Information*", "*Industry*", "*Issuer's Business*" and "*Inter's Business*" include extracts from information and data, including industry and market data, released by publicly available sources or otherwise published by third parties. While the Issuer accepts responsibility for accurately extracting and summarizing such information and data, none of the Issuer, the Initial Purchaser, the Trustee or the Agents has independently verified the accuracy of such information and data, and none of the Issuer, the Initial Purchaser, the Trustee or the Agents accepts any further responsibility in respect thereof. Furthermore, the information set forth in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry, Delivery and Form*", is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, none of the Issuer, the Initial Purchaser, the Trustee or the Agents accepts further responsibility in respect of such information.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act of 1934, as amended (the "**Exchange Act**")) following the date of pricing of the Notes (this settlement cycle is referred to as "**T**+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next two succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES PLC (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT SUCH STABILIZATION ACTIONS MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO INVESTORS IN THE UNITED STATES

This offering is being made in the United States in reliance upon an exemption from registration requirements of the U.S. Securities Act for offers and sales of securities which do not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements. See "*Notice to Investors*".

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be "qualified institutional buyers" ("**QIBs**") under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to non-U.S. persons (as defined in Regulation S) outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes described in this Offering Memorandum have not been, and will not be, registered with, recommended by or approved by the Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO CERTAIN INVESTORS

European Economic Area and the United Kingdom. This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression Prospectus Regulation means Regulation (EU) 2017/1129 (as amended), and includes any relevant implementing measure in each member state ("**EEA Member State**") of the European Economic Area (the "**EEA**") or the United Kingdom.

Accordingly, any person making or intending to make any offer within the EEA or the United Kingdom of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchaser to produce a prospectus for such offer. Neither we nor the Initial Purchaser have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchaser, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the securities described in the Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such securities to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to the Issuer's obligations in accordance with MiFID II, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any EEA Member State or in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that EEA Member State or in the United Kingdom by any measure implementing the Prospectus Regulation in that EEA Member State or in the United Kingdom.

United Kingdom. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is permitted only by Relevant Persons and will be engaged in only with Relevant Persons.

Italy. The Offering has not been cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as referred to in Article 2, letter (e) of the Prospectus Regulation; or (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**") and pursuant to Article 34-*ter*, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**").

The Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Italian Financial Act), permitted to conduct such activities in the Republic of Italy in accordance, as applicable, with Italian Legislative Decree No. 385 of September 1, 1993, as subsequently integrated and amended (the "**Italian Banking Act**"), the Italian Financial Act, the Issuer Regulation, CONSOB Regulation No. 20307 of February 15, 2018, as amended and any other applicable laws and regulations; and

(b) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or any other relevant Italian competent authorities.

Singapore. This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, these Notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, and this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, may not be circulated or distributed, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (y) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (z) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Capital Markets Products (CMP) Regulations 2018, unless otherwise specified before an offer of Notes, we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include all statements other than statements of historical facts contained in this Offering Memorandum, including those regarding the Issuer's and Inter's respective future financial position and results of operations, their strategies, plans, objectives, goals and targets, future developments in the markets in which the Issuer and Inter participate or are seeking to participate or anticipated regulatory changes in the markets in which the Issuer and Inter operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Issuer cautions you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that its actual results of operations, including its financial condition and liquidity and the development of the industries in which it and Inter operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. In addition, even if the Issuer's or Inter's results of operations, including their respective financial condition and liquidity and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the outcome and impact of the pandemic remain uncertain;
- a significant portion of our Adjusted Revenue is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations;
- negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including the impact of COVID-19 and competition from new leagues or tournaments;
- revenue from our media rights may be negatively affected by increased regulation or change of format in the competitions at the national or European level;
- the Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit the amount of sponsorship fees we can collect from our current or future Chinese sponsors and partners. Any restrictions on our current or other future Chinese sponsors' or partners' ability to provide these revenues would adversely affect our business and results of operations;
- we have experienced delays in collecting fees under our sponsorship agreements entered into with Chinese counterparts. Any delay in collecting fees under various contracts and any fluctuations of our cash flows due to timing of payments may affect our ability to maintain cash requirements necessary to service interest or principal payments on our debt, including the Notes;
- our Sponsorship Revenue is dependent upon the performance and popularity of Inter's first team and our ability to fully comply with contractual obligations vis-à-vis commercial partners may be affected by developments in the continuation of the football season and the possibility to organize physical events and activities;
- in July 2018, we took over the marketing and negotiation of our sponsorship agreements from Infront and no longer receive the minimum revenue contractually guaranteed under our Infront Marketing Agreement;
- we have granted exclusive rights to certain sponsors which may affect our ability to attract new sponsors and commercialize our brand and other intellectual property rights;

- we are exposed to credit related losses in the event of non-performance by counterparties to Serie A media contracts as well as our key sponsorship contracts;
- it may not be possible to renew or replace key contracts when they expire or are terminated on similar or better terms, or at all, or to attract new sponsors;
- we will no longer receive revenue contractually guaranteed under certain key contracts with Chinese sponsors that have not been renewed or have been terminated;
- piracy and illegal live streaming may adversely impact our media and mobile & content revenue;
- we may be unable to maintain and enhance our brand and reputation, particularly in new markets, and actions by our fans, employees, directors or officers may damage our brand and reputation;
- failure to adequately protect our intellectual property could injure our brand;
- we have recorded a significant amount of goodwill and intangible assets and we may never realize the full value thereof;
- we may face conflicts of interest in transactions with related parties;
- we may be unable to implement our business strategies;
- our digital media strategy is unproven and may not generate the returns we anticipate;
- failure to effectively manage our growth could adversely affect our business;
- our international expansion and operations in foreign markets expose us to risks associated with international sales and operations;
- we are subject to various regulations related to the collection and processing of personal data, and changes to these regulations or their interpretation could adversely affect our business;
- we may not be able to perform our contractual obligations to third parties;
- in certain limited cases, we are performing services on behalf of certain sponsors and other third parties without having executed binding contractual arrangements with such parties;
- we or Inter may become involved in litigation or arbitration proceedings, which may have a material adverse effect on our business, results of operations, financial condition and cash flow;
- tax laws or the interpretation or application of tax laws could change in a way that is unfavorable to us;
- we present certain non-GAAP measures that may not be comparable to similarly-titled measures that are used by other companies, and these measures have limitations as analytical tools;
- we present certain estimates in respect of *Pro Forma* Estimated Look-Forward Cash Inflows, *Pro Forma* Estimated Look-Forward Cash Outflows and the *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors;
- we have not included IFRS financial information in this Offering Memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS;
- business interruptions due to terrorist attacks, natural disasters, public health crises, such as the ongoing COVID-19 pandemic, and other events could adversely affect us;
- fluctuations in exchange rates may adversely affect our results of operations;
- Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19;

- Inter's ability to qualify for or their success in European competitions cannot be guaranteed;
- Inter's business is dependent upon its ability to attract and retain key personnel, including players and team management;
- serious injuries to, diseases such as COVID-19 or losses of key playing staff may affect Inter's first team's performance;
- Inter faces significant competition from other football clubs to acquire and retain players and team management, both within Italy and internationally, and increased competition could result in increased salaries and transfer fees and adversely affect the performance of Inter's first team;
- Inter may fail to comply with its Financial Fair Play Regulations settlement agreement with UEFA and the settlement agreement may restrict Inter's ability to make sporting decisions;
- UEFA, FIGC and Serie A regulations, including Financial Fair Play Regulations and IFFPR, may restrict Inter's ability to make commercial and sporting decisions;
- the performance of Inter as a going concern depends on the financial support of its majority shareholder;
- the Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit the amount of investment Suning can make in Inter's business. In 2017, the Chinese government classified investments in sports clubs as "restricted investments". Inter is dependent on capital contributions from Suning, and any restrictions on Suning's ability to provide these contributions would adversely affect Inter's business and results of operations. These restrictions may also adversely affect our ability to collect amounts owed to us under sponsorship and other contracts entered into with counterparties in China;
- as a professional football club, Inter is subject to a variety of regulations with respect to the proper conduct of its financial affairs, including NOIF, the LNP regulations, and the UEFA regulations, and could be negatively affected by such regulations;
- Serie A league voting rules may allow other clubs to take action contrary to Inter's and our interests;
- admission of Inter's first team to the Serie A season for 2020/2021 or subsequently cannot be guaranteed;
- inability to renew Inter's insurance policies could expose it to significant losses;
- Inter may incur fines, sanctions and exclusion from competitions due to acts of its players, management or supporters;
- ticket sales and other matchday revenue is a significant portion of Inter's overall revenue, and any inability by Inter to execute its strategy to expand its premium seating and hospitality services and increase overall attendance could adversely affect Inter's business and results of operations;
- Inter shares the lease of San Siro and is therefore unable to control the management of the stadium;
- there is no assurance that the project for the new San Siro stadium will be completed, and if completed, when the team could play its first match;
- the Notes and the Existing Notes restrict our ability to distribute cash to Inter that they might use to seek to improve on-pitch performance or otherwise improve operations;
- the interests of the principal shareholders of Inter may conflict with the interests of the holders of the Notes;
- adverse economic conditions or future economic downturns may harm both our and Inter's businesses;
- we and Inter could be negatively affected by current and other future Serie A, FIGC, UEFA or FIFA regulations;
- the sports and entertainment market, both within Europe and internationally, is highly competitive;
- there could be a decline in the popularity of football; and

- other risks related to our capital structure discussed under "*Risk Factors—Risks Related to our Capital Structure*" and related to the Notes and the Collateral discussed under "*Risk Factors—Risks Related to the Notes and the Collateral*".

The Issuer urges you to read the sections of this Offering Memorandum entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer*", "*Industry*", "*Issuer's Business*" and "*Inter's Business*" for a more complete discussion of the factors that could affect the Issuer's and Inter's respective future performance and the markets in which they operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur. These forward-looking statements speak only as of the date on which the statements were made. The Issuer undertakes no obligation to update or revise any forward-looking statement or risk factors, whether as a result of new information, future events or developments or otherwise.

CURRENCY PRESENTATION AND DEFINITIONS

In this Offering Memorandum, all references to "**euro**", "**EUR**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time and all references to "**U.S. dollars**", "**USD**" and "**$**" are to the lawful currency of the United States of America.

Definitions

As used in this Offering Memorandum:

- "AGCM" means the Italian Competition Authority, *Autorità Garante della Concorrenza e del Mercato*;
- "AGCOM" means *Autorità per le Garanzie nelle Comunicazioni*;
- "Agents" means the Paying Agent, the Transfer Agent and the Registrar;
- "Amended Revolving Intercompany Loan" means the intercompany loan between the Issuer, as lender, and Inter, as borrower, entered into on May 30, 2014, as amended on December 21, 2017, pursuant to which the Issuer makes available, from time to time, funds to support Inter's working capital requirements and operational needs. No amounts will be further drawn on the Issue Date, when we expect the outstanding balance to be approximately €72.0 million;
- "Assignment Agreements" means each agreement between the Issuer and Inter governing the assignment to the Issuer of the rights to the receivables from certain media rights and sponsorship contracts which could not be granted to the Issuer, as described under "*Certain Relationships and Related Party Transactions—Assignment of Receivables from Indirect Media Rights*";
- "Beijing Yixinshijie" means Beijing Yixinshijie Culture Development Co. Ltd.;
- "BrandCo" means Inter Brand S.r.l.;
- "Brand Finance Report" means the "Football 50 2019" report dated as of May 2019 and prepared by Brand Finance;
- "Broadcasters" means television broadcasters that are authorized to participate in the tender process for the sale of Broadcasting Rights;
- "Broadcasting Revenues" means the revenues that LNP receives from the sale of the Broadcasting Rights and allocates among Serie A clubs;
- "Broadcasting Rights" means the rights to live television broadcasts of Serie A matches;
- "CFCB" means UEFA Club Financial Control Body;
- "COVID-19" means the infectious disease caused by severe acute respiratory syndrome coronavirus 2, the pandemic resulting therefrom which is continuing as of the date of this Offering Memorandum and public health events related thereto;
- "COVISOC" means *Commissione di Vigilanza per le Società di Calcio*;
- "Clearstream" means Clearstream Banking, *société anonyme*;
- "Collateral" means the rights, property and assets securing the Notes as described under "*Description of the Notes—Security*";
- "CRM" means customer relationship management;
- "DAZN" means DAZN Limited and its affiliated entities;
- "Decree No. 239" means Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time;
- "Decree No. 461" means Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time;
- "Decree Nine" means Italian Legislative Decree No. 9 of January 9, 2008, as amended or supplemented from time to time;

- "Deloitte Report" means, jointly, the "Football Money League 2020" report dated as of January 2020 and the "Annual Review of Football Finance 2020" report dated as of June 2020, in each case prepared by Deloitte LLP;
- "ECJ" means the European Court of Justice;
- "EEA" means the European Economic Area;
- "EU" means the European Union;
- "Euroclear" means Euroclear Bank SA/NV;
- "Exchange Act" means the U.S. Exchange Act of 1934, as amended;
- "Existing Proceeds Intercompany Loan" means the intercompany loan between the Issuer, as lender, and Inter, as borrower, entered into on December 21, 2017, pursuant to which the Issuer on-lent a portion of the proceeds of the Existing Notes to Inter to, *inter alia*, fund Inter's general corporate purposes. No amounts will be further drawn on the Issue Date, when we expect the outstanding balance to be approximately €95.9 million;
- "Extended Labor Cost Index" means the ratio of a club's wages (including amortization) to its revenues, as defined in the IFFPR;
- "Existing Notes" means the €300,000,000 4.875% senior secured rate notes due 2022 issued by the Issuer on December 21, 2017;
- "FIFA Regulations" means the FIFA Regulations on the Status and Transfer of Players;
- "FIGC" means *Federazione Italiana Giuoco Calcio*;
- "Financial Fair Play Regulations" means the UEFA Club Licensing and Financial Fair Play Regulations;
- "GDP" means gross domestic product;
- "Global Media Report" means the Global Media Report prepared by Sport Business Consulting and dated as of November 2018;
- "Great Horizon" means Great Horizon S.à r.l.;
- "Group" means F.C. Internazionale Milano S.p.A and its subsidiaries;
- "Guidelines" means the guidelines that LNP issues regarding the tender process for Broadcasting Rights that cover (i) the regulations relating to the tender process and the granting of the Broadcasting Rights; (ii) the criteria for preparing the set of Broadcasting Rights contained in the Packages; (iii) the minimum price for the Packages; and (iv) any further provisions deemed necessary for a transparent and non-discriminatory tender procedure;
- "Holding" means Internazionale Holding S.r.l., the entity that previously held the stock of Inter;
- "IFFPR" means the Italian Football Financial Fair Play Regulations;
- "IMG" means IMG Worldwide, Inc.;
- "Indebtedness Index" means the ratio of a club's indebtedness to its revenues, as defined in the IFFPR;
- "Indenture" means the indenture governing the terms of the Existing Notes and of the Notes (the latter being "Additional Notes" as provided therein) among the Issuer, Inter (for certain limited purposes set forth therein), BrandCo (for certain limited purposes set forth therein), the Trustee and the Security Agent, dated as of December 21, 2017 and entered into in connection with the issuance of the Existing Notes;
- "Infront" means Infront Italy S.p.A.;
- "Infront Archive Agreement" means the agreement dated May 2, 2011 and amendments thereto between Infront and Inter, which was assigned to the Issuer, under which Infront agreed to digitize and market Inter's archive content;
- "Infront Marketing Agreement" means the agreement dated March 28, 2014 and amendments thereto between Infront, Inter and BrandCo, which was assigned to the Issuer, granting Infront the exclusive rights to market and negotiate sponsorship agreements (as well as corporate hospitality packages) in Italy and the rest of Europe on the Issuer's behalf, which expired on June 30, 2018;

- “Initial Purchaser” means J.P. Morgan Securities plc;
- “INPS” means *Istituto Nazionale della Previdenza Sociale*, the Italian National Social Security Institute;
- “Inter” means F.C. Internazionale Milano S.p.A. and not its subsidiaries;
- “Intercreditor Agreement” means the intercreditor agreement dated December 21, 2017 among the Issuer, Inter, BrandCo, the Trustee and the Security Agent;
- “Intercompany Loans” means the Amended Revolving Intercompany Loan, the Existing Proceeds Intercompany Loan and the New Intercompany Loan, the receivables under which have been or will be assigned by way of security as Collateral. As of the Issue Date, the Intercompany Loans will have, *pro forma* for the Offering, an expected outstanding aggregate balance of approximately €230.0 million;
- “Intermediary” means an independent party acting as a broker between LNP and a Broadcaster regarding the tender of Broadcasting Rights;
- “Inter Revolving Credit Facility Agreement” means the revolving credit facility agreement governing the terms of the €50,000,000 revolving credit facility (the “**Inter Revolving Credit Facility**”) entered into on December 21, 2017 among, *inter alios*, Inter as borrower, Goldman Sachs International and UBI Banca S.p.A. as mandated lead arrangers and UBI Banca S.p.A. as original lender, facility agent, security agent, issuing bank and participant. As of March 31, 2020, the Inter Revolving Credit Facility was fully drawn and is expected to remain fully drawn on the Issue Date, subject to any clean-down requirement;
- “Iquii Sport Report” means the “European Football Club” report 26th Edition prepared by Iquii S.r.l.;
- “IRAP” means *imposta regionale sulle attività produttive*, the Italian regional production tax;
- “IRES” means *imposta sul reddito delle società*, the Italian corporate income tax;
- “IRPEF” means *imposta sul reddito delle persone fisiche*, the Italian personal income tax;
- “ISC” means International Sports Capital S.p.A.;
- “Issue Date” means the date on which the Notes are issued;
- “Issuer” means Inter Media and Communication S.p.A.;
- “Italian GAAP” means the accounting principles established by the *Organismo Italiano di Contabilità—OIC* and, with respect to the financial statements of the Group, with the provisions issued by the FIGC and the Supervisory Commission for Italian Football Clubs (*Commissione di Vigilanza per le Società di Calcio*) (“**COVISOC**”);
- “Jiangsu Suning” means Jiangsu Suning Sports Industry Co. Ltd.;
- “KPMG Report” means “The European Elite 2020” report dated as of May 2020 and prepared by the KPMG Sports Advisory Practice;
- “License Agreement” means the agreement entered into by the Issuer and Inter on June 5, 2014, pursuant to which the Issuer granted Inter a non-exclusive license to use certain of its trademarks and other intellectual property to carry out its ordinary course business, as described in “*Certain Relationships and Related Party Transactions—License Agreement*”.
- “LionRock” means LionRock Capital;
- “Listing Agent” means The Bank of New York Mellon SA/NV, Luxembourg Branch;
- “Liquidity Index” means the ratio of a club’s current assets to its current liabilities, as defined in the IFFPR;
- “LNP” means the *Lega Nazionale Professionisti di Serie A*;
- “M-I Stadio” means M-I Stadio S.r.l., a joint venture of Inter and A.C. Milan to operate and manage San Siro;
- “MP & Silva” means Media Partners & Silva Limited;
- “Naming Rights and Sponsorship Agreement” means the agreement between Inter, the Issuer and Jiangsu Suning entered into on December 20, 2016 and amended on June 26, 2017 granting

Jiangsu Suning certain sponsorship rights relating to Inter, including naming rights for Inter's first team training center and youth center and naming rights for Inter's training kit. The Naming Rights and Sponsorship Agreement was amended on December 21, 2017 to reflect that, commencing from December 21, 2017, the portion of the sponsorship fee payable by Jiangsu Suning relating to the training center naming rights is paid to Inter while the portion relating to the training kit naming rights is paid to the Issuer. On July 1, 2020, the Naming Rights and Sponsorship Agreement was further amended to reflect a two-year extension until 2022 and the base fee to be received over this additional two year term has been offset by a reduction of the performance based bonuses.

- "New Intercompany Loan" means the intercompany loan between the Issuer, as lender, and Inter, as borrower, to be entered into on or about the Issue Date, pursuant to which the Issuer will on-lend a portion of the proceeds of the Notes to Inter to fund Inter's general corporate purposes;
- "NOIF" means the FIGC's Internal Federal Organisational Rules (*Norme Organizzative Interne Federali*);
- "Nielsen Sports Report" means the "Fan Potential Report 2020" dated as of November 2019 and prepared by Nielsen Sports;
- "Notes" means the €75.0 million aggregate principal amount of the Issuer's 4.875% senior secured notes due 2022;
- "Offering" means the offering of the Notes;
- "Offering Memorandum" means this offering memorandum;
- "Original Issue Date" means December 21, 2017, which was the date on which the Existing Notes were issued by the Issuer;
- "Packages" means the bundled sets of Broadcasting Rights that LNP offers for sale to Broadcasters during the tender process;
- "Paying Agent" means The Bank of New York Mellon, London Branch;
- "Playing and Staging Agreement" means the agreement between Inter, on the one side, and the Issuer and the Security Agent on the other side, dated June 5, 2014, which was amended and restated and the role of security agent assigned to the Security Agent on December 21, 2017, pursuant to which Inter has undertaken to use its best efforts to participate in Serie A or Serie B and UEFA tournaments, comply with all applicable laws and regulations, meet all requirements under current and future sponsorship and media rights contracts and play all home matches at San Siro, as described under "*Certain Relationships and Related Party Transactions—Playing and Staging Agreement*";
- "Purchase Agreement" means the purchase agreement governing the purchase of the Notes between Inter, the Issuer and the Initial Purchaser to be dated the date of the final offering memorandum;
- "QIB" means qualified institutional buyer, as defined in Rule 144A of the U.S. Securities Act of 1933, as amended;
- "Registrar" means The Bank of New York Mellon SA/NV, Luxembourg Branch;
- "Repaid Facility" means the €230,000,000 facility, which was fully repaid and canceled with the proceeds of the Existing Notes on December 21, 2017;
- "San Siro" means Stadio Giuseppe Meazza, the football stadium in Milan, Italy where Inter plays its home matches;
- "Secured Accounts" means the accounts defined in "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall—Designation of Accounts*";
- "Security Agent" means Unione di Banche Italiane S.p.A., the security agent under the Indenture;
- "Serie A Indirect Media Revenue" means the receivables assigned to the Issuer by Inter with respect to Inter's revenue from Serie A broadcasting rights;
- "Services Agreement" means the agreement entered into on June 5, 2014 by Inter and the Issuer pursuant to which Inter has undertaken to provide the Issuer with certain services, including, *inter alios*, administrative and accounting services, consulting services, web services, legal assistance

and other general services necessary for the operation of the Issuer's business, as described under "*Certain Relationships and Related Party Transactions—Services Agreement*", which was amended and restated on December 21, 2017;

- "Services Agreement Fee" means the annual fee which is permitted to be distributed to Inter pursuant to the Services Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. See "*Certain Relationships and Related Party Transactions—Services Agreement*" and "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*";
- "Services Agreement VAT" means the amount of VAT due under the Service Agreement;
- "Shareholder Loans" means the shareholder loans granted to Inter by Great Horizon and by Suning Sports (and then assigned to Grand Flagship Limited, an entity affiliated with Suning), as described under "*Description of Certain Financing Arrangements—Shareholder Loans*" and which, as of March 31, 2020, had a total amount outstanding of €88.3 million (including accrued interest) and €50.6 million (including accrued interest), respectively;
- "Skybox" means a premium multi-seat facility within San Siro stadium offering access to catering facilities and other hospitality services;
- "Sky Italia" means Sky Italia S.r.l.;
- "Sponsorship Revenue" means the revenue the Issuer receives from sponsorship agreements;
- "Subordination Agreement" means the agreement dated December 21, 2017 between, *inter alios*, Inter, certain of its shareholders and the agent under the Inter Revolving Credit Facility providing that the indebtedness under the Inter Revolving Credit Facility ranks, in certain circumstances as provided therein, in priority to any current or future monies, obligations or liabilities due, owing or incurred by Inter to certain of its shareholders and certain members of the Group;
- "Suning" means the Suning Group;
- "Suning Group" means Suning Holdings Group Co., Ltd. and Suning Appliance Group Co., Ltd. and their respective subsidiaries;
- "Suning Sports" means Suning Sports International Ltd.;
- "Transfer Agent" means The Bank of New York Mellon SA/NV, Luxembourg Branch;
- "Trustee" means The Law Debenture Trust Corporation plc, the trustee under the Indenture;
- "UEFA" means Union of European Football Associations;
- "UEFA Indirect Media Revenue" means Inter's revenue from UEFA broadcasting rights collected by Inter and then assigned to the Issuer;
- "U17" means under 17 years of age;
- "U19" means under 19 years of age;
- "VAT" means value-added tax; and
- "White List" means the list of countries that allow for a satisfactory exchange of information with Italy (as currently identified by the Italian tax authorities in Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented or once effective in any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239).

EXCHANGE RATE INFORMATION

We have set forth in the table below, for the periods and dates indicated, certain information regarding the exchange rates between U.S. Dollars and Euro based on the market rates at 6:00 p.m. London time. We have provided this exchange rate information solely for your convenience. We do not make any representation that any amount of currencies specified in the table below has been, or could be, converted into the applicable currency at the rates indicated or any other rate.

	U.S. $ per euro			
	Period Average[(1)(2)]	High	Low	Period End[(3)]
Year				
2016	1.1068	1.1527	1.0384	1.0547
2017	1.1294	1.2026	1.0427	1.2022
2018	1.1811	1.2492	1.1245	1.1452
2019	1.1195	1.1533	1.0903	1.1229
2020 (through July 23)	1.1059	1.1620	1.0667	1.1620
Month				
January 2020	1.1104	1.1214	1.1005	1.1083
February 2020	1.0914	1.1083	1.0792	1.1001
March 2020	1.1052	1.1463	1.0067	1.0971
April 2020	1.0867	1.0965	1.0787	1.0937
May 2020	1.0902	1.1098	1.0782	1.1098
June 2020	1.1259	1.1362	1.1130	1.1243
July 2020 (through July 23)	1.1378	1.1620	1.2229	1.1620

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for each month presented is based on the average Bloomberg Composite Rate for each business day of such month.

(3) Represents the exchange rate on the last business day of the applicable period.

PRESENTATION OF FINANCIAL INFORMATION

Financial Statements

The financial information included in this Offering Memorandum has been extracted or derived from the following financial statements of the Issuer and the Group, respectively, prepared in accordance with Italian laws governing the preparation of financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità—OIC* ("**Italian GAAP**") and, with respect to the financial statements of the Group, with the provisions issued by the FIGC and the Supervisory Commission for Italian Football Clubs (*Commissione di Vigilanza per le Società di Calcio*) ("**COVISOC**"), and attached to this Offering Memorandum. In particular:

- the unaudited interim condensed financial statements of the Issuer as of and for the nine months ended March 31, 2020 (the "**Issuer Unaudited Interim Financial Statements**"), including for comparative purposes only the financial information as of and for the nine months ended March 31, 2019. The Issuer Unaudited Interim Financial Statements and the accompanying notes thereto have been prepared in accordance with OIC 30, "*Interim Financial Reporting,*" the Italian accounting standard that governs the preparation of interim financial statements. The financial information as of and for the nine months ended March 31, 2020 has been subject to a limited review by Deloitte & Touche S.p.A. and has not been audited and the financial information as of and for the nine months ended March 31, 2019 included for comparative purposes only has not been audited or reviewed;
- the unaudited interim condensed consolidated financial statements of the Group as of and for the nine months ended March 31, 2020 (the "**Inter Unaudited Consolidated Interim Financial Statements**"), including for comparative purposes only the financial information as of and for the nine months ended March 31, 2019. The Inter Unaudited Interim Financial Statements and the accompanying notes thereto have been prepared in accordance with OIC 30, "*Interim Financial Reporting,*" the Italian accounting standard that governs the preparation of interim financial statements. The financial information as of and for the nine months ended March 31, 2020 has been subject to a limited review by Deloitte & Touche S.p.A. and has not been audited and the financial information as of and for the nine months ended March 31, 2019 included for comparative purposes only has not been audited or reviewed;
- the audited financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019 (the "**Issuer Audited Annual Financial Statements**"); and
- the audited consolidated financial statements of the Group as of and for the fiscal years ended June 30, 2017, 2018 and 2019 (the "**Inter Audited Consolidated Annual Financial Statements**").

The Issuer Audited Annual Financial Statements together with the Issuer Unaudited Interim Financial Statements are referred to herein as the "**Issuer Financial Statements**". The Inter Audited Consolidated Annual Financial Statements together with the Inter Unaudited Consolidated Interim Financial Statements are referred to herein as the "**Inter Consolidated Financial Statements**".

The unaudited financial information of the Issuer for the twelve months ended March 31, 2020 is calculated by taking the results of operations of the Issuer for the nine months ended March 31, 2020 and adding it to the difference between the Issuer's results of operations for the full fiscal year ended June 30, 2019 and the nine months ended March 31, 2019. The financial information of the Issuer for the nine and twelve months ended March 31, 2020 is not necessarily indicative of the results that may be expected for the fiscal year ended June 30, 2020 or any future period, and should not be used as the basis for or prediction of an annualized calculation. The unaudited financial information for the twelve months ended March 31, 2020 has been prepared for illustrative purposes only and is not necessarily representative of the Issuer's results of operations for any future period or the Issuer's financial condition at any future date. This data has been prepared solely for the purpose of this Offering Memorandum, is not prepared in the ordinary course of the Issuer's financial reporting and has not been audited or reviewed. Financial information presented for the twelve months ended March 31, 2020 is considered a non-GAAP financial measure.

The Issuer Audited Annual Financial Statements and the Inter Audited Consolidated Annual Financial Statements were prepared in accordance with Italian GAAP and were audited by Deloitte & Touche S.p.A., independent auditors, as set forth in their independent auditor's reports included elsewhere in this Offering Memorandum. The Issuer Unaudited Interim Financial Statements have been prepared in accordance with OIC 30, "*Interim Financial Reporting*", the Italian accounting standard that governs the preparation of interim financial statements.

Italian GAAP differs in certain aspects from IFRS. For a discussion of the differences between Italian GAAP and IFRS, see "*Annex A: Summary of Certain Differences between Italian GAAP and IFRS*". However, for the purpose of their inclusion in this Offering Memorandum, certain line items have been reclassified in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS. For an explanation of the key income statement items, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation of the Issuer"* and *"Inter's Business—Certain Inter Consolidated Financial Information*".

Historically, the Issuer has prepared its financial statements in accordance with Italian GAAP. However, it may choose to adopt IFRS for its financial statements in the future. In the event that the Issuer does adopt IFRS, the Indenture requires it to report according to such standards, and the covenant calculations will be based on the relevant standards. Because there are significant differences between Italian GAAP and IFRS, if the Issuer prepares its financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in its results of operations, cash flows and financial position, including levels of indebtedness. In addition, the Issuer's covenants may become more or less restrictive from time to time, depending upon the effect of the standards it adopts. See "*Annex A: Summary of Certain Differences between Italian GAAP and IFRS",* "*Risk Factors—Risks Related to the Issuer—We have not included IFRS financial information in this Offering Memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS"* and *"Description of the Notes".*

The Issuer Financial Statements and the Inter Consolidated Financial Statements contained in the financial pages to this Offering Memorandum should be read in conjunction with the relevant notes thereto. Prospective investors are advised to consult their professional advisors for an understanding of: (i) the differences between Italian GAAP (in the Inter Consolidated Financial Statements, as integrated with the provisions issued by the FIGC and COVISOC), IFRS and other systems of generally accepted accounting principles and how those differences might affect the financial information included in this Offering Memorandum, and (ii) the impact that future additions to, or amendments of, Italian GAAP principles, or the adoption of IFRS principles, may have on the Issuer's and Inter's results of operations or financial condition, as well as on the comparability of the prior periods.

Non-GAAP Financial Measures

In this Offering Memorandum, the Issuer presents certain measures to assess the financial performance of its business. Certain of these measures are called "**Non-GAAP Measures and Ratios**" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with Italian GAAP, or are calculated using financial measures that are not calculated in accordance with Italian GAAP. Non-GAAP Measures and Ratios that we present include Adjusted Media Revenue, Adjusted Revenue, Adjusted Services Agreement Fees, Adjusted Tax expenses, CAGR, Cash Available for Debt Service, Cash Inflows, Cash Outflows, Change in Current Operating Assets, Change in Current Operating Liabilities, Change in Non Current Operating Assets, Change in Non Current Operating Liabilities, Consolidated Net Financial Position, Current Operating Assets, Current Operating Liabilities, Debt Service, financial information for the twelve months ended March 31, 2020, Issuer Net Financial Position, Non Current Operating Assets, Non Current Operating Liabilities, *Pro Forma* Cash and Cash Equivalent, *Pro Forma* Debt Service Coverage Ratio, *Pro Forma* Estimated Look-Forward Cash Available for Debt Service, *Pro Forma* Estimated Look-Forward Cash Inflows, *Pro Forma* Estimated Look-Forward Cash Outflows, *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio, *Pro Forma* Estimated Look-Forward Total Issuer Debt Service, *Pro Forma* Net Financial Indebtedness and Indebtedness and Ratio of *Pro Forma* Net Financial Indebtedness to Cash Available for Debt Services.

The Issuer uses Non-GAAP Measures and Ratios to measure operating performance and liquidity, in presentations to its board of directors and as a basis for strategic planning and forecasting, as well as to monitor certain aspects of its operating cash flow and liquidity. The directors believe that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplementary measures of performance and liquidity.

The Non-GAAP Measures and Ratios may not be comparable with other similarly titled measures used by other companies, and may not be identical to similarly titled measures included in the Indenture.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators*" for an explanation of each of these Non-GAAP Measures and Ratios. See "*Description of the Notes*" for a description of the terms used in financial covenant calculations. For reconciliations of each non-GAAP financial measure to the most directly comparable GAAP financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators*" and see below for a discussion of their limitations.

In particular, the Issuer's Non-GAAP Measures and Ratios have limitations as analytical tools and you should not consider them in isolation or as a substitute for the analysis of the Issuer's results or any performance measures under Italian GAAP as set forth in the Issuer's financial statements. Some of these limitations are:

- they do not reflect the Issuer's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Issuer's working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on the Issuer's debt;
- they do not reflect any cash income taxes that the Issuer may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in the Issuer's income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters the Issuer considers not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in the Issuer's industry may calculate these measures differently than it does, limiting their usefulness as comparative measures.

As used in this Offering Memorandum, the following terms have the following meanings:

Adjusted Media Revenue is defined as the aggregate of Direct Media Revenue and Indirect Media Revenue.

Adjusted Revenue is defined as the aggregate of revenue that the Issuer reports on its income statement (which includes Direct Media Revenue, Sponsorship Revenue and other income) and Indirect Media Revenue that the Issuer reports on its balance sheet.

Pursuant to Serie A regulations, contracts related to broadcast and media rights for Serie A matches must be held by the Serie A team itself. As a result, Inter cannot directly assign its broadcast and media rights contracts for Serie A matches to the Issuer. Instead, Inter invoices the broadcasters for the Serie A broadcasting rights revenue owed to Inter and Inter has assigned the right to collect Serie A revenue to the Issuer, such that the broadcasters pay such revenue to the Issuer directly. Once the right to receive payment from the broadcasters has been assigned to the Issuer, it reports the right as a receivable on its balance sheet and typically receives payment from broadcasters approximately two to four weeks later.

With regard to the UEFA rights, Inter invoices UEFA and UEFA pays Inter the broadcasting revenue owed to Inter. Inter then assigns the revenue from UEFA broadcasts to the Issuer. Throughout the Offering Memorandum, the Issuer has presented an Adjusted Revenue figure that takes into account both the revenue that it reports on its income statement and the Indirect Media Revenue that it reports on its balance sheet.

The cash that the Issuer collects in respect of the Indirect Media Revenue has not been reflected in full in its income statement and cash flow statement because the amounts not otherwise required to be retained in the Secured Accounts have historically been upstreamed to Inter from time to time as permitted under the Indenture, and cash flow is presented net of cash upstreamed to Inter as of the applicable period end. As of the Issue Date and going forward, such cash is not expected to be reflected in the Issuer's income statement and cash flow statement for the same reasons because amounts not otherwise required to be retained in the Secured Accounts are expected to be upstreamed to Inter from time to time if certain conditions under the Indenture are met. See "*Issuer Secured Account Waterfall*" and "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". The cash that the Issuer collects in respect of the Indirect Media Revenue is nonetheless reflected in Cash Inflows for the purpose of calculating the Cash Available for Debt Service.

We believe that this Adjusted Revenue figure provides a more comprehensive view of the Issuer's various sources of proceeds (represented not only by revenue typically reported in the income statement but also by the collection of the receivables from Inter's broadcasting rights). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators*" for a table presenting a reconciliation of the Issuer's financial statement revenue to Adjusted Revenue.

Adjusted Services Agreement Fees is Services Agreement Fees plus Service Agreement VAT and it represents the annual fee including 22% VAT which is permitted to be distributed to Inter pursuant to the Services Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. See "*Certain Relationships and Related Party Transactions—Services Agreement*". See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*".

Adjusted Tax expenses is Income tax less IRES (Tax consolidation charges). IRES (Tax consolidation charges) refers to the corporate income taxes of the Issuer in respect of the year/period, as applicable, which were permitted to be distributed to Inter pursuant to the Tax Consolidation Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. See "*Certain Relationships and Related Party Transactions—Tax Consolidation Agreement*". See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*".

CAGR is defined as compound annual growth rate and is calculated by dividing the value of a particular metric at the end of the period in question by its value at the beginning of that period, raising the result to the power of one divided by the period length, and subtracting one from the result.

Cash Available for Debt Service is defined as the difference between Cash Inflows and Cash Outflows.

Cash Inflows is defined as the sum of Adjusted Revenue, Change in Current Operating Assets, Change in Non Current Operating Assets and non-cash items.

Cash Outflows are defined as the total operating costs from the Issuer's financial statements excluding write-downs of trade receivables, depreciation and amortization, prior year gain and losses, other provisions, Adjusted Tax Expenses, Change in Current Operating Liabilities, Change in Non Current Operating Liabilities and Adjusted Services Agreement Fees.

Change in Current Operating Assets is defined as the difference between Current Operating Assets at the last day of the previous period and Current Operating Assets at the last day of the period under review.

Change in Current Operating Liabilities is defined as the difference between Current Operating Liabilities at the last day of the period under review and Current Operating Liabilities at the last day of the previous period.

Change in Non Current Operating Assets is defined as the difference between Non Current Operating Assets at the last day of the previous period and Non Current Operating Assets at the last day of the period under review.

Change in Non Current Operating Liabilities is defined as the difference between Non Current Operating Liabilities at the last day of the period under review and Non Current Operating Liabilities at the last day of the previous period.

Consolidated Net Financial Position is defined as the sum of liabilities related to Bank loans, Shareholder Loans, the Existing Notes, Other financing, Payables to companies subject to parent companies control and other financial liabilities, including accrued interest charges and other financial expenses, minus cash at bank and on hand, current financial assets net of restricted deposit accounts on rent contracts and financial assets.

Current Operating Assets is defined as total current assets less current financial assets, cash at bank and on hand, the current portion of the loans to Inter, tax receivables, deferred tax assets, the current portion of prepaid expenses and the current portion of deferred income.

Current Operating Liabilities is defined as current liabilities less bank loans, the Existing Notes, trade payables to Inter related to Serie A and UEFA, trade payables to Inter related to the Services Agreement, trade payables to Inter related to tax consolidation charges, dividend payables, accrued interest expenses, the current portion of deferred income, tax receivables, deferred tax assets and the current portion of prepaid expenses.

Debt Service is defined as the sum of interest and other financial expenses paid and repayments of the Existing Notes.

Issuer Net Financial Position is defined as the sum of liabilities related to bank loans, the Existing Notes and other financial liabilities, including accrued interest charges and other financial expenses, minus cash at bank and on hand, current financial assets, the current portion of loans to Inter and financial assets.

Non Current Operating Assets is defined as non-current assets less the Existing Notes, intangible assets, property, plant and equipment, financial assets, loans to Inter, prepaid expenses and deferred income.

Non Current Operating Liabilities is defined as non-current liabilities less bank loans, deferred income and prepaid expenses.

***Pro Forma* Cash and Cash Equivalents** is defined as cash held in the Secured Accounts (including the Debt Service Account and the Debt Service Reserve Account) *pro forma* for the Offering as if the Offering had occurred on March 31, 2020.

***Pro Forma* Debt Service** is defined as the Issuer's debt service for the twelve months ended March 31, 2020, as adjusted for the Offering as if it had occurred on April, 1 2019 reflecting the increased interest expense and mandatory amortization payments as a result of the Notes offered hereby. The Issuer's *pro forma* debt service for the twelve months ended March 31, 2020 assumes that, in addition to the Mandatory Amortization Redemption Payments made on June 30, 2019 and December 31, 2019 in respect of the Existing Notes, Mandatory Amortization Redemption payments related to the Notes offered hereby would also have been made on June 30, 2019 and December 31, 2019 in an aggregate amount equal to €1.8 million.

***Pro Forma* Debt Service Coverage Ratio** is defined as the ratio of the Issuer's Cash Available for Debt Service for the twelve months ended March 31, 2020 to the Issuer's *Pro Forma* Debt Service.

***Pro Forma* Estimated Look-Forward Cash Available for Debt Service** is defined as the difference between *Pro Forma* Estimated Look-Forward Cash Inflows and *Pro Forma* Estimated Look-Forward Cash Outflows.

***Pro Forma* Estimated Look-Forward Cash Inflows** is defined as Cash Inflows that we estimate that we will generate in the twelve months ending March 31, 2021. A significant majority of *Pro Forma* Estimated Look-Forward Cash Inflows relates to revenue that is currently contracted throughout the period. In making such estimates, we also make certain assumptions due to the COVID-19 pandemic impact or otherwise, including that contracts currently in place may be canceled, subject to contractual reductions or negotiations, or that the counterparties will fulfil their obligations or otherwise make payment on a timely basis. The remaining amount of *Pro Forma* Estimated Look-Forward Cash Inflows relates to revenue from contracts that are up for renewal during the twelve months ending March 31, 2021 and are assumed to be renewed at the same levels as the existing contractual arrangements provide for the relevant period not under contract. The renewal of such contracts may not occur on the same terms or at all for reasons such as the impact of COVID-19, Inter's poor on-pitch performance, a decrease in Inter's popularity, general economic conditions or otherwise. In making such estimates, the Issuer also makes certain assumptions in respect of Inter's on-pitch performance. In particular, as of the date of this Offering Memorandum Inter ranks second in the league table with a 12-point cushion from the team that ranks fifth in the table; it is therefore likely that in the following season Inter will participate in the UEFA Champions League but for purposes of this estimation we have assumed that it will not qualify within the first three clubs of its group and, consequently, will fail to either advance past the group stage or transfer to the UEFA Europa League.

Pro Forma Estimated Look-Forward Cash Inflows is an estimate, is forward-looking in nature and is provided for information purposes only. This estimate is based on assumptions made by the Issuer that are inherently uncertain and, although considered reasonable by the Issuer, are subject to significant business, economic and competitive uncertainties and contingencies, including the impact of COVID-19, the timing of payments, regulatory restrictions or other impacts, all of which are difficult to predict and many of which are beyond the control of the Issuer. Accordingly, there can be no assurance that actual cash inflows for such period will be consistent with such estimate or not lower than such estimate for the twelve months ending March 31, 2021 or for any other period. The Issuer's actual results in the future will vary from estimated results and those variations may be material. In addition, these estimates were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines established by any other regulatory or industry body regarding projections, nor is *Pro Forma* Estimated Look-Forward Cash Inflows intended to be presented in a manner consistent with financial statements prepared in accordance with Italian GAAP. Although the Issuer will be required to calculate its *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio under the Indenture, the Issuer does not intend to update or otherwise revise the estimates provided herein to reflect circumstances existing after the date of this Offering Memorandum or to reflect the occurrence of future events, even in the event the assumptions underlying the estimates are shown to be in error. None of the Issuer, the Initial Purchaser or any of their respective directors, officers, advisers, auditors, experts, agents or representatives shall bear any responsibility for the accuracy or adequacy of *Pro Forma* Estimated Look-Forward Cash Inflows. Prospective investors in the Notes are cautioned not to rely on, and will be deemed not to have relied on, this estimate. See "*Forward-Looking Statements*" and "*Risk Factors—Risks Related to the Issuer—We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and the Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors*".

***Pro Forma* Estimated Look-Forward Cash Outflows** is defined as Cash Outflows that the Issuer has estimated for the twelve months ending March 31, 2021.

Pro Forma Estimated Look-Forward Cash Outflows is an estimate, is forward-looking in nature and is provided for information purposes only. This estimate is based on assumptions made by the Issuer that are inherently uncertain and, although considered reasonable by the Issuer, are subject to significant business, economic and competitive uncertainties and contingencies, including the impact of COVID-19, the timing of payments, regulatory restrictions or other impacts, all of which are difficult to predict and many of which are beyond the control of the Issuer, including due to further impacts of COVID-19, increased personnel costs, costs of services or tax liabilities, write-downs of trade receivables, write-downs of intangible assets, changes in interest rates or exchange rates or otherwise. Accordingly, there can be no assurance that actual cash outflows for such period will be consistent with such estimate or not greater than such estimate. The Issuer's actual cash outflows in the future will vary from estimated amounts and those variations may be material. In addition, these estimates were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines established by any other regulatory or industry body regarding projections, nor is *Pro Forma* Estimated Look-Forward Cash Outflows intended to be presented in a manner consistent with financial statements prepared in accordance with Italian GAAP. Although the Issuer will be required to calculate its *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio under the Indenture, the Issuer does not intend to update or otherwise revise the estimates provided herein to reflect circumstances existing after the date of this Offering Memorandum or to reflect the occurrence of future events, even in the event the assumptions underlying the estimates are shown to be in error. None of the Issuer, the Initial Purchaser or any of their respective directors, officers, advisers, auditors, experts, agents or representatives shall bear any responsibility for the accuracy or adequacy of *Pro Forma* Estimated Look-Forward Cash Outflows. Prospective investors in the Notes are cautioned not to rely on, and will be deemed not to have relied on, this estimate. See "*Forward-Looking Statements*" and "*Risk Factors—Risks Related to the Issuer—We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and the Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors*".

***Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio** is defined as the ratio of *Pro Forma* Estimated Look-Forward Cash Available for Debt Service to *Pro Forma* Estimated Look-Forward Total Issuer Debt Service.

Pro Forma Estimated Look-Forward Debt Service Coverage Ratio is an estimate, is forward-looking in nature and is provided for information purposes only. This estimate is based on assumptions made by the Issuer that are inherently uncertain and, although considered reasonable by the Issuer, are subject to significant business, economic and competitive uncertainties and contingencies, including the impact of COVID-19, the timing of payments, regulatory restrictions or other impacts, all of which are difficult to predict and many of which are beyond the control of the Issuer. Accordingly, there can be no assurance that the actual debt service coverage for the twelve months ending March 31, 2021 or for any other period will be consistent with such estimate or not lower than such estimate. The Issuer's actual results in the future will vary from estimated results and those variations may be material. In addition, these estimates were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines established by any other regulatory or industry body regarding projections, nor is *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio intended to be presented in a manner consistent with financial statements prepared in accordance with Italian GAAP. Although the Issuer will be required to calculate its *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio under the Indenture, the Issuer does not intend to update or otherwise revise the estimates provided herein to reflect circumstances existing after the date of this Offering Memorandum or to reflect the occurrence of future events, even in the event the assumptions underlying the estimates are shown to be in error. In addition, the calculation in the Indenture of *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio could vary from the calculation of the *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 disclosed in this Offering Memorandum. None of the Issuer, the Initial Purchaser or any of their respective directors, officers, advisers, auditors, experts, agents or representatives shall bear any responsibility for the accuracy or adequacy of *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio. Prospective investors in the Notes are cautioned not to rely on, and will be deemed not to have relied on, this estimate. See "*Forward-Looking Statements*" and "*Risk Factors—Risks Related to the Issuer—We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and the Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors*".

***Pro Forma* Estimated Look-Forward Total Issuer Debt Service** is defined as the estimated look-forward interest expense of the Issuer in respect of the Existing Notes and the Notes, together with scheduled semi-annual mandatory amortization payments due on June 30, 2020 and December 31, 2020 in respect of both the Existing Notes and the Notes, after giving effect to the Offering for the twelve months ending March 31, 2021 as if the Offering had occurred on April 1, 2020.

***Pro Forma* Net Financial Indebtedness** is defined as total financial indebtedness net of *Pro Forma* Cash and Cash Equivalents after giving effect to the Offering.

Ratio of *Pro Forma* Net Financial Indebtedness to Cash Available for Debt Service is defined as the ratio of the Issuer's *Pro Forma* Net Financial Indebtedness to the Issuer's Cash Available for Debt Service for the twelve months ended March 31, 2020.

We believe that the presentation of Adjusted Media Revenue, Adjusted Revenue, CAGR, Cash Available for Debt Service, Cash Inflows, Cash Outflows, Change in Current Operating Assets, Change in Current Operating Liabilities, Change in Non Current Operating Assets, Change in Non Current Operating Liabilities, Consolidated Net Financial Position, Current Operating Assets, Current Operating Liabilities, financial information for the twelve months ended March 31, 2020, Issuer Net Working Capital, Issuer Net Financial Position, Non Current Operating Assets, Non Current Operating Liabilities, *Pro Forma* Estimated Look-Forward Cash Available for Debt Service, *Pro Forma* Estimated Look-Forward Cash Inflows, *Pro Forma* Estimated Look-Forward Cash Outflows, *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio, *Pro Forma* Estimated Look-Forward Total Issuer Debt Service and *Pro Forma* Net Financial Indebtedness is helpful to investors as supplemental measures of performance and liquidity. In addition, we believe that Net Financial Position is helpful for investors as an overview of the extent to which our liabilities are covered by our assets. However, you should not construe these Non-GAAP Measures and Ratios as alternatives to profit and loss from operations determined in accordance with Italian GAAP or to cash flows from operations, investing activities or financing activities, or any other measure or ratio required by, or presented in accordance with, Italian GAAP. In addition, our Non-GAAP Measures and Ratios may not be comparable to similarly-titled measures or ratios used by other companies. These indicators should not be considered in isolation or construed as a substitute for measures in accordance with Italian GAAP.

Rounding

Certain data in this Offering Memorandum, including financial, statistical and operating information, has been rounded. As a result, the totals of certain data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. In addition, certain percentages have been rounded and accordingly may not add up to 100%.

INDUSTRY AND MARKET DATA

General

Market share and other industry data and information presented in this Offering Memorandum, and in particular the estimated growth rates and other industry-related forecasts (including average match attendance), were prepared prior to or concurrently with the outbreak of the COVID-19 pandemic, which started in late 2019, and has since had a material effect on the football industry in Italy. As a result, none of such data or information has been updated to account for the ongoing impact of the COVID-19 pandemic on the football industry in Italy. Consequently, neither we nor the Initial Purchaser make any representation as to the accuracy or completeness of any such data or information in this Offering Memorandum and you should not place undue reliance on such data and information. See "*Risk Factors—Risks Related to the Issuer—Our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the impact and outcome of the pandemic remain uncertain*".

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by trade associations and industry consultants. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Memorandum was estimated or derived based on assumptions we deem reasonable and from our own research, surveys or studies conducted by third parties, including trade associations, and other industry or general publications. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchaser have independently verified such data and cannot guarantee its accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. None of the Issuer, the Group or the Initial Purchaser can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchaser can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data.

This Offering Memorandum includes or makes reference to certain information taken from the Nielsen Sports Report, KPMG Report, the Deloitte Report, the Brand Finance Report, the Global Media Report and the Iquii Sport Report, as well as data from UEFA, Transfermarkt and Business Monitor International Ltd ("**BMI**"). Such reports and data have not been prepared specifically for us and relate to general industry analysis.

We believe that all relevant third parties conducted their analysis and prepared their reports utilizing reasonable care and skill in applying methods of analysis consistent with normal industry practice. All results are based on information available at the time of review. Changes in factors upon which the review was based could affect the results. There is no implied warranty of merchantability or fitness for a particular purpose to reply.

Our estimates involve risks and uncertainties and are subject to change based on various factors. See "*Risk Factors*", "*Industry*", "*Issuer's Business*" and "*Inter's Business*" for further discussion.

Trademarks and Tradenames

The Group owns or has rights to certain trademarks or trade names that it uses in conjunction with the operation of its businesses. Each trademark, trade name or service mark of any other company appearing in this Offering Memorandum belongs to its respective holder.

SUMMARY

This summary highlights certain information appearing elsewhere in this Offering Memorandum. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. This summary is qualified in its entirety by the more detailed information contained in this Offering Memorandum. Before investing, you should read the entire Offering Memorandum carefully, including the information under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer", "Industry", "Issuer's Business", "Inter's Business" and the Issuer Financial Statements and Inter Consolidated Financial Statements and the related notes included elsewhere in this Offering Memorandum. This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements". In addition, to give a comprehensive view of our business and operations, in light of the operational and contractual interconnection between our business and Inter's business, this summary and the Offering Memorandum as a whole contain information relating to Inter's business and operations despite the fact that Inter will not guarantee the Notes and is therefore not liable for amounts owing thereunder. As a consequence, noteholders are advised that they will have no recourse against Inter in respect of amounts owing on the Notes, and no undue reliance should therefore be placed on the financial results or operations of Inter in respect of the Issuer's ability to make payments on the Notes. See "Risk Factors—Risks Related to the Notes and the Collateral—Inter will not guarantee the Notes and is therefore not liable for amounts owing thereunder. As a consequence, noteholders are advised that they will have no recourse against Inter in respect of amounts owing on the Notes".

Overview

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

We generated revenue of €110.1 million, Adjusted Revenue of €267.7 million and Cash Available for Debt Service of €279.7 million for the twelve months ended March 31, 2020. We generate Adjusted Revenue through two principal business activities, media and sponsorships:

- ***Media:*** We generate Adjusted Media Revenue through the receivables associated with Inter's broadcasting rights ("**Indirect Media Revenue**") and from Inter TV, our subscription-based television channel, and the licensing of Inter's archive content rights ("**Direct Media Revenue**"). Our Adjusted Media Revenue was €173.8 million for the twelve months ended March 31, 2020, which constituted 64.9% of our Adjusted Revenue. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Adjusted Revenue*". For the twelve months ended March 31, 2020, Indirect Media Revenue constituted 90.7% of our Adjusted Media Revenue and Direct Media Revenue constituted 9.3% of our Adjusted Media Revenue.

- ***Sponsorships:*** We generate Sponsorship Revenue through sponsorship relationships with leading international and regional companies pursuant to a global, regional and product segmentation sponsorship strategy. Our global sponsorships include leading brands such as Nike, Pirelli, Jiangsu Suning, Lenovo and Crédit Agricole. Our Sponsorship Revenue was €93.8 million for the twelve months ended March 31, 2020, which constituted 35.0% of our Adjusted Revenue for the twelve months ended March 31, 2020.

With a history dating back to 1908, Inter is one of the leading European football clubs and one of the top football clubs in Italy. Inter is the only club to have played every season in Italy's top football league, known as Serie A, since the league's inception in 1929, and is the only club in Serie A that has never been relegated to a league with a lower standing. Inter has won 30 domestic trophies (including 18 Serie A championships, seven TIM Cup titles and five Supercoppa TIM titles), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010, Inter became the first Italian team to complete the "Continental Treble" by winning the titles in Serie A, TIM Cup and UEFA Champions League all in the same season. Since 2000, Inter has won the Serie A championship five consecutive times, from 2005/2006 to 2009/2010.

The club is headquartered in Milan, the fourth wealthiest European metropolitan area (measured by GDP for 2016) that is home to a major football club. The team's home matches are played at Stadio Giuseppe Meazza ("**San Siro**") in Milan, which the team leases together with rival A.C. Milan. San Siro has a listed capacity of 78,328, which ranks as the largest stadium in Italy and one of the top ten largest stadiums in Europe. The club's shirt-front sponsor is Milan-based tire producer Pirelli, which has been Inter's shirt-front sponsor since 1995, and the official kit provider is Nike, which has provided Inter's kit since 1998.

According to the Nielsen Sport Report, Inter had a potential fan base of approximately 286 million fans (those who claim to be "interested" in Inter) across 45 countries worldwide in 2019, placing the team 9th in terms of global popularity among major European football teams. In addition, according to the Iquii Sport Report, Inter has approximately 32 million social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube), placing the team 12th in terms of social media following among major European football teams. Inter's number of digital followers grew by an estimated 54% in 2019 compared to the previous year. Inter also has a solid presence in China and was the first football club to participate in the China International Import Expo (CIIE) from its inauguration in 2018. According to Transfermarkt, over the last two years, Inter has had the highest stadium attendance in Serie A, with an average match attendance of approximately 61,400 for the 2018/2019 season and approximately 65,800 for the 2019/2020 season to date, compared to a Serie A average of approximately 25,100 in 2018/2019 and 27,200 in 2019/2020. Inter also engages with supporters on a variety of digital platforms, including its website, www.inter.it, which had approximately four million unique page views in the month of January 2020.

We are indirectly owned by Inter, which in turn is owned by Great Horizon S.à r.l. ("**Great Horizon**") (68.55%), International Sports Capital S.p.A. ("**ISC**") (31.05%) and minority shareholders (0.40%). Our majority shareholder Great Horizon is part of the Suning Group ("**Suning**"), a Chinese conglomerate founded in 1990 which ranked among the top three non-state owned enterprises in China by revenue in 2019. Suning has businesses in a variety of sectors, including retail, real estate, financial and investment management services, education, culture, health, entertainment, media and sports investment. Suning is an experienced owner of sports businesses, as it owns the Chinese football club Jiangsu Suning FC, which plays in China's top division. In addition, Suning's industry experience, combined with its strong presence in Asia, provides us with significant opportunities for commercial synergies in the Asian market.

Our Competitive Strengths

We believe that we have the following competitive strengths:

We benefit from strong historical financial performance and future growth prospects.

We benefit from strong historical financial performance and future growth prospects from our media and sponsorship activities. Over the last three fiscal years, our Adjusted Revenue has increased from €220.7 million in the fiscal year ended June 30, 2017, to €238.6 million in the fiscal year ended June 30, 2018, to €291.0 million in the fiscal year ended June 30, 2019, a CAGR of 14.8%. Serie A's broadcast revenue is determined by multi-year contracts between the *Lega Nazionale Professionisti di Serie A* ("**LNP**") and the broadcasters and is then allocated among Serie A teams as determined by a formula that places an increasing importance on a team's social rooting determined on the basis of live audience and television audience share. As Inter is the top football club in Italy based on live audience and the second ranking club based on television audience share, we are currently allocated one of the largest portions of Serie A revenue. See "*Issuer's Business—Our Revenue Drivers—Media—Indirect Media Revenue—Serie A*". For the 2016/2017, 2017/2018 and 2018/2019 seasons, our Serie A Indirect Media Revenue was €90.0 million, €100.7 million and €94.9 million, respectively. Given Inter's long history of success at the domestic and international levels, together with Inter's high match attendance rate, even if it had finished near the bottom of the Serie A league table in any of the past three seasons, our Serie A Indirect Media Revenue would still have been approximately €80 million in that season (including the average effective VAT rate from 2018 and 2019). On October 10, 2017, LNP announced that the international–only Serie A broadcasting rights for the 2018-2021 seasons had been sold for €371.0 million per season, a 95% increase in value over the annual amount for each of the previous three seasons. On June 13, 2018, the domestic broadcasting rights for Serie A for the 2018-2021 seasons were sold for €973 million per season, with the opportunity for revenues to increase by an additional €150 million per year based on provider subscription and revenue growth, compared to €945 million annually from 2015 to 2018. The Serie A broadcasting rights have been awarded to Sky Italia and DAZN for national distribution and to IMG for international distribution.

Since the 2018/2019 season, four teams, rather than three teams, in Serie A qualify for the UEFA Champions League. This change created an additional opportunity for Inter to qualify for the UEFA Champions League, which would increase payments under many of our existing sponsorship contracts, including the contracts with Nike and Pirelli, and enable us to collect significantly higher UEFA Indirect Media Revenue and provide greater visibility and increased opportunities for more lucrative sponsorships. In both seasons following this change, we qualified for the UEFA Champions League, and during the 2018/2019 season, when Inter returned to the UEFA Champions League, our UEFA Indirect Media Revenue increased to €50.1 million compared to €0.5 million in the 2017/2018 season and €7.6 million in the 2016/2017 season. This increase in our UEFA Indirect Media Revenue contributed to an increase in our Adjusted Media Revenue and Sponsorship Revenue to €160.3 million and €130.5 million, respectively, for the fiscal year ended June 30, 2019 compared to €115.6 million and €122.5 million, respectively, for the fiscal year ended June 30, 2018 and €112.3 million and €108.3 million of Adjusted Media Revenue and Sponsorship Revenue for the fiscal year ended June 30, 2017.

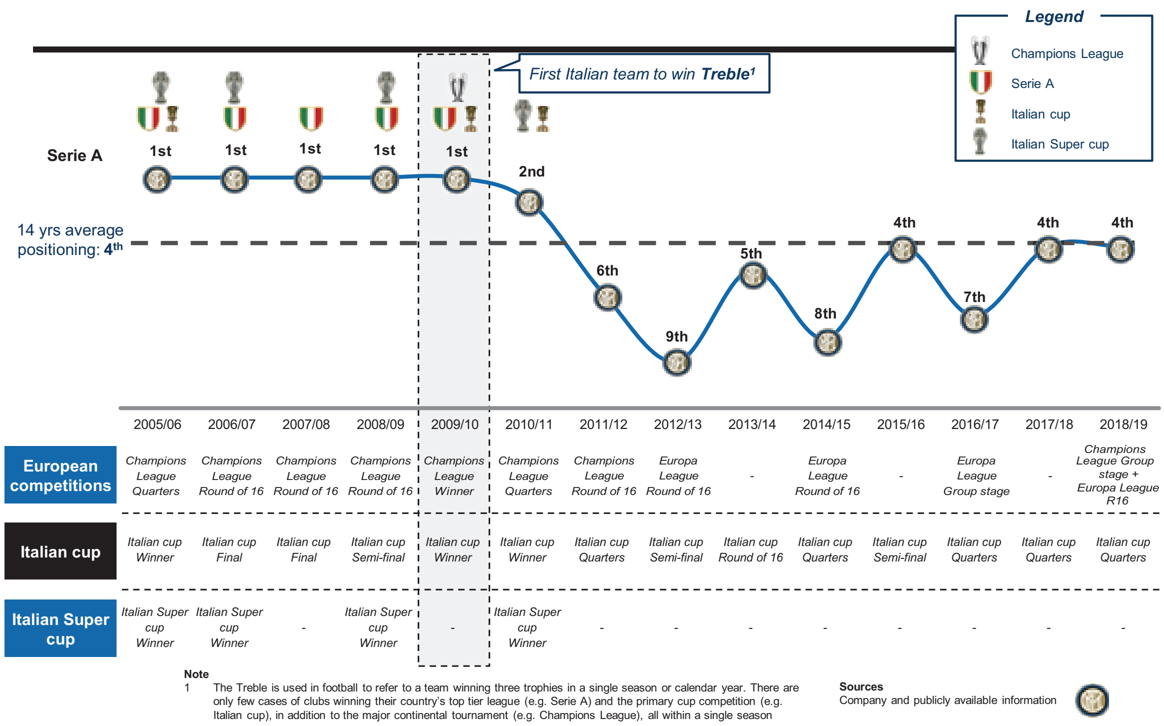
We also derive significant revenue from our sponsorship contracts. Our Sponsorship Revenue was €108.3 million, €122.5 million and €130.5 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. We benefit from long-term sponsorship contracts with partners such as Nike (kit provider for the last 22 years) and Pirelli (shirt sponsor for the last 25 years). The Nike contract provides for an annual base fee, which may be increased by certain performance incentive payments in the event that the club wins various tournaments such as the Serie A championship, the UEFA Champions League or the FIFA Club World Cup and is reduced if the club fails to qualify for European competition or is relegated from Serie A. We received €10.0 million under the Nike contract for the fiscal year ended June 30, 2019 compared to €4.3 million for the fiscal year ended June 30, 2018 due to Inter's return to the UEFA Champions League in the 2018/2019 season as well as the current season and we expect to receive €12.5 million as the base fee for the fiscal year ended June 30, 2020. See "*Issuer's Business—Our Revenue Drivers—Sponsorships—Kit Sponsors—Nike*". Under our current shirt sponsorship agreement with Pirelli, we receive a base compensation which increases over the contract period to €12.8 million in the current 2020/2021 season, subject to certain performance-related enhancements and reductions. In December 2016, we signed the Naming Rights and Sponsorship Agreement with Jiangsu Suning Sports Industry Co. Ltd. ("**Jiangsu Suning**"), a Chinese sports business owned by our majority shareholder Suning, granting Jiangsu Suning naming rights for Inter's training kit and training center, as well as additional sponsorship rights in Asia. Since December 21, 2017, when the Existing Notes were issued, we have received approximately 53% of the €16.5 million annual sponsorship base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit and Inter has received the remaining 47%, which relates to the naming rights of the training center. On July 1, 2020, the Naming Rights and Sponsorship Agreement was further amended to reflect a two-year extension until 2022, which increases the certainty of the revenue arising thereunder by replacing the performance based contingent compensation with an extension of the base fee. We recognized €6.4 million of revenue from the Naming Rights and Sponsorship Agreement in the nine months ended March 31, 2020.

Additionally, we have an agreement with Infront Italy S.p.A. ("**Infront**"), a global sports marketing agency, with respect to the digitalization and marketing in Italy of archive content of matches played in Serie A (after the first 48 hours after the match has been played), as well as TIM Cup and Supercoppa TIM matches (the "**Infront Archive Agreement**"). Infront digitizes and markets our archived content and provided a guarantee under the Infront Archive Agreement that we will receive €10.4 million, plus VAT, per season from the 2018/2019 season through the 2020/2021 season. We also receive revenue from Inter TV, our subscription based television channel, which delivers Inter-related programming through Sky Italia S.r.l. ("**Sky Italia**").

According to the KPMG Report, Inter is ranked third in the ranking of top clubs by overall enterprise value growth during the 2016-2020 period, with a growth of 146% which was mainly due to (i) a 168% increase in commercial revenue over the past five seasons, the highest growth rate among the top 32 European clubs, (ii) a 232% increase in social media followers since 2016, the highest growth rate among the top five clubs ranked by growth, and (iii) a significant decrease in staff costs-to-revenue ratio from 69% to 53% during the past five seasons.

Inter is one of the most iconic European football clubs with a global and passionate fan base making the Inter brand one of the most recognizable and valuable in the sport.

Inter's global and passionate fan base, combined with its iconic history, makes the Inter brand one of the most valuable and recognizable in the sport. With a history dating back to 1908, Inter is the only club to have played every season in Serie A since the league's inception in 1929, and it is the only club that has never been relegated from Serie A. Inter has won 18 Serie A championships, seven TIM Cup titles, five Supercoppa TIM titles, three UEFA Champions League titles, three UEFA Cup League titles, two Intercontinental Cups, and one FIFA Club World Cup title. In 2010, Inter won the Serie A championship, the TIM Cup and the UEFA Champions League, becoming the first and only Italian club to have won all three competitions in the same year, the "Continental Treble". Inter's iconic black and blue jersey has been worn by some of the world's most famous players, including Giuseppe Meazza, Treble-winning team members Javier Zanetti, Marco Materazzi, Diego Milito and Samuel Eto'o, 1965/1966 Serie A and Intercontinental Cup-winning team members Sandro Mazzola and Giacinto Facchetti and Ballon d'Or winners Lothar Mattheus, Roberto Baggio, Karl-Heinz Rummenigge and Ronaldo. Inter's current roster includes 17 players out of 23 who have played for their respective national teams and players of world class caliber such as Romelo Lukaku and Christian Eriksen. The chart below shows Inter's final position in the Serie A league tables since the 2005/2006 season, as well as its performance in European and domestic competitions.



According to the Iquii Sport Report, Inter has a global fan base of approximately 32 million social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube), placing the team 12th in terms of social media following among major European football teams. According to Transfermarkt, over the last two years, Inter has had the highest stadium attendance in Serie A, with an average match attendance of approximately 61,400 for the 2018/2019 season and approximately 65,800 for the 2019/2020 season to date, compared to a Serie A average of approximately 25,100 in 2018/2019 and 27,200 in 2019/2020. Inter established for the first time a waiting list for supporters to be first in line to obtain season tickets for the 2020/2021 season after season tickets for the 2019/2020 season sold out. Inter also engages with supporters on a variety of digital platforms, including its website, www.inter.it, which had approximately four million unique page views in the month of January 2020.

The Milan market drives high media and sponsorship revenues.

Milan is the most populous and wealthy metropolitan region of Italy, with a population of 8.2 million and a GDP per capita of €45,699 in 2013 (source: BMI), the highest of any Italian metropolitan region. Milan is also considered the business capital of Italy and a diverse group of large companies such as Pirelli, Campari, Dolce & Gabbana, Armani, Luxottica and Vodafone Italia are headquartered in the city. Milan is also ranked as the 16th most popular tourist destination globally and the most visited city in Italy, with approximately nine million international visitors each year. Each year, Milan is host to a number of high-profile global events, such as Milan Fashion Week and the Grand Prix of Italy. Milan's per capita wealth and purchasing power, global businesses and robust international tourism industry combine to provide an ideal market for the Inter brand, supporting Inter's attractiveness to corporations for advertising, sponsorships and premium seating.

Football is the most popular sport in the world and Serie A is one of the top professional leagues worldwide.

European professional football is one of the leading spectator sports in the world. Football events have a significantly higher number of global viewers than American football events such as the Super Bowl, with the 2015 UEFA Champions League final drawing 180 million total global viewers and the FIFA World Cup 2018 final drawing 517 million total global viewers, as compared to 98 million total global viewers of the Super Bowl in 2019. According to the Deloitte Report, there has been a continued growth in European competition media rights, demonstrated by a 39% growth in average annual distribution revenue to clubs from UEFA Champions League and UEFA Europa League. Serie A is one of the most popular and highest revenue-generating leagues in Europe and is estimated by Iquii to have approximately 200 million social media fans. In their 2018 Club Licensing Benchmarking Report (the most recent year in which the report has been published), UEFA estimated that in the 2019/2020 season, Serie A clubs would generate a combined €1.3 billion in total broadcasting revenue, the fourth highest among European domestic leagues. UEFA's estimates are based on data from 2018 (most recent year report has been published). The domestic broadcasting rights for Serie A for the 2018-2021 seasons were sold for €973.0 million per season and the international rights to Serie A matches have been sold for €371.0 million per season for the same three-season period, a 95% increase on their value for the preceding three seasons. Finally, the Deloitte Report indicates that Serie A is one of the fastest growing European domestic leagues with a 30% total revenue growth since the 2016/2017 season and a 44% growth in the sponsorship and other commercial revenue growth since the 2016/2017 season.

Serie A has the second highest track record of UEFA titles won in its long history of success, with its participant clubs having won 30 UEFA titles, including 12 UEFA Champions League titles (and competing in the UEFA Champions League final 28 times in 64 years of the tournament's existence), nine UEFA Europa League titles and nine UEFA Super Cup titles. Serie A clubs have the second highest number of UEFA championship titles and UEFA Champions League appearances of all European domestic football leagues.

The Group has a highly experienced management team and strong shareholders.

The Group has a highly experienced management team focused on realizing the full sporting and commercial potential of our Group. The Group has attracted top managerial talent from other football clubs and global corporations with experience and expertise in the sports, finance, marketing, sponsorship and commercial sectors. The Group's Chief Executive Officer, Alessandro Antonello has been with the Group since 2015 and has previously served as the Chief Financial Officer and as the Chief Operating Officer. Mr. Antonello brings over 20 years' experience in senior finance, administration and reorganization and restructuring to his role, including managerial experience with other well-known Italian brands, and is committed to stability and consistency in personnel and planning. In addition, the Group's Chief Executive Officer for Sport Giuseppe Marotta joined us in December 2018 and is highly regarded in Italian and world football, having been inducted in the FIGC's Hall of Fame of Italian Football in 2014. The Group's Chief Commercial Officer, Jaime Colas Rubio, joined Inter in July 2019, after previously serving as global sponsorship sales director for Real Madrid C.F., and plays a key role in attracting top tier sponsors to the club. Our management team has achieved key competitive, organizational, promotional and financial accomplishments quickly.

In June 2016, Suning, led by Zhang Jindong, acquired a majority interest (approximately 70%) of Inter through share purchase and subscription of shares from International Sports Capital S.p.A., which reduced its interest to approximately 30%. Suning continues to be highly committed to Inter, having injected additional funding by way of equity and Shareholder Loans. Suning has a proven track record of building successful sports businesses as it also owns the Chinese football club Jiangsu Suning FC. In addition, Suning provides direct access to the Asian market, with one of its affiliate businesses, Suning Commerce Group, operating over 4,000 points of sale in approximately 600 cities across China, as well as an e-commerce platform comprising a website, a mobile application and a TV channel, providing an integrated online and offline shopping experience that reaches millions of consumers in China and which can be used to maximize the reach of Inter's brand. Also as a result of this enhanced access to the Asian market, Inter has recorded a steady growth in commercial revenue originated from China and other Asian countries, which increased from €83 million in the fiscal year ended June 30, 2017 to €102 million in the fiscal year ended June 30, 2019. Another Suning business unit, Suning Sports Group, focuses on sports-related investments and business operations, including football club operations, sports e-commerce, content and media, copyright marketing, sports agency, the organization of football-related events, such as tours and friendly matches, and other sports businesses throughout China. This industry expertise, combined with Suning's broad Asian reach, provides us with significant opportunities for synergies, including sponsorship relationships and co-branding opportunities, among others.

The Issuer's financing structure provides protections for noteholders.

The Issuer's financing structure provides protections for noteholders, as the Indenture requires that the Issuer prioritizes the allocation of funds to various Secured Accounts to pre-fund operating expenses, debt service and taxes before making distributions to Inter. The Indenture also requires that the Issuer maintain a minimum Debt Service Coverage Ratio (on a historical and forward-looking basis) (as defined in "*Description of the Notes*") of 1.5x with such Debt Service Coverage Ratio to be tested semi-annually at the time of delivery of the financial statements for the Issuer's second and fourth financial quarters. Furthermore, the Indenture requires that the Issuer mandatorily redeem part of the Notes under certain circumstances related to relegation or agreements relating to indirect media rights no longer being in effect.

Our Strategy

We aim to increase our revenues and Inter's fan engagement. The key elements of our strategy are:

Continue to enhance our sponsorship revenue.

We believe that there are opportunities to further increase revenues from sponsorships, particularly through improving the terms of existing sponsorship contracts and entering into new sponsorship contracts. Commencing with the 2018/2019 season, we terminated our arrangement with Infront as our exclusive agent for the marketing and negotiation of sponsorship relationships in Italy and the rest of Europe and brought these functions in house. For the fiscal year ended June 30, 2019, the annual value of our global sponsorships amounted to €12.3 million and, since July 1, 2019, we have signed ten new sponsorship contracts, including with Lenovo, Acronis, Hugo Boss, Linkem, and A2A, which we expect to have a positive €7.1 million net impact on the overall annual value of our sponsorship contracts. Moreover, we have historically benefitted from a longstanding relationship with Pirelli as our exclusive shirt sponsor; however, as part of our strategy to expand the shirt sponsorship packages we can offer, we recently signed a new agreement with an Australian sponsor, which provides for the inclusion of the logo of the new sponsor on one of the sleeves of our team's jerseys starting from the next 2020/2021 season. The new sponsorship agreement provides for a fixed fee of €4.5 million, €4.8 million and €5.0 million (plus bonuses, upon achievement of certain sport results) for the fiscal years ending June 30, 2021, 2022 and 2023, respectively. Therefore, after the payment of a one-off consent fee to Pirelli, we will benefit from a net increase of €2 million in our shirt sponsorship revenue for the fiscal year ending June 30, 2021. In addition, we plan to continue extracting additional value from our shirt sponsorship packages to possibly also cover the back of our team's jerseys.

According to the Deloitte Report, Inter's total commercial revenue of €154.5 million for the 2018/2019 season placed it 10th in the ranking of European football clubs by commercial revenue, compared to €317.2 million in commercial revenue earned by Manchester United, €356.5 million earned by Bayern Munich, €383.5 million earned by Barcelona and €354.6 million earned by Real Madrid. In the fiscal year ended June 30, 2019, Inter received a total of €29.1 million in combined revenue from its kit and shirt sponsorship deals with Nike and Pirelli, while other European clubs such as Real Madrid, Manchester United and FC Barcelona reported kit and shirt sponsorship deal values of over €100.0 million. We believe that a modest improvement in Inter's on-pitch performance could result in substantial increases in the market value of these contracts. We have also introduced a multi-sponsor strategy with respect to the players' kit, with different sponsors for Inter's training kit and for Inter's first team official kit, and we also intend to partner with additional sponsors for Inter's youth teams and Inter Academy, a youth football program that Inter operates in various global markets in partnership with local sports training centers.

***Increase the value of the Inter brand by creating compelling content and increasing fan engagement*.**

We are focused on increasing the value of the Inter brand by creating a variety of compelling content to support increased engagement with Inter's fans across traditional media and digital platforms and to enhance the value proposition that the brand offers to current and potential sponsors. In September 2017, we have announced the Inter Media House project, a concept that combines production of all online and offline media content under one function and allows us to create high-quality, high-definition content that can be shared across all of Inter's content channels, including Inter TV (formerly Inter Channel), Inter's social media networks, Inter's mobile application and Inter's website. Inter Media House allows us to efficiently increase the scale of our content production while maintaining high production quality and enables us to engage with Inter fans around the world, including Inter's approximately 32 million (source: Iquii Sport Report) social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube). Our goal is to continue to promote our brand through innovative channels. For example, Inter was the first Italian football club with a TikTok profile and Inter is currently the most followed Italian football club on Weibo. We have also recently launched a Twitter account dedicated to Inter Women, the Inter women's team. As Inter's social media reach increases, we benefit from additional touchpoints with supporters worldwide, and this increased supporter engagement enhances Inter's appeal to sponsors and advertisers. We intend to continue focusing on developing premium and exclusive content to appeal to our fans and followers around the world and to continue to attract new supporters in a variety of markets. As part of our continuing development of the Inter Media House, we are now able to provide digital content also for our third-party sponsor partners, with the aim of further increasing their exposure in connection with off-the-pitch experiences by allowing, for example, camera access to locker rooms and training sessions. We also expect this strategy will support our Sponsorship Revenue as a result of a focus on the sale of digital content as part of our sponsorship arrangements. Finally, Inter has recently announced the launch of its own eSports team, Inter | QLASH in partnership with QLASH, a leading eSports content creator which creates and supports community gaming and eSports initiatives on both a local and global level. The creation of an eSports team is part of Inter's continuous effort to maintain a broad-based presence, with a particular focus on the interests of the younger fans.

In addition to providing fans with more and improved Inter content across diverse platforms, we aim to increase the level of engagement of Inter's fans with this content. For example, Inter Official App, which is available in three different languages, allows fans to purchase matchday tickets online, receive live updates during matches and view exclusive team content. Inter is also focused on developing programs offering special access to team events and photo opportunities to particularly engaged fans, as well as creating additional programs tailored to families, such as the "Family Stand" at San Siro, to continue building a new generation of support among Inter's youngest fans. Additionally, for the last three summers, Inter has participated in the International Champions Cup (in China and Singapore in 2017, France, Spain and Italy in 2018 and Singapore, China and the United Kingdom in 2019), a pre-season football tournament organized to allow elite European football clubs to connect with their fans and followers around the world. Inter intends to continue this success with future global off-season tours. Our and Inter's demonstrated commitment to grow Inter's fan universe and revenue base through a combination of compelling content across all media assets, team tours, strategic partnerships and on-pitch success makes Inter well-placed to capitalize on additional monetization opportunities with existing and future fans and allows us to benefit through enhancing existing sponsorships and providing opportunities for future sponsorships. This commitment to grow Inter's fan universe has led to a 232% increase in social media followers since January 2016, resulting in Inter's leading position in the top five clubs ranked by growth in social media followers according to the KPMG Report.

Recent Developments

COVID-19

In response to the COVID-19 pandemic, governments globally (including within the markets in which we operate) have implemented strict social distancing measures, including varying degrees of lockdowns and closures of non-essential businesses, including ours. The COVID-19 pandemic presents an unprecedented disruption to our business, and the wide variations in potential outcomes present a material challenge to our business and industry. We took action early in response to the crisis as COVID-19 was emerging in Asia (including the suspension of women's football and youth sector activities, the use of remote working for all personnel and the supply of health equipment to our staff since February 2020) and we continue to take all actions that we believe are prudent to protect players, our employees and fans, protect and manage the business, reduce our cost base and protect our operating cash flows.

The COVID-19 pandemic may negatively impact our Indirect Media Revenue for the fiscal year ended June 30, 2020 and for the current fiscal year as a direct consequence of actions taken by broadcasters SKY, DAZN and IMG. Despite the restart of the 2019/2020 season and the timely payment of the first instalment of media rights fees for the 2020/2021 season, the broadcasters SKY, DAZN and IMG, which respectively hold national distribution and international distribution rights to Serie A matches, have not yet paid the full final instalment of media rights fees for the 2019/2020 season, originally due in May 2020 and totaling approximately €220 million of a total of €1.3 billion annual fee under a three-year agreement expiring at the end of the next 2020/2021 season. In particular, SKY has not yet paid its portion of the last instalment of the media rights fees for the 2019/2020 season, whereas DAZN and IMG have reached an agreement with LNP to pay their full share of the last instalment of media rights fees for the 2019/2020 season, a portion of which was paid on June 27, 2020 and the remainder to be paid in July 2020. Any discount that may be agreed between LNP and SKY for its portion of the media rights fee may trigger a similar discount of the remaining fees payable by DAZN and IMG, which, in turn, may further negatively impact our Indirect Media Revenue. We estimate that Inter's share of the unpaid portion of the final installment of media rights fees for the 2019/2020 season is approximately €12 million, €9 million or €6 million, gross of VAT, depending on whether Inter ranks, respectively, second, third or fourth in the ranking at the end of the 2019/2020 Serie A season. There can be no assurance on the timing of the payment of the last instalment of the Serie A media rights fee by SKY, DAZN and IMG, which, in turn, has an impact on the recognition of such revenue in the fiscal year ended June 30, 2020. A further impact on our Indirect Media Revenue recognition for the fiscal year ended June 30, 2020 is the timing of collection of the approximately €6 million final balance of the UEFA market pool distribution. Although, as of the date of this Offering Memorandum, we have received all amounts due in respect of our participation in the group stage of the UEFA Champions League and our progression to the round of 16 of the UEFA Europa League, we have not yet received the amount relating to the final balance of the market pool, which is typically paid towards the end of the season in June and is estimated to amount to approximately €6 million.

Moreover, Inter's operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and government and league actions taken in response. Such actions resulted in the postponement of the 2019/2020 Serie A season, UEFA and domestic cup competitions and the closure of the San Siro stadium since March 9, 2020. The postponement has resulted in the deferral of four matches originally expected to be played in the three months ended March 31, 2020 and of four home matches originally expected to be played in the last three months ended June 30, 2020. The impact of such deferral has contributed to an estimated reduction in Inter's matchday ticket revenue of approximately €3 million, in addition to the non recognition of €3 million relating to season ticket revenue during the nine months ended March 31, 2020 that would have otherwise been recognized in the period ending March 31, 2020 had the games been played as originally scheduled. The lack of matchday revenue has negatively impacted, and is expected to continue to negatively impact, Inter's liquidity position. Even though Serie A matches and TIM Cup matches have now resumed and it has been announced that UEFA Europa League matches will resume on August 5 with the final scheduled on August 21, the remaining portion of the 2019/2020 season will be played behind closed doors and no assurance can be given that any portion of the 2020/2021 season matches will be played with spectators, thus potentially resulting in a prolonged negative impact on Inter's results of operations.

It is not possible to accurately predict the medium or long-term impact of COVID-19 on our business, results of operations, financial condition and industry. For further information on the impact of COVID-19 on our results of operations, see "*Risk Factors—Risks Related to the Issuer—Our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the impact and outcome of the pandemic remain uncertain*" and "*—Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19*". See also *"Forward-Looking Statements"*.

The Offering

In this Offering Memorandum, we use the term "Offering" to refer to the Offering and sale of the Notes and the application of proceeds therefrom as described in "*Use of Proceeds*". We expect to use the proceeds of the Offering (i) to deposit additional amounts in the Debt Service Account and Debt Service Reserve Account as required under the Indenture as a result of the increased size of the principal amount of indebtedness outstanding following the Offering, (ii) to pay fees and expenses, including the OID, the Initial Purchaser's commissions and the estimated expenses in respect of the Offering and (iii) for Inter's general corporate purposes through amounts loaned to Inter via the New Intercompany Loan.

Our Shareholders

We are a subsidiary of Inter and BrandCo (which is, in turn, wholly owned by Inter). Inter is, in turn, owned by Great Horizon S.à r.l. ("**Great Horizon**") (68.55%), International Sports Capital S.p.A. ("**ISC**") (31.05%) and minority shareholders (0.40%). See "*Principal Shareholders*".

Great Horizon S.à r.l.

Great Horizon is part of the Suning Group, a Chinese conglomerate founded in 1990, which ranked among the top three non-state owned enterprises in China by revenue in 2019. The Suning Group has businesses in a variety of sectors, including retail, real estate, culture and media, financial services and investment management. Great Horizon's direct parent, Suning Sports International Ltd. ("**Suning Sports**"), is part of the Suning Sports Group, which is focused on sports-related investments and business operations, including football club operations, sports e-commerce, content and media, copyright marketing and sports agency. The Suning Sports Group also owns a Chinese football club, Jiangsu Suning FC, which plays in China's top division, and a pay television station that broadcasts the most profitable football events in China, and runs football events such as tours and friendly matches. Leveraging Suning's retail, sports media and football clubs expertise, Suning Sports Group invests and operates businesses across a broad range of sports and sports-related industries beyond ownership of football clubs, such as sports e-commerce, content and media, copyright marketing and sports agency.

International Sports Capital S.p.A.

ISC is owned by LionRock Capital, which is an experienced private equity investor based in Hong Kong specialized in providing support for growth-stage consumer companies.

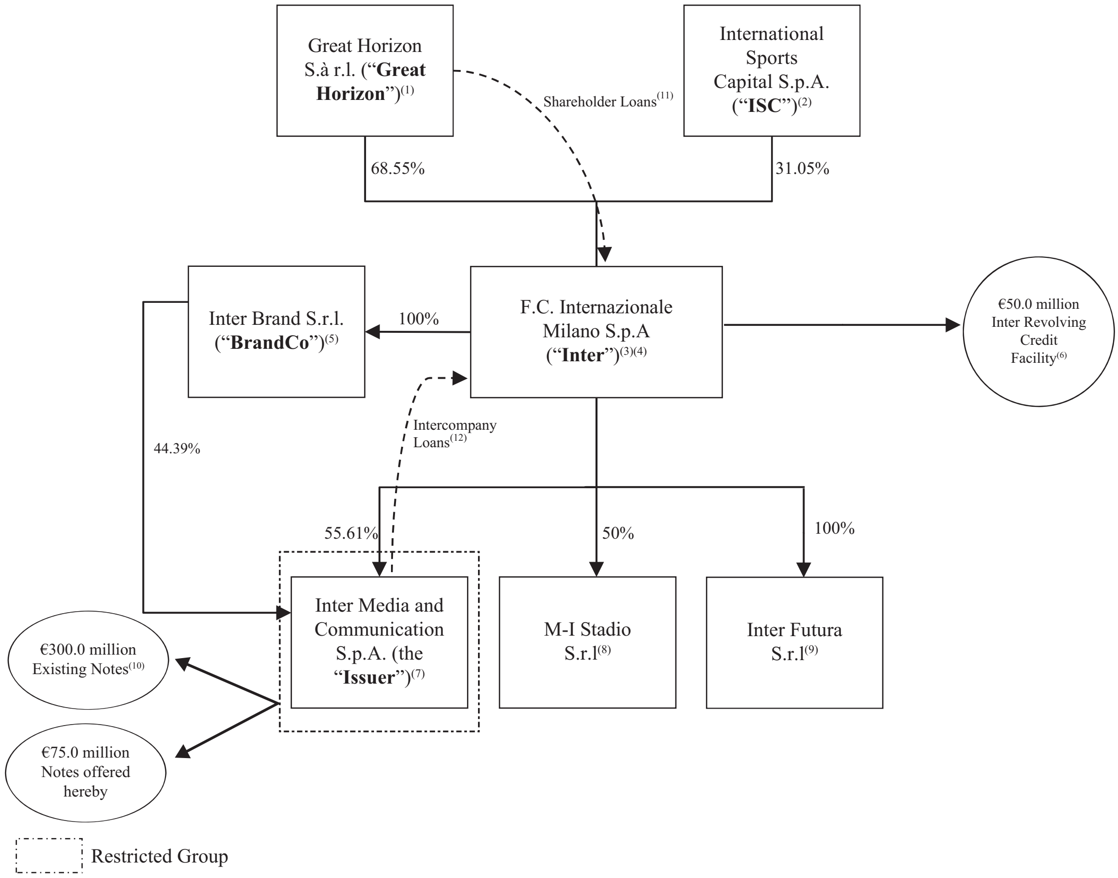
Issuer Information

The Issuer is a private joint stock company (*società per azioni*) duly incorporated under Italian law, registered under number 08651600960. The Issuer is registered with the Register of Companies of Milan-Monza-Brianza-Lodi (*Registro delle Imprese di Milano-Monza-Brianza-Lodi*) with registered office at Viale della Liberazione, no. 16/18, 20124 Milan, Italy, and its telephone number is +39 02 82719080. The Issuer's incorporation will terminate on June 30, 2060, subject to certain amendments being made to its bylaws to extend the period of its incorporation. As of the date of this Offering Memorandum, the Issuer had a fully paid-up share capital of €500,000 indirectly wholly-owned by Inter. See "*Principal Shareholders*" and "*Annex B: Issuer By-Laws* (*Statuto)*".

Inter is registered under number 80066310154 with the Register of Companies of Milan-Monza-Brianza-Lodi (*Registro delle Imprese di Milano-Monza-Brianza-Lodi*) with registered office at Viale della Liberazione, no. 16/18, 20124 Milan, Italy, and its telephone number is +39 02 82719080. Inter's incorporation will terminate on June 30, 2051, subject to certain amendments being made to its bylaws to extend the period of its incorporation. As of the date of this Offering Memorandum, Inter had a fully paid-up share capital of €19,195,313.34**,** of which 68.55% is owned by Great Horizon, 31.05% is owned by International Sports Capital S.p.A., and 0.40% is owned by minority shareholders. See "*Principal Shareholders*".

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram reflects a simplified summary of our corporate structure and shareholders and our principal indebtedness on an adjusted basis after giving effect to the Offering and the use of the proceeds thereof. For further information, see "Use of Proceeds", "Issuer's Capitalization", "Description of Certain Financing Arrangements" and "Description of the Notes".



(1) Great Horizon is wholly-owned by Suning Sports International Ltd., a subsidiary of Suning Holdings Group Co., Ltd., which is ultimately controlled by Zhang Jindong. See "*Principal Shareholders*".

(2) ISC is wholly-owned by LionRock Capital. See "*Principal Shareholders*".

(3) Inter is a joint stock corporation (*società per azioni*) incorporated in Italy.

(4) A *de minimis* amount of shares in Inter are held by individual shareholders. Members of management do not hold any shares. 0.37% of Inter's shares are held by Pirelli & C. S.p.A.

(5) BrandCo is a limited liability company (*società a responsibilità limitata*) incorporated in Italy and wholly-owned by Inter. BrandCo has one subsidiary that is in the process of liquidation on a solvent basis.

(6) The Inter Revolving Credit Facility was entered into by Inter on December 21, 2017 for a committed amount of €50.0 million, which is fully drawn and is expected to remain fully drawn on the Issue Date, subject to any clean-down requirements thereunder. The Inter Revolving Credit Facility is not guaranteed, and the Issuer is neither a borrower nor a guarantor under the Inter Revolving Credit Facility.

(7) The Issuer is a joint stock corporation (*società per azioni*) incorporated in Italy, owned 55.61% by Inter and 44.39% by BrandCo.

(8) M-I Stadio S.r.l. is a limited liability company incorporated in Italy which is a joint venture 50% owned by Inter and 50% owned by Associazione Calcio Milan S.p.A and which manages San Siro.

(9) Inter Futura S.r.l. is a limited liability company incorporated in Italy which is wholly-owned by Inter.

(10) For a description of the Collateral securing the Notes and the Existing Notes, see "*Description of the Notes—Security*".

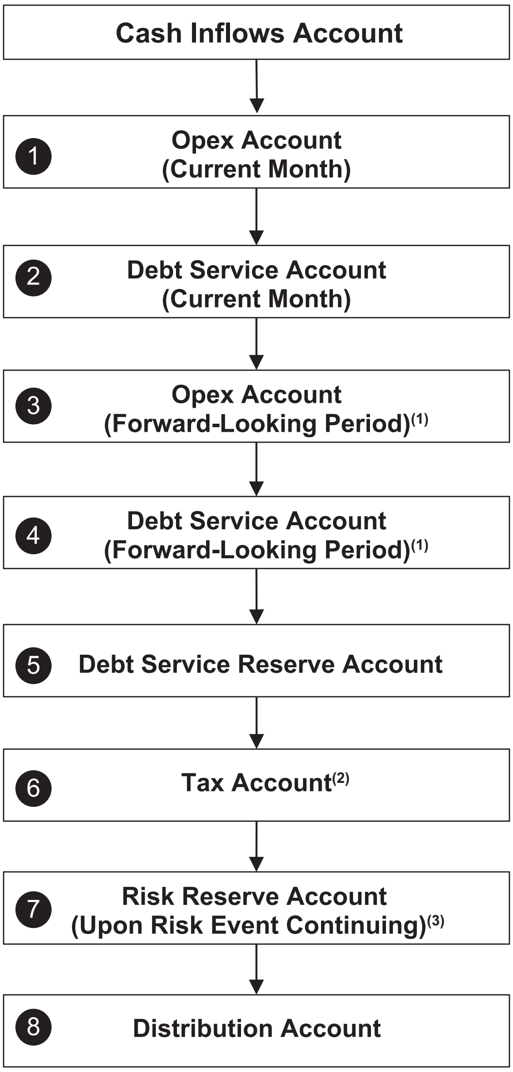
(11) The Shareholder Loans were made by Suning to Inter in connection with Suning's acquisition of its ownership shares in Inter and have been further extended from time to time in connection with the funding requirements of the Group. As of March 31, 2020, the total amount outstanding under the Shareholder Loans granted by Great Horizon was €88.3 million (including accrued interest) and by Suning Sports (and then assigned to Grand Flaship Limited) was €50.6 million. See

"*Description of Certain Financing Arrangements—Shareholder Loans*" for information on the maturity and amount outstanding under each Shareholder Loan. The remaining tranches of the Shareholder Loans mature on December 31, 2021, prior to the maturity of the Notes. On June 22, 2020, Suning waived the repayment of an amount equal to €10 million outstanding under the Shareholder Loans, which was allocated to Inter's equity reserve to cover future capital increases. See "*Risk Factors—Risks Related to Inter—The interests of the principal shareholders of Inter may conflict with the interests of the holders of the Notes*". The claims of Suning under the Shareholder Loans are subordinated to the claims of the lenders under the Inter Revolving Credit Facility in certain circumstances pursuant to the Subordination Agreement; however, the Shareholder Loans can be repaid by Inter prior to or at maturity under certain circumstances. See "*Description of Certain Financing Arrangements—Inter Revolving Credit Facility—Covenants—Payments to Shareholders*" and "*Description of Certain Financing Arrangements—Subordination Agreement*".

(12) The Amended Revolving Intercompany Loan has been made by the Issuer to Inter from time to time for a maximum amount of €300.0 million to finance Inter's working capital requirements and operational needs. No further amounts will be drawn on the Issue Date, when we expect the outstanding balance to be approximately €72.0 million. The Existing Proceeds Intercompany Loan was entered into between the Issuer, as lender, and Inter, as borrower, on December 21, 2017, pursuant to which the Issuer on-lent a portion of the proceeds of the Existing Notes to Inter to, *inter alia*, fund Inter's general corporate purposes. A portion of the proceeds of the Notes will be on-lent to Inter through the New Intercompany Loan to finance Inter's working capital requirements and operational needs. *Pro forma* for the Offering, the expected outstanding amount under the New Intercompany Loan as of the Issue Date will be approximately €62.1 million. The receivables under the Intercompany Loans have been or will be assigned by way of security as Collateral. See "*Description of Certain Financing Arrangements—Intercompany Loans*.

ISSUER SECURED ACCOUNT WATERFALL

The following diagram sets forth the Secured Accounts that the Issuer opened on or about the Original Issue Date and is required to maintain pursuant to the Indenture. See "*Description of Notes—Affirmative Covenants—Priority of Payments Waterfall—Designation of Accounts*". The Indenture provides that the Issuer is required to cause or ensure that all revenues, cash or other amounts received or earned by it (including any interest in respect of amounts standing to the credit of any Secured Account, other than the Distribution Account) are paid into the Cash Inflows Account. The Security Agent applies amounts standing to the credit of the Cash Inflows Account in the order set forth below on or before the third Business Day of each month and from time to time thereafter in each calendar month when the applicable accounts are fully funded upon request of the Issuer. Payments made out of such accounts for any specified purpose by the Issuer or the Security Agent, as the case may be, are made in accordance with a Secured Accounts Schedule (as defined under "*Description of the Notes*") provided by the Issuer to the Security Agent and are subject to certain conditions. See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall—Secured Account Waterfall*". On the Issue Date and *pro forma* for the Offering, it is expected that the Secured Accounts (to the extent applicable) will be fully funded.



(1) The lesser of (i) the following five months (after the current month) and (ii) the remainder of the current financial year.

(2) The lesser of (i) the following six months and (ii) the remainder of the current financial year.

(3) "Risk Event" is defined under "*Description of the Notes—Certain Definitions*".

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Inter Media and Communication S.p.A., a *società per azioni* organized under the laws of the Republic of Italy (the "Issuer").
Notes Offered	€75,000,000 aggregate principal amount of 4.875% Senior Secured Notes due 2022.
Maturity Date	The Notes will mature on December 31, 2022.
Interest	The Notes will bear interest at a rate of 4.875% per annum.
General	The Notes will be issued under the Indenture and will be treated as a single class with the Existing Notes with respect to waivers, amendments and all other matters which are not specifically designated for any applicable series. The Notes will not be fungible with the Existing Notes and will be issued with a separate ISIN or common codes.
Issue Price	93% (plus accrued interest, if any, from the Issue Date).
Interest Payment Date	Interest on the Notes will be payable semi-annually in arrears on June 30 and December 31 of each year, beginning on December 31, 2020. Interest will accrue from the Issue Date.
Ranking	The Notes will be senior obligations of the Issuer and will: • rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including Indebtedness under the Existing Notes; • be secured by first-priority liens over the Collateral along with obligations under the Existing Notes. See below under "—*Security*"; • rank senior in right of payment to any and all of the existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • be structurally subordinated to any future indebtedness of any future subsidiary of the Issuer that does not guarantee the Notes; and • be effectively senior to the Issuer's future unsecured indebtedness to the extent of the value of the Collateral securing the Notes and the Existing Notes.
Security	On or about the Issue Date, and subject to certain perfection requirements (to be carried out within the time period provided for in the relevant Security Document), the Notes will be secured by (i) a pledge (granted or confirmed and extended) over the entire corporate capital of the Issuer; (ii) a pledge (granted or confirmed and extended) over the accounts of the Issuer; (iii) security assignments (granted or confirmed and extended) of the rights and receivables arising under the Intercompany Loan Agreements, the License Agreement, the Playing and Staging Agreement, the Services Agreement and the Tax Consolidation Arrangements; (iv) security assignments (granted or confirmed and extended) of the rights and receivables arising under the Existing Direct Media Contracts,

the Existing Indirect Media Rights Arrangements and the Existing Sponsorship Agreements (including the Naming Rights and Sponsorship Agreement only for the portion relating to the training kit naming rights and any performance-related bonus) and the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Original Issue Date and prior to the Issue Date; (v) an undertaking to provide a security assignment of rights and receivables arising under the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Issue Date; (vi) a pledge (granted or confirmed and extended) over the account of Inter into which amounts received from UEFA will be deposited and an undertaking by Inter to transfer such amounts to the Issuer; and (vii) pledges (granted or confirmed and extended) over the Issuer's material intellectual property rights. See "*Description of the Notes—Security*" and "*Description of the Notes—Certain Definitions*".

The security interests over the Collateral may be released under certain circumstances. See "*Description of the Notes—Security—Release of Liens*" and "*Risk Factors—Risks Related to the Notes and the Collateral—There are circumstances other than repayment or discharge of the Notes under which the Collateral may be released automatically, without your consent or the consent of the Trustee*".

Optional Redemption .... The Issuer may redeem all or part of the Notes at any time, at the redemption prices listed in the section entitled "*Description of the Notes—Optional Redemption*".

Amortization .... The Issuer will be required to redeem a specified portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date on a *pro rata* basis in respect of the Notes on each date set forth below:

Mandatory Amortization Redemption Date	Principal Amount Due
December 31, 2020	€887,883
June 30, 2021	€913,997
December 31, 2021	€927,054
June 30, 2022	€953,168

The Issuer will also be required to redeem a specified portion of the Existing Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date on a *pro rata* basis in respect of the Existing Notes on each date set forth below:

Mandatory Amortization Redemption Date	Principal Amount Due
December 31, 2020	€3,400,000
June 30, 2021	€3,500,000
December 31, 2021	€3,550,000
June 30, 2022	€3,650,000

Mandatory Redemption	The Notes will be subject to three separate partial mandatory redemptions at the end of each fiscal year of the Issuer at a redemption price of 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date if certain conditions (concerning relegation and certain media rights ceasing to be in full force and effect) are met. See "*Description of the Notes—Mandatory Partial Redemption*".
Tax Redemption	The Issuer may redeem the Notes, in whole but not in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, if the Issuer or any future guarantor, would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws. See "*Description of the Notes—Redemption for Taxation Reasons*".
Additional Amounts	All payments made by or on behalf of the Issuer, or by a future guarantor, with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any such taxes are required to be withheld or deducted with respect to any payment made by or on behalf of the Issuer under the Notes, or by a future guarantor under any future guarantee, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by each holder of the Notes after such withholding (including any withholding or deduction in respect of the additional amounts) is not less than the amount that such holder would have received in the absence of such withholding or deductions. See "*Description of the Notes—Withholding Taxes*". The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Decree No. 461, except where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or its agents. See "*Description of the Notes—Withholding Taxes*". Although we believe that, under current law, Italian withholding tax will not be imposed under Decree No. 239 or Decree No. 461 where a noteholder is resident for tax purposes in a country included in the White List and such noteholder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, noteholders will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the countries included in the White List. See "*Tax Considerations—Certain Italian Tax Considerations*".

Change of Control	Upon the occurrence of certain events constituting a change of control, you will have the right to require the Issuer to repurchase the Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. See "*Description of the Notes—Change of Control*".
Use of Proceeds	See "*Use of Proceeds*".
Negative Covenants	The Indenture, among other things, restricts the ability of the Issuer and its restricted subsidiaries to: • incur additional debt and issue guarantees and preferred stock; • make certain payments, including dividends and other distributions, with respect to outstanding share capital; • make certain investments or loans, including participating in joint ventures; • make a change to the general nature of our business; • undertake certain activities (for example, to create new subsidiaries, make acquisitions and enter into joint ventures); • repay or redeem subordinated debt or share capital; • create or incur certain liens; • impose restrictions on the ability of subsidiaries to pay dividends or make other payments to the Issuer; • sell, lease or transfer certain assets, including shares of any restricted subsidiary; • effect a merger or consolidation with, or sell, all or substantially all of our assets to, another company; • enter into certain transactions with affiliates; and • impair the security interests for the benefit of the holders of the Existing Notes and the Notes. These covenants are subject to important exceptions and qualifications. See "*Description of the Notes—Certain Covenants*".
Affirmative Covenants	The Indenture requires the Issuer to comply with certain affirmative covenants, including: • deposit of all revenue, cash and other amounts received as described under "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*"; • compliance with certain agreements and contracts; • reporting; and • preservation and maintenance of material intellectual property.
Financial Covenants	The Indenture requires the Issuer to comply with a minimum Debt Service Coverage Ratio (on both a historical and forward-looking basis) that is tested semi-annually, next tested in respect of the period ended June 30, 2020. See "*Description of the Notes—Financial Covenant*".

Form and Denomination	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Transfer Restrictions; Absence of a Public Market for the Notes . . .	The Notes have not been and will not be registered under the U.S. Securities Act and thus are subject to restrictions on transferability and resale. The Issuer cannot assure you that a market for the Notes will develop or that, if a market develops, the market will be a liquid market. The Initial Purchaser has advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchaser is not obligated to do so and any market making with respect to the Notes may be discontinued without notice. See "*Plan of Distribution*".
Listing	Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market. In addition, application will be made to obtain listing of the Notes on the Vienna MTF.
Original Issue Discount	The Notes will be issued with original issue discount ("OID") for U.S. federal income tax purposes. Accordingly, U.S. investors will generally be required to include the original issue discount in gross income for U.S. federal income tax purposes as it accrues using the constant yield method, in advance of the receipt of cash corresponding to such income, regardless of their regular method of accounting for U.S. federal income tax purposes. For more information, see "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*".
Trustee and Rappresentante Comune	The Law Debenture Trust Corporation plc.
Security Agent	Unione di Banche Italiane S.p.A.
Paying Agent	The Bank of New York Mellon, London Branch.
Transfer Agent, Registrar and Listing Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Governing Law	The Indenture is and the Notes will be governed by New York law. The Security Documents are and will be governed by Italian law. The Intercreditor Agreement is governed by English law.

Risk Factors

Investing in the Notes involves substantial risks. Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Additional Information

The Issuer's registered office is located Viale della Liberazione, no. 16/18, 20124 Milan, Italy, and its telephone number is +39 02 82719080.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The summary financial data have been derived from the audited financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019 and the Issuer's unaudited interim condensed financial statements as of and for the nine months ended March 31, 2020, prepared in accordance with Italian GAAP.

The financial information for the twelve months ended March 31, 2020 is calculated by taking the results of operations for the nine months ended March 31, 2020 and adding it to the difference between the results of operations for the full fiscal year ended June 30, 2019 and the nine months ended March 31, 2019.

The financial data also include certain non-GAAP measures used to evaluate the economic and financial performance of the Issuer. These measures are not identified as accounting measures under Italian GAAP and therefore should not be considered as alternative measures to evaluate the Issuer's performance or liquidity. See "*Presentation of Financial Information*".

The following tables relating to summary financial data should be read in conjunction with the audited financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019 and the Issuer's unaudited interim condensed financial statements as of and for the nine months ended March 31, 2020 included in this Offering Memorandum.

The following tables should be read in conjunction with the information contained in "*Presentation of Financial Information*", "*Use of Proceeds*", "*Issuer's Capitalization*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer*" and our financial statements and related notes included in this Offering Memorandum.

For a summary of Inter's financial information, please see "*Inter's Business—Certain Inter Consolidated Financial Information*".

Issuer Financial Information

Issuer Income Statement:

	For the fiscal year ended June 30,			For the nine months ended March 31,		For the twelve months ended March 31
	2017	2018	2019	2019	2020	2020
(in thousands of €)		*(audited)*		*(unaudited)*		*(unaudited)*
Revenue	123,000	136,852	144,941	101,969	67,034	110,006
Other income	95	553	193	177	113	129
Total revenue	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
Personnel costs	2,674	2,865	3,372	2,486	2,704	3,590
Cost of services	6,854	9,628	11,082	8,006	9,104	12,180
Other operating costs	1,298	915	1,001	674	452	779
Write-downs of trade receivables	—	—	2,542	2,064	—	478
Depreciation and amortization	18,149	18,157	18,183	13,636	13,678	18,225
Provisions for risks and charges	—	247	—	—	—	—
Total operating costs	**28,975**	**31,812**	**36,180**	**26,866**	**25,938**	**35,252**
Operating profit	**94,120**	**105,593**	**108,954**	**75,280**	**41,209**	**74,883**
Net financial expenses	(16,339)	(15,640)	(9,822)	(7,102)	(6,439)	(9,159)
Profit before tax	**77,781**	**89,953**	**99,132**	**68,178**	**34,770**	**65,724**
Income taxes	(26,877)	(24,382)	(26,486)	(18,398)	(10,144)	(18,232)
Profit for the period	**50,904**	**65,571**	**72,646**	**49,780**	**24,626**	**47,492**

Issuer Balance Sheet:

	As of June 30,			As of March 31,
	2017	2018	2019	2020
		(audited)		*(unaudited)*
(in thousands of €)				
Non-current assets				
Intangible assets	328,610	305,107	287,001	273,386
Property, plant and equipment	47	87	211	249
Financial assets	15,501	10,410	10,410	10,410
Loan to parent company	27,209	144,944	131,445	167,938
Prepaid expenses	112	9	22	7
Non-current assets	**371,479**	**460,557**	**429,089**	**451,990**
Current assets				
Current financial assets	6,372	43	108	10,410
Loan to parent company—current portion	221	—	—	—
Trade receivables—current portion	32,971	76,208	79,206	74,480
Trade receivables from parent companies and their affiliates	29,977	39,126	34,891	10,510
Tax receivables	—	—	27	—
Deferred tax assets	154	200	666	544
Other receivables	138	4	5	8
Prepaid expenses—current portion	674	245	113	91
Cash at bank and on hand	8,982	8,510	15,664	34,233
Current assets	**79,489**	**124,336**	**130,680**	**130,276**
Total assets	**450,968**	**584,893**	**559,769**	**582,266**
Liabilities and shareholders' equity				
Shareholders' equity				
Share capital	500	500	500	500
Reserve	105,097	105,097	105,097	105,125
Retained earnings	4,087	4,087	4,087	4,087
Profit for the period	50,904	65,571	72,646	24,626
Shareholders' equity	**160,588**	**175,255**	**182,330**	**134,338**
Non-current liabilities				
Deferred tax liabilities	34,886	32,963	31,040	29,602
Other provisions	—	247	247	247
Provisions for employee severance indemnities	131	172	248	237
Existing Notes	—	285,630	280,794	278,270
Bank loans	196,000	—	—	—
Deferred income	12,137	11,714	11,290	11,013
Non-current Liabilities	**243,154**	**330,726**	**323,619**	**319,369**
Current liabilities				
Existing Notes—current portion	—	6,250	6,550	10,685
Bank loans—current portion	12,000	—	—	—
Trade payables	2,698	3,073	3,043	4,341
Trade payables to parent companies and their affiliates	22,772	67,286	42,879	103,880
Tax payables	2,840	830	378	1,169
Social security payables	135	146	186	131
Other payables	235	221	277	227
Accrued expenses	3,123	72	83	132
Deferred income—current portion	3,423	1,034	424	7,994
Current Liabilities	**47,226**	**78,912**	**53,820**	**128,559**
Total liabilities and shareholders' equity	**450,968**	**584,893**	**559,769**	**582,266**

Issuer Cash Flow Statement:

(in thousands of €)	For the fiscal year ended June 30, 2017	2018	2019	For the nine months ended March 31, 2019	2020	For the twelve months ended March 31, 2020
		(audited)		*(unaudited)*		
Cash flow from operating activities after changes in working capital	**69,171**	**70,089**	**72,774**	**103,479**	**120,456**	**89,751**
Taxes paid	(1,778)	(6,685)	(5,106)	(1,844)	(1,741)	(5,003)
Interest and other financial expenses paid	(14,240)	(17,385)	(14,652)	(7,405)	(7,258)	(14,505)
A. Cash flow from operating activities	53,153	46,019	53,016	94,230	111,456	70,242
B. Cash flows from investing activities	(411)	11,294	(266)	(10,418)	(10,415)	(263)
C. Cash flows from financing activities	(44,372)	(57,784)	(45,596)	(25,207)	(82,472)	(102,861)
Increase/(decrease) in cash and cash equivalents (A+B+C)	8,370	(471)	7,154	58,606	18,569	(32,883)
Cash at bank and on hand at the beginning of the period	**612**	**8,982**	**8,510**	**8,510**	**15,664**	**67,116**
Cash at bank and on hand at the end of the period	**8,982**	**8,510**	**15,664**	**67,116**	**34,233**	**34,233**

Cash Available for Debt Service:

(in thousands of €)	For the fiscal year ended June 30, 2017[1]	2018	2019	For the nine months ended March 31, 2019	2020	For the twelve months ended March 31, 2020[2]
		(audited)		*(unaudited)*		
Sponsorship Revenue						
Shirt	9,167	16,293	19,108	10,012	10,151	19,247
Technical	9,375	4,250	10,000	7,500	8,310	10,810
Infront/EU/Global[3]	14,962	14,327	12,254	8,813	10,737	14,178
Regional and naming rights	74,808	87,629	89,095	64,747	25,211	49,559
Direct Media Revenue	14,688	14,353	14,484	10,897	12,625	16,212
Other income	95	553	193	177	113	129
Total revenue	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
Indirect Media Revenue						
Serie A Indirect Media Revenue	89,995	100,669	94,868	85,273	96,994	106,589
UEFA Indirect Media Revenue	7,647	539	50,989	42,539	42,544	50,994
Adjusted Revenue[4]	**220,737**	**238,613**	**290,991**	**229,958**	**206,685**	**267,718**
Change in Current operating assets[5]	(38,101)	(54,641)	626	9,820	36,674	27,480
Change in Non-current operating assets[5]	(624)	(423)	(424)	(319)	(277)	(382)
Non cash items	—	—	—	—	—	—
Cash Inflows[6]	**182,012**	**183,549**	**291,193**	**239,459**	**243,082**	**294,816**
Personnel costs	(2,674)	(2,865)	(3,372)	(2,486)	(2,704)	(3,590)
Cost of services	(6,854)	(9,628)	(11,082)	(8,006)	(9,104)	(12,180)
Other costs[7]	(533)	(751)	(853)	(593)	(302)	(562)
Adjusted Tax expenses[8]	(3,851)	(2,697)	(2,507)	(1,629)	(716)	(1,597)
Change in Current operating liabilities[5]	3,320	3,872	(6,092)	(2,342)	2,367	(1,383)
Change in Non-current operating liabilities[5]	(2,002)	(1,532)	(1,860)	(1,375)	(1,434)	(1,919)
Adjusted Services Agreement Fees [9]	—	3,195	6,100	4,596	4,584	6,088
Cash Outflows[10]	**(12,594)**	**(10,405)**	**(19,666)**	**(11,835)**	**(7,310)**	**(15,141)**
Cash Available for Debt Service[11]	**169,418**	**173,144**	**271,527**	**227,624**	**235,772**	**279,675**

(1) Sponsorship Revenue from regional and naming rights for the fiscal year ended June 30, 2017 reflects the full contracted value of the Naming Rights and Sponsorship Agreement. Since December 21, 2017, when the Existing Notes were issued, we have received approximately 53% of the €16.5 million yearly sponsorship base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit, as well as any performance bonus, whilst Inter has received the remaining 47%, which represents the naming rights of the training center. Sponsorship Revenue also includes revenue that has been recognized but not yet paid. Sponsorship Revenue for the fiscal year ended June 30, 2019 included €18.2 million of revenue recognized under the Naming Rights and Sponsorship Agreement and €25.0 million of revenue recognized under the sponsorship marketing agreement with Beijing Yixinshijie which expired on July 1, 2019. As of March 31, 2020, €4.4 million of revenue recognized under the Naming Rights and Sponsorship Agreement, together with €23.4 million of revenue recognized under the sponsorship marketing agreement with iMedia remained unpaid due to delays caused by, among other things, capital controls on remitting foreign currency out of China.

(2) Items comprising Cash Available for Debt Service and Cash Available for Debt Service for the twelve months ended March 31, 2020 are calculated as the sum of such items for the nine months ended March 31, 2020 and the difference between the items for the full fiscal year ended June 30, 2019 and the nine months ended March 31, 2019. For the reconciliation of the items comprising Cash Available for Debt Service and Cash Available for Debt Service for the twelve

months ended March 31, 2020, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Cash Available for Debt Service*".

(3) For the fiscal years ended June 30, 2017 and 2018, Infront/EU/Global revenues resulting from the Infront Marketing Agreement which expired on June 30, 2018. For the fiscal year ended June 30, 2019, the nine months ended March 31, 2019 and March 31, 2020 and the twelve months ended March 31, 2020, Infront/EU/Global includes revenues resulting from in-house sponsorship sales.

(4) Adjusted Revenue is defined as the aggregate of revenue that we report on our income statement (which includes Direct Media Revenue, Sponsorship Revenue and other income) and Indirect Media Revenue. Pursuant to Serie A regulations, contracts related to broadcast and media rights for Serie A matches must be held by the Serie A team itself. As a result, Inter cannot directly assign its broadcast and media rights contracts for Serie A matches to us. Instead, Inter invoices the broadcasters for the Serie A broadcasting rights revenue owed to Inter and Inter has assigned the right to collect Serie A revenue to us, such that the broadcasters pay such revenue to us directly. Once the right to receive payment from the broadcasters has been assigned to us, we report the right as a receivable on our balance sheet and we typically collect payment from broadcasters approximately two to four weeks later. With regard to the UEFA rights, Inter invoices UEFA and UEFA pays Inter the broadcasting revenue owed to Inter. Inter then assigns the revenue from UEFA broadcasts to us. The cash that we collect in respect of the Indirect Media Revenue has not been reflected in full in our income statement and cash flow statement because the amounts not otherwise required to be retained in the Secured Accounts have historically been upstreamed to Inter from time to time as permitted under the Indenture, and cash flow is presented net of cash upstreamed to Inter as of the applicable period end. As of the Issue Date and going forward, such cash is not expected to be reflected in our income statement and cash flow statement for the same reasons because amounts not otherwise required to be retained in the Secured Accounts is expected to be upstreamed to Inter from time to time if certain conditions under the Indenture are met. See "*Issuer Secured Account Waterfall*" and "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". Indirect Media Revenue is nonetheless reflected in Cash Inflows for the purpose of calculating the Cash Available for Debt Service. Adjusted Revenue is a non-GAAP measure. See "*Presentation of Financial Information—Non-GAAP Financial Measures*".

Throughout the Offering Memorandum, we have presented an Adjusted Revenue figure that takes into account both the revenue that we report on our income statement and Indirect Media Revenue. We believe that this Adjusted Revenue figure provides a more comprehensive view of our various sources of proceeds (represented not only by revenue as typically defined but also by the collection of the receivables from Inter's Serie A broadcasting rights and the receivables assigned from Inter's UEFA broadcasting rights). The table below sets forth a reconciliation of our income statement revenue to Adjusted Revenue:

	For the fiscal year ended June 30,			**For the nine months ended March 31,**		**For the twelve months ended March 31,**
	2017	**2018**	**2019**	**2019**	**2020**	**2020**
(in thousands of €)		***(audited)***		***(unaudited)***		***(unaudited)***
A. Direct Media Revenue	14,688	14,353	14,484	10,897	12,625	16,212
B. Other income	95	553	193	177	113	129
C. Sponsorship Revenue	108,312	122,499	130,457	91,072	54,409	93,794
D. Total revenue (A+B+C)	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
E. Serie A Indirect Media Revenue	89,995	100,669	94,868	85,273	96,994	106,589
F. UEFA Indirect Media Revenue	7,647	539	50,989	42,539	42,544	50,994
G. Adjusted Media Revenue (A+E+F)	**112,330**	**115,561**	**160,341**	**138,709**	**152,163**	**173,795**
B. Other income	95	553	193	177	113	129
C. Sponsorship Revenue	108,312	122,499	130,457	91,072	54,409	93,794
Adjusted Revenue (G+B+C)	**220,737**	**238,613**	**290,991**	**229,958**	**206,685**	**267,718**

(5) Change in Current operating assets, Change in Non-current operating assets, Change in Current operating liabilities and Change in Non-current operating liabilities are non-GAAP measures. See "*Presentation of Financial Information—Non-GAAP Financial Measures*". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Cash Available for Debt Service*" for tables showing reconciliations of total current assets to Current Operating Assets, non-current assets to Non Current Operating Assets, current liabilities to Current Operating Liabilities and non-current liabilities to Non Current Operating Liabilities.

(6) Cash Inflows is defined as the sum of Adjusted Revenue, Change in Current Operating Assets, Change in Non Current Operating Assets and non-cash items. Cash Inflows is a non-GAAP measure. See "*Presentation of Financial Information—Non-GAAP Financial Measures*".

(7) Other costs refer to other operating costs as shown in our financial statements adjusted for certain items that are not considered core to our ongoing business, including (i) for the fiscal year ended June 30, 2017, a €0.5 million reduction of the minimum guarantee pursuant to an amendment to the Infront Marketing Agreement and €0.3 million of fees charged by Inter; (ii) for the fiscal year ended June 30, 2018, a €0.1 million reduction of the minimum guarantee pursuant to an amendment to the Infront Marketing Agreement related to the fiscal year ended June 30, 2017 and (iii) for the fiscal year ended June 30, 2019 various minor adjustments.

(8) Adjusted Tax expenses is Income tax less IRES (Tax consolidation charges). IRES (Tax consolidation charges) refers to the corporate income taxes of the Issuer in respect of the year/period, as applicable, which were permitted to be distributed to Inter pursuant to the Tax Consolidation Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. Adjusted Tax expenses is a non-GAAP measure. See *"Certain Relationships and Related Party Transactions—Tax Consolidation Agreement"*. See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*".

(9) Adjusted Services Agreement Fees is Services Agreement Fees plus Service Agreement VAT and it represents the annual fee including 22% VAT which is permitted to be distributed to Inter pursuant to the Services Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. See *"Certain Relationships and Related Party Transactions—Services Agreement"*. Adjusted Services Agreement Fees is a non-GAAP measure. See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". Services Agreement VAT refers to the amount of VAT due under the Service Agreement.

(10) Cash Outflows is defined as the total operating costs from the Issuer's financial statements excluding write-downs of trade receivables, depreciation and amortization, prior year gain and losses, other provisions, Adjusted Tax Expenses, Adjusted Services Agreement Fees, Change in Current Operating Liabilities and Change in Non Current Operating Liabilities. Cash Outflows is a non-GAAP measure. See "*Presentation of Financial Information—Non-GAAP Financial Measures*". For a reconciliation of total operating costs to Cash Outflows, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Cash Available for Debt Service*".

(11) Cash Available for Debt Service is defined as the difference between Cash Inflows and Cash Outflows. Cash Available for Debt Service is a non-GAAP measure. See "*Presentation of Financial Information—Non-GAAP Financial Measures*". For a reconciliation of cash flow from operating activities to Cash Available for Debt Service, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Cash Available for Debt Service*".

Other Issuer Financial Information:

(in millions of €, except ratios and percentages or as otherwise indicated)	**As of and for the twelve months ended March 31, 2020** ***(unaudited)***
Cash Inflows	294.8
Cash Outflows	(15.1)
Cash Available for Debt Service[1]	279.7
Pro Forma Cash and Cash Equivalents[2]	60.5
Pro Forma Net Financial Indebtedness[3]	303.5
Ratio of *Pro Forma* Net Financial Indebtedness to Cash Available for Debt Service[4]	1.1x
Pro Forma Debt Service[5]	26.2
Pro Forma Debt Service Coverage Ratio[6]	10.6x

(1) Prior to the refinancing transactions carried out in December 2017, our Cash Available for Debt Service was €159.1 million for the twelve months ended September 30, 2017.

(2) *Pro Forma* Cash and Cash Equivalents is defined as cash held in the Secured Accounts (including the Debt Service Account and the Debt Service Reserve Account) *pro forma* for the Offering as if the Offering had occurred on March 31, 2020. As of September 30, 2017, our cash and cash equivalents *pro forma* for the refinancing transactions carried out in December 2017 (including the issuance of the Existing Notes) was €33.9 million.

(3) *Pro Forma* Net Financial Indebtedness is defined as total financial indebtedness net of *Pro Forma* Cash and Cash Equivalents. As of September 30, 2017, our net financial indebtedness *pro forma* for the refinancing transactions carried out in December 2017 (including the issuance of the Existing Notes) was €266.1 million.

(4) Ratio of *Pro Forma* Net Financial Indebtedness to Cash Available for Debt Service is defined as the ratio of the Issuer's *Pro Forma* Net Financial Indebtedness to the Issuer's Cash Available for Debt Service for the twelve months ended March 31, 2020.

(5) *Pro Forma* Debt Service is defined as the Issuer's debt service for the twelve months ended March 31, 2020, which was equal to €20.8 million, as adjusted for the Offering as if it had occurred on April 1, 2019, reflecting the increased interest expense and mandatory amortization payments as a result of the Notes offered hereby. For a reconciliation of cash flow from financing activities as reported in the Issuer's financial statements to Debt Service for the twelve months ended March 31, 2020, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Debt Service*". The Issuer's *pro forma* debt service for the twelve months ended March 31, 2020 assumes that, in addition to the Mandatory Amortization Redemption Payments made on June 30, 2019 and December 31, 2019 in respect of the Existing Notes, Mandatory Amortization Redemption payments related to the Notes offered hereby would also have been made on June 30, 2019 and December 31, 2019 in an aggregate amount equal to €1.8 million. For a presentation of the Issuer's debt service for the twelve months ending March 31, 2021, including the Mandatory Amortization Redemption payment due on December 31, 2020, please see "*—Certain Estimated Issuer Financial Information*". Our debt service *pro forma* for the refinancing transactions carried out in December 2017 (including the issuance of the Existing Notes) was approximately €15 million for the twelve months ended September 30, 2017.

(6) *Pro Forma* Debt Service Coverage Ratio is the ratio of the Issuer's Cash Available for Debt Service for the twelve months ended March 31, 2020 to the Issuer's *Pro Forma* Debt Service.

Certain Estimated Issuer Financial Information:

(in millions of €, except ratios and percentages or as otherwise indicated)	**Estimated for the twelve months ending March 31, 2021** *(unaudited)*
Pro Forma Estimated Look-Forward Cash Inflows[(1)]	237.5
Pro Forma Estimated Look-Forward Cash Outflows[(2)]	25.0
Pro Forma Estimated Look-Forward Cash Available for Debt Service[(3)]	212.5
Pro Forma Estimated Look-Forward Total Issuer Debt Service[(4)]	26.2
Pro Forma Estimated Look-Forward Debt Service Coverage Ratio[(5)]	8.1x

(1) *Pro Forma* Estimated Look-Forward Cash Inflows is defined as Cash Inflows that we estimate that we will generate in the twelve months ending March 31, 2021. A significant majority of *Pro Forma* Estimated Look-Forward Cash Inflows relates to revenue that is currently contracted throughout the period. In making such estimates, we also make certain assumptions due to the COVID-19 pandemic impact or otherwise, including that contracts currently in place may be canceled, subject to contractual reductions or negotiations, or that the counterparties will fulfil their obligations or otherwise make payment on a timely basis. The remaining amount of *Pro Forma* Estimated Look-Forward Cash Inflows relates to revenue from contracts that are up for renewal during the twelve months ending March 31, 2021 and are assumed to be renewed at the same levels as the existing contractual arrangements provide for the relevant period not under contract. The renewal of such contracts may not occur on the same terms or at all for reasons such as the impact of COVID-19, Inter's poor on-pitch performance, a decrease in Inter's popularity, general economic conditions or otherwise. In making such estimates, the Issuer also makes certain assumptions in respect of Inter's on-pitch performance. In particular, as of the date of this Offering Memorandum, Inter ranks second in the league table with a 12-point cushion from the team that ranks fifth in the table; it is therefore likely that in the following season Inter will participate in the UEFA Champions League but for purposes of this estimation we have assumed that it will not qualify within the first three clubs of its group, and, consequently, will fail to either advance past the group stage or transfer to the UEFA Europa League. *Pro Forma* Estimated Look-Forward Cash Inflows is an estimate, is forward-looking in nature and is provided for information purposes only. This estimate is based on assumptions made by us that are inherently uncertain and, although considered reasonable by us, are subject to significant business, economic and competitive uncertainties and contingencies, including the impact of COVID-19, the timing of payments, regulatory restrictions or other impacts, all of which are difficult to predict and many of which are beyond our control. Accordingly, there can be no assurance that the estimated Cash Inflows will be realized for the twelve months ending March 31, 2021 or for any other period. Our actual results in the future will vary from estimated results and those variations may be material. See "*Presentation of Financial Information*" and "*Forward-Looking Statements*".

(2) *Pro Forma* Estimated Look-Forward Cash Outflows is defined as Cash Outflows that we have estimated for the twelve months ending March 31, 2021. *Pro Forma* Estimated Look-Forward Cash Outflows is an estimate, is forward-looking in nature and is provided for information purposes only. This estimate is based on assumptions made by us that are inherently uncertain and, although considered reasonable by us, are subject to significant business, economic and competitive uncertainties and contingencies, including the impact of COVID-19, the timing of payments, regulatory restrictions or other impacts, all of which are difficult to predict and many of which are beyond our control, including due to further impacts of COVID-19, increased personnel costs, costs of services or tax liabilities, write-downs of trade receivables, write-downs of intangible assets, changes in exchange rates or interest rates or otherwise. Accordingly, there can be no assurance that the estimated revenues will be realized. Our actual results in the future will vary from estimated results and those variations may be material. See "*Presentation of Financial Information*" and "*Forward-Looking Statements*".

(3) *Pro Forma* Estimated Look-Forward Cash Available for Debt Service is defined as the difference between *Pro Forma* Estimated Look-Forward Cash Inflows and *Pro Forma* Estimated Look-Forward Cash Outflows. See "*Presentation of Financial Information*" and "*Forward-Looking Statements*".

(4) *Pro Forma* Estimated Look-Forward Total Issuer Debt Service is defined as the estimated look-forward interest expense of the Issuer in respect of the Existing Notes and the Notes, together with scheduled semi-annual mandatory amortization payments due on June 30, 2020 and December 31, 2020 in respect of both the Existing Notes and the Notes, after giving effect to the Offering for the twelve months ending March 31, 2021 as if such Offering had occurred on April, 1 2020.

(5) *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio is defined as the ratio of *Pro Forma* Estimated Look-Forward Cash Available for Debt Service to *Pro Forma* Estimated Look-Forward Total Issuer Debt Service. The calculation of *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio that is provided in this Offering Memorandum may be different than the calculation of *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio pursuant to the Indenture because the Indenture permits us to take into account not only contractual arrangements up for renewal but also certain new contracts expected to be entered into during the applicable period.

Prospective investors in the Notes are cautioned not to rely on, and will be deemed not to have relied on, the estimates under "*Certain Estimated Issuer Financial Information*". See "*Forward-Looking Statements*" and "*Risk Factors—Risks Related to the Issuer—We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and the Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors*".

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could adversely affect our business, results of operations and financial condition, which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements". Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Related to the Issuer

Our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the impact and outcome of the pandemic remain uncertain.

An outbreak of a novel strain of coronavirus, COVID-19, in December 2019 subsequently became a pandemic after spreading to multiple countries, including Italy. The Italian domestic and European competitions suspended their 2019/2020 seasons and no Inter matches were played between March 9, 2020 until the recommencement of the Serie A season on June 20, 2020.

A significant portion of our revenue comes from media rights fees from the domestic and international broadcast of Inter matches and our share of fees paid for league-wide media rights may not be paid if those games are not played or the season is not completed. Inter receives revenue from the distribution and broadcasting of its Serie A matches both domestically and internationally, the receivables of which are assigned to us. We also have been or will be assigned the receivables in relation to the revenue that Inter receives from participation in UEFA competitions. Contracts for these media rights and certain other revenue from those competitions (both domestically and internationally) are negotiated collectively with broadcasters by LNP and UEFA, respectively, and we are not a party to the contracts negotiated by them. Following the suspension of the Serie A on March 9, 2020, the Italian government allowed the league to restart the current season from June 20, 2020. Despite the restart of the 2019/2020 season and the timely payment of the first instalment of media rights fees for the 2020/2021 season, the broadcasters SKY, DAZN and IMG, which respectively hold national distribution and international distribution rights to Serie A matches, have not yet paid the full final instalment of media rights fees for the 2019/2020 season, originally due in May 2020 and totaling approximately €220 million of a total of €1.3 billion annual fee under a three-year agreement expiring at the end of the next 2020/2021 season. In particular, SKY has not yet paid its portion of the last instalment of the media rights fees for the 2019/2020 season, whereas DAZN and IMG have reached an agreement with LNP to pay their full share of the last instalment of media rights fees for the 2019/2020 season, a portion of which was paid on June 27, 2020 and the remainder to be paid in July 2020. Any discount that may be agreed between LNP and SKY for its portion of the media rights fee may trigger a similar discount of the remaining fees payable by DAZN and IMG, which, in turn, may further negatively impact our Indirect Media Revenue. We estimate that Inter's share of the unpaid portion of the final installment of media rights fees for the 2019/2020 season is approximately €12 million, €9 million or €6 million, gross of VAT, depending on whether Inter ranks, respectively, second, third or fourth in the ranking at the end of the 2019/2020 Serie A season. A further impact on our Indirect Media Revenue may arise from the timing of collection of the approximately €6 million final balance of the UEFA market pool distribution. Although, as of the date of this Offering Memorandum, we have received all amounts due in respect of our participation in the group stage of the UEFA Champions League and our progression to the round of 16 of the UEFA Europa League, we have not yet received the amount relating to the final balance of the market pool, which is typically paid in June (following the conclusion of the tournament) and is estimated to amount to approximately €6 million.

In addition to the uncertainty regarding the collection of the final instalment for the current and potentially for the next season, the uncertainties created by the COVID-19 global pandemic, including the severity and duration of the outbreak and additional actions that may be taken by governmental authorities, make it difficult to forecast both LNP and UEFA's ability to avoid possible discounts on the amounts due under the existing media rights arrangements as well as to secure equally or more lucrative media rights contracts once the current contracts expire at the end of the 2020/2021 season. This uncertainty, in turn, makes it difficult to predict whether we will be able to maintain or increase our current level of Indirect Media Revenue. Moreover, we may not be able to secure equally, or more, lucrative sponsorship contracts due to potential reductions made by our sponsors to their respective marketing budgets given corresponding uncertainties in their respective industries due to COVID-19. For example, we received requests for a renegotiation of the terms of certain sponsorship arrangements, including by Pirelli and, as a result, we could also be exposed to a loss in our Sponsorship Revenue in connection with a renegotiation of the terms of our sponsorship arrangements, or any withdrawal or other termination rights exercised by our sponsors due to the operating disruption caused by COVID-19, as well as due to temporary inability to fulfil our obligations under the sponsorship arrangements currently in place, particularly in the event of a definitive cancellation of the 2019/2020 season or future seasons such as in the case of future resurgence of COVID-19 following its initial containment.

The impact of the interruption of the Serie A season as well as of the UEFA competitions, including the UEFA Europa League in which we are currently participating after having failed to qualify for the UEFA Champions League knock out stage, and any other continuing effects of the COVID-19 on our and Inter's business operations, could substantially and adversely impact revenues for both the fiscal year ended June 30, 2020, the fiscal year ended June 30, 2021 as well as for future fiscal years. The extent to which our operations may be impacted by the COVID-19 pandemic will depend largely on future developments including the re-opening of San Siro stadium operations, which are highly uncertain and cannot be accurately predicted. New information which may emerge concerning the severity of the COVID-19 pandemic and actions by government authorities to contain the outbreak or treat its impact may further impact our operations. As such, we are unable to predict with certainty the ultimate impact that COVID-19 may have on our business, future results of operations, financial position or cash flows. For a more detailed explanation of the impact on Inter's operations, please see "*—Risks Related to Inter—Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19*".

Our business is also particularly sensitive to discretionary consumer behavior and spending. Even if Serie A and UEFA permit matches with spectators, there is no guarantee that individuals will not change their behaviors by continuing social distancing and avoiding large events, such as football matches. If consumer behaviors change, it is difficult to predict how long these behavioral changes will last, and may affect future seasons in the long term. We cannot predict the time period over which our business will be impacted by COVID-19 both directly and indirectly. COVID-19 could impede economic activity in impacted regions or globally over the long-term, causing a global recession and leading to a further decline in discretionary spending on sporting events and other leisure activities, which could result in long-term effects on our business. Our business could be subject to additional governmental regulations or negative league determinations, which could have a material and adverse impact on our business and financial results.

Even after both domestic and international competitions resume with spectators, there can be no assurance that fans attending matches or players will not contract COVID-19. Any such occurrence could result in litigation, legal and other costs, including suspension of Inter's matches, as well as reputational risk that could materially and adversely impact our business and results of operations. In addition, on June 8, 2020, the FIGC adopted new regulations regarding safekeeping protocols that professional football clubs must implement in order to contain the risk of spreading COVID-19. Clubs which do not comply with such protocols may be subject to penalties ranging from a fine to potential exclusion from the championship, depending on the effects of non-compliance on the health and safety of football players, coaching staff, referees and other employees, and whether the non-complying conduct was pursued intentionally with the aim of altering the result of a match or the 2019/2020 football season. If there is a future resurgence of COVID-19 following its initial containment, the negative impacts on our business may be exacerbated. For example, any future resurgence may contribute to the cancellation of the current season despite an initial restart, a delay to the commencement or cancellation of the 2020/2021 season, the possibility of playing a portion if not all of the 2020/2021 season matches behind closed doors, any of which could, in turn, increase our credit risk towards Inter, expose us to futher losses under our sponsorships as well as cause a delay in the timing of cash inflows generated from Indirect Media Revenue and Sponsorship Revenue. If we are unable to sufficiently manage and mitigate the strategic and operational impact of such events, the future results of our business may be materially negatively impacted.

The impact of COVID-19 may also exacerbate other risks discussed in this section, any of which could have a material effect on us. Though we continue to monitor the COVID-19 pandemic closely, this situation is changing rapidly, and additional impacts may arise that we are not currently aware of. For the reasons set forth above and other reasons that may come to light as the COVID-19 pandemic and protective measures evolve, we cannot reasonably estimate the impact to our future revenues, results of operations, cash flows or financial condition, but such potential events have had and will continue to have a significant impact on our business, revenues, results of operations, cash flows and financial condition.

A significant portion of our Adjusted Revenue is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations, and it is uncertain whether and when such installment may be paid.

The Indirect Media Revenue we receive under Inter's media contracts may be reduced due to poor on-pitch performance by Inter's first team during any given football season. In the fiscal years ended June 30, 2017, 2018 and 2019, Indirect Media Revenue was €97.6 million, €101.2 million and €145.9 million, respectively, representing 44.2%, 42.4% and 50.1% of our Adjusted Revenue, respectively.

Inter's historic performances in Italian domestic and European competitions have a significant impact on our media rights revenue, specifically Serie A, the UEFA Champions League and the UEFA Europa League. One of the key components upon which domestic and international media revenue from Serie A are allocated among clubs pursuant to Decree Nine is the performance of each club in the national championship over the last season and the last five seasons, and the historical results achieved at the national and international level since the 1946/1947 season, with 30% (decreasing to 28% commencing with the 2021/2022 season) of the media revenue allocated based on current and historical performance. As a result, poor performance by Inter during a given football season could adversely impact our allocation of media revenue for an extended period of time. See "*Issuer's Business—Our Revenue Drivers—Media—Indirect Media Revenue*". Our Indirect Media Revenue could also vary significantly depending on whether Inter's first team is eligible to participate in Serie A and either the UEFA Champions League or the UEFA Europa League, and its performance in these competitions during the seasons in which it does participate, particularly in the UEFA Champions League or the UEFA Europa League. For example, even if Inter had been relegated to Serie B for the last season of the previous media rights cycle (2017/2018), under the then applicable distribution rules, it would have still received between €2.1 million and €3.6 million in broadcasting revenue (not including the one-time parachute payment, which at the time was approximately €20.0 million). By contrast, in the past three fiscal years Inter has received Serie A broadcasting revenue averaging approximately €95 million per year. The highest distribution in the UEFA Champions League, for the 2018/2019 season was €65.5 million and the lowest distribution for a club participating in the group stage was €14.5 million, in each case excluding performance bonuses for wins and draws. The highest distribution in the UEFA Europa League for the same season was €17.75 million and the lowest distribution for a club participating in the group stage was €2.75 million, in each case excluding performance bonuses for wins and draws and their share of the marketpool. However, a significant amount of the payout in the UEFA Champions League and the UEFA Europa League derives from the marketpool payment. Each domestic league is allocated a share of the marketpool, which is subsequently divided among the participating clubs from each domestic league. Four teams of the Serie A league qualify to participate in the UEFA Champions League in the following season, resulting in the reduction of the individual marketpool share of each qualifying Serie A club. The revenue distribution system was altered for the 2018/2019 season to allocate more revenues based on historic performance rather than market size, and it will be further amended commencing with the 2021/2022 season to allocate more revenues based on the actual Serie A appearances of young players trained by the teams. In total, the UEFA club championship distributable revenue pool increased by approximately 48 per cent during the 2018/2019 season compared to the prior season. Although, as of the date of this Offering Memorandum, we have received all amounts due in respect of our participation in the group stage of the UEFA Champions League and our progression through the round of 16 of the UEFA Europa League, we have not yet received the amount relating to the final balance of the market pool, which is typically paid in June and is estimated to amount to approximately €6 million. We cannot ensure that the final balance of the market pool will be paid prior to the end of the fiscal year due to the suspension of the UEFA European competitions resulting from the COVID-19 pandemic. Moreover, our Indirect Media Revenue deriving from our participation in the UEFA competitions may be negatively impacted by any protracted or renewed suspension of these competitions, or a delay or cancellation of the current or future 2020/2021 season UEFA competitions. See "*Issuer's Business—Our Revenue Drivers—Media—Indirect Media Revenue—UEFA*".

We cannot ensure that Inter's first team will be successful in the various competitions in which it participates, or that it will even qualify to participate in competitions such as the UEFA Champions League or UEFA Europa League. Qualification for the UEFA Champions League requires a finish in the top four places in Serie A or winning the UEFA Europa League. If both the winners of the UEFA Champions League and the UEFA Europa League are two Italian teams that are not already in one of the top four places, the team finishing fourth will not qualify for the UEFA Champions League. Qualification for the UEFA Europa League currently requires a finish in the fifth or sixth place in the league or winning the TIM Cup. If the TIM Cup winner is already in one of the top six places, the team finishing seventh will also qualify for the UEFA Europa League. The number of available positions for Serie A teams in European competition also depends upon the overall ranking of Serie A in comparison to other European leagues. As a result, there is no guarantee that the current number of Serie A clubs will continue to be eligible for the UEFA Champions League or UEFA Europa League in the future. Following a proposal by the Italian government in late 2017 known as "Pacchetto Lotti" (the "**Pacchetto Lotti**"), certain provisions of Decree Nine governing the allocation of media rights among Serie A clubs were amended, with the resulting changes being applicable from the 2018/2019 season through to the 2020/2021 season (included). Moreover, the 2019 Budget Law amended the formula for allocating the broadcasting revenues to Serie A clubs, with the aim of rewarding the clubs which employ young home-grown players with a higher portion of broadcasting revenues. Although the revised provisions, as compared to those previously in force, contributed to reducing revenue volatility in the event of underperformance, the increase in the portion of media revenue that is divided equally among the Serie A teams from 40% to 50% also entailed a reduction in the overall share of performance-based media revenues from which top clubs, including Inter, had historically benefitted. Any such changes to the allocation of media rights, including the rules under the Pacchetto Lotti and the 2019 Budget Law, or Inter's failure to qualify for Serie A or European competition would materially impact our Indirect Media Revenue, which would impair our ability to cover our operating costs and would have a material adverse effect on our business, financial condition and results of operations.

Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including the impact of COVID-19 and competition from new leagues or tournaments.

Inter receives revenue from the distribution and broadcasting of its Serie A matches both domestically and internationally, the receivables of which are assigned to us. We also have been or will be assigned the receivables in relation to revenue that Inter receives from participation in UEFA competitions. Contracts for these media rights and certain other revenue from those competitions (both domestically and internationally) are negotiated collectively with broadcasters by LNP and UEFA, respectively, and we are not a party to the contracts negotiated by them.

In addition, although Inter participates in contract negotiations for broadcasting rights, we have no direct control over their outcome. As a result, we may be subject to media rights contracts with media distributors with whom we may not otherwise contract or media rights contracts that are not as favorable to us as we might otherwise be able to negotiate individually with media distributors. Furthermore, the limited number of media distributors bidding for the UEFA Champions League, the UEFA Europa League, and primarily for Serie A, media rights may result in reduced prices paid for those rights and, as a result, a decline in revenue received from Indirect Media Rights. For the three seasons 2018-2021, LNP has sold the Serie A international broadcasting rights for approximately €371.0 million per season and the Serie A domestic broadcasting rights for approximately €973.0 million per season. UEFA has sold the broadcasting rights for the UEFA competitions for approximately €3.25 billion per season for the three seasons 2018-2021. The negotiations in relation to the next three-season media cycle for Serie A are yet to commence, and in light of the COVID-19 pandemic and its potential effects into the next year, there can be no assurance on the outcome of the negotiations or that the media rights arrangements will be on the same or improved terms compared to the existing arrangements. Under the UEFA arrangements, €2.04 billion are distributed to clubs competing in the UEFA Champions League and the UEFA Super Cup and €510 million are distributed to clubs participating in the UEFA Europa League. Once these agreements expire, however, we cannot guarantee, also in light of the COVID 19 pandemic and its potential effects into the next season, that LNP and UEFA will continue to be able to secure equally or more lucrative media rights contracts to allow us to maintain or increase our current level of Indirect Media Revenue. New legislation and UEFA could also decide to change the way in which media revenue is allocated, particularly if the level of competition from the internet or digital entertainment increases such that traditional broadcasting no longer represents a significant source of revenue. As a large proportion of our Adjusted Revenue comes from the Serie A media rights contract, any inability on the part of LNP to secure lucrative media rights contracts would have a particularly adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, any potential change to the broadcasting rights awarding mechanism, including through the involvement of a third party investor in the negotiations with broadcasters in lieu of LNP, which we understand from press reports is being considered with respect to several private equity bidders, may further reduce our ability to influence the outcome of contract negotiations for broadcasting rights, and could hinder the LNP's ability to renew media rights contracts on favorable terms. If this adversely impacts our Indirect Media Revenue, it could in turn weaken our ability to successfully refinance the Existing Notes and the Notes ahead of maturity on December 31, 2022.

Finally, the creation of new leagues or tournaments to potentially rival or replace the existing domestic leagues as well as the main European competitions such as Champions League and Europa League may adversely impact the value of our media rights and sponsorships mainly as a result of the potentially negative impact on the ability of existing leagues and competitions to retain lucrative media rights contracts and successful clubs, thus diminishing the overall attractiveness and profitability of the leagues and competitions in which we currently participate.

In addition to the uncertainty surrounding the outcome of the contract negotiations for broadcasting rights, we do not have direct control over the terms upon which revenues arising from the Serie A broadcasting agreement are allocated among the Serie A teams. Until the 2017/2018 season, Inter had historically been allocated one of the largest portions of Serie A revenue, based on a formula set out in a resolution approved by member clubs of the LNP. However, beginning in the 2018/2019 season, following the approval of certain amendments to Decree Nine introduced by the Pacchetto Lotti, the formula for the allocation of the broadcasting revenues to Serie A clubs has been amended to include, among other things, a reduction of the overall share of performance-based media revenues from which top clubs, including Inter, have historically benefitted. Moreover, the 2019 Budget Law amended the formula for allocating the broadcasting revenues to Serie A clubs, with the aim of rewarding the clubs which employ young home-grown players with a higher portion of broadcasting revenues. See "*—A significant portion of our Adjusted Revenue is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations*". Any further changes to the allocation of media rights, including the new rules under the Pacchetto Lotti, could decrease Inter's allocation of media revenue and could have a material adverse effect on our business, financial condition, results of operations and cash flows. See "*—Risks Related to Inter—Serie A league voting rules may allow other clubs to take action contrary to Inter's and our interests*". Any subsequent changes to the allocation formula or methodology could decrease Inter's allocation of media revenue and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Revenue from our media rights may be negatively affected by increased regulation at the national or European level.

National and EU regulation may also have a negative effect on our revenue from media rights. At the EU level, case law, antitrust actions and regulation have substantially changed the regulatory landscape of broadcasting and copyright over the past few years. In October 2011, the ECJ ruled (cases C-403/08 and C-429/08, English Premier League/Murphy) that any agreement designed to guarantee country-by-country exclusivity within the EU (i.e. by stopping any cross-border provision of broadcasting services) is deemed to be anti-competitive and prohibited by EU competition law. In 2014, the European Commission followed up on this judgment by opening an antitrust investigation into certain provisions of licensing arrangements for broadcasting by satellite or through online streaming between US film studios and the major European broadcasters, which grant to the latter "absolute territorial protection". In July 2016, the Commission closed the investigation with regard to Paramount following its commitments to allow passive sales, or the cross-border sales in the internal market responding to demands from customers not solicited by the broadcasters. However, the European Commission may subject the allocation of media rights or sports broadcast arrangements to new scrutiny at any time. In parallel, the European Commission has launched, within the context of its Digital Single Market Strategy, initiatives to further regulate this field. In June 2017, the EU adopted the Portability Regulation (Regulation (EU) 2017/1128 on cross-border portability of online content services in the internal market) (the "**Portability Regulation**") to allow European travelers to fully use their online subscriptions to films, sports events, eBooks, video games and music services when travelling in other EU Member States. The Portability Regulation entered into force in the European Union as of April 2018. A second set of legislative proposals entered into force in the form of two directives as of May 2019, with the aim of modernizing the copyright regulatory framework, allowing wider online availability of content across the EU and achieving a well-functioning copyright market place. These directives included two new directives on copyright in the digital single market and television and radio programs, setting forth rules to facilitate access to online TV content across borders. These successive developments have reduced the potential commercial viability of copyright holders continuing to adopt the same country-by-country sales model within the EU as they have adopted previously. The changes of sales model could negatively affect the amount which copyright holders, such as Serie A, are able to derive from the exploitation of rights within the EU. As a result, our media revenue from the sale of those rights could decrease. Any significant reduction in our media revenue could materially adversely affect our business, results of operations, financial condition and cash flow.

In addition, the Italian antitrust authority has recently concluded an investigation and found cartel activity by media rights companies which participated in the sale of the Serie A international broadcasting rights and altered the process of assigning such rights and splitting the profits across a period of time spanning more than ten years. Any attempted bid-rigging affecting the sale of broadcasting rights may impair LNP's ability to secure lucrative media rights contracts which, in turn, could have a material adverse effect on our business, results of operations, financial condition and cash flow.

The Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit the amount of sponsorship fees we can collect from our current or future Chinese sponsors and partners. Any restrictions on our current or other future Chinese sponsors' or partners' ability to provide these revenues would adversely affect our business and results of operations.

The Chinese government has occasionally made significant changes in its policies and regulations with respect to foreign investment and foreign currency, including increases in interest rates, the application of exchange controls, changes in tax policies, price controls, currency devaluation and capital controls, among other measures. As Chinese companies with the majority of their operations in China, our key sponsor Jiangsu Suning, as well as any future Chinese sponsors or partners, may be adversely affected by these policies and regulations, especially with regard to the amount of foreign currency they are able to remit from China. For instance, in response to persistent capital outflow from China, the People's Bank of China ("**PBOC**") and the State Administration of Foreign Exchange ("**SAFE**") have implemented a series of capital control measures, including stricter vetting procedures for Chinese domestic companies to remit foreign currency for overseas investments, dividend payments and other capital account transactions. Although these capital controls purport to apply only to capital account transactions, in practice they have also caused delays to current account transactions, including payments of contractually agreed fees. Also as a result of capital control measures in respect of foreign currency remittance from China, we have experienced a delay in collecting the fees that we are owed under the Naming Rights and Sponsorship Agreement with Jiangsu Suning and other sponsorship agreements, including the expired sponsorship marketing agreement with Beijing Yixinshijie. As of March 31, 2020, €50.7 million of the revenue recognized under regional sponsorship agreements, including under the Naming Rights and Sponsorship Agreement, remained unpaid. We may experience similar difficulties in the future with regard to future payments from Jiangsu Suning or other future sponsors or partners in China. Any further or continued reduction or elimination of the amounts our sponsors or partners in China are able to pay to us, or any constraints placed on our ability to enter into or obtain revenue from contracts with Chinese entities in the future, would have a material adverse impact on our business, results of operations, financial condition and cash flow. See also "*—Risks Related to Inter—The Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit the amount of investment Suning can make in Inter's business. In 2017, the Chinese government classified investments in sports clubs as "restricted investments". Inter is dependent on capital contributions from Suning, and any restrictions on Suning's ability to provide these contributions would adversely affect Inter's business and results of operations. These restrictions may also adversely affect our ability to collect amounts owed to us under sponsorship and other contracts entered into with counterparties in China*".

We have experienced delays in collecting fees under our sponsorship agreements entered into with Chinese counterparts. Any delay in collecting fees under various contracts and any fluctuations of our cash flows due to timing of payments may affect our ability to maintain cash requirements necessary to service interest or principal payments on our debt, including the Notes.

Our cash flows are subject to variation due to the timing of payments under our sponsorship contracts and under Inter's contracts for Serie A broadcasting rights. Although we do have some control over the timing of payments under certain contracts directly negotiated by us, such as certain of our sponsorship contracts, we do not control the timing of all contractual payments. As a result, our interim results and any quarterly financial information that we publish should not be viewed as an indicator of our performance for the fiscal year. In addition, delays in the collection of fees due under our sponsorship and commercial agreements similar to those we have experienced under the Naming Rights and Sponsorship Agreement and other sponsorship agreements, including the expired sponsorship marketing agreement with Beijing Yixinshijie as well as the delays in the collection of media rights fees under Inter's contracts for Serie A broadcasting rights may affect our ability to maintain cash requirements necessary to service interest or principal payments on our debt, including the Notes.

Our Sponsorship Revenue is dependent upon the performance and popularity of Inter's first team, and any decline in the performance or popularity of the club or inability to fully comply with contractual obligations vis-à-vis commercial partners may materially adversely affect our results of operations and financial condition.

In the fiscal years ended June 30, 2017, 2018 and 2019, Sponsorship Revenue accounted for 49.1%, 51.3% and 44.8%, respectively, of our Adjusted Revenue. Some of our key sponsorship agreements, such as our agreements with Nike and Pirelli, include performance adjustments that act to reduce the amount of sponsorship payments which are payable by the sponsor under the applicable contract in the event that Inter's first team performs poorly in Serie A or fails to qualify for the UEFA Champions League or the UEFA Europa League. For example, Inter's failure to qualify for the UEFA Champions League for the previous five seasons and for the UEFA Europa League in two out of the previous five seasons has caused the annual payments to us under the Nike contract to decrease to an annual payment for the fiscal year ended June 30, 2018 of €4.3 million, compared to €12.5 million for the current 2019/2020 season. Underperformance by Inter could result in penalties continuing in future fiscal years. In addition, particularly poor performance could result in the relegation of Inter's first team from Serie A. Each year, the clubs that finish in the bottom three in the Serie A standings are relegated to play in Serie B. Many of our sponsorship agreements, including with Nike and Pirelli, provide for significant penalties, reductions or even termination if we are relegated. For example, in addition to a significant reduction of the sponsorship fee payable to us, Pirelli has the right to terminate its contract if Inter is relegated from Serie A and fails to re-qualify for Serie A in the next season. Had Inter been relegated in the 2018-2019 season, and therefore required to play the 2019/2020 season in Serie B, we estimate that our Sponsorship Revenues for the fiscal year ended June 30, 2019 would have declined by approximately 35-45%.

Finally, our Sponsorship Revenues may decline if we are unable to fully comply with contractual obligations vis-à-vis our commercial partners, including due to events beyond our control resulting from any governmental or league actions taken in response to the COVID-19 pandemic and future developments regarding the possibility of organizing physical events and activities.

Although our Adjusted Revenues fluctuate depending upon the performance of Inter's first team, our operating costs are largely fixed. A significant decrease in our Sponsorship Revenue would therefore materially impact our ability to cover our costs and continue operating our business effectively. Continued poor performance or relegation of Inter's first team would, therefore, have a material adverse effect on our business, results of operations, financial condition and cash flow.

In July 2018 we took over the marketing and negotiation of our sponsorship agreements from Infront and no longer receive a minimum revenue contractually guaranteed under our Infront Marketing Agreement.

For the fiscal years ended June 30, 2016, 2017 and 2018, respectively, 9.2%, 6.8% and 6% of our Adjusted Revenue was derived from our Infront Marketing Agreement. We have since then brought our sponsorship sales functions in-house. Although we continue to develop an internal sponsorship sales and marketing team to build on the existing relationships we have with our current sponsors, we may be unable to maintain the current sponsorship contracts or obtain new sponsors at the same or better financial terms as we have had under the Infront Marketing Agreement.

The Infront Marketing Agreement guaranteed a minimum amount of Sponsorship Revenue each fiscal year, meaning if our revenue from sponsorship agreements did not meet this minimum threshold then Infront paid us the difference. For the fiscal years ended June 30, 2016, 2017 and 2018, this minimum guarantee (which covered both sponsorships, which contributed to our revenue, and corporate hospitality, which contributed to Inter's revenue) was €15.7 million, €20.7 million and €20.1 million, respectively. We are no longer guaranteed this minimum Sponsorship Revenue, and our EU/Global Sponsorship Revenue decreased to €12.3 million during the fiscal year ended June 30, 2019 while we focused on developing our internal functions and began to negotiate contracts with new sponsors or renegotiate contracts with existing sponsors. If we are not able to successfully implement our in-house model, we may not recover to the levels guaranteed under the Infront Marketing Agreement, which may, in turn, have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have granted exclusive rights to certain sponsors, which may affect our ability to attract new sponsors and limits our flexibility to commercialize our brand and other intellectual property rights with third parties in the same product category or negotiate better commercial terms.

We have granted various exclusive rights to certain sponsors and we rely on these contracts to generate revenue in respect of these rights during the contracted periods. Such rights include a grant to Nike of the exclusive worldwide right to use and sublicense the use of a number of our intellectual property rights in connection with retail and merchandising of athletic wear and other products. The limitations imposed by these exclusive licenses limit our flexibility to commercialize our brand and other intellectual property rights with third parties in the same product category or negotiate better commercial terms. The exclusive nature of these relationships could prevent us from negotiating better contract terms with third parties in the event that the existing sponsors exercise their contractual rights to decrease our payments due to Inter's poor performance or relegation from Serie A. A significant adverse change in our relationship with the sponsors to whom we have granted exclusive rights to could adversely affect our ability to receive revenue in respect of these rights and consequently, affect our business, financial condition, results of operations and cash flows.

We are exposed to credit related losses in the event of non-performance by counterparties to Serie A media contracts as well as our key sponsorship contracts.

We derive a significant majority of our Adjusted Revenue from Serie A Indirect Media Revenue, with our largest credit exposure coming from Sky Italia and DAZN as the domestic co-broadcasters of Serie A matches and from IMG as the international broadcaster of Serie A matches. For the fiscal years ended June 30, 2017, 2018 and 2019, Serie A Indirect Media Revenue accounted for 40.8%, 42.2% and 32.6% of our total Adjusted Revenue. Any deterioration in the financial condition of RTI or Sky Italia, or of the domestic broadcaster holding the rights to Serie A matches in the future, could impair their ability to make payments to us. Due to the high concentration of revenue generated by a limited number of counterparties, the impairment of the solvency and financial condition of any one of these broadcasters, including as a result of the worldwide lack of live sports programming as a result of the COVID-19 pandemic, could have a material adverse impact on our Adjusted Revenue, and could adversely affect our business, financial condition, results of operations and cash flows.

Infront has guaranteed Serie A a minimum amount of revenue from the broadcasting rights for the 2018-2021 seasons. However, there can be no assurance that Infront will be able to find a counterparty willing to meet the minimum guarantee nor that Infront will have sufficient funds to make up the guarantee, if necessary. If Infront were unable to provide the minimum guarantee, the total value of the Serie A broadcasting rights could decrease, which could have a material adverse effect on our Indirect Media Revenue.

We derive our Sponsorship Revenue from certain global and regional corporate sponsors and supplier sponsors. The substantial majority of this revenue is derived from a limited number of sources, mainly the Naming Rights and Sponsorship Agreement with Jiangsu Suning and the sponsorship agreements with Nike and Pirelli. For the fiscal year ended June 30, 2019, revenue from the Naming Rights and Sponsorship Agreement and from the sponsorship marketing agreement with Beijing Yixinshijie accounted for 14.1% and 19.2%, respectively, of our Sponsorship Revenue, while in the fiscal years ended June 30, 2017, 2018 and 2019, revenue from our sponsorship agreements with Nike and Pirelli accounted for 17.2%, 16.7% and 22.3% of our Sponsorship Revenue, respectively. Any deterioration in the financial condition of Jiangsu Suning, Nike, Pirelli or other sponsors that impairs their ability to make payments to us or any future termination or expiration of any of these agreements, similar to the expiration of the sponsorship marketing agreement with Beijing Yixinshijie, could increase our uncollectible receivables and thereby adversely affect our business, financial condition, results of operations and cash flows.

It may not be possible to renew or replace key contracts when they expire or are terminated on similar or better terms, or at all, or to attract new sponsors.

Our Sponsorship Revenue for each of the fiscal years ended June 30, 2017, 2018 and 2019 represented 49.1%, 51.3% and 44.8% of our Adjusted Revenue, and our Direct Media Revenue for each of the fiscal years ended June 30, 2017, 2018 and 2019 represented 6.7%, 6.0% and 5.0% of our Adjusted Revenue, respectively. Our sponsorship agreements typically have two- to five-year terms. Two of our largest sponsor contracts, with Jiangsu Suning and Nike have two and four years, respectively, remaining on their contracts. Conversely, our shirt sponsor contract with Pirelli, another one of our largest and historical sponsors, expires at the end of the next season and we may not be able to secure equally or more lucrative shirt sponsorship contracts. Moreover the Naming Rights and Sponsorship Agreement contains a provision allowing Jiangsu Suning to terminate the contract in the event of a change of control resulting in Suning no longer exercising control over Inter. Pirelli also has the right to terminate its contract if Inter is relegated from Serie A and fails to re-qualify for Serie A the following season or is sanctioned under the UEFA Financial Fair Play Regulations, and Nike has the right to terminate its contract if Inter is banned or suspended from any national or international competition or is unable or unwilling to compete in a series of national or international games. Some contracts also allow for termination in the event of Inter's insolvency. In addition, if our sponsorship agreements expire, or if they are terminated, we may not be able to renew or replace them with contracts on similar or better terms or at all. Inter's on-pitch performance and popularity have a substantial effect on the possibility of renewing or replacing these contracts, and on our ability to negotiate similar or better terms.

As part of our business strategy, we are pursuing the expansion of our sponsorship portfolio by partnering with additional sponsors both regionally and internationally. See "*Issuer's Business—Our Revenue Drivers—Sponsorships*". However, we may not be able to continue to successfully execute our business strategy and promote the Inter brand to attract new sponsors. Furthermore, we are subject to contractual restrictions under certain of our sponsorship agreements that may affect our ability to expand our categories of sponsors, including certain restrictions on our ability to grant sponsorship, advertising and promotional rights to certain types of businesses. In addition, following the expiration of the Infront Marketing Agreement in June 2018, we took over the responsibility for marketing and negotiating contracts with sponsors. See "*—In July 2018, we took over the marketing and negotiation of our sponsorship agreements from Infront and no longer receive the minimum revenue contractually guaranteed under our Infront Marketing Agreement".* We cannot assure you that we will be successful in implementing our business plan or that our sponsorship revenue will continue to grow at the same rate as it has in the past, or even be maintained. Any of these events could negatively affect our ability to achieve our development and commercialization goals, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Certain key contracts with Chinese sponsors have not been renewed or have been terminated and we will no longer receive the revenue contractually guaranteed thereunder.

With effect from July 1, 2019, our sponsorship contracts with Chinese sponsors Fullshare Holding Limited, an educational services provider, and King Dawn Investment Limited, an online travel agent, which together generated €20 million of revenue in the fiscal year ended June 30, 2019, were terminated by the sponsors. In addition, our sponsorship agreement with Beijing Yixinshijie, which generated €25 million of revenue in the fiscal year ended June 30, 2019, expired on July 1, 2019 and was not renewed. In the fiscal year ended June 30, 2019, our Sponsorship Revenue deriving from the contracts with Fullshare Holding Limited, King Dawn Investment Limited and Beijing Yixinshijie accounted for 34.5% of our total Sponsorship Revenue. Although the negative impact of these terminations was partially offset by signing new sponsorship partnerships, including with Lenovo, Acronis and Hugo Boss, any further terminations or our inability to successfully increase our internal sponsorship sales and marketing function, to renew current contracts or obtain new contracts on similar or better financial terms as were available to us under these terminated sponsorship agreements would have a material adverse effect on our business, financial condition, results of operations and cash flows. Moreover, if we are unable to effectively leverage on our majority shareholder Suning's expertise and reach in Asia to expand our business in the region, our business, financial condition, results of operations and cash flows may be negatively affected.

Piracy and illegal live streaming may adversely impact our media and mobile & content revenue.

For each of the fiscal years ended June 30, 2017, 2018 and 2019, our Adjusted Media Revenue was €112.3 million, €115.6 million and €160.3 million, respectively, with Indirect Media Revenue accounting for 86.9%, 87.5% and 91.0%, respectively, of that total. Our Adjusted Media Revenue is principally generated by the broadcasting of Inter's matches on pay and free-to-air television channels as well as content delivered over the internet and through our subscription-based TV channel, Inter TV. In recent years, piracy and illegal live streaming of subscription content over the internet has caused, and is continuing to cause, lost revenue to media distributors showing our matches. There can be no guarantee that we can prevent or limit future piracy or illegal streaming of subscription content. If these trends increase or continue unabated, they could pose a risk to subscription television services. The result could be a reduction in the value of our share of football broadcasting rights and of our online and Inter TV services, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We may be unable to maintain and enhance our brand and reputation, particularly in new markets, and actions by our fans, employees, directors or officers may damage our brand and reputation.

The value, strength and success of our brand and reputation, and by extension the value of our intellectual property, depends directly on the playing reputation and performance of Inter and our relationship with third parties. Our brand and reputation are also integral to the implementation of our strategies for attracting new sponsors. To be successful in the future, we must preserve, grow and leverage the value of the Inter brand across all of our business activities. Much of this value will depend on Inter's on-pitch performance (which we are unable to control) as our leverage with existing and potential sponsors is substantially dependent upon Inter's popularity as a club.

In addition, Inter has in the past experienced, and we expect that it will in the future continue to receive, a high degree of media coverage. Unfavorable publicity regarding Inter's performance in league and cup competitions or the behavior of its players, employees or fans on and off the pitch may affect our ability to attract and retain certain sponsors. Failure to respond effectively to negative publicity could also further erode our brand and reputation.

Furthermore, events in the football industry, or in the City of Milan, even if unrelated to us, may negatively affect our brand or reputation. Additionally, as San Siro is also used for concerts and A.C. Milan's matches, any incident that occurs during such an event could also negatively affect the club's reputation insofar as it is attributed or associated to Inter. As a result, the size, engagement and loyalty of Inter's fan base and the demand for its products may decline. Such a decline could impair our ability to attract sponsors, which would result in decreased revenue across our revenue streams and have a material adverse effect on our business, results of operations, financial condition and cash flow, as well as require additional resources to rebuild our brand and reputation.

Inter has also granted certain third parties rights associated with the use of the Inter brand. For example, as part of Inter's merchandising operations, we granted to certain commercial partners the right to use the Inter brand for various retail activities, with certain control mechanisms for Inter over the exercise of this right. Therefore, such licenses could take actions that lead to negative publicity for Inter or harm Inter's brand.

We may also be subject to negative publicity relating to our employees, directors or officers or contractual counterparties.

Maintaining and enhancing our brand and reputation may require us and Inter to make substantial investments, including in markets that are new to us, such as Asia. Such investments may not be successful, especially where they depend upon understanding and capitalizing on commercial demands in international markets. Failure to successfully maintain and enhance the Inter brand or its reputation or excessive or unsuccessful expenses in connection with this effort could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Failure to adequately protect our intellectual property could injure our brand and have material adverse effect on our results of operation and financial condition.

Like other popular brands, we are susceptible to instances of brand infringement (such as counterfeiting and other unauthorized uses of our intellectual property). We seek to protect our brand assets by ensuring that we own and control certain intellectual property rights in and to those assets and, where appropriate, by enforcing those intellectual property rights. For example, we own the copyright to Inter's logo, and Inter's logo and trade name are registered as trademarks (or are the subject of applications for registration) in a number of jurisdictions, including Italy, Brazil, the EU, China, Argentina, Hong Kong, Indonesia, Malaysia, Thailand, Taiwan and Australia. However, it is not possible to detect all instances of brand infringement. Additionally, where instances of brand infringement are detected, we cannot guarantee that such instances will be prevented as there may be legal or factual circumstances which give rise to uncertainty as to the validity, scope and enforceability of our intellectual property rights in the brand assets.

The laws of certain countries in which we license our brand and conduct operations, particularly those in Asia (such as China) may not offer the same level of protection to intellectual property rights holders as those in Italy, the rest of Europe and the United States. Furthermore, the time required to enforce our intellectual property rights under these legal regimes may be lengthy, costly and delay recovery. For example, the unauthorized use of intellectual property is common and widespread in China and enforcement of intellectual property rights by Chinese regulatory agencies is inconsistent. If we were to fail or be unable to secure, protect, maintain and/or enforce the intellectual property rights which vest in our brand assets, then we could lose our exclusive right to exploit such brand assets.

We also license our intellectual property rights to third parties. In an effort to protect our brand, we enter into licensing agreements with these third parties which govern the use of our intellectual property and which require our licensees to abide by quality control standards with respect to such use. Although we make efforts to police our licensees' use of our intellectual property, we cannot assure you that these efforts will be sufficient to ensure their compliance. The failure of our licensees to comply with the terms of their licenses, or any other failure to adequately protect our intellectual property, could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We have recorded a significant amount of goodwill and intangible assets and we may never realize the full value thereof.

We have recorded a significant amount of goodwill and other intangible assets, including our intellectual property, contributed by Inter and BrandCo to us in 2014. Total goodwill was €84.3 million as of March 31, 2020 and total trademark was €140.7 million as of March 31, 2020. We test annually whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policies stated in our financial statements, included elsewhere in this Offering Memorandum. In addition, the COVID-19 related cash flow disruption, along with the macroeconomic industry and market conditions, were considered a "triggering event" which required us to assess the carrying value of our intangible assets, long-lived assets and goodwill for impairment purposes. The key assumptions used in the impairment test related to both a lockdown scenario, whereby the 2019/2020 season would be terminated after the second week of March with no matches played thereafter and a recovery scenario, whereby the season would resume and be completed in July or August 2020. Although no goodwill or intangible asset balance was impaired as of March 31, 2020 based on the assessment, the duration and impact of the COVID-19 pandemic may result in future impairment charges that management will evaluate as facts and circumstances evolve through time. Impairment may result from, among other things, deterioration in Inter's on-pitch performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. Significant impairments of goodwill and other intangible assets, including our intellectual property, may result in a material reduction of our income and equity and could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We may face conflicts of interest in transactions with related parties.

Our business is governed by, and conducted according to, arrangements we have entered into with Inter and its shareholder and their respective affiliates. We rely on agreements with Inter which allow us to receive the proceeds of current media rights contracts and negotiate future media rights contracts which require Inter to use its best efforts to play all matches, comply with all Serie A regulations and meet all requirements of media rights contracts and sponsorship agreements. We have also entered into the Naming Rights and Sponsorship Agreement with Jiangsu Suning, a subsidiary of Inter's ultimate shareholder Suning, under which Jiangsu Suning has contracted to pay us a fixed sponsorship fee of €16.0 million. See "*Certain Relationships and Related Party*

Transactions—Naming Rights and Sponsorship Agreement". For the fiscal year ended June 30, 2019, we recognized €18.2 million of revenue from related parties under such agreements. As of March 31, 2020, €50.7 million of the revenue recognized under regional sponsorship agreements, including under the Naming Rights and Sponsorship Agreement, remained unpaid.

We may be unable to implement our business strategies.

Our future financial performance and success largely depend on our ability to implement our business strategies successfully. We have undertaken, and will continue to undertake, various initiatives to enhance our sponsorship revenue, create compelling content and increase fan engagement. We cannot assure you that we will successfully implement our business strategies or that implementing these strategies will sustain or improve and not harm our results of operations. In addition, the costs involved in implementing our strategies may be significantly greater than we currently anticipate.

Our business strategies are based on our assumptions about future demand for Inter's media and entertainment contents, including live and broadcast matches and the strength of our brand and Inter's supporter base, as well as our ability to leverage the Inter brand in new markets. Each of these factors depends, among other things, on our ability to: finance our operations and business development activities, respond to competitive and regulatory changes, understand trends and drivers in foreign markets and retain and attract highly skilled technical, managerial, marketing and finance personnel and sponsors. Any failure to develop, revise or implement our business strategies in a timely and effective manner may adversely affect our business, financial condition, results of operations and cash flows.

Our digital media strategy may not generate the returns we anticipate.

We maintain contact with, and provide entertainment to, our global supporter base through a number of digital and other media channels, including the internet, mobile services and social media. While we have attracted over ten million followers to our social media accounts and our website had approximately four million unique page views in the month of January 2020, the future revenue and income potential of our mobile and content business is uncertain. We may encounter challenges, risks and difficulties in this new and rapidly evolving market, including our ability to retain our current supporter base, attract new supporters, enhance the content offered through our digital media channels, effectively generate revenue from interaction with supporters through our digital media channels, develop our digital media channels in a cost effective manner and operate our digital media channels profitably and securely.

In addition, expansion of our digital and other media channels, including the internet, mobile services and social media, may result in a decrease in revenues from our other business activities, including our indirect and direct media revenue. Moreover, the increase in subscriber base in some of these digital and other media channels may limit the growth of the subscriber base and popularity of other channels. Although we are focused on increasing this subscriber base, we cannot guarantee that our efforts will be successful. Our inability to successfully leverage our digital media strategy would have a material adverse effect on our business, financial condition and results of operations.

Failure to effectively manage our growth could adversely affect our business.

Our strategy to enhance our Sponsorship Revenue may place a significant strain on our management and on our operational and financial resources and systems. To manage growth effectively, we will need to maintain a system of management controls and continue to attract and retain qualified personnel, as well as develop, train and manage management-level and other employees. Failure to steer our continued sponsorship expansion effectively could cause us to over-invest or under-invest in infrastructure systems and managerial resources, and result in losses or weaknesses in our infrastructure systems and managerial resources. Any failure by us to effectively manage our growth could have a negative effect on our ability to achieve our development and commercialization goals and strategies, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Our international expansion and operations in foreign markets expose us to risks associated with international sales and operations.

We intend to continue to expand internationally and operate in select foreign markets, particularly in Asia. Managing a global organization is difficult, time consuming and expensive. Our inexperience in operating our business globally increases the risk that our international expansion efforts will not be successful. In addition, conducting international operations subjects us to risks such as the lack of familiarity with and unexpected changes in foreign regulatory requirements; difficulties in managing and staffing international operations; fluctuations in currency exchange rates; potentially adverse tax consequences, including foreign value added tax systems, and restrictions on repatriation of earnings; the burdens of complying with a wide variety of foreign laws and legal standards; increased financial accounting and reporting burdens and complexities; the lack of strong intellectual property regimes and political, social and economic instability abroad. Operating in international markets also requires significant management attention and financial resources. The investment and additional resources required to establish operations and manage growth in other countries may not produce desired levels of revenue or profitability, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We are subject to various regulations related to the collection and processing of personal data, and changes to these regulations or their interpretation could adversely affect our business.

We collect and process personal data (including name, address, age, bank details and other personal data) from Inter's supporters and our customers, members, suppliers, business contacts and employees as part of the operation of our business (including online merchandising), and therefore we must comply with data protection and privacy laws in Italy and, in certain situations, other jurisdictions where our supporters reside. Those laws impose certain requirements on us in respect of the collection, use and processing of personal information relating to these persons. In addition, we are exposed to the risk that the personal data we control could be wrongfully or willfully accessed or used, whether by employees, supporters or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If we or any of the third party service providers on which we rely fail to process such personal data in a lawful or secure manner or if any theft or loss of personal supporter data were to occur, we could face liability under data protection laws, including requirements to destroy customer information or notify the people to whom such information relates of any non-compliance as well as civil or criminal sanctions. This could also result in the loss of the goodwill of Inter's fans and the loss of revenue from reduced demand of our online content or our online merchandise sales. Failure to successfully address these risks and difficulties could affect our business, results of operations, financial condition and cash flow.

We may not be able to perform our contractual obligations to third parties and, as a result, our cash flows could be adversely affected.

We have a number of contractual obligations to third parties, such as sponsors, which we may not be able to perform. Our media and sponsorship agreements typically require us to procure that Inter meets certain requirements, such as ensuring its first team attends certain events, plays a minimum number of matches and does so at San Siro. Although we have entered into a Playing and Staging Agreement with Inter under which Inter is required to, *inter alia*, use its best efforts to play all matches and meet all requirements stipulated under our media rights and sponsorship agreements and comply with regulations of Serie A and relevant football bodies to ensure it qualifies for revenue under the media and sponsorship contracts, we cannot guarantee that Inter will fulfill these requirements. In particular, any failure by Inter to comply with licensing and the UEFA and Italian Financial Fair Play Regulations could prevent Inter from playing in domestic and European competitions. Should Inter fail to meet any of these requirements, including as a result of government mandated limitations on large gatherings and closures prohibiting matches from being held at San Siro in response to the COVID-19 pandemic, our key sponsors may seek to reduce the payments or apply penalties in respect of the Sponsorship Agreements, which would consequently reduce the amounts we receive thereunder. We may not be able to require Inter to perform any of its obligations to us to meet these requirements and, as a result, may be unable to fulfill our obligations under our media broadcasting and sponsorship agreements. This may have a material adverse effect on our ability to attract and retain sponsors and on our business, results of operations, financial condition and cash flow.

In certain limited cases, we are performing services on behalf of certain sponsors and other third parties without having executed binding contractual arrangements with such parties.

In certain limited cases, we are performing services under sponsorship and commercial contracts with certain sponsors and other third parties without having executed binding contractual arrangements with such parties. Sponsors and other third parties may choose not to perform their obligations under these contracts and, as a result, we may not receive any fee or consideration and will not be able to enforce any of our rights. In addition, holders of the Notes will not hold a valid security interest over the receivables arising under these contracts before they are executed and will not be able to recover any of such receivables in the event of an enforcement of the Collateral.

We or Inter may become involved in litigation and arbitration proceedings, which may have a material adverse effect on our business, results of operations, financial condition and cash flow.

We or Inter may be involved in litigation and arbitration proceedings, such as labor-related litigation, tax audits, intellectual property litigation or litigation or arbitration with Inter's sponsors. Inter is currently involved in tax litigation regarding two main tax matters. The first matter relates to whether capital gains from the transfer of players can be excluded from Inter's taxable income, and the second matter regards whether costs for services provided by sports agents constitute remuneration in kind paid to the players. Inter has received various tax assessments relating to these litigation matters, which have been paid pending the outcome of the proceeding. In March 2018, Inter entered into a settlement agreement with the Italian tax authority ("*Agenzia delle Entrate*"), with respect to the matter relating to the costs for services for the assessments relating to the fiscal years ended June 30, 2008-2013.

In addition, following the suspension of Inter's matches due to COVID-19, Inter received requests for reimbursements from certain season ticket holders. Inter is currently evaluating the approach to be taken with respect to these requests for reimbursements (considering also the Italian legislation which entered into force during the COVID-19 pandemic). However, ticket holders may initiate legal proceedings against Inter, also in light of the recent AGCM proceedings in which Inter and other Italian football clubs are involved, in relation to the alleged unlawfulness of certain clauses of the ticketing general terms and conditions which limit the reimbursement in favor of ticket holders if a match is later canceled or postponed.

Even if we or Inter were successful in defending these or other legal proceedings, each could suffer from the distraction of management resources dedicated to such proceedings, incur certain expenses and possibly face harm to the Inter brand from case-related publicity any of which could have a material adverse effect on our business, results of operation, financial condition or cash flow. We and Inter are currently involved in various routine legal proceedings, which we believe are incident to the ordinary course of business. We have not provisioned for these proceedings, as we believe the probability of any significant losses is low, though such assessments are inherently uncertain given the nature of litigation.

Tax laws or the interpretation or application of tax laws could change in a way that is unfavorable to us.

Our business operations are subject to a number of taxes and fees, including VAT. The levels of taxation to which our operations are subject could increase in the future. Any such future increases in the levels of taxation, or the implementation of any new taxes to which our operations will be subject, could have a material adverse effect on our business, financial condition and results of operations. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our Group pursuant to, for example, loan agreements, licensing agreements or other arrangements. In addition, Italian tax law and its administration is a generally complex process that often requires taxpayers to make subjective determinations in relation to their application. Adverse developments in tax laws or regulations (including future Italian legislation, judicial or administrative changes or interpretations with respect to tax laws to which our business is subject) could have a material adverse effect on our business, results of operation, financial condition or cash flow.

Additionally, tax laws and regulations are complex and subject to subjective evaluations and interpretative decisions. We are periodically subject to tax audits and investigations by the tax authorities, such as audits relating to the application of direct and indirect taxes on the activities carried out and on the withholdings applied to our transactions. Tax authorities may not agree with our interpretation of, or with the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions.

There can be no assurance that a challenge will not arise in relation to our compliance with tax laws and regulations relating to the tax treatment of our transactions and other business arrangements if we were subject to a tax audit by the relevant tax authorities. We may also fail to comply with tax laws inadvertently or through reasons beyond our control. If any of these circumstances were to occur, it could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts of taxes, penalties and interest, which could have a material effect on our business, financial condition and results of operations. In such cases, it may be necessary to defend our tax filings in court, if a reasonable settlement cannot be reached with the relevant tax authorities, and any ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our brand and reputation with sponsors and commercial partners.

We present certain non-GAAP measures that may not be comparable to similarly-titled measures that are used by other companies, and these measures have limitations as analytical tools.

In this Offering Memorandum, we present certain Non-GAAP Measures and Ratios to assess the financial performance of our business. These measures are called Non-GAAP Measures and Ratios because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with Italian GAAP, or are calculated using financial measures that are not calculated in accordance with Italian GAAP. Non-GAAP Measures and Ratios that we present include Adjusted Revenue, Adjusted Media Revenue, Serie A Indirect Revenue, UEFA Indirect Revenue, Cash Inflows, Cash Outflows, Cash Available for Debt Service, Net Financial Position and financial information for the twelve months ended March 31, 2020.

We use Non-GAAP Measures and Ratios to measure operating performance and liquidity, in presentations to our board of directors and as a basis for strategic planning and forecasting, as well as to monitor certain aspects of our operating cash flow and liquidity. We believe that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplementary measures of performance and liquidity.

The Non-GAAP Measures and Ratios may not be comparable with other similarly titled measures used by other companies. In particular, our Non-GAAP Measures and Ratios have limitations as analytical tools and you should not consider them in isolation or as a substitute for the analysis of our results or any performance measures under Italian GAAP as set forth in our financial statements. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Although we believe that the presentation of these Non-GAAP Measures and Ratios is helpful to investors because these and other similar measures and ratios are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity, you should not construe these Non-GAAP Measures and Ratios as alternatives to profit and loss from operations determined in accordance with Italian GAAP or to cash flows from operations, investing activities or financing activities, or any other measure or ratio required by, or presented in accordance with, Italian GAAP. In addition, our Non-GAAP Measures and Ratios may not be comparable to similarly-titled measures or ratios used by other companies and may differ from measures we will be required to use under the Indenture. These indicators should not be considered in isolation or construed as a substitute for measures in accordance with Italian GAAP.

We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and the Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors.

This Offering Memorandum contains certain estimates with respect to our future Cash Inflows and our future Cash Outflows. We include a portion of *Pro Forma* Estimated Look-Forward Cash Inflows that relates to revenues from contracts that are up for renewal during the 12 months ending March 31, 2021 and are assumed to be renewed at the same levels as the existing contractual arrangements provide. The renewal of such contracts may not occur on the same terms or at all for reasons such as the impact of the COVID-19 pandemic, Inter's poor on-pitch performance, a decrease in Inter's popularity, general economic conditions or otherwise. In making such estimates, we also make certain assumptions in respect of Inter's on-pitch performance, in particular that in the following season Inter will participate in the UEFA Champions League but that it will not qualify within the first three clubs of its group and, consequently, will fail to either advance past the group stage or transfer to the UEFA Europa League. These assumptions are inherently subject to significant uncertainties, including those related to the impact of the COVID-19 pandemic, the timing of payments, regulatory restrictions or other impacts, and actual results could differ materially from those estimated. We cannot assure you that these assumptions are correct or that the estimates will reflect actual results of operations for the twelve months ending March 31, 2021 or for any other period. Furthermore, these assumptions involve factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors. See "*—It may not be possible to renew or replace key contracts when they expire or are terminated on similar or better terms, or at all, or to attract new sponsors*", "*—Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including the impact of COVID-19 and competition from new leagues or tournaments*" and "*—A significant portion of our Adjusted Revenue is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations*".

Although we believe the assumptions we have used to calculate our *Pro Forma* Estimated Look-Forward Cash Inflows and *Pro Forma* Estimated Look-Forward Cash Outflows are reasonable and are based either on our historical experience or our knowledge of the industry, if one or more of these assumptions are inaccurate, particularly with respect to any impact deriving from the COVID-19 pandemic, we may be unable to achieve these projections, which could result in us breaching our obligations in respect of the Indenture and could otherwise have a material adverse effect on our business, financial condition and results of operations.

Our actual results in the future will vary from estimated results and those variations may be material. In addition, these estimates were not prepared with a view to compliance with the published guidelines of the SEC or the guidelines established by any other regulatory or industry body regarding projections, nor is *Pro Forma* Estimated Look-Forward Cash Inflows intended to be presented in a manner consistent with financial statements prepared in accordance with Italian GAAP. Although we will be required to calculate our *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio under the Indenture, we do not intend to update or otherwise revise the estimates provided herein to reflect circumstances existing after the date of this Offering Memorandum or to reflect the occurrence of future events, even in the event the assumptions underlying the estimates are shown to be in error. In addition, the calculation in the Indenture of the *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio could vary from the calculation of the *Pro Forma* Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 disclosed in this Offering Memorandum or any future period because the Indenture permits us to take into account not only contractual arrangements up for renewal but also certain new contracts expected to be entered into during the applicable period and services we are providing subject to finalization of contractual arrangements at such time. Neither we nor the Initial Purchaser, nor any of our or its respective directors, officers, advisers, auditors, experts, agents or representatives, shall bear any responsibility for the accuracy or adequacy of such estimates. Prospective investors in the Notes are cautioned not to rely on these estimates.

We have not included IFRS financial information in this Offering Memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS.

Our financial statements included in this Offering Memorandum are based on Italian GAAP, which differs in certain respects from IFRS. We may adopt IFRS for our financial statements in future years. Because there are differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations and financial position, including levels of indebtedness.

If we adopt IFRS, the Indenture requires us to report according to such standards, and the covenant calculations will be based on the relevant standards, subject to certain exceptions relating to the treatment of leases. There could be significant differences in our reported results between our newly adopted standards and Italian GAAP. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. This could result in our being able to take actions that might be to your detriment, such as incurring greater amounts of debt than would otherwise have been possible, or not being able to take actions that would otherwise be to your benefit, such as making investments. See "*Annex A: Summary of Certain Differences between Italian GAAP and IFRS*" and "*Description of the Notes*".

Business interruptions due to terrorist attacks, natural disasters, public health crises, such as the ongoing COVID-19 pandemic, and other events could adversely affect us.

Our operations can be subject to natural disasters and other events beyond our control, such as earthquakes, fires, power failures, telecommunication losses, terrorist attacks, acts of war and prolonged pandemic or epidemic disease, similar to the current COVID-19 pandemic. Such events, whether natural or manmade, could cause severe destruction or interruption to our operations, and as a result, our business could suffer serious harm. Although we do not expect promotional matches to resume during the 2020 summer, Inter's first team regularly tours the world for promotional matches, visiting various countries with a history of terrorism and civil unrest, and as a result, we and our players could be potential targets of terrorism when visiting such countries. There has been a significant increase in terrorist attacks in Europe over the past five years, particularly in large venues such as stadiums and concert halls, and any terrorist attack in San Siro or in a similar location could reduce the number of fans willing to attend matches in person. In addition, any prolonged business interruption at San Siro, whether from terrorist attacks or otherwise, could disrupt matches and training sessions, which may adversely affect Inter's first team's performance, and any widespread outbreak of disease or public health crises may deter fans from attending matches, which may have an adverse effect on match day attendance and ticket sales. In addition, our business could be adversely affected by the outbreak or potential outbreak of diseases, epidemics or pandemics or similar public health crisis, such as the COVID-19 pandemic, or fear of such an event. Our and Inter's business interruption insurance only covers some, but not all, of these potential events, and even for those events that are covered, it may not be sufficient to compensate us fully for losses or damages that may occur as a result of such events, including, for example, loss of market share and diminution of our brand, reputation and client loyalty, and injury or loss of life of players and key personnel of Inter. For example, although we hold a business interruption insurance policy, any claims made thereunder in respect of business interruption will be subject to customary claim conditions and exceptions. There can be no assurance that all of the potential events caused by Covid-19 will be covered by our business interruption insurance policy. Any one or more of these events could have a material adverse effect on our business, results of operation, financial condition or cash flow.

Fluctuations in exchange rates may adversely affect our results of operations.

Our functional and reporting currency is euros and substantially all of our costs are denominated in euros. However, we may in the future pursue the establishment of subsidiaries in other jurisdictions, leading to some regional sponsorship contracts potentially being negotiated in currencies other than the euro. As a result, our results of operations may in the future fluctuate due to movements in exchange rates as a result of a portion of our revenue or operating costs occurring in a foreign currency. There are currently no major revenues or costs occurring in foreign currencies that could generate volatility in our operations.

Risks Related to Inter

This section highlights certain risks related to Inter's business. Inter will not guarantee the Notes and is therefore not liable for amounts owning thereunder. As a consequence, noteholders are advised that they will have no recourse against Inter in respect of amounts owing on the Notes, and no undue reliance should therefore be placed on the financial results or operations of Inter in respect of our ability to make payment on the Notes. However, Inter's operations are vital to our business, results of operations, financial condition and cash flow.

Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19

Inter's operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and government and league actions taken in response. On March 9, 2020, Serie A suspended its 2019/2020 season, with matches having resumed on June 20, 2020 but played behind closed doors as a result of government mandated limitations on large gatherings. It is likely that continuing concerns related to COVID-19 could cause governments and professional sports leagues in Italy and the rest of Europe, including Serie A and the UEFA, to mandate that teams play games without spectators for some time. Even after Inter is able to resume playing matches in front of spectators, it is unclear whether and to what extent COVID-19 concerns will impact the demand for attending these games and for our sponsorship and advertising assets. After Serie A matches resume with spectators, individuals may change their behaviors by continuing social distancing and avoiding large events, such as football matches. If consumer behaviors change, it is difficult to predict how long these behavioral changes will last, and may affect future seasons in the long term. Even after both domestic and international competitions resume with spectators, fans attending games and players may contract COVID-19. Any such occurrence could result in litigation, legal and other costs, including suspension of Inter's matches, as well as potential sanctions for failing to maintain adequate measures aimed at restricting the spread of COVID-19, reputational risk, any of which could materially and adversely impact Inter's business and results of operations. If there is a future resurgence of COVID-19 following its initial containment, the negative impacts on Inter's business may be exacerbated. For example, any future resurgence may contribute to the cancellation of the current season despite an initial restart, a delay to the commencement or potentially cancellation of the 2020/2021 season, the possibility of playing a portion if not all of the 2020/2021 season matches behind closed doors, any of which, could in turn severely impact Inter's matchday revenue. The disruption caused by COVID-19 has materially impacted Inter's revenues and Inter did not recognize any matchday revenue while games were not played, including for ticket sales, sale of suite licenses, matchday sponsorships, signage and in-venue advertising at San Siro. Moreover, food, beverage and merchandise sales for home games played at San Siro will not be generated for so long as matches are played behind closed doors. As a result of this operating disruption caused by COVID-19, Inter's cash flow was, and its projected cash flow will continue to be, directly and adversely impacted, notwithstanding the recent sale of Mauro Icardi to Paris Saint Germain and the potential upstream of the proceeds deriving from the issuance of the Notes to fund its ongoing working capital. While Inter currently has the ability to reduce certain operating expenses as a result of the disruption caused by COVID-19, including matchday expenses for Inter matches and certain other SG&A and discretionary expenses, those expense reduction opportunities will not offset revenue losses, particularly in light of Inter's largely fixed near term operating costs which significantly increase its short term liquidity needs.

In addition, one of Inter's primary liquidity needs stems from the payment of transfer fees for the acquisition of players' registrations. Transfer windows for acquiring and disposing of players occur in January and the summer. During these periods, Inter may require additional cash to meet its acquisition needs for new players and it may generate additional cash through the sale of existing players. However, the asset value represented by its current roster may be negatively impacted by the prolonged impact of COVID-19 which, in turn, may increase Inter's liquidity requirements to fund the payment of transfer fees. Moreover, Inter's cash flow may be negatively impacted by the potential return of players on temporary loan in the event these loans are not also extended until the end of the extended 2019/2020 season. This, together with the absence of matchday revenue positively affecting its overall working capital, could require Inter to sell valuable players which, in turn, could further adversely impact its results of operations, financial condition and cash flow.

We cannot assure you that Inter will generate cash flow in an amount sufficient to enable it to fund its liquidity needs, which, in turn, may adversely affect our results of operations, financial condition and cash flow. For a more detailed explanation of the COVID-19 impact on the Issuer's operations, please see "*Risks Related to the Issuer—Our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the impact and outcome of the pandemic remain uncertain*".

Inter's ability to qualify for or their success in European competitions cannot be guaranteed.

Qualification for the UEFA Champions League or UEFA Europa League is dependent upon Inter's first team's performance in Serie A and, in some circumstances, the UEFA Champions League or UEFA Europa League itself in the previous season. Qualification for the UEFA Champions League or UEFA Europa League cannot, therefore, be guaranteed.

In addition, Inter's first team's participation in the UEFA Champions League or UEFA Europa League may be influenced by factors beyond its control. For example, the number of places in each league available to the clubs of each domestic football association in Europe can vary from year to year based on a ranking system across the highly competitive European domestic football associations. If the performance of Italian clubs in Europe declines vis-à-vis other specific countries, the number of places in each European competition available to Italian clubs may be reduced and it may be more difficult for Inter's first team to qualify for each league in future seasons. Certain other domestic football associations are relatively wealthier than Serie A and therefore may be better able to attract higher quality players. Further, the rules governing qualification for European competitions (whether at the European or domestic level) may change and make it more difficult for Inter's first team to qualify for each league in future seasons.

Moreover, because of the prestige associated with participating in the European competitions, particularly the UEFA Champions League, failure to qualify for any European competition, particularly for consecutive seasons, could negatively affect Inter's ability to attract and retain talented players, coaching staff and fans. Even if Inter manages to qualify for European competitions in consecutive seasons, the creation of new leagues or tournaments to potentially rival or replace the existing domestic leagues as well as the main European competitions such as Champions League and Europa League may nonetheless impact our ability to attract and retained talented players, coaching and staff, which, in turn may negatively impact our results of operations. Any one or more of these factors could have a material adverse effect on Inter's on-pitch performance, business and results of operation, which would in turn have a material adverse effect on our business, results of operation, financial condition and cash flow. For further information on risks associated with the creation of new leagues or tournaments to potentially rival or replace the existing domestic leagues as well as the main European competitions such as Champions League and Europa League which may further adversely impact Inter's attractiveness, see "*—Risks Related to the Issuer—Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including the impact of COVID-19 and competition from new leagues or tournaments*".

Inter's business is dependent upon its ability to attract and retain key personnel, including players and team management.

Inter is highly dependent on members of its management, coaching staff and players. Competition for talented players, coaches, directors and staff is, and will continue to be, intense. Inter's ability to attract and retain the highest quality players for its first team, reserve team and youth sector teams, as well as coaching staff, is critical to Inter's first team's success in league and cup competitions and increasing popularity and, consequently, critical to our business, results of operations, financial condition and cash flow. Inter's success and achievements over the last 20 years do not necessarily mean that it will continue to be successful in the future, whether as a result of changes in player personnel, coaching staff or otherwise. For example, in 2019 the Italian Government introduced attractive tax measures aimed at fostering professional sports. In particular, Italian Law Decree No. 34 of April 30, 2019 has reshaped existing rules for inbound workers, introducing a specific regime for professional sportspersons who are willing to work and transfer their tax residence to Italy from 2020 onwards. If in the future these attractive tax measures are reviewed or eliminated, Inter may experience difficulties in attracting players currently resident outside Italy. A downturn in the performance of Inter's first team could adversely affect its ability to attract and retain coaches and players. In addition, Inter's popularity in certain countries and regions may depend, at least in part, on fielding certain players from those countries or regions. While Inter enters into employment contracts with each of its key personnel with the aim of securing their services for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed due to possible contract disputes or approaches by other clubs. Inter's failure to attract and retain key personnel could have a negative impact on our ability to effectively manage and grow our business, which would have a material adverse effect on our business, results of operations financial condition and cash flow.

Serious injuries to, diseases such as COVID-19 or losses of key playing staff may affect Inter's first team's performance.

Injuries to key members of the playing staff, particularly if career-threatening or career-ending, could have a detrimental effect on our business. In addition, there is a risk that our players or key playing staff may contract COVID-19 or be required to self-isolate after potentially being exposed to COVID-19, which could hinder their ability to compete in matches for some time or at all. Such diseases or injuries could have a negative effect upon Inter's first team's performance. Inter's strategy is to maintain a squad of first team players sufficient to mitigate the risk of player injuries. However, this strategy may not be sufficient, especially in the case of injury to a key player, and as a result such diseases or injuries may affect the performance of Inter's first team, and therefore may have a material adverse effect on our business, results of operations, financial condition and cash flow. Inter faces significant competition from other football clubs to acquire and retain players and team management, both within Italy and internationally, and increased competition could result in increased salaries and transfer fees and adversely affect the performance of Inter's first team.

Inter faces competition from other football clubs in Italy and internationally to acquire players and staff. Investments from wealthy club owners in Serie A and other international Leagues have resulted in clubs with deep financial backing that are able to acquire top players and coaching staff, which could result in improved performance from those clubs in domestic and international competitions. To stay competitive, Inter must pay salaries competitive with its main competitors in Italy and Europe. Despite the adoption of the UEFA Financial Fair Play Regulations, European and Serie A football clubs are spending substantial sums on transfer fees and player salaries. This can require equity contributions from owners, and if Suning is unable to contribute this could adversely affect Inter's ability to compete with other clubs for talented players. The increase in competition for talented footballers and qualified staff, and the consequent increase in salaries, could result in a significant increase to Inter's costs in order to remain competitive. If we are unable to pay higher salaries, we may not be able to attract talented players and staff and that will likely adversely affect Inter's first team's performance in competitions, result in Inter's first team finishing lower in Serie A than it has in the past and, therefore, jeopardize its qualification for or results in the UEFA Champions League or UEFA Europa League. Other domestic football associations in Europe, such as the English Premier League, generate significantly higher broadcasting revenues than Serie A, and as a result competition for players for these clubs could result in a significant increase in player salaries and transfer fees, which Inter may be unable to pay. Other factors that affect player salaries, such as changes in personal tax rates, changes to the treatment of income or other changes to taxation in Italy and the relative strength of the euro, may make it more difficult for Inter to attract top players and coaching staff from around Europe or elsewhere or require them to pay higher salaries to compensate for higher taxes or less favorable exchange rates.

In addition, Serie A regulations do not impose a salary cap on clubs. Any Serie A club could, therefore, spend as much money, within the confines of the Financial Fair Play Regulations, as they wanted to make themselves more competitive. This would increase the level of competition within Serie A, and could cause Inter's first team to fail to perform well in Serie A. If Inter's first team is unable to perform well for consecutive seasons, this could reduce Inter's ability to attract and to retain Inter's fan base. Furthermore, every year, the clubs that finish in the bottom three in the Serie A standings are directly relegated to play in Serie B until they re-qualify for Serie A. Relegation would mean a loss of certain sponsorship revenue and ineligibility for Inter to receive a share of Serie A media rights revenue, both of which would have a material adverse effect on Inter's business, results of operations, financial condition and cash flow.

Additionally, an increase in transfer fees would require Inter to pay more than expected for the acquisition of players' registrations in the future. Certain players' transfer values may diminish after Inter acquires them and Inter may sell those players for transfer fees below their net book value (or even for no fee if the contract with those players has expired), resulting in a loss on disposal of players' registrations. Net transfer costs could also increase if levies imposed by FIFA, Serie A or any other organization in respect of the transfer of players' registrations were to increase.

Since Inter remains committed to attracting and retaining the highest quality players they may explore new player acquisitions in connection with future transfer periods that may materially increase the amount of its net player capital expenditure. As part of any material increase in net player capital expenditure, Inter may also experience a material increase in its expenditure for player salaries. The actual amount of cash Inter uses on player acquisitions will also depend, in part, on the amount of any cash they receive as a result of the sale of any players. Any increase in net player capital expenditure compared to historic levels will also result in an increase in Inter's amortization expenses in future periods.

The impact of the foregoing competitive pressures could have a material adverse effect on Inter's business, results of operations, financial condition and cash flow which would in turn have a material adverse effect on our business, results of operation, financial condition and cash flow.

UEFA, FIGC and Serie A regulations, including Financial Fair Play Regulations and IFFPR, may restrict Inter's ability to make commercial and sporting decisions.

As the primary governing body of European football, UEFA continually evaluates the dynamics in the football industry and considers changes to the regulatory framework governing European football clubs, and Inter must consider UEFA rules and regulations when making its business decisions. UEFA rules and regulations are complex and difficult to interpret and compliance with them may be burdensome and uncertain. As an example, clubs participating in the UEFA Champions League and UEFA Europa League competitions are subject to the UEFA Club Licensing and Financial Fair Play Regulations. Breaches in the rules may result in, among other things, withholding of prize money, transfer bans and ultimately disqualification from European competitions. These rules are intended to discourage clubs from continually operating at a loss and to ensure clubs settle with their football creditors on time. The Financial Fair Play Regulations require that each club's outgoings on transfers, employee benefits (including wages), amortization of transfers, finance costs and dividends do not exceed by more than a prescribed margin its income from gate receipts, TV revenue, advertising, merchandising, disposal of tangible fixed assets, finance, sale of players and prize money. See "*Regulation—UEFA Financial Fair Play Regulations*". Therefore, the amount that a club is able to pay to players or spend to purchase additional players is limited by the club's ability to generate income.

Breaches of licensing and Financial Fair Play Regulations, for example, where costs and capital expenditures on players exceed revenue over a three-year period or serious delays in settling debts with creditors, have recently resulted in clubs being punished by way of significant fines and even exclusion from UEFA competitions. Inter has entered into a settlement agreement with UEFA regarding its breach of these regulations. Similar to any other European club, Inter could be found to be out of compliance with the Financial Fair Play Regulations in future seasons, in which case sporting, operational and financial penalties could be applied, which could adversely affect Inter's ability to field a competitive team in the UEFA Europa League or UEFA Champions League during those seasons and therefore affect its on-pitch performance. If Inter is limited in its ability to make strategic business decisions or is found to be in breach of UEFA restrictions, its business may suffer and it may become subject to sanctions, either financial or on-pitch. If Inter is subject to UEFA sanctions, it could restrict our ability to enter into new sponsorship contracts, or could cause current sponsors to terminate their contracts. For instance, under our current sponsorship contract with Pirelli, if Inter is excluded from the UEFA Champions League or the UEFA Europa League as a result of a breach of the Financial Fair Play Regulations, Pirelli has the right to terminate the contract.

Inter is also subject to the IFFPR promulgated by the FIGC and Serie A. The IFFPR restricts the ability of Serie A clubs to incur indebtedness and impose liquidity ratios that clubs must meet before they are granted a license to participate in Serie A. See "*Regulation—Italian Financial Fair Play Regulations*". If Inter were in breach of any of the liquidity ratios under the IFFPR, it could be prevented from playing in Serie A, which would have a significant adverse effect on its matchday revenues and ability to attract and retain players, as well as on our Sponsorship Revenue and our Indirect Media Revenue. Any limitation in Inter's ability to make strategic business decisions as a result of UEFA, FIGC or Serie A rules, or any reduction in sponsorship revenue as a result of the application of UEFA, FIGC or Serie A sanctions, would have a material adverse effect on our business, results of operation, financial condition and cash flow.

The performance of Inter as a going concern depends on the financial support of its majority shareholder.

Inter depends on the receipt of a letter of financial support from Suning in order to prevent a going concern qualification in its financial statements. In this letter, Suning confirms that it will provide Inter with the financial support it requires to settle its liabilities as they fall due in order to continue as a going concern for the upcoming fiscal year. As of March 31, 2020, the total amount outstanding under the Shareholder Loans granted by Great Horizon was €88.3 million (including accrued interest) and by Grand Flagship Limited, an entity affiliated with Suning, was €50.6 million. On December 26, 2019, the maturity of the Shareholder Loans granted to Inter by Great Horizon and by Grand Flagship Limited was extended to December 31, 2021. Although Suning's claims under the Shareholder Loans will in certain circumstances be subordinated to the claims of the lenders under the Inter Revolving Credit Facility pursuant to the Subordination Agreement, the Shareholder Loans can be repaid by Inter prior to or at maturity under certain circumstances. See "*Description of Certain Financing Arrangements—Shareholder Loans*" and "*Description of Certain Financing Arrangements—Inter Revolving Credit Facility—Covenants—Payments to Shareholders*". Any repayment of these Shareholder Loans when they become due would reduce the funds available to Inter, which could impair its ability to service its debt and may limit its ability to continue as a going concern. If Inter should continue to need financial support and Suning were unable or unwilling to provide it for any reason, then Inter's liquidity could be materially adversely affected and it may not be able to continue its business operations, which would have a material adverse effect on our business, results of operations, financial condition and cash flow.

The Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit the amount of investment Suning can make in Inter's business. In 2017, the Chinese government classified investments in sports clubs as "restricted investments". Inter is dependent on capital contributions from Suning, and any restrictions on Suning's ability to provide these contributions would adversely affect Inter's business and results of operations. These restrictions may also adversely affect our ability to collect amounts owed to us under sponsorship and other contracts entered into with counterparties in China.

Despite the recent capitalization of Shareholder Loans, Inter may nevertheless be dependent on capital contributions from Suning to provide the liquidity Inter requires to run its business and in order to maintain the minimum capital levels required by Italian law. The Chinese government has occasionally made significant changes in its policies and regulations, especially as related to capital controls. As a Chinese company with a majority of its operations in China, Suning's ability to invest money outside of China may be adversely affected by these controls.

In response to persistent capital outflow from China, the PBOC and the SAFE have implemented a series of capital control measures in recent years, including stricter vetting procedures for Chinese domestic companies to remit foreign currency for overseas investments, dividend payments and shareholder loan repayments. The Chinese government has also shown interest in regulating the business activities of investors in foreign sports clubs in particular and, as part of its ongoing efforts to regulate overseas investments by Chinese companies, published a set of investment guidelines in August 2017 classifying overseas investments. Under these guidelines, investments in the sports industry have been classified as a "restricted investment".

In addition, the National Development and Reform Commission published a Sensitive Industry Directory effective from March 1, 2018, pursuant to which sports clubs, among others, is a sensitive industry in which outbound investment by Chinese enterprises needs to be restricted. In general, "restricted investments" require either filings with or approval from the National Development and Reform Commission and the Ministry of Commerce or their respective local counterparts. A filing is a shorter and less involved process, while an approval takes longer to obtain and requires enhanced substantive review. While certain "restricted investments" (for example, investments in the sports industry) previously only required filings, according to the Administrative Measures for the Outbound Investment by Enterprises published by the National Development and Reform Commission effective from March 1, 2018, these investments now require approval by the National Development and Reform Commission at the central level. If this results in new laws or regulations on owners of foreign sports businesses, or if the PBOC or the SAFE implement additional capital controls, Suning could potentially be prevented from pursuing additional investments, pressured to reduce its funding of Inter or potentially be forced to sell Inter.

In addition, as we increase the volume of sponsorship and media rights arrangements with counterparties in China, we may also face difficulties in obtaining the fees due to us under these arrangements because of difficulties in remitting foreign currency out of China despite the regular improvements in the status of collections during recent fiscal years. For example, as of March 31, 2020, €50.7 million of revenue that we recognized in the fiscal year ended June 30, 2019 and the nine months ended March 31, 2020 remained unpaid due to delays caused by, among other things, capital controls on remitting foreign currency out of China.

Additionally, Inter requires a commitment of financial support from Suning in order to avoid a going concern qualification in its financial statements. Without the letter of support that Suning provides or the further capital injections or waiver of repayment and attribution of amounts outstanding under the Shareholder Loans to equity reserve, Inter's ability to continue as a going concern may be at risk. See "*—The performance of Inter as a going concern depends on the financial support of its majority shareholder*". As Inter's negative equity and financial position at a consolidated level put it at an increased risk of bankruptcy if its operations do not improve or if Suning is unable to continue to invest in its operations, any significant limitation on Suning's ability to continue to contract with Inter and invest in its business may have a material adverse effect on our business, results of operations, financial condition and cash flow. Moreover, notwithstanding Suning's continued commitment to support the Group with a attribution to equity reserve of a shareholder loan for an amount of €10 million on June 22, 2020, Inter's equity position at an unconsolidated level may become negative starting from the current fiscal year commencing July 1, 2020 as a result of losses accumulated during the prior fiscal year ended June 30, 2020. Such negative equity position may persist as a result of the applicability of an emergency decree (Art. 6 of the so called "*Decreto Liquidità*" (converted into law n. 40 on June 5, 2020), which allows companies to temporary waive their minimum capital requirements until December 31, 2020. We are not able to foresee how long Inter's financial position at a non-consolidated level will remain negative and any future disruption resulting from the COVID-19 pandemic may negatively impact its ability to return to a positive equity position, which, in turn, may have a material adverse effect on our business, results of operations, financial condition and cash flow.

As a professional football club, Inter is subject to a variety of regulations in respect of the proper conduct of its financial affairs, including NOIF, the LNP regulations and the UEFA regulations.

As a professional football club, Inter is subject to a variety of regulations in respect of the proper conduct of its financial affairs, including the NOIF promulgated by the FIGC, the LNP regulations and the UEFA regulations. Also, pursuant to article 16, paragraph 6 of the NOIF, if Inter is declared insolvent, its affiliation with the FIGC will be revoked, either with immediate effects or as of the following season if FIGC allows it to continue operating its business on an interim basis. In such event, Inter would no longer be entitled to participate in any championship organized and managed by any of the FIGC's affiliated entities (including the LNP and therefore Serie A). Even if a different entity were authorized by FIGC to take over the management of Inter's sport activities, such different entity would in any case be relegated to the amateur (non-professional) championships. Any of these events could have a material adverse effect on our business, results of operation, financial condition and cash flow, as well as on our ability to meet our financial obligations.

Serie A league voting rules may allow other clubs to take action contrary to Inter's and our interests.

Serie A is governed by its 20 club shareholders with most rule changes requiring the support of a minimum of 14 of the clubs. This allows a minority of clubs to block changes they view as unfavorable to their interests. In addition, it allows a concerted majority of the clubs to pass rules that may be disadvantageous to the remaining six clubs. As one of the larger clubs in Serie A in terms of revenue and supporter base, Inter can exert some influence on the rulemaking process; however, Inter's, and therefore our, interests may not always align with the majority of clubs, and it may be difficult for Inter to effect changes that are advantageous to them and, in turn, us. At the same time, it is possible that other clubs may take action that we view as contrary to our interests. If Serie A clubs pass rules that limit Inter's ability to compete effectively or our ability to operate our business as we have planned or otherwise affect the payments made to us, we may be unable to achieve our goals and strategies or maintain or increase our revenue levels.

Admission of Inter's first team to the Serie A season for 2020/2021 or subsequently cannot be guaranteed.

The Serie A league council (the "**Serie A Council**") sets forth annually the rules for admission to Serie A for the upcoming season. Following the recommencement of the Serie A for the current season on June 20, 2020, Inter's admission to the 2020/2021 season will be decided on at the beginning of August 2020. Pursuant to the relevant regulations, only football clubs that, in addition to having obtained the necessary license, meet further sporting, legal, infrastructural, organizational, economic and financial requirements are eligible to be admitted for the 2020/2021 season. See "*Regulation—Italian Financial Fair Play Regulations*". Inter believes it will be able to meet all of the requirements to be admitted to the 2020/2021 season. It is, however, impossible to guarantee whether, in the future, such requirements (or new requirements that may be introduced) will be met. Inter's failure to be admitted to Serie A for any season would prevent it from participating in any European competition and would materially and adversely affect Inter's ability to attract and retain talented players, coaching staff and fans and our ability to attract sponsors, as well as adversely affecting Inter's portion of Indirect Media Revenue. Any one or more of these factors could have a material adverse effect on Inter's on-pitch performance, business and results of operation, which would in turn have a material adverse effect on our business, results of operation, financial condition and cash flow.

Inability to renew Inter's insurance policies could expose it to significant losses.

Inter insures against the death, permanent disablement and travel-related injuries of members of its first team, although not at such player's market value. Moreover, Inter, similarly to other football clubs, does not currently carry insurance against career-ending injuries to its players sustained while playing or training. Inter also carries non-player related insurance typical for its business (including business interruption insurance). When any of its insurance policies expire, Inter may not be able to renew them on the same terms, or at all. In such circumstances, some of Inter's businesses and assets may be uninsured. If any of these uninsured businesses or assets were to suffer damage, Inter could suffer a financial loss. An inability to renew any of its insurance policies, particularly as a result of the impact of the COVID-19 pandemic on Inter's current operations, could expose Inter to significant losses.

Furthermore, although FIFA now provides insurance coverage for loss of wages for players injured while playing for their senior national team in a match played under the FIFA international match calendar, Inter's insurance policies do not cover its players while on duty with their national teams and, under FIFA rules, national football associations are not obliged to provide insurance coverage for players on duty with national teams. Of the 27 players on Inter's first team, 17 currently play for their respective national teams. If Inter's players were to sustain injuries in a situation that is not covered by its insurance policies, or if Inter were unable to renew its insurance policies at the same or better rates, Inter's results of operations would suffer, which would have a material adverse effect on our business, results of operations, financial condition and cash flow.

Inter may incur fines, sanctions and exclusion from competitions due to acts of its players, management or supporters.

In the past there have been a number of high-profile match fixing and other gambling, corruption and cheating scandals in European football. For example, Juventus was relegated from Serie A in 2006 as a result of its implication in a match fixing scandal involving rigging matches by selecting favorable referees. If Inter's players or management were, in the future, discovered to be involved in similar scandals, Inter's first team could be severely punished. Punishments could include fines, exclusion from competition or even relegation from Serie A.

Current football regulation also provides that individual football clubs are strictly liable for certain acts committed by their supporters, such as vandalism, match stoppage or racist chants. As punishment, clubs may be fined or subject to other sporting sanctions including being required to play a certain number of matches without fans present or even disqualification for competitions which would have an adverse effect on ticket sales, match day revenues and on-pitch performance. We cannot guarantee that events outside Inter's control could not cause the imposition of such sanctions which could have an adverse effect on our business, results of operation, financial condition and cash flow.

Ticket sales and other matchday revenue is a significant portion of Inter's overall revenue, and any inability by Inter to execute its strategy to expand its premium seating and hospitality

services and increase overall attendance could adversely affect Inter's business and results of operations.

Inter's operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and government and league actions taken in response. As of the date of this Offering Memorandum, virtually all of its business operations have been suspended and it is not clear when matches will resume with spectators. On March 9, 2020, Serie A suspended its 2019/2020 seasons, with matches having resumed on June 20, 2020, but without spectators as a result of government mandated limitations on large gatherings. The disruption caused by COVID-19 has materially impacted Inter's revenues and, in particular, its match-day revenue. Inter did not recognize any revenue from canceled events during the nine months ended March 31, 2020. The disruption caused by COVID-19 has materially impacted our revenues and we are not recognizing any revenue while games are not played, including for ticket sales, our share of suite licenses, sponsorships, signage and in-venue advertising at San Siro or food, beverage and merchandise sales for home games played at San Siro. It is unclear how long these restrictions will be in effect. As a result of operating disruptions caused by COVID-19, Inter's projected cash flows were directly impacted.

While Inter currently has the ability to reduce certain operating expenses as a result of the disruptions caused by COVID-19, including matchday expenses for Inter matches and certain other SG&A and discretionary expenses, those expense reduction opportunities will not fully offset revenue losses.

Notwithstanding any COVID-19 related impact on Inter's revenue, and even once matchday attendance resumes, since a significant portion of Inter's revenue derives from ticket sales and other matchday revenue for its home matches at San Siro and its share of gate receipts from cup matches, including sales of executive suites and club seats, such revenue will be highly dependent on the continued attendance at matches of Inter's individual and corporate supporters as well as the number of home matches they play each season. Inter typically plays 19 home matches per season in Serie A, as well as cup matches and European matches, if applicable, and matchday revenue was €19.9 million, €23.7 million and €26.1 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Match attendance is also influenced by a number of other factors, some of which are partly or wholly outside of Inter's control. These factors include the success of Inter's first team, media coverage, public health, anti-social behavior by fans or terrorist incidents, proper functioning and accessibility of transportation infrastructure, weather and general economic conditions in Italy, which affect personal disposable income and corporate marketing and hospitality budgets. Additionally, after Serie A matches resume, individuals may change their behaviors by continuing social distancing and avoiding large events, such as football matches. If consumer behaviors change, it is difficult to predict how long these behavioral changes will last and how they affect future seasons in the long term. Inter's average capacity at San Siro (which seats 78,328) was 59.5% (average attendance of 46,620), 73% (average attendance of 57,530) and 78% (average attendance of 61,400) for the 2016/2017, 2017/2018 and 2018/2019 seasons, respectively. Additionally, under 3% of San Siro's seating capacity is premium seating (i.e., hospitality and club, high-revenue-generating tickets). Although Inter's ability to increase season ticket sales, attendance, premium seating options and overall matchday revenue is an integral part of our strategy to increase the quality of our on-pitch product, an inability to improve these metrics, or a continued decline in attendance and matchday revenue would have a material adverse effect on our business, results of operations financial condition and cash flow.

Inter shares the lease of San Siro and is therefore unable to control the management of the stadium.

Inter does not own San Siro; rather, it has a lease for joint tenancy of the stadium with A.C. Milan that expires in 2030. Although there have not been any disputes with A.C. Milan over use of San Siro to date, there is no guarantee that such disputes will not arise in the future, or that they will not be resolved in a manner that is adverse to Inter. However, some of our sponsorship contracts require Inter to use its best efforts to play its home matches at San Siro. Should there be disruption that cause Inter to play its home matches elsewhere, this could result in breaches under some of our existing sponsorship contracts. Any disputes relating to San Siro or inability to play matches in San Siro could adversely affect our business, results of operations, financial condition and cash flow.

There is no assurance that the project for the new San Siro stadium will be completed, and if completed, when the team could play its first match.

Together with the other tenant that shares use of the San Siro stadium, A.C. Milan, Inter is in the process of negotiating with the Municipality of Milan a construction project to build a new stadium in lieu of the existing one. Given the breadth and scope of the new San Siro stadium project, the approval process has been and will continue to be long and complex. Multiple factors impact the approval process, including the political climate and the overall complexity of the project. Many of these factors are beyond our control. Additionally, in the event that approvals are obtained, there are multiple factors which impact the timing and pace of construction, including obtaining relevant financing, public tenders for public infrastructure and ultimately the construction and coordination of the main components of the proposed project, along with the public infrastructure projects. Moreover, there exist other broader factors that could impact on construction, including capital markets, labor availability, the subcontractor market, material availability and force majeure events (including potentially related to COVID-19). As a result, there can be no assurance that the project for the new San Siro will be completed, and if completed, when the team could play its first match. Finally, the relevant financing required to be obtained in order to carry out this project may impair Inter's ability to service its debt as well as its liquidity requirements to fund its operations which, in turn, may have a negative impact on the Issuer's results of operations, financial condition and cash flow.

The Notes and the Existing Notes restrict our ability to distribute cash to Inter that they might use to seek to improve on-pitch performance or to fund liquidity requirements.

The terms of the Notes restrict the amount of cash that we are permitted to distribute to Inter (see "*Description of the Notes*"). Inter depends on the cash we distribute to them to pay player and management salaries and generally operate their business and pursuant to the Indenture, is subject to significant limitations on its ability to incur indebtedness. In the fiscal year ended June 30, 2019, we distributed €237.8 million to Inter in compliance with the terms of the Indenture. Restrictions imposed by the Indenture may make it difficult or impossible in the future for us to distribute to Inter the amount of cash necessary for them to invest in and improve their operations, pay increased player salaries or transfer fees or execute their business strategies, and as a result Inter may become insolvent. We have historically utilized, and a portion of the proceeds of the Notes will be used to fund, the Intercompany Loans to upstream cash to Inter, which are recorded as receivables on our balance sheet, and if Inter becomes insolvent as a result of our inability to continue upstreaming cash payments those receivables may not be satisfied. Any one or more of these results could have a material adverse effect on Inter's on-pitch performance, business and results of operation, which would, in turn, have a material adverse effect on our business, results of operation, financial condition and cash flow.

Even though the terms of the Notes govern our ability to enter into these affiliate transactions and the permitted terms of those agreements, those restrictions may not prove sufficient to ensure that such agreements are in our best interest. If such contracts are not otherwise in our best interest, our ability to make the payments required under the Notes may be impaired. Furthermore, in the event there is a material conflict of interest with any of our related parties resulting in a breach of any of these agreements, we would not have immediate access to any such services which could have a material adverse effect on our business, results of operation, financial condition and cash flow.

The interests of the principal shareholders of Inter may conflict with the interests of the holders of the Notes.

As of March 31, 2020, Great Horizon and ISC own 68.55% and 31.05%, respectively, of Inter, which indirectly owns 100% of our share capital. The interests of Inter's principal shareholders may not in all cases be aligned with your interests. For example, Inter is party to the Shareholder Loans granted by Great Horizon and Suning Sports (then assigned to Grand Flagship Limited, an entity affiliated with Suning) with a total balance of €88.3 million and €50.6 million, respectively (in both cases including accrued interest) as of March 31, 2020. As a result of this obligation, Suning may have an interest in not investing in the club, stadium improvements or other elements of our strategy with a view to reducing Inter's indebtedness. In addition, all remaining tranches of the Shareholder Loans mature on December 31, 2021, prior to the maturity of the Notes. Any repayment of the Shareholder Loans by Inter when they become due would reduce the funds available to Inter, which could impair its ability to service its debt and limit its ability to make investments to improve the team's performance. Either of these outcomes would have a material adverse effect on Inter's financial condition which, in turn, if it results in poor on-pitch performance, could have a material adverse effect on our cash flow and results of operations, which may limit our ability to make payments to noteholders. Furthermore, Inter's principal shareholders may sell all or any part of their respective shareholdings at any time, or they may look to reduce their holdings by means of a sale to a strategic investor, an equity offering or otherwise. Such divestitures may not trigger a "Change of Control" under the Indenture. See "*Description of the Notes—Change of Control*" and "*Risks Related to Our Industry*".

Adverse economic conditions or future economic downturns may harm both our and Inter's businesses.

Our sponsorship revenue and Inter's matchday revenue partially depend on personal disposable income and corporate marketing and hospitality budgets. Purchases of discretionary items, such as football tickets, merchandise and hospitality packages, could decrease, as customers may choose cheaper entertainment options or forego purchasing merchandise. Further, sponsorship revenue are contingent upon the expenditures of businesses across a wide range of industries, and if these industries were to cut costs in response to an economic downturn, our revenue may similarly decline. Economies worldwide, including Italy, have shown significant signs of weakness over the past years, resulting in a general contraction in customer spending that varies by market. In April 2020, Fitch downgraded Italy's sovereign debt rating to BBB-, reflecting their views on the impact of the global COVID-19 pandemic on Italy's economy and the sovereign's fiscal position.

More generally, global credit and capital markets have experienced volatility and disruption and business credit and liquidity have tightened at times over the past ten years. Credit has also contracted in a number of major markets, including Italy, and national unemployment rates have increased significantly in the years following the global crisis in 2008. Economists, observers and market participants have recently expressed concern regarding the sustainability of the European Union and its common currency, the euro, in their current form.

In addition, as the global financial system following the crisis in 2008 experienced severe credit and liquidity disruptions, leading to greater volatility, a general widening of credit spreads and, in some cases, lack of transparency in capital markets, many lenders reduced or ceased to provide funding to borrowers. If these conditions were to occur again, this could negatively affect our ability to raise funds in the debt capital markets or access bank lending markets on financial terms acceptable to us or at all. The continued impact of the adverse global, European and Italian economic and market conditions, including, among others, the events described above could have a material adverse impact on our and Inter's business, financial condition and results of operation.

We and Inter could be negatively affected by current and other future Serie A, FIGC, UEFA or FIFA regulations.

We and Inter operate within a complex regulatory framework. Future changes to Serie A, FIGC, UEFA, FIFA or other regulations, or sudden changes in the current interpretation of existing regulation, may adversely affect our and Inter's results of operations. These regulations could cover various aspects of our business, such as the format of competitions, the eligibility of players, the operation of the transfer market and the distribution of media revenue. In addition, changes are being considered to address the financial sustainability of clubs such as more robust ownership rules and tests in relation to board directors and significant shareholders. In particular, changes to football regulations designed to promote competition could have a significant impact on Inter's and, in turn, our business. Such changes could include changes to the distribution of media income, changes to the relegation structure of Italian football, changes in the format of the league and cup competitions in which Inter plays, and restrictions on player spending. Any of these changes could make it more difficult for Inter to acquire top quality players and, therefore, adversely affect the performance of Inter's first team, which would have an adverse effect on our business, results of operations, financial condition and cash flow. See "*—Risks Related to Inter—UEFA, FIGC and Serie A regulations, including Financial Fair Play Regulations and IFFPR, may restrict Inter's ability to make commercial and sporting decisions*" and "*Regulation*".

The sports and entertainment market, both within Europe and internationally, is highly competitive.

We actively compete with sports and entertainment businesses across many different industries and within many different markets. We believe our primary sources of competition, both in Europe and internationally, include, but are not limited to:

- other businesses seeking corporate sponsorships such as sports teams, other entertainment events and television and digital media outlets;
- providers of sports apparel and equipment seeking retail, merchandising, apparel & product licensing opportunities;
- broadcast and digital content providers seeking consumer attention and leisure time, advertiser income and consumer e-commerce activity;
- other entertainment options, such as cinemas, theatres and gaming halls, indirectly competing against matchday revenue; and
- other types of television programming seeking access to broadcasters and advertiser income.

All of the above forms of competition could have a material adverse effect on any of our revenue streams and our business, results of operations, financial condition and cash flow.

There could be a decline in the popularity of football.

There can be no assurance that football will retain its popularity as a sport around the world and its status in the Italy as the so-called "national game," together with the associated levels of media coverage. Any decline in popularity could result in lower indirect and direct media revenue, revenue from sponsorships, a reduction in the value of the Inter brand or a decline in the value of our securities, including the Notes. Any one of these events or a combination of such events could have a material adverse effect on our business, results of operations, financial condition and cash flow.

Risks Related to Our Capital Structure

Our significant leverage may make it difficult for us to service our debt, including the Notes, and operate our business.

We have a substantial amount of outstanding indebtedness with significant debt service requirements. As of March 31, 2020, after giving effect *pro forma* to the Offering, our total outstanding financial indebtedness would have been €364.0 million, not including certain amounts that we are contractually obligated to pay Inter (which are subordinated to the Notes pursuant to the Intercreditor Agreement but which the Indenture permits us to pay if certain conditions under the Indenture are met) and which is represented mainly by the Existing Notes and the Notes. See "*Issuer's Capitalization*" and "*Description of the Notes*".

Our significant leverage could have important consequences for a holder of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and any permitted additional debt, including the Existing Notes;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund Inter's operations;
- increasing our vulnerability to any decline in revenue due to us under sponsorship or media rights agreements;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- placing the Inter football team at a competitive disadvantage compared to its competitors that have less debt in relation to cash flow; and
- limiting, among other things, our ability to borrow additional funds in the future and increasing the costs of such additional financings.

If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt, including the Notes or obtain additional financing for such purpose. We cannot assure you that refinancing or asset dispositions could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments.

Despite our current level of indebtedness, we may be able to incur substantial additional indebtedness, including indebtedness secured by the Collateral, in the future which may make it difficult for us to service our debt, including the Notes.

We may incur additional indebtedness in the future. Although the Indenture contains restrictions on the incurrence of additional indebtedness, and before incurring new indebtedness we will be required to satisfy a debt service coverage ratio test and receive a ratings confirmation, these restrictions are subject to qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial, and we may be able to secure such additional indebtedness against the Collateral or other assets. If new indebtedness is added to our existing debt levels, the related risks that we now face could increase. In addition, the Indenture does not prevent us from incurring certain obligations that do not constitute indebtedness.

We currently have no subsidiaries and although the Indenture restricts our ability to create new subsidiaries, we are permitted to form the Chinese Subsidiary (as defined in "*Description of the Notes*"), which will not guarantee the Notes. Although the Indenture prevents such Chinese Subsidiary from incurring most indebtedness, it may incur certain ordinary-course indebtedness, shareholder loans and certain non-debt obligations, for example in relation to trade creditors, that would come before the Notes in priority given that the new subsidiary will not guarantee the Notes. Any debt-like obligation that a non-guarantor subsidiary incurs will be structurally senior to the Notes. If this future subsidiary incurs indebtedness, the holders of that structurally senior debt will be entitled to share ahead of you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such subsidiaries.

We and Inter are subject to restrictive covenants under the Indenture and the Inter Revolving Credit Facility (as the case may be) and we are furthermore subject to a financial maintenance covenant which, in each case, could impair our ability to run our business, and to provide funds to Inter or for Inter to incur financing to run its business. Our failure or Inter's failure to comply with such covenants (as applicable), including as a result of events beyond our or Inter's control (as the case may be), could result in an event of default that could materially and adversely affect our financial condition and results of operations.

Restrictive covenants under the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, results of operations and financial condition.

The Indenture contains negative covenants restricting, among other things, subject to significant exceptions and qualifications, our ability to:

- make certain loans, investments or other restricted payments;
- incur indebtedness or issue guarantees;
- impair the security interests granted over the Collateral;
- sell, lease, transfer or dispose of any assets, including shares of subsidiary stock;
- merge or consolidate with other companies;
- undertake certain activities (for example, to create new subsidiaries, make acquisitions, enter into joint ventures);
- make a change to the general nature of our business;
- pay dividends and make other restricted payments;
- repay or redeem subordinated debt;
- create or incur liens;
- create restrictions on the payment of dividends or other amounts from our subsidiaries; and
- enter into transactions with affiliates.

In addition, Inter and BrandCo are subject to certain covenants in the Indenture, in particular, a restriction on the indebtedness, liens that they may incur and certain corporate reorganizations they may undertake.

In addition, Inter and, in certain cases, we are subject to certain covenants and events of default under the Inter Revolving Credit Facility, including in the case of Inter a debt service coverage ratio (on an unconsolidated basis at Inter) tested quarterly as well as other restrictive and affirmative covenants typically included in revolving credit facilities. The restrictions contained in the Indenture and the Inter Revolving Credit Facility could affect our and Inter's ability to operate our and their respective businesses and may limit our and their ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, restructure our organization or upstream funds to Inter or pay amounts for capital expenditures or other purposes above the estimates for its operating needs, and in Inter's case, could limit opportunities to acquire new football talent for the club. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Indenture.

The Indenture requires that we deposit all of our revenues and other amounts received into accounts designated for particular purposes, in particular operating expenses, debt service and tax amounts. This pre-funding is based on our estimates for these expenses (in relation to operating expenses and tax amounts), and we may not estimate correctly. Although the Security Agent will receive annual budgets showing the estimates for our expenses in order to allocate funds to the various Secured Accounts, the noteholders will not have access to such budgets and therefore will have limited visibility of how our revenues are allocated except as will be described in a general matter in the Indenture. In addition, we are only permitted to upstream amounts to Inter if all of these accounts are fully funded, and other conditions are met, which may limit what amounts we are able to contribute to Inter's operating needs, which could in turn adversely affect our results if Inter's performance is adversely affected.
In addition, the Indenture requires that we satisfy a financial covenant test that is tested semi-annually. If we do not meet this test each time it is tested, an event of default will be triggered after a prescribed period of time. Although it may be possible to cure such event of default through a capital contribution or a shareholder loan by Inter, such equity cure rights are limited. If such an event of default were not cured and the debt under the Notes were accelerated, we cannot assure you that our assets or cash flow would be sufficient to fully repay amounts outstanding under the Notes.

We may not be able to generate sufficient cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make interest payments on the Notes and to meet any future debt service obligations, or to refinance our debt, depends on our future operating and financial performance, which in turn depends on our ability to successfully implement our business strategies. Our (and Inter's) future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, technical and other factors, including those discussed in these "*Risk Factors*," that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt depends on the satisfaction of the covenants in the Indenture and any other debt agreements that we may enter into in the future. We cannot assure you that our (and Inter's) business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, or to fund our other liquidity needs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Liquidity and Capital Resources*".

We cannot assure you that we will be able to refinance or repay any of our indebtedness, including the Existing Notes and the Notes, on commercially reasonable terms or at all. Any refinancing of our indebtedness could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations.

Our claims for amounts lent to Inter under the Intercompany Loans or other future loans from the Issuer to Inter will be subordinated to claims of lenders under the Inter Revolving Credit Facility.

The Notes will be granted a security interest over receivables arising under the Intercompany Loans. The Issuer and Inter entered into the Subordination Agreement pursuant to which the Issuer agreed to subordinate its claims against Inter under the Intercompany Loans to the claims of the lenders under the Inter Revolving Credit Facility. This subordination means that in an enforcement scenario Inter's lenders under the Inter Revolving Credit Facility will have their claims satisfied in priority to claims that the Issuer has against Inter in respect of the Intercompany Loans, which may limit the Issuer's recovery from Inter, and in turn limit the value of the assignment by way of security of receivables as Collateral. In addition, the Inter Revolving Credit Facility Agreement requires that certain interest coverage ratios are met and that no default is outstanding under the Inter Revolving Credit Facility before Inter can make payments in respect of the Intercompany Loans. See "*Description of Certain Financing Arrangements—Subordination Agreement*".

Italian tax legislation may restrict the deductibility of all or a portion of the interest expense on our indebtedness, including interest expense in respect of the Notes.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements or, of the interest income carried forward from previous fiscal years. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA *(i.e., risultato operativo lordo della gestione caratteristica)* ("**ROL**") of the same fiscal year as well as 30% of ROL carried forward from previous fiscal years. The ROL is calculated on the basis of the value of the items of the company's profit and loss account, which are comprised of the operating gross revenues and expenses (excluding depreciation of tangible and intangible assets, as well as leasing fees), as determined through the application of the tax rules concerning the determination of the corporate income taxable base.

Interest expenses that are not deductible in a given fiscal year because they exceed the abovementioned thresholds may be indefinitely carried forward and deducted in the following fiscal years, up to the amount of the interest income and ROL capacity not used for interest expenses deductibility purposes in those following fiscal years. Any excess of interest income not utilized in a fiscal year (where interest expense is lower than interest income) can be carried forward indefinitely in the following fiscal years. Any excess of 30% ROL not used for the deduction of the amount of interest expense that exceeds interest income in a fiscal year can be carried forward, increasing the amount of ROL capacity for the following five fiscal years.

In the case of a tax group, interest expenses not deducted by an entity within the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group.

Based on the above rules, we may not be able to deduct all interest expenses borne in each relevant fiscal year in Italy, even if we would be able to carry forward over the following fiscal years the amounts that may not be deducted in a given fiscal year. Furthermore, any future changes in Italian tax laws or in their interpretation or application, including any future limitation on the use the ROL of the Issuer and the tax group of which it is part or the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or the application by Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law). There can be valid defenses against such challenge to the extent the taxpayer is able to demonstrate that the transaction as a whole is based on rational and economic reasons with a view to generate utility (in terms of overall economic benefit) for the company, even if only in the future.

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and its subsidiaries), or (ii) the tax treatment of interest expense arising from any indebtedness, including the Notes, or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax law, may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

Risks Related to the Notes and the Collateral

Inter will not guarantee the Notes and is therefore not liable for amounts owing thereunder. As a consequence, noteholders are advised that they will have no recourse against Inter in respect of amounts owing on the Notes.

The Notes are not guaranteed by any entity, including Inter or any of its subsidiaries. Inter is therefore not liable for amounts under the Notes, and noteholders are advised that they will have no recourse against Inter or any of its subsidiaries in respect of amounts owing on the Notes. Because Inter is a parent company of the Issuer (as opposed to a subsidiary), noteholders will also not have an indirect claim if they enforce the security over the shares of the Issuer. Noteholders will have recourse only to the Issuer for repayment of amounts owed under the Notes.

No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes, and the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations thereunder and such Collateral may be reduced or diluted under certain circumstances.

The Notes will be secured by security interests in the Collateral (which also secures the Existing Notes) as described in this Offering Memorandum. The Collateral may also secure additional indebtedness to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. Your rights to the Collateral are already diluted with respect to the Existing Notes and may be further diluted by any increase in the indebtedness secured by the Collateral on a *pari passu* basis with the Notes. To the extent that other first-ranking security interests, security, liens or privileges created by mandatory law provisions, liens permitted under the Indenture and other rights encumber the Collateral securing the Notes, those parties may have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the security and the ability of the Security Agent (in each case in accordance with the Security Documents and the Intercreditor Agreement) to realize or foreclose on the security.

No appraisal of the fair market value of the Collateral has been made in connection with this Offering. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. The value of the Collateral could be impaired in the future as a result of changing economic and market conditions, our failure to successfully implement our business strategy, competition and other factors. The Collateral may include intangible or other illiquid assets that by their nature may not have a readily ascertainable market value, whose value to other parties may be less than its value to us, or may not be readily saleable or, if saleable, there may be substantial delays in their liquidation. In addition, the value of the Collateral may decrease because of obsolescence, impairment or certain casualty events.

In the event of a liquidation, insolvency, foreclosure, bankruptcy, reorganization or similar proceeding, the value of the Collateral and the amount that may be received upon a sale of Collateral will depend upon many factors including, among other things, the condition of the Collateral and our industry, the ability to sell the Collateral in an orderly sale, market and economic conditions, whether the business is sold as a going concern, the availability of buyers and other factors. In addition, courts could limit recoverability with respect to the Collateral if they deem a portion of the interest claim usurious in violation of applicable public policy. As a result, liquidating the Collateral may not produce proceeds in an amount sufficient to pay any amounts due on the Notes. We cannot assure you of the value of the Collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding would be sufficient to repay all amounts due on the Notes.

If the proceeds of Collateral were not sufficient to repay amounts outstanding under the Notes, then holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets.

We cannot assure you that the Collateral will be saleable or, if saleable, there may be substantial delays in the liquidation thereof. Not all of our assets will secure the Notes and the value of the Collateral may not be sufficient to cover the amount of debt secured by such Collateral. There is no requirement under the Indenture to provide funds to enhance the value of the Collateral if it is insufficient, though applicable law may provide otherwise. With respect to any shares of our subsidiaries pledged to secure the Notes, such shares may also have limited value in the event of a bankruptcy, insolvency, liquidation, winding-up or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of the Collateral may decline over time.

The Indenture permits the granting of certain liens other than those in favor of the Security Agent for the benefit of the holders of the Notes on the Collateral or of other creditors. To the extent that holders of other secured debt or third parties enjoy liens, including statutory liens, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Moreover, as was the case for the Existing Notes in connection with the issuance of the Notes, if additional Notes are issued under the Indenture, holders of such additional Notes would benefit from the same Collateral as the holders of the Existing Notes and the Notes being offered hereby, thereby diluting your ability to benefit from the Collateral for such Notes.

The Issuer and other security providers have control over certain of the Collateral securing the Notes.

Subject to the terms of the Indenture, including under "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*", the Security Documents allow the Issuer and the other security providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from certain of the Collateral. So long as no default, event of default or enforcement event under the Indenture would result therefrom, the Issuer and the other security providers may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to certain of the Collateral, such as licensing intellectual property, disposing of certain Collateral and making certain ordinary course cash payments (including payments to Inter of consideration for the assignment of receivables or payments on certain indebtedness owed to Inter, if certain conditions are met). Any of these activities could reduce the value of the Collateral and consequently the amounts payable to you from proceeds of any sale of Collateral in the case of an enforcement of the liens

The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors to the extent of the value of the assets securing such indebtedness which does not constitute Collateral.

The Notes will be secured *pari passu* by the same first-priority security interests which secure the Existing Notes and that will be confirmed and extended to secure also the Notes, consisting of (i) a pledge over the entire corporate capital of the Issuer; (ii) a pledge over the accounts of the Issuer; (iii) security assignments of the rights and receivables arising under the under the Intercompany Loan Agreements, the License Agreement, the Playing and Staging Agreement, the Services Agreement and the Tax Consolidation Arrangements; (iv) security assignments of the rights and receivables arising under the Existing Direct Media Contracts, the Existing Indirect Media Rights Arrangements and the Existing Sponsorship Agreements (including the Naming Rights and Sponsorship Agreement only for the portion relating to the training kit naming rights and any performance-related bonus) and the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Original Issue Date and prior to the Issue Date; (v) an undertaking to provide a security assignment of rights and receivables arising under the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Issue Date; (vi) a pledge over the account of Inter into which amounts received from UEFA are deposited and an undertaking by Inter to transfer such amounts to the Issuer; and (vii) pledges over the Issuer's material intellectual property rights (together, the "**Collateral**"). The Indenture includes limitations on liens providing security for obligations other than the Existing Notes and the Notes, but will allow us and our restricted subsidiaries, subject to specified limitations, to incur certain ordinary course obligations that will be effectively senior to the Notes to the extent of the value of the assets that secure those obligations. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets securing any secured indebtedness other than Notes will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness. As of March 31, 2020, after giving effect to the Offering, we would have had no outstanding indebtedness that was secured by security interests over assets other than the Collateral.

The Notes will be structurally subordinated to present and future liabilities of the Chinese Subsidiary if eventually formed.

We currently have no subsidiaries and although the Indenture restricts our ability to create new subsidiaries, we are permitted to form the Chinese Subsidiary (as defined in "*Description of the Notes*"), which will be a wholly-owned subsidiary formed under the laws of the People's Republic of China and which will not guarantee the Notes. Although the Indenture prevents the Chinese Subsidiary from incurring non-ordinary course indebtedness, it may incur certain ordinary course indebtedness and certain non-debt obligations that would come before the Notes in priority. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes. In the event of any foreclosure, dissolution, winding up, liquidation, administration, reorganization or other insolvency or bankruptcy proceeding of the Chinese Subsidiary, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the Chinese Subsidiary before any assets are made available for distribution to its parent entity. Consequently, the Notes will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the Chinese Subsidiary.

You may not have a security interest in any of the Collateral on the Issue Date.

Because security granted in connection with the Existing Notes will need to be confirmed and extended to secure the Notes before the same security can secure the Notes, you may not have a security interest in any of the Collateral in place on the Issue Date. The Indenture requires the Notes to be secured on a first-ranking basis by the Collateral, subject to certain perfection requirements (to be carried out within the time period provided for in the relevant Security Document). However, since certain formalities for the perfection of the security interests are dealt with by public registries (for example in respect to pledges over intellectual property rights), the timing for the perfection of such security interests depend on the time of such public registries to process the relevant request. See "*Description of Notes—Security*". See also "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*".

If the security interests in the Collateral are not in place on the Issue Date, this will create a longer hardening period than if the security interests are in place at the time that the Notes are issued. See "*—The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*".

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral is and will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under Italian law or, in respect to Collateral extended to secure the Notes, any seizures, attachments or other judicial actions promoted before the Collateral is extended.

The Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest, including that of competent regulatory authorities (including competition regulators) or courts, to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. Furthermore, due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in Italy may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

UEFA does not permit the assignment of receivables to the noteholders as Collateral. Other agreements we are party to now or in the future may have similar restrictions and therefore the noteholders may have difficulty enforcing the security interest over this Collateral.

UEFA does not permit the assignment of media rights receivables that are due to clubs that participate in the UEFA Champions League and the UEFA Europa League. Although the Indenture requires that Inter assigns these receivables to the Issuer and then the Issuer assigns these receivables by way of security as Collateral to the noteholders, such assignments will not be notified to UEFA and, in the event of an enforcement of the Collateral, the noteholders may have difficulty enforcing their security interest over these receivables since UEFA did not consent to the assignment and UEFA has no contractual obligation to pay the amounts owed by Inter to the Issuer.

Certain of our other sponsorship agreements include, and future agreements may include, similar anti-assignment provisions. Although in contrast to the UEFA receivables the Issuer is party to these sponsorship agreements and there is a contractual obligation to pay the Issuer, in the event we are unable to obtain consent to assign our rights and receivables under these agreements for the benefit of the noteholders, and if the noteholders are required to directly enforce these agreements against the relevant counterparty, the noteholders may have difficulty enforcing these agreements and the value of the Collateral may significantly decrease.

We will not be required to assign by way of security the receivables under all of our media rights arrangements and sponsorship agreements.

The Indenture does not require us to provide security over (i) existing sponsorship agreements each with a total value of less than €150,000, (ii) a future sponsorship agreement with a total value of less than €150,000 if to do so would be unduly burdensome to us or (iii) a future sponsorship agreement or future direct media contract if to do so would be (x) unduly burdensome to us or (y) the costs of providing security are disproportionate to the benefit obtained by the beneficiaries of that security (up to an aggregate limit of €3.0 million in value of all future sponsorship agreement and future direct media contract not subject to such security). In addition, certain sponsorship agreements provide for consideration in kind, meaning that there are no receivables that can be assigned by way of security. The receivables under these contracts will not form a part of the Collateral, and in the event of an enforcement, the noteholders will be unsecured creditors in relation to the receivables under these contracts.

The recovery from the enforcement of the share pledges forming part of the Collateral may result in a taxable capital gain, which would likely reduce the proceeds of any recovery.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entities, which could result in a taxable capital gain to such entities. As the Notes will be issued by the Issuer, an enforcement over the shares of the Issuer would involve the enforcement over the share pledge of an entity with outstanding debt claims. Such release is permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares of the Issuer is limited.

The Collateral is and will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

The obligations of the grantors of security and enforcement of the Collateral will be limited to the maximum amount that can be secured by such grantor of security under the applicable laws of Italy, including a limitation to the extent that the grant of such security is not in the relevant grantor's corporate interests, or otherwise would result in violations of laws related to corporate benefit, capitalization, capital preservation, financial assistance or transactions under value or any other general statutory laws.

Accordingly, enforcement in respect of the Collateral against the relevant security grantor would be subject to certain defenses available to security grantors generally or, in some cases, to limitations contained in the terms of the security designed to ensure compliance with statutory requirements applicable to the relevant security grantors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, the liability of a grantor of security could be materially reduced or eliminated, depending on the law applicable to it.

It is possible that a grantor of security, or a creditor of a grantor of security, or the bankruptcy trustee in the case of a bankruptcy of a grantor of security, may contest the validity and enforceability of the grantor's security on any of the aforementioned grounds and that the applicable court may determine that the security interest should be limited or voided. To the extent such limitations on the security obligation apply, the Notes would be effectively subordinated to or rank pari passu with all liabilities of the applicable security grantor, including trade payables of such grantor to the extent of such limitations. Future security interests may be subject to similar limitations.

Additionally, the grant of Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors, even if such claims are secured claims. For a more detailed description of various limitations on the security under Italian law and certain Italian insolvency law considerations, see "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*".

Holders of the Notes may not control certain decisions regarding the Collateral.

Pursuant to the Intercreditor Agreement, a common security agent shall serve as the Security Agent for the secured parties for the Notes, the Existing Notes and any future secured indebtedness, with regard to the Collateral. The Intercreditor Agreement provides that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of the "instructing group".

The Intercreditor Agreement provides that the Security Agent will (subject to certain limited exceptions) act with respect to such Collateral only at the direction of creditors holding a simple majority of the aggregate amount of outstanding pari passu senior secured debt (including the Existing Notes and the Notes, any additional notes and any other senior secured notes, credit facilities or hedging liabilities that are permitted to be incurred under the Indenture and provided that the trustees, lenders or hedge counterparties in respect thereof accede to the Intercreditor Agreement) (the "instructing group") and only such creditors will be able to instruct the Security Agent to enforce the security. No noteholder will have any separate right to enforce or to require the enforcement of the Collateral. As a result, although on or about the Issue Date the required majority of holders of the Notes will be able to force a sale of such Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, in the future the holders of the Notes may not constitute the instructing group if additional debt *pari passu* senior secured debt is incurred by the Issuer such that such other *pari passu* senior secured debt (including any other senior secured notes or debt that are permitted to be issued under the Indenture, and provided that the trustees or lenders in respect thereof accede to, the Intercreditor Agreement) remains outstanding in an amount equal to or greater than 50% of the aggregate principal amount of the total *pari passu* senior secured debt. The creditors under or holders of such other debt may have interests that are different from the interests of holders of the Notes and they may not elect to pursue their remedies under the Security Documents at a time when it would otherwise be advantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells the shares of the Issuer that have been pledged as Collateral through an enforcement of the security interest in accordance with the Intercreditor Agreement, this may result in the release of the debt obligations of the Issuer and the liens over other assets of the Issuer securing the Notes.

It is possible that disputes may occur between the holders of the Existing Notes, the holders of the Notes and holders of future *pari passu* senior secured debt as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral. In such an event, the holders of the Notes will be bound by any decisions of such instructing group, which may result in enforcement actions against the Collateral that are not approved by the holders of the Notes or that may be adverse to you.

In addition, the proceeds on enforcement of any Collateral will be shared on a *pro rata*, *pari passu* basis with any *pari passu* senior secured creditors (including without limitation, the holders of the Notes and the holders of the Existing Notes) in accordance with the provisions of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

The ability of the Security Agent to enforce certain of the Collateral may be restricted by Italian law.

The Indenture and the Intercreditor Agreement provide that, to the extent permitted by the applicable law, only the Security Agent has the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture and the provisions of the Security Documents) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement. See "*Description of the Notes—Security*".

The Collateral is and will not be granted directly to the holders of the Notes but is and will be created and perfected in favor of the Trustee, acting also in its capacity as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision, the security interests and guarantees assisting bond issuances can be validly created in favor of an agent (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

The enforcement rights in relation to the Collateral is and will be subject to the perfection requirements under the Security Documents.

Further, under Italian law, in the event that the Issuer or any other security provider enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer or any such other security provider under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "suspect period"). In this regard, a longer period might apply to any Collateral governed by Italian law which may be granted after the Offering.

There are circumstances other than repayment or discharge of the Notes under which the Collateral may be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released automatically, including, without limitation:

- as described under "*Description of the Notes—Amendments and Waivers*";
- upon payment in full of principal, interest and all other obligations of the Notes or defeasance or discharge of the Notes, as provided under "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- as otherwise permitted in accordance with the Indenture, Intercreditor Agreement or any Additional Intercreditor Agreement;
- as may be permitted by the covenant described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*";
- in the case of the security assignment over the receivables in respect of the Intercompany Loan Agreements, upon partial repayment thereof, the Security Interests created over the receivables will be automatically reduced in proportion to such partial repayment and, upon full repayment thereof, the security assignment shall be automatically and fully released and of no further effect;

- in the case of any pledge over bank accounts, upon utilization of the balance standing to the credit of such bank accounts, the security interests created over such balance will be automatically reduced in proportion to such utilization; or
- in connection with a Permitted Reorganization (as defined in the "*Description of Notes*", concerning a potential combination or Inter and BrandCo or a liquidation of BrandCo), *provided* that any Security Interests that are released are retaken or confirmed if needed over the same Collateral.

See "*Description of the Notes—Security—Release of Liens*". Unless consented to by the holders of the Notes (and subject to certain exceptions), the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the security interests in the Collateral unless, among other things, the relevant sale or disposal is made for consideration of which all or substantially all of which is in the form of cash.

The Indenture and the Intercreditor Agreement also provide that the Collateral, in certain circumstances, may be released and retaken in connection with the incurrence of certain indebtedness, including the issuance of additional notes (including the Notes). In Italy, such a release and retaking of collateral may give rise to the start of a new hardening period in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of the Collateral and thus reduce your recovery under the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes*".

The rights of holders of Notes in the Collateral securing the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under Italian law, a security interest in certain property, plant and equipment and intangible assets can only be properly perfected and thus retain its priority if certain actions are undertaken by the secured party and/or the grantor of the security interest. The security interests in the Collateral may not be perfected with respect to the claims of the Notes if we (or the relevant security provider) fail or are unable to take the actions required to perfect such security interests. Neither the Security Agent nor the Trustee will have any obligation to take any steps or actions necessary to perfect any such security interests. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral, which may have a material adverse effect on the ability of the holders of Notes to receive proceeds from any enforcement of the Collateral.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will require us or the relevant security provider to take a number of actions that might improve the perfection or priority of the liens granted to the Security Agent in the Collateral. Certain of these perfection steps may not be taken until after the Issue Date, as permitted by the Security Documents. To the extent that the security interests created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

The Security Agent will not monitor, or we (or the relevant security provider) may not comply with our/its obligations to inform the Security Agent of, any future acquisition of property and rights by us/it, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in such property and rights, which as a result would not constitute Collateral, and/or adversely affect the priority of the security interest in favor of holders of Notes against third parties. The Security Agent has no obligation to monitor the acquisition of additional property or rights by us (or the relevant security provider) or the perfection of any security interest.

The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law.

The granting of the security interests in connection with the issuance of the Notes may create hardening periods for such security interests in Italy and the relevant regime for hardening periods may be less favorable if the secured debt (or part thereof) is pre-existing to the granting of the security interest, in particular if security interests in the Collateral are not in place at the time the Notes are issued, there will be a longer hardening period (12 months) than if the security interests were in place at the time the Notes are issued (6 months). For example, pursuant to the Permitted Reorganization in the Description of the Notes, the Indenture permits BrandCo to merge into Inter or to liquidate with its assets being transferred to Inter, and such an event could restart the hardening period with respect to the shares of the Issuer that were held by BrandCo and will be pledged as Collateral. See "*Description of the Notes—Permitted Reorganization*". In addition, the granting of shared security interests to secure future permitted debt including, for example, the issuance of additional notes (including the Notes), may restart or reopen such hardening periods. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted, perfected or recreated. In each instance, if the security interest granted, perfected or recreated were to be enforced before the end of the relevant hardening period applicable in Italy, such security interest may be declared void and/or unenforceable. See "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*".

Moreover, Italian law does not permit the grant of security over the receivables arising from future contracts or arrangements and, therefore, we (and any other assignor under the Security Documents) will be required to enter into a number of future security assignment agreements in respect of receivables arising under Future Sponsorship Agreements, Future Direct Media Contracts and Future Indirect Media Rights Arrangements or further agreements from which receivables which are purported to be assigned by way of security to the noteholders arise. The applicable hardening period (12 months) for these new security interests will run from the moment each new security interest has been granted.

If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Issue Date, any security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional security providers and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes.

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Collateral.

We cannot be sure as to what standard a court would apply in making a solvency determination or that a court would conclude that the Issuer was solvent immediately after the issuance of the Notes.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void a security interest provided by a security provider, as applicable and, if payment has already been made under the relevant security interest, require that the recipient return the payment to the relevant security provider, if the court found that:

- the security interest created with actual intent to hinder, delay or defraud creditors or shareholders of the security provider or other person or, in certain jurisdictions, even when the recipient was simply aware that the security provider was insolvent when it granted the security interest;
- the security interest was created without a legal obligation to do so, is prejudicial to the interests of the other creditors and the security provider and the beneficiary of the security were aware of or should have been aware of the fact that it was prejudicial to the other creditors;
- the security provider did not receive fair consideration or reasonably equivalent value for the granting of the security and/or the security provider: (i) became insolvent before the granting of the security or was insolvent or rendered insolvent because of the the creation of the security interest; (ii) was undercapitalized or became undercapitalized because of the creation of the security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the security interest was held to exceed the objects of the security provider or not to be in the best interests or for the corporate benefit of the security provider;

- the security interest was entered into within a certain time period prior to the opening date of insolvency proceedings of the security provider; or
- the amount paid or payable was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred.

Generally, however, an entity would be considered insolvent if, at the time it incurred the debt:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests granted to secure the Notes could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "Italian Bankruptcy Law") and the relevant law on the non- insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one- quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the new security is granted, unless the creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to the pre-existing debt already due and payable, unless the creditor proves he had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security granted simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, provided that the bankruptcy receiver proves that the creditor had no knowledge of the debtor's insolvency at the time the transaction was entered into. See "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*" for further information.

Further, under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions without consideration are ineffective *vis-à-vis* the bankruptcy estate if entered into by the debtor in the two-year period prior to the declaration of insolvency. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the declaration of insolvency or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency. In addition, the EU Insolvency Regulation contains conflicts of law rules which may determine which Member State has jurisdiction with respect to cross-border insolvency proceedings.

If challenged successfully, the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

The Indenture requires that the Security Agent take an active role managing compliance with certain covenants. If the Security Agent does not fulfil this role, we may be in breach of our covenants under the Indenture and this could lead to an event of default.

The Indenture requires that the Security Agent take an active role managing compliance with certain covenants, in particular the requirement that our revenues, cash and other amounts that we receive be deposited into certain Secured Accounts in compliance with the covenant described under "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". If the Security Agent does not fulfil this role in compliance with the provisions of the Indenture, we may be in breach of our covenants under the Indenture, and this could lead to an event of default.

Inter and BrandCo are subject to certain covenants under the Indenture but as their subsidiary, the Issuer will not be able to compel Inter and BrandCo to comply with such covenants.

Inter and BrandCo are required to comply with certain covenants under the Indenture, in particular certain limitations on indebtedness that can be incurred by Inter and limitations on certain liens, restrictions on certain corporate transactions, as well as the requirement that Inter comply with certain contracts and agreements. As a subsidiary of Inter and BrandCo, we have no control over the actions of Inter and BrandCo, and will not be able to compel Inter and BrandCo to comply with such covenants. If Inter or BrandCo breach these covenants, this could lead to an event of default under the Indenture. See "*Description of the Notes*".

The Indenture provides for certain mandatory redemptions at the par value of the Notes to be redeemed, which will not be structured as offers to purchase.

The Indenture provides for certain mandatory redemptions at the par value of the Notes to be redeemed (plus accrued and unpaid interest and additional amounts, if any). These mandatory redemptions are not structured as an offer to purchase made to the noteholders, and therefore you will have no option to retain any Notes called for redemption under these provisions, and will not receive a premium, as would be the case in an optional redemption. See "*Description of the Notes*".

Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due (including semi-annual amortization payments) or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or a mandatory prepayment event.

At final maturity of the Notes, or in the event of acceleration of the Notes following an event of default, the entire outstanding principal amount of the Notes will become due and payable, and, in accordance with the Indenture, partial amounts of principal are due to be paid at specific times prior to the maturity of the Notes (including semi-annual amortization payments). In addition, (1) upon the occurrence of certain events constituting a change of control, holders of the Notes may require the Issuer to make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount, plus accrued but unpaid interest and additional amounts, if any, to the purchase date and (2) upon the conditions constituting a Mandatory Redemption Event (as defined in the "*Description of the Notes*"), a portion of the principal amount of the Notes will become due. See "*Description of the Notes—Change of Control*", "*—Mandatory Amortization Redemption*" *and* "*—Mandatory Partial Redemption*". Although the amounts for the mandatory partial redemption come from the Risk Reserve Account (as defined in the "*Description of the Notes*") which will be funded on an ongoing basis, the Issuer may not have sufficient funds or may be unable to arrange for additional financing to repurchase the Notes upon a change of control or an event of default. In addition, the Indenture allows future *pari passu* indebtedness to share in amounts held in the Risk Reserve Account if there is a corresponding mandatory prepayment provision, in which case the mandatory redemption of the Notes will be for a lower aggregate principal amount than if such other Indebtedness was not outstanding.

The Issuer's failure to repay holders tendering Notes upon the occurrence of a change of control event would result in an event of default under the Notes. If a change of control event were to occur, we cannot assure you that we would have sufficient funds to repay our outstanding indebtedness which we would be required to prepay or offer to purchase or that became immediately due and payable as a result. We may require additional financing from third parties to fund any such purchases and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture does not contain a provision that requires us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture, includes a disposition of all or substantially all the assets of Inter and its subsidiaries taken as whole. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

In addition, we may incur pari passu indebtedness secured over the Collateral that has a final maturity prior to that of the Notes. If we are unable to refinance this indebtedness when it becomes due, we may default under such indebtedness, which under certain circumstances, would be an event of default under the Indenture and could lead to an acceleration of all amounts due under the Indenture. In such a case, we may be unable to repay amounts due under the Indenture.

The Issuer may amend the economic terms and conditions of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests. As set forth in “*Description of the Notes—Meeting of Holders of Notes*,” the majority required to pass an extraordinary resolution at any meeting of holders of the Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of such outstanding Notes. These provisions permit defined majorities (50% or 75%), depending on the nature of the resolution to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the relevant meeting, and holders of the Notes who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes or to change the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely affect rights of holders of Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution amending the terms and conditions of the Notes typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence being that the majority voting threshold may be reduced from 75% to 50%.

Enforcing your rights as a holder of the Notes or under the Collateral across multiple jurisdictions may prove difficult.

The Issuer is organized and validly existing under the laws of the Republic of Italy. The Security Documents with respect to the Collateral are governed by the laws of the Republic of Italy. Furthermore, your rights under the Notes will be governed by the laws of the state of New York and the federal laws of the United States and your rights with respect to enforcement of the Collateral under the Intercreditor Agreement will be governed by the laws of England and Wales. As a result, your rights under the Notes and the Collateral are likely to be subject to the laws of several jurisdictions, and there can be no assurance that you will be able to enforce effectively your rights in such complex proceedings. In addition, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral. See “*Service of Process and Enforcement of Civil Liabilities*.”

The insolvency, administration and other laws of the jurisdiction of organization of the Issuer may be materially different from, or conflict with, the laws of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest, the duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect your ability to enforce your rights under the guarantees and the security documents in these jurisdictions or limit any amounts that you may receive. See “*Limitations on validity and enforceability of the Security Interests and Certain Insolvency Law Considerations*.”

The insolvency laws of Italy may not be as favorable to you as U.S. bankruptcy laws.

The Issuer is organized under the laws of Italy. There is a rebuttable presumption that the "*centre of main interest*" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings is the jurisdiction where the registered office is situated.

The insolvency laws of Italy may not be as favorable to your interests as the laws of the United States or other jurisdictions with which you are familiar, including in respect of creditors' reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any future subsidiary of the Issuer experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. In particular, the insolvency and other laws of Italy may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, subordination of creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights against the Collateral in Italy and limit any amounts that you may receive. For an overview of certain insolvency laws and enforceability issues as they relate to the Issuer, see "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*".

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer is incorporated under the laws of Italy. None of the members of the Issuer's management are residents of the United States and substantially all their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or the members of management, or to enforce against the Issuer or them judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Italy. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in Italy. In addition, the enforcement in Italy of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in Italy would have the requisite power or authority to grant remedies sought in an original action brought in Italy on the basis of U.S. federal securities laws violations. See "*Service of Process and Enforcement of Civil Liabilities*".

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws and do not have any intention to do so. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*".

The Offering has not been cleared by the Commissione Nazionale per la Società e la Borsa ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (investitori qualificati) as referred to in Article 2, letter e), of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**"), Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"), and in Article 35, first paragraph, letter (d) of CONSOB Regulation No. 20307 of February 15, 2018, as amended (the "**Regulation 20307**"), Article 34-ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), implementing Article 100 of the Italian Financial Act; and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Italian Financial Act and the implementing CONSOB regulations, including the Issuer Regulation.

You generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

The Issuer is organized under the laws of the Republic of Italy and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments made by or on behalf of the Issuer in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Decree No. 239 or pursuant to Decree No. 461 except where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or its agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*" *and* "*Tax Considerations—Certain Italian Tax Considerations*".

The listing of the Notes may not satisfy the listing requirement of Decree No. 239.

Application will be made for the Notes to be to be listed in the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. In addition, application will be made to obtain listing of the Notes on the Vienna MTF. However, such listing may not meet the listing requirements established by Decree No. 239 and by the Italian tax authorities, which in Circular Letter No. 4/E of March 6, 2013 stated that the listing requirement has to be satisfied upon the Issue Date. Considering that there cannot be assurance that the Notes will be listed on the Issue Date, there may be the risk that the Notes may not fall within the scope of, and benefit from, the tax regime set forth in Decree No. 239. If this were the case, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax generally at a rate of 26% and we would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our business, financial condition and results of operations.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Decree No. 239 in respect of the Notes will be met by the relevant foreign intermediaries.

The regime established by Decree No. 239 and in particular the exemption from withholding tax, which is in principle granted to holders of the Notes who are the beneficial owners of the proceeds from the Notes and who are resident in a country or territory country or territory included in the White List, applies if certain procedural requirements are met. There is no assurance that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to comply with the procedural rules set for the application of the exemption regime or fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See "*Tax Considerations—Certain Italian Tax Considerations*".

The yield to maturity of the Notes may reduce with principal repayments on the Notes.

The actual yield to maturity of the Notes will depend on, among other things, the amount and timing of principal payments. Any early redemption of the Notes, through a mandatory partial redemption or optional redemption may reduce the yield to maturity on the Notes. The noteholders may not be able to reinvest principal paid to them earlier than expected at a rate of return equal to the rate of return on any principal amount of Notes that are redeemed early, and the noteholders will bear all reinvestment risk resulting from the timing of redemptions of principal of the Notes. See "*Description of the Notes—Optional Redemption*" and "*—Mandatory Partial Redemption*".

Investors may face foreign exchange risks by investing in the Notes.

The Notes offered hereby are denominated and payable in euros. If you measure your investment returns by reference to a currency other than euros, an investment in the Notes will entail foreign exchange risks related to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investments because of economic, political and other factors over which we have no control.

Depreciation of the euro against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes below the stated coupon rate and could result in a loss to you when the return on the offered Notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign exchange gains or losses resulting from an investment in the Notes.

Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*".

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One independent credit rating agency is expected to assign credit ratings to the Notes at issuance. The credit rating addresses our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency in the future if in its judgment circumstances so warrant. In April 2020, S&P downgraded its credit rating of the Existing Notes as a result of the COVID-19 pandemic and its effects on Inter's business due to the threat posed to large audience sporting events. Other credit rating agencies which do not publish credit ratings with respect to the Notes may assign a lower rating than any published ratings of the Notes. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes (which will only occur in very limited circumstances), owners of the book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary, we, the Trustee and the Agents will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream Banking, as applicable, and if you are not a participant in Euroclear or

Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder under the Indenture. See "*Book-Entry, Delivery and Form*".

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or other actions from holders of the Notes.

Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book- entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

An active trading market may not develop for the Notes, which may limit your ability to sell the Notes and, moreover, the Notes will trade separately from the Existing Notes.

The Notes will not be fungible with the Existing Notes and will be issued with separate international securities identification numbers ("ISINs") and common codes from the Existing Notes. The Notes will be treated as a single class as the Existing Notes with respect to waivers, amendments and all other matters which are not specifically designated for any applicable series. The Notes will be a new issue of securities for which there is currently no established market. See "*—The Notes will not be fungible with the Existing Notes*". As a result, while the Notes are outstanding, we cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors from those holding any of the Existing Notes and this may affect the extent to which the Notes may trade compared to the Existing Notes, which benefit from a larger outstanding aggregate principal amount than the Notes. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

In addition, the Indenture allows us to issue additional notes in the future, which could adversely impact the trading prices of the Notes.

The Notes will not be fungible with the Existing Notes and therefore are expected to be illiquid in light of the principal amount being issued in the Offering.

While the Notes will be treated as a single class as the Existing Notes with respect to waivers, amendments and all other matters which are not specifically designated for any applicable series, the Notes will form a separate series from the Existing Notes for purposes of the Indenture. The Notes will not be fungible with the Existing Notes and will have separate ISINs and common codes from the Existing Notes. As a result, a market for trading the Notes may not develop and is expected to be illiquid in light of the principal amount being issued in the Offering, which may impact the tradability and price of the Notes.

The Notes will be issued with original issue discount for U.S. federal income tax purposes.

The Notes will be issued with original issue discount ("OID") for U.S. federal income tax purposes. Accordingly, U.S. holders (as defined under "*Tax Considerations—Certain U.S. Federal Income Tax Considerations*") of Notes generally will be required to include amounts representing OID in their gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders of Notes generally will include OID in income in advance of the receipt of cash attributable to such income. See "*Tax Considerations—Certain U.S. Federal Income Tax Considerations—Original Issue Discount*".

We may be unable to raise the funds necessary to refinance the Notes or to repay the Notes at maturity.

Like the Existing Notes, the Notes offered hereby will mature in December 2022. We may not have sufficient cash to repay all amounts owing on the Notes at maturity. In addition, as a result of this proximity to the maturity date of the Notes and the Existing Notes, any adverse conditions in the credit and financial markets, including in the near future, could prevent us from accessing the credit and capital markets or from obtaining financing or credit at favorable terms in order to fulfill our need to refinance, we may not be able to refinance the Notes prior to maturity.

We may, at our option, redeem all or part of the Notes, plus accrued and unpaid interest (with such price reducing in subsequent years) pursuant to the Indenture governing the Notes.

We may, at our option, redeem all or part of the Notes at a purchase price of 102.438% plus accrued and unpaid interest (with such price reducing to 101.219% commencing on December 31, 2020 and at par commencing on December 31, 2021). See ''*Description of the Notes—Optional redemption.*''

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange or on the Vienna Stock Exchange.

Although an application will be made for the Notes to be listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and an application will be made to obtain listing of the Notes on the Vienna MTF, the Issuer cannot assure you that the Notes will become, or remain listed. If the Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange or on the Vienna MTF, and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Luxembourg Stock Exchange; provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognized stock exchange", although there can be no assurance that the Issuer will be able to do so. In addition, although no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Luxembourg Stock Exchange or another recognized stock exchange in accordance with the Indenture, failure to obtain approval for the listing or the delisting of the Notes from the Luxembourg Stock Exchange or another recognized stock exchange, as applicable, may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Risks relating to Italian Usury Laws.

Italian Law No. 108 of 7 March 1996, as amended, implemented or supplemented from time to time (the "Italian Usury Legislation"), prevents lenders from applying interests higher than certain rates, as set forth in accordance with the Italian Usury Legislation (the "Usury Rates"). If the interest rate applicable to the Notes from time to time is higher than the Usury Rates, such interest may be deemed void and unenforceable by the court, and thus such interest may not be due.

In addition, even where the Usury Rates are not exceeded, the interest rate applicable to the Notes may be held usurious if: (i) it is considered to be disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate applicable to similar transactions in the market) and (ii) the Issuer is deemed to have been in financial and economic difficulties at the time the Notes were issued.

There can be no assurance that a judge would give effect to the provisions governing the rate of interest on the Notes, or that the contractual provisions relating to such interest would not be deemed void and unenforceable.

USE OF PROCEEDS

Use of Proceeds

We expect that the gross proceeds of the Offering of the Notes will be approximately €75.0 million. We expect to use the proceeds of the Offering (i) to deposit additional amounts in the Debt Service Account and Debt Service Reserve Account as required under the Indenture as a result of the increased size of the principal amount of indebtedness outstanding following the Offering, (ii) to pay fees and expenses, including the OID, the Initial Purchaser's commissions and the estimated expenses in respect of the Offering and (iii) for Inter's general corporate purposes through amounts loaned to Inter via the New Intercompany Loan. See "*Issuer's Capitalization*" and "*Description of Certain Financing Arrangements—Intercompany Loans*".

Sources and Uses

The following table shows the sources of funds related to the Offering and the use of proceeds therefrom assuming it had been completed on March 31, 2020. Actual amounts will vary from estimated amounts depending on several factors, including estimated costs, fees and expenses.

Sources of Funds		Uses of Funds	
	(in millions of €)		
Notes offered hereby[1]	€75.00	Funding of Secured Accounts[2]	5.45
		Inter general corporate purposes[3]	62.10
		Transaction costs[4]	7.45
Total sources	**€75.00**	**Total uses**	**€75.00**

(1) Reflects the gross proceeds from the issuance of the Notes (excluding original issue discount ("OID") on the Notes, which is included as a transaction cost).

(2) The Indenture requires us to fund the Secured Accounts. On the Issue Date, the amounts required to be deposited in the Debt Service Account and the Debt Service Reserve Account under the Indenture will increase to reflect the pro rata increase in interest expense and in Mandatory Amortization Redemption payments following the issuance of the Notes.

(3) Represents the portion of the proceeds of the Offering that will be upstreamed to Inter through the New Intercompany Loan to fund Inter's ongoing working capital requirements and operational needs. None of the proceeds of the Offering will be used to repay any of the Shareholder Loans. The actual amount may vary depending on the issue price of the Notes if the actual proceeds of the Offering differ from the assumed amount.

(4) Represents OID and our estimate of fees and expenses in connection with or otherwise related to the Offering and the application of the proceeds therefrom, including underwriting fees, other financing fees, debt prepayment premiums, professional and legal fees, financial advisory fees and other transaction costs. Actual fees and expenses may differ.

ISSUER'S CAPITALIZATION

The following table sets forth the total cash and cash equivalents, current financial assets, non-current financial and other assets, short-term financial liabilities and capitalization of the Issuer as of March 31, 2020 on a historical basis and as adjusted to give effect to the Offering and the use of proceeds therefrom as if such events had occurred on March 31, 2020. The historical financial information has been derived from the Issuer's unaudited financial statements as of March 31, 2020, prepared in accordance with Italian GAAP, included elsewhere in this Offering Memorandum.

This table should be read in conjunction with "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer*" and the Issuer Financial Statements appearing elsewhere in this Offering Memorandum.

	As of March 31, 2020 (in millions of €)	
	Actual	**As Adjusted**
Financial assets and cash		
Cash at bank and on hand	34.2[(1)]	34.2[(2)]
Current and non-current financial assets	20.8[(3)]	26.3[(4)]
Total financial assets and cash	**55.0**	**60.5**[(5)]
Financial liabilities		
Principal amount of the Existing Notes	290.5	290.5
Accrued interest and unamortized discount on the Existing Notes	(1.5)	(1.5)
Notes offered hereby	—	75.0[(6)]
Total financial indebtedness	**289.0**	**364.0**
Total Shareholders' Equity	**134.3**	**134.3**
Total capitalization[(7)]	**423.3**	**498.3**

(1) Refers to cash funded in the Secured Accounts (other than the Debt Service Account and the Debt Service Reserve Account) in respect of the Existing Notes.

(2) Refers to cash expected to be funded in the Secured Accounts (other than the Debt Service Account and the Debt Service Reserve Account) *pro forma* for the Offering of the Notes as if the Offering had occurred on March 31, 2020.

(3) Refers to cash funded in the Debt Service Account and the Debt Service Reserve Account in respect of the Existing Notes.

(4) Refers to cash expected to be funded in the Debt Service Account and the Debt Service Reserve Account *pro forma* for the Offering of the Notes as if the Offering had occurred on March 31, 2020. Such amount reflects the pro rata increase in interest expense and the Mandatory Amortization Redemption payments scheduled for December 31, 2020 following the issuance of the Notes.

(5) Such amounts may only be utilized in accordance with the provisions of the Indenture. See "*Use of Proceeds*" and "*Description of the Notes*".

(6) Excludes OID.

(7) Total capitalization is the sum of total financial indebtedness and total shareholders' equity.

SELECTED HISTORICAL FINANCIAL INFORMATION

The summary financial data have been derived from the audited financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019 and the Issuer's unaudited interim condensed financial statements as of and for the nine months ended March 31, 2020, prepared in accordance with Italian GAAP.

The financial information for the twelve months ended March 31, 2020 is calculated by taking the results of operations for the nine months ended March 31, 2020 and adding it to the difference between the results of operations for the full fiscal year ended June 30, 2019 and the nine months ended March 31, 2019.

The financial data also include certain non-GAAP measures used to evaluate the economic and financial performance of the Issuer. These measures are not identified as accounting measures under Italian GAAP and therefore should not be considered as alternative measures to evaluate the Issuer's performance or liquidity. See "*Presentation of Financial Information*".

The following tables relating to summary financial data should be read in conjunction with the audited financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019 and the Issuer's unaudited interim condensed financial statements as of and for the nine months ended March 31, 2020 included in this Offering Memorandum.

The following tables should be read in conjunction with the information contained in "*Presentation of Financial Information*", "*Use of Proceeds*", "*Issuer's Capitalization*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer*" and our financial statements and related notes included in this Offering Memorandum.

For a summary of Inter's financial information, please see "*Inter's Business—Certain Inter Consolidated Financial Information*".

Issuer Financial Information

Issuer Income Statement:

	For the fiscal year ended June 30,			For the nine months ended March 31,		For the twelve months ended March 31,
	2017	2018	2019	2019	2020	2020
(in thousands of €)		*(audited)*		*(unaudited)*		*(unaudited)*
Revenue	123,000	136,852	144,941	101,969	67,034	110,006
Other income	95	553	193	177	113	129
Total revenue	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
Personnel costs	2,674	2,865	3,372	2,486	2,704	3,590
Cost of services	6,854	9,628	11,082	8,006	9,104	12,180
Other operating costs	1,298	915	1,001	674	452	779
Write-downs of trade receivables	—	—	2,542	2,064	—	478
Depreciation and amortization	18,149	18,157	18,183	13,636	13,678	18,225
Provisions for risks and charges	—	247	—	—	—	—
Total operating costs	**28,975**	**31,812**	**36,180**	**26,866**	**25,938**	**35,252**
Operating profit	**94,120**	**105,593**	**108,954**	**75,280**	**41,209**	**74,883**
Net financial expenses	(16,339)	(15,640)	(9,822)	(7,102)	(6,439)	(9,159)
Profit before tax	**77,781**	**89,953**	**99,132**	**68,178**	**34,770**	**65,724**
Income taxes	(26,877)	(24,382)	(26,486)	(18,398)	(10,144)	(18,232)
Profit for the period	**50,904**	**65,571**	**72,646**	**49,780**	**24,626**	**47,492**

Issuer Balance Sheet:

(in thousands of €)	As of June 30, 2017	2018 (audited)	2019	As of March 31, 2020 (unaudited)
Non-current assets				
Intangible assets	328,610	305,107	287,001	273,386
Property, plant and equipment	47	87	211	249
Financial assets	15,501	10,410	10,410	10,410
Loan to parent company	27,209	144,944	131,445	167,938
Prepaid expenses	112	9	22	7
Non-current assets	**371,479**	**460,557**	**429,089**	**451,990**
Current assets				
Current financial assets	6,372	43	108	10,410
Loan to parent company—current portion	221	—	—	—
Trade receivables—current portion	32,971	76,208	79,206	74,480
Trade receivables from parent companies and their affiliates	29,977	39,126	34,891	10,510
Tax receivables	—	—	27	—
Deferred tax assets	154	200	666	544
Other receivables	138	4	5	8
Prepaid expenses—current portion	674	245	113	91
Cash at bank and on hand	8,982	8,510	15,664	34,233
Current assets	**79,489**	**124,336**	**130,680**	**130,276**
Total assets	**450,968**	**584,893**	**559,769**	**582,266**
Liabilities and shareholders' equity				
Shareholders' equity				
Share capital	500	500	500	500
Reserve	105,097	105,097	105,097	105,125
Retained earnings	4,087	4,087	4,087	4,087
Profit for the period	50,904	65,571	72,646	24,626
Shareholders' equity	**160,588**	**175,255**	**182,330**	**134,338**
Non-current liabilities				
Deferred tax liabilities	34,886	32,963	31,040	29,602
Other provisions	—	247	247	247
Provisions for employee severance indemnities	131	172	248	237
Existing Notes	—	285,630	280,794	278,270
Bank loans	196,000	—	—	—
Deferred income	12,137	11,714	11,290	11,013
Non-current Liabilities	**243,154**	**330,726**	**323,619**	**319,369**
Current liabilities				
Existing Notes—current portion	—	6,250	6,550	10,685
Bank loans—current portion	12,000	—	—	—
Trade payables	2,698	3,073	3,043	4,341
Trade payables to parent companies and their affiliates	22,772	67,286	42,879	103,880
Tax payables	2,840	830	378	1,169
Social security payables	135	146	186	131
Other payables	235	221	277	227
Accrued expenses	3,123	72	83	132
Deferred income—current portion	3,423	1,034	424	7,994
Current Liabilities	**47,226**	**78,912**	**53,820**	**128,559**
Total liabilities and shareholders' equity	**450,968**	**584,893**	**559,769**	**582,266**

Issuer Cash Flow Statement:

(in thousands of €)	For the fiscal year ended June 30, 2017	2018	2019	For the nine months ended March 31, 2019	2020	For the twelve months ended March 31, 2020
		(audited)		(unaudited)		
Cash flow from operating activities after changes in working capital	**69,171**	**70,089**	**72,774**	**103,479**	**120,456**	**89,751**
Taxes paid	(1,778)	(6,685)	(5,106)	(1,844)	(1,741)	(5,003)
Interest and other financial expenses paid	(14,240)	(17,385)	(14,652)	(7,405)	(7,258)	(14,505)
A. Cash flow from operating activities	53,153	46,019	53,016	94,230	111,456	70,242
B. Cash flows from investing activities	(411)	11,294	(266)	(10,418)	(10,415)	(263)
C. Cash flows from financing activities	(44,372)	(57,784)	(45,596)	(25,207)	(82,472)	(102,861)
Increase/(decrease) in cash and cash equivalents (A+B+C)	8,370	(471)	7,154	58,606	18,569	(32,883)
Cash at bank and on hand at the beginning of the period	**612**	**8,982**	**8,510**	**8,510**	**15,664**	**67,116**
Cash at bank and on hand at the end of the period	**8,982**	**8,510**	**15,664**	**67,116**	**34,233**	**34,233**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE ISSUER

The following is a discussion and analysis of the financial condition and results of operations of the Issuer in the periods set forth below. This discussion should be read together with, and is qualified in its entirety by reference to, the Issuer Financial Statements prepared in accordance with Italian GAAP and the related notes thereto included elsewhere in this Offering Memorandum. We have, however, reclassified the Italian GAAP line items in a manner that makes them more easily comparable to the financial information of other businesses who do not use Italian GAAP. Italian GAAP differs in certain respects from IFRS. For a discussion of the differences between Italian GAAP and IFRS see "Annex A: Summary of Certain Differences between Italian GAAP and IFRS" and "Risk Factors—Risks Related to the Issuer—We have not included IFRS financial information in this Offering Memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS".

The following discussion does not relate to the financial condition of Inter, which is separately described herein. See "Inter's Business—Certain Inter Consolidated Financial Information" and the Inter Consolidated Financial Statements included elsewhere herein for further information on Inter's results and financial condition on a consolidated basis. Inter will not guarantee the Notes and is therefore not liable for amounts owing thereunder. As a consequence, noteholders are advised that they will not have recourse against Inter in respect of amounts owing on the Notes, and no undue reliance should therefore be placed on the financial results or operations of Inter in respect of the Issuer's ability to make payment on the Notes. See also "Risk Factors—Risks Related to the Notes and the Collateral—Inter will not guarantee the Notes and is therefore not liable for amounts owing thereunder. As a consequence, noteholders are advised that they will not have recourse against Inter in respect of amounts owing on the Notes".

The following discussion should also be read in conjunction with "Presentation of Financial Information" and "Summary Historical Financial Information and Other Data". A summary of the Issuer's critical accounting policies that have been applied to these financial statements is set out below under the caption "—Critical Accounting Policies and Estimates". The discussion in this section may contain forward-looking statements that reflect the Issuer's plans, estimates and beliefs and involve risks and uncertainties. The Issuer's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements".

The following section includes a discussion of our results of operations and performance with reference to non-GAAP financial measures. Such non-GAAP measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing non-GAAP measures with those of other companies. The information presented by non-GAAP measures discussed herein is unaudited and has not been prepared in accordance with Italian GAAP or any other accounting standards. The non-GAAP financial measures discussed herein have limitations as analytical tools, and you should not consider them in isolation. See "Presentation of Financial Information—Non-GAAP Financial Measures".

Overview

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

We generated revenue of €110.1 million, Adjusted Revenue of €267.7 million and Cash Available for Debt Service of €279.7 million for the twelve months ended March 31, 2020. We generate Adjusted Revenue through two principal business activities, media and sponsorships:

- ***Media:*** We generate Adjusted Media Revenue through the receivables associated with Inter's broadcasting rights ("**Indirect Media Revenue**") and from Inter TV, our subscription-based television channel, and the licensing of Inter's archive content rights ("**Direct Media Revenue**"). Our Adjusted Media Revenue was €173.8 million for the twelve months ended March 31, 2020, which constituted 64.9% of our Adjusted Revenue. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Adjusted Revenue*". For the twelve months ended March 31, 2020, Indirect Media Revenue constituted 90.7% of our Adjusted Media Revenue and Direct Media Revenue constituted 9.3% of our Adjusted Media Revenue.

- ***Sponsorships:*** We generate Sponsorship Revenue through sponsorship relationships with leading international and regional companies pursuant to a global, regional and product segmentation sponsorship strategy. Our global sponsorships include leading brands such as Nike, Pirelli, Jiangsu Suning, Lenovo and Crédit Agricole. Our Sponsorship Revenue was €93.8 million for the twelve months ended March 31, 2020, which constituted 35.0% of our Adjusted Revenue for the twelve months ended March 31, 2020.

With a history dating back to 1908, Inter is one of the leading European football clubs and one of the top football clubs in Italy. Inter is the only club to have played every season in Italy's top football league, known as Serie A, since the league's inception in 1929, and is the only club in Serie A that has never been relegated to a league with a lower standing. Inter has won 30 domestic trophies (including 18 Serie A championships, seven TIM Cup titles and five Supercoppa TIM titles), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010, Inter became the first Italian team to complete the "Continental Treble" by winning the titles in Serie A, TIM Cup and UEFA Champions League all in the same season. Since 2000, Inter has won the Serie A championship five consecutive times, from 2005/2006 to 2009/2010.

The club is headquartered in Milan, the fourth wealthiest European metropolitan area (measured by GDP for 2016) that is home to a major football club. The team's home matches are played at Stadio Giuseppe Meazza ("**San Siro**") in Milan, which the team leases together with rival A.C. Milan. San Siro has a listed capacity of 78,328, which ranks as the largest stadium in Italy and one of the top ten largest stadiums in Europe. The club's shirt-front sponsor is Milan-based tire producer Pirelli, which has been Inter's shirt-front sponsor since 1995, and the official kit provider is Nike, which has provided Inter's kit since 1998.

According to the Nielsen Sport Report, Inter had a potential fan base of approximately 286 million fans (those who claim to be "interested" in Inter) across 45 countries worldwide in 2019, placing the team 9th in terms of global popularity among major European football teams. In addition, according to the Iquii Sport Report, Inter has approximately 32 million social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube), placing the team 12th in terms of global popularity among major European football teams. Inter's number of digital followers grew by an estimated 54% in 2019 compared to the previous year. Inter also has a solid presence in China and was the first football club to participate in the China International Import Expo (CIIE) from its inauguration in 2018. According to Transfermarkt, over the last two years, Inter has had the highest stadium attendance in Serie A, with an average match attendance of approximately 61,400 for the 2018/2019 season and approximately 65,800 for the 2019/2020 season to date, compared to a Serie A average of approximately 25,100 in 2018/19 and 27,200 in 2019/20. Inter also engages with supporters on a variety of digital platforms, including its website, www.inter.it, which had approximately four million unique page views in the month of January 2020.

We are indirectly owned by Inter, which in turn is owned by Great Horizon S.à r.l. ("**Great Horizon**") (68.55%), International Sports Capital S.p.A. ("**ISC**") (31.05%) and minority shareholders (0.40%). Our majority shareholder Great Horizon is part of the Suning Group ("**Suning**"), a Chinese conglomerate founded in 1990 which ranked among the top three non-state owned enterprises in China by revenue in 2019. Suning has businesses in a variety of sectors, including retail, real estate, financial and investment management services, education, culture, health, entertainment, media and sports investment. Suning is an experienced owner of sports businesses, as it owns the Chinese football club Jiangsu Suning FC, which plays in China's top division. In addition, Suning's industry experience, combined with its strong presence in Asia, provides us with significant opportunities for commercial synergies in the Asian market.

Key Factors Affecting Our Results of Operations

Impact of COVID-19 on Our Business

Our operations and operating results have been materially impacted, and may continue to be materially impacted in future financial periods by the COVID-19 pandemic and government and league actions taken in response. On March 9, 2020, Serie A suspended its 2019/2020 season and the season resumed on June 20, 2020. Despite the restart of the 2019/2020 season and the timely payment of the first instalment of media rights fees for the 2020/2021 season, the broadcasters SKY, DAZN and IMG, which respectively hold national distribution and international distribution rights to Serie A matches, have not yet paid the full final instalment of media rights fees for the 2019/2020 season, originally due in May 2020 and totaling approximately €220 million of a total of €1.3 billion annual fee under a three-year agreement expiring at the end of the next 2020/2021 season. In particular, SKY has not yet paid its portion of the last instalment of the media rights fees for the 2019/2020 season, whereas DAZN and IMG have reached an agreement with LNP to pay their full share of the last instalment of media rights fees for the 2019/2020 season, a portion of which was paid on June 27, 2020 and the remainder to be paid in July 2020. Any discount that may be agreed between LNP and SKY for its portion of the media rights fee may trigger a similar discount of the remaining fees payable by DAZN and IMG, which, in turn, may further negatively impact our Indirect Media Revenue. We estimate that Inter's share of the unpaid portion of the final installment of media rights fees for the 2019/2020 season is approximately €12 million, €9 million or €6 million, gross of VAT, depending on whether Inter ranks, respectively, second, third or fourth in the ranking at the end of the 2019/2020 Serie A season. Cash Available for Debt Service depending on the outcome of the current discussions between the Italian league LNP and the TV rights broadcasters. Delays to the recommencement and completion of the 2019/2020 Serie A season, UEFA and domestic cup competitions caused by COVID-19, may result in further discounts to or deferral of certain broadcasting rights installment payments, which will be recognized as and when instalments are received. Moreover, the suspension of the Serie A season and the UEFA competitions has negatively impacted our ability to fully comply with the obligations under our Sponsorship Agreements. Although there has not been any material disruption in our relationship with our sponsors, a protracted or renewed suspension of the current season (as well as future seasons) may have a negative impact on our Sponsorship Revenue. See "Recent Developments—*COVID-19*", "*Risk Factors—Risks Related to the Issuer—Our operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and any government and league actions taken in response thereto, and the impact and outcome of the pandemic remain uncertain*".

Direct and Indirect Media Revenue

We generate Indirect Media Revenue through Serie A Indirect Media Revenue and UEFA Indirect Media Revenue. We generate Direct Media Revenue from the licensing of Inter's archive content rights and revenue from our subscription-based television channel Inter TV. The revenue that we report on our income statement (which comprises Direct Media Revenue, Sponsorship Revenue and other income), together with our Indirect Media Revenue, comprise our Adjusted Revenue. Our Adjusted Media Revenue was €112.3 million, €115.6 million and €160.3 million for each of the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which constituted 50.9%, 48.4% and 55.0%, respectively, of our total Adjusted Revenue.

Direct Media Revenue

We generate Direct Media Revenue through the licensing of Inter's archive content and our subscription TV channel Inter TV.

Archive Content Rights

We contract with Infront to digitize and market its archive content, including the rights to market training sessions of the first team, interviews and pre-match press conferences through the Infront Archive Agreement. We have also assigned to Radiotelevisione Italiana S.p.A. ("**RAI**") certain rights relating to the use of archival recordings of Inter's home and away matches. Revenue relating to archive content was €10.6 million, €10.4 million and €10.5 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Inter TV

We own and operate a subscription-based, pay-TV channel called Inter TV, which broadcasts a variety of Inter-related content, including news, highlights from matches, time-delayed match footage, and other programs devoted to player profiles, interviews, past and present players and match analysis. Broadcasters also pay us a fee for access to Inter TV's broadcasting signal (relates to home production matches and the technical access and support given to broadcasters). We received €4.1 million, €3.9 million and €4.0 million in revenue from Inter TV for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Indirect Media Revenue

We generate Indirect Media Revenue from certain domestic and international broadcasting rights revenue generated by Inter, the receivables of which have been or will be assigned to us. We generated Indirect Media Revenue of €97.6 million, €101.2 million and €145.9 million for each of the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which constituted 44.2%, 42.4% and 50.1%, respectively, of our Adjusted Revenue. We generated Indirect Media Revenue of €127.8 million and €139.5 million for the nine months ended March 31, 2019 and 2020, respectively, which constituted 55.6% and 67.5%, respectively, of our Adjusted Revenue.

The majority of Indirect Media Revenue is Serie A Indirect Media Revenue from Inter's allocation of the global broadcasting rights from broadcasts of Serie A matches. This revenue is recognized directly by Inter, and then the receivables are assigned to us and the broadcasters pay us directly. The Serie A international rights for the 2018-2021 seasons have been sold to IMG and RAI for €371.0 million per season, representing an increase of 95% over the prior three-season period, and the domestic rights for the 2018-2021 seasons were sold to Sky Sport Italia and DAZN for approximately €973.0 million per year plus conditional performance bonuses of approximately €150.0 million related to the number of subscribers and revenues recorded by the two broadcasters. Infront has guaranteed Serie A a minimum amount of revenue from the broadcasting rights for the 2018-2021 seasons. For the prior three-season periods (2016/2017, 2017/2018 and 2018/2019), our Serie A Indirect Media Revenue was €90.0 million, €100.7 million and €94.9 million, respectively. The COVID-19 pandemic may negatively impact our Indirect Media Revenue for the fiscal year ended June 30, 2020 and for the current fiscal year as a direct consequence of actions taken by broadcasters SKY, DAZN and IMG, which have not yet paid the full final instalment of media rights fees for the 2019/2020 season, due in May 2020 and totaling approximately €220 million. In particular, SKY has not yet paid its portion of the last instalment of the media rights fees for the 2019/2020 season, whereas DAZN and IMG have reached an agreement with LNP to pay their full share of the last instalment of media rights fees for the 2019/2020 season, a portion of which was paid on June 27, 2020 and the remainder to be paid in July 2020. Any discount that may be agreed between LNP and SKY for its portion of the media rights fee may trigger a similar discount of the remaining fees payable by DAZN and IMG, which, in turn, may further negatively impact our Indirect Media Revenue. We estimate that Inter's share of the unpaid portion of the final installment of media rights fees for the 2019/2020 season is approximately €12 million, €9 million or €6 million, gross of VAT, depending on whether Inter ranks, respectively, second, third or fourth in the ranking at the end of the 2019/2020 Serie A season. In addition to the uncertainty regarding the collection of the final instalment for the current and potentially for the next season, the uncertainties created by the COVID-19 global pandemic, including the severity and duration of the outbreak and additional actions that may be taken by governmental authorities, make it difficult to forecast both LNP and UEFA's ability to avoid possible discounts on the amounts due under the existing media rights arrangements as well as to secure equally or more lucrative media rights contracts once the current contracts expire at the end of the 2020/2021 season.

If Inter's first team qualifies for UEFA competitions, we are also entitled to Inter's UEFA revenue, which includes Inter's share in UEFA's media rights and sponsorship revenue. Based on its Serie A ranking in the 2017/2018 and 2018/2019 seasons, Inter qualified for the UEFA Champions League in the 2018/2019 season and in the current 2019/2020 season. UEFA paid Inter its share of UEFA media rights and sponsorship revenue for those seasons and Inter assigned or will assign those revenues to us. We recognized UEFA Indirect Media Revenue of €0.5 million (due to penalties related to the Financial Fair Play settlement agreement and not participating in UEFA competitions in the 2017/2018 season) and €51.0 million for the fiscal years ended June 30, 2018 and 2019, respectively. Inter qualified for the UEFA Europa League in the 2016/2017 season and recognized €7.6 million of UEFA Indirect Media Revenue in the fiscal year ended June 30, 2017.

Sponsorship Revenue

We generate Sponsorship Revenue through relationships with leading international and regional companies. We generated €108.3 million, €122.5 million and €130.5 million of Sponsorship Revenue for each of the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which represented 49.1%, 51.3% and 44.8% of our Adjusted Revenue, respectively. We generated €91.1 million and €54.4 million of Sponsorship Revenue for the nine months ended March 31, 2019 and 2020, respectively, which represented 39.6% and 26.3% of our Adjusted Revenue, respectively. These relationships are the primary method by which we monetize the value of the Inter brand and our global community of supporters, and therefore have a significant impact on our results of operations. Our sponsorship contracts typically last for two to five years, but some of our larger sponsorship agreements have longer terms, such as our contract with Nike, which was renewed in 2013 through the 2023/2024 season. The contract with Nike provides for an annual base fee, which may be increased by certain performance incentive payments in the event that Inter wins various tournaments such as Serie A, the UEFA Champions League or the FIFA Club World Cup. The agreement also provides for performance-related payment reductions depending on if and how many times during the agreement period Inter fails to qualify for the UEFA Champions League or UEFA Europa League and if Inter is relegated from Serie A. Inter's failure to qualify for the UEFA Champions League for five seasons and for the UEFA Europa League in two seasons since the contract began has caused the annual payments to us under the Nike contract to decrease to an annual payment for the fiscal year ended June 30, 2018 of €4.3 million. We received €10.0 million under the Nike contract for the fiscal year ended June 30, 2019 compared to €4.3 million for the fiscal year ended June 30, 2018 due to Inter's return to the UEFA Champions League in the 2018/2019 season as well as the current season and we expect to receive €12.5 million as the base fee for the fiscal year ended on June 30, 2020. The contract with Nike also grants Nike the right to terminate the contract if Inter is banned or suspended from any national or international competition. Under our current sponsorship agreement with Pirelli, we receive a base consideration that increases over the contract period to €12.8 million in the 2020/2021 season. We also receive a performance-based bonus for qualification to the UEFA Champions League or the UEFA Europa League. The contract with Pirelli also contains a reduction in base consideration of 40% if Inter is relegated from Serie A. In the event of relegation from Serie A, the contract with Pirelli also grants Pirelli the right of early termination if Inter is not promoted to Serie A in the following season. We expect to receive €12.3 million from the agreement with Pirelli for the fiscal year ended June 30, 2020, assuming no performance penalties or bonuses apply. Many of our sponsorship agreements, in addition to those with Nike and Pirelli, provide for significant penalties, reductions or even termination if Inter is relegated to Serie B.

The growth of the Inter brand depends on our ability to increase the number and variety of our sponsors, to increase the value of existing sponsorships and to enter into sponsorship contracts with regional companies throughout the world. While our core sponsors remain Nike (technical sponsor) and Pirelli (shirt sponsor), we have recently increased our efforts to secure additional global sponsorships, sales of naming rights and regional sponsorships in international markets, particularly in Asia. For example, on December 20, 2016, we entered into the Naming Rights and Sponsorship Agreement with Jiangsu Suning, a subsidiary of our ultimate majority shareholder Suning, granting them the naming rights for Inter's training facilities and training kit and the right to produce and sell co-branded electronics in Asia. Jiangsu Suning is required to pay us a fixed sponsorship fee of €16.0 million, plus a bonus if Inter achieves certain on-pitch performance targets. Since December 21, 2017, we receive approximately 53% of the base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit, as well as any performance bonus and Inter receives the remaining 47%, which represents the naming rights of the training center. We also recognized a one-time fee of €25.0 million under the Naming Rights and Sponsorship Agreement during the fiscal year ended June 30, 2017 for an amendment to the contract granting Jiangsu Suning certain additional sponsorship and co-branding rights in Asia. The Naming Rights and Sponsorship Agreement also grants Jiangsu Suning the right to terminate the contract in the event of a change of control of Inter. Jiangsu Suning has capitalized on its co-branding rights, entering into arrangements with international brands to sell Inter-branded electronics in Asia. As of March 31, 2020, €4.4 million of the total revenue under the Naming Rights and Sponsorship Agreement remained unpaid due to delays caused by, among other things, capital controls on remitting foreign currency out of China. In addition, on May 25, 2018, we signed a contract with iMedia, a Chinese Sports Marketing Agency who have been granted selected category rights for an annual minimum guaranteed amount of €25.0 million. This agreement is in force until the end of the 2023/24 season, although either party is entitled to terminate it at the end of each season by giving at least one month notice to the other party.

These sponsorship relationships generate revenue with low fixed costs and the marginal cost for adding new sponsors is minimal. As a result, our sponsorship operations have high margins and are scalable, causing them to be a principal driver of our operations. We believe our efforts to expand our sponsorship base will continue to result in increased Sponsorship Revenue in the future, and any inability to expand our sponsorship base will limit the opportunity for us to grow our revenue. See "*Forward-Looking Statements*".

Financial Expense

We issued the Existing Notes on December 21, 2017. Since then, a key component of our costs has been interest expense and amortization of the principal amount of indebtedness under the Existing Notes. After the Issue Date, we will also be required to pay interest on the Notes and make semi-annual amortization payments in accordance with the schedule set forth in "*Description of the Notes—Mandatory Authorization Redemption*". Therefore, financial expense will continue to be a significant component of our costs.

Timing of Contractual Payments

We experience variability in our cash flow due to the timing of the payments we receive under our media and sponsorship contracts. Although we can control the timing of the payments under some of these contracts, in others, such as the contracts governing the distribution of Serie A broadcasting rights revenues, we have no control over when the cash is distributed. In addition, though we report interim results of operations for our first, second and third fiscal quarters, we rely primarily on our full-year results of operations rather than our interim results of operations in managing our business, setting goals and assessing our performance.

Factors Affecting Comparability

Impact of COVID-19

The effect of the global COVID-19 pandemic on our business and the wider sports industry will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the outbreak and the length of time it takes for consumer demand to rebound and for normal economic and operating conditions to resume. Additionally, the delay in receipt of outstanding TV rights instalments due by the TV rights broadcasters related to the pandemic may affect comparability as the outstanding instalment has not been received prior to June 30, 2020. For example, under the agreement reached with DAZN and IMG for the payment of their share of the last installment of media rights fees for the 2019/2020 season a portion of the fee was paid on June 27, 2020 and the remainder is due in July 2020, thereby affecting comparability between the 2019/2020 fiscal year and the 2020/2021 fiscal year. Accordingly, the comparability of our financial condition and results of operations for fiscal periods affected by the COVID-19 pandemic to both future and historical fiscal period will be limited.

Termination of key sponsorship contracts with Chinese sponsors

With effect from July 1, 2019, our sponsorship contracts with Chinese sponsors Fullshare Holding Limited, an educational services provider, and King Dawn Investment Limited, an online travel agent, which together generated €20.0 million of revenue in the fiscal year ended June 30, 2019, were terminated by the sponsors. In addition, our sponsorship agreement with Beijing Yixinshijie, which generated €25.0 million of revenue in the fiscal year ended June 30, 2019, expired on July 1, 2019 and was not renewed. In the fiscal year ended June 30, 2019, our Sponsorship Revenue deriving from the contracts with Fullshare Holding Limited, King Dawn Investment Limited and Beijing Yixinshijie accounted for 34.5% of our total Sponsorship Revenue. As a result, our Sponsorship Revenue for the fiscal year ended June 30, 2020 will no longer include this revenue, which affects the comparability of our results of operations. We cannot guarantee that, in the future, we will be able to enter into additional similar large sponsorship or marketing agreements to increase our revenue at the same rate at which it increased in the fiscal year ended June 30, 2018 when these contracts were signed. See "*Risk Factors—Risks Related to the Issuer—Certain key contracts with Chinese sponsors have been terminated and we will no longer receive the revenue contractually guaranteed thereunder*".

Collection timing of sponsorship contracts

For the three year period ended June 30, 2019 and the nine months ended March 31, 2020, we recognized revenue derived from our relationship with Chinese and Asian sponsors of €276.7 million and have collected to date €222.7 million, representing 82% of the total revenue recognized during this period. Moreover, as of March 31, 2020, €50.7 million of revenue that we recognized in the fiscal year ended June 30, 2019 and the nine months ended March 31, 2020, which derived from our relationship with Chinese sponsors, remained unpaid due to delays caused by, among other things, capital controls on remitting foreign currency out of China. As a result, the differences between periods in our Cash Available for Debt Service may not reflect the recognized revenue but rather the timing of collection under the sponsorship contracts. See "*Risk Factors—Risks Related to the Issuer—The Chinese government's policy and regulations and the change thereof with respect to outbound investment and foreign currency, as well as the political and economic conditions in China, may limit* *the amount of sponsorship fees we can collect from our current or future Chinese sponsors and partners. Any restrictions on our current or other future Chinese sponsors' or partners' ability to provide these revenues would adversely affect our business and results of operations*".

Explanation of Key Income Statement Items

Revenues

Revenues comprise Sponsorship Revenue and Direct Media Revenue. Sponsorship Revenue includes shirt, technical, other global and regional sponsorships and naming rights. Direct Media Revenue includes the trading of Inter's archive, the national and international distribution of Inter TV and access to signal (relates to home production matches and the technical access and support given to broadcasters). Indirect Media Revenue, as described elsewhere herein, is not included in revenue.

Other income

Other income mainly comprises revenues resulting from release of liabilities accrued in prior years where the recognition or measurement was not certain at the time and revenues from the organization and management of summer football academies.

Personnel Costs

Personnel costs mainly include gross salary, bonuses, social contributions, leaving indemnity, redundancies, canteen indemnity and out of pocket expenses relating to our employees.

Cost of Services

Cost of services mainly includes fees paid for the production of Inter TV, charges from Inter mainly relating to match tickets issued to sponsors, tax, legal and commercial consultancies, independent and statutory auditor fees, the contribution paid for the digitalization of Inter's archive, advertising expenses and fulfilment costs related to sponsorship contracts, including organization and promotion of events.

Other Operating Costs

Other operating costs primarily include purchase of materials, rental fees relating to company cars, equipment used by Inter TV, other miscellaneous sponsor fulfilment costs, non-income taxes and costs related to unaccrued prior year liabilities.

Depreciation and Amortization

Depreciation and amortization is mainly composed of the amortization of the brand, archive and goodwill. To a lesser extent, it also includes depreciation of property, plant and equipment, mainly general office and IT equipment.

Net Financial Expenses

Net financial expenses mainly include interest and ancillary costs (including amortization of associated fees) paid on the Existing Notes and, going forward, will include interest paid on the Notes. Net financial expenses are offset by interest income from the Amended Revolving Intercompany Loan granted to Inter.

Income Taxes

Income taxes include the National Income Tax ("**IRES**"), the Regional Income Tax ("**IRAP**") and deferred income taxes.

Key Performance Indicators

In assessing the performance of our business, we consider a variety of performance and financial measures, we believe that the key measures for determining how our business is performing are Adjusted Revenue and Cash Available for Debt Service. These measures are not recognized measurements of financial performance under Italian GAAP. Other companies may calculate these differently, and consequently our presentation of these figures is not readily comparable to other companies' similarly titled figures and must be read in conjunction with the related additional explanations. The criteria for determining these figures may not be the same as the criteria adopted by other companies and, therefore, the figures we present may not be comparable with those determined by other such companies. See "*Presentation of Financial Information—Non-GAAP Financial Measures*" and "*Description of the Notes—Certain Definitions*".

Adjusted Revenue

Adjusted Revenue is defined as the aggregate of revenue that we report in our income statement (which includes Direct Media Revenue, Sponsorship Revenue and other income) and Indirect Media Revenue.

Pursuant to Serie A regulations, contracts related to broadcast and media rights for Serie A matches must be held by the Serie A team itself. As a result, Inter cannot directly assign its broadcast and media rights contracts for Serie A matches to us. Instead, Inter invoices the broadcasters for the Serie A broadcasting rights revenue owed to Inter and Inter has assigned the right to collect Serie A revenue to us, such that the broadcasters pay such revenue to us directly. Once the right to receive payment from the broadcasters has been assigned to us, we report the right as a receivable on our balance sheet and typically receive payment from broadcasters approximately two to four weeks later.

With regard to the UEFA rights, Inter invoices UEFA and UEFA pays Inter the broadcasting revenue owed to Inter. Inter then assigns the revenue from UEFA broadcasts to us. Throughout the Offering Memorandum, we have presented an Adjusted Revenue figure that takes into account both the revenue that we report on our income statement and the Indirect Media Revenue.

The cash that we collect in respect of the Indirect Media Revenue has not been reflected in full in our income statement and cash flow statement because the amounts not otherwise required to be retained in the Secured Accounts have historically been upstreamed to Inter from time to time as permitted under the Indenture, and cash flow is presented net of cash upstreamed to Inter as of the applicable period end. As of the Issue Date and going forward, such cash is not expected to be reflected in our income statement and cash flow statement for the same reasons because the amounts not otherwise required to be retained in the Secured Accounts is expected to be upstreamed to Inter from time to time if certain conditions under the Indenture are met. See "*Issuer Secured Account Waterfall*" and "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". The cash that the Issuer collects in respect of the Indirect Media Revenue is nonetheless reflected in Cash Inflows for the purpose of calculating the Cash Available for Debt Service.

We believe that this Adjusted Revenue figure provides a more comprehensive view of our various sources of proceeds (represented not only by revenue as typically defined but also by the collection of the receivables from Inter's broadcasting rights). The table below sets out a reconciliation of income statement revenue to Adjusted Revenue for the periods indicated.

	For the fiscal year ended June 30,			**For the nine months ended March 31,**		**For the twelve months ended March 31,**
	2017	**2018**	**2019**	**2019**	**2020**	**2020**
(in thousands of €)		***(audited)***			***(unaudited)***	
A. Direct Media Revenue	14,688	14,353	14,484	10,897	12,625	16,212
B. Other income	95	553	193	177	113	129
C. Sponsorship Revenue	108,312	122,499	130,457	91,072	54,409	93,794
D. Total revenue (A+B+C)	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
E. Serie A Indirect Media Revenue	89,995	100,669	94,868	85,273	96,994	106,589
F. UEFA Indirect Media Revenue	7,647	539	50,989	42,539	42,544	50,994
G. Adjusted Media Revenue (A+E+F)	**112,330**	**115,561**	**160,341**	**138,709**	**152,163**	**173,795**
B. Other income	95	553	193	177	113	129
C. Sponsorship Revenue	108,312	122,499	130,457	91,072	54,409	93,794
Adjusted Revenue (G+B+C)	**220,737**	**238,613**	**290,991**	**229,958**	**206,685**	**267,718**

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

Adjusted Revenue

Our Adjusted Revenue decreased by €23.3 million or 10.1% to €206.7 million for the nine months ended March 31, 2020 from €230.0 million for the nine months ended March 31, 2019, which was primarily due to a €36.7 million or 40.3% decrease in Sponsorship Revenue to €54.4 million for the nine months ended March 31, 2020 from €91.1 million for the nine months ended March 31, 2019.

Direct and Indirect Media Revenue

The decrease in Adjusted Revenue was partially offset by (i) a €1.7 million or 15.9% increase in Direct Media Revenue to €12.6 million for the nine months ended March 31, 2020 from €10.9 million for the nine months ended March 31, 2019, mainly driven by the signing of a distribution contract for Inter TV in China and (ii) a €11.7 million or 13.7% increase in Serie A Indirect Media Revenue to €97.0 million for the nine months ended March 31, 2020 from €85.3 million for the nine months ended March 31, 2019, mainly as a result of the improvement in Inter's Serie A ranking prior to the suspension of the current season. The UEFA Indirect Media Revenue for the nine months ended March 31, 2020 remained substantially in line with the prior corresponding period.

Sponsorship Revenue

The decrease in Sponsorship Revenue was mainly driven by the decrease in Regional and naming rights sponsorship revenue and, in particular, by (i) the termination of the contracts with Fullshare Holding Limited and King Dawn Investments Limited, which together generated €20.0 million and €15.0 million of revenue in the fiscal year ended June 30, 2019 and the nine months ended March 31, 2019, respectively, and (ii) the expiration of the marketing agreement with Beijing Yixinshijie on July 1, 2019, which generated €25 million and €18.7 million in the fiscal year ended June 30, 2019 and in the nine months ended March 31, 2019, respectively. The decrease in Regional and naming rights sponsorship revenue was partially offset by an increase in Shirt sponsorship revenue, Technical sponsorship revenue and EU/Global sponsorship revenue. In particular, the increase in shirt sponsorship revenue was primarily due to an increase of the Pirelli sponsorship annual base fee to €12.3 million for the fiscal year ended June 30, 2020 from €10.5 million for the prior fiscal year. The increase in technical sponsorship revenue was primarily due to an increase of the Nike sponsorship annual base fee to €12.5 million in the fiscal year ended June 30, 2020 from €10.0 million for the prior fiscal year. Finally, the increase in EU/Global sponsorship revenue is driven by the signing of new partnerships since July 1, 2019, including Lenovo, Acronis, Hugo Boss, La Rinascente, Linkem and A2A for an expected annual value of €7.1 million. Moreover, following the suspension of the 2019/2020 season at the beginning of March due to the COVID-19 pandemic, our Sponsorship Revenue was recognized on a pro rata basis for the eight-month period ended February 29, 2020 with the exception of the revenue arising from the Naming Rights contract which has been recognized on a complete nine-month period. As a result, there has been a deferral in the recognition of Sponsorship Revenue for approximately €6 million relating to March 2020, which may be recognized in the last quarter of the prior fiscal year ended June 30, 2020. However, the actual timing and amount of such recognition will be related to the duration of the resumed season and the outcome of ongoing discussions with our sponsorship counterparts.

Fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018

Adjusted Revenue

Our Adjusted Revenue increased by €52.4 million or 22.0% to €291.0 million for the fiscal year ended June 30, 2019 from €238.6 million for the fiscal year ended June 30, 2018. This increase was primarily due to the club's participation in the UEFA Champions League and the increase in Sponsorship Revenue driven by new sponsorship arrangements signed during the period as well as contractual performance bonuses relating to progression in UEFA competitions.

Direct and Indirect Media Revenue

The increase in Direct and Indirect Media Revenue was primarily due to the club's participation in the UEFA Champions League and UEFA Europa League in the 2018/2019 season as opposed to the prior season when the club did not participate in either, which led to an increase of €50.4 million in UEFA Indirect Media Revenue. Of the €51.0 million UEFA Indirect Media Revenue, €47.8 million reflected Inter's participation in the UEFA Champion's League with the fee based on historical results assigned to the club, the performance bonuses relating to group stage matches and Inter's share of market pool distribution awarded to teams playing in Serie A. An additional €3.2 million reflected the club's participation in the UEFA Europa League round of 32 and round of 16, as well as the market pool distribution awarded to teams playing in Serie A. The overall increase in Direct and Indirect Media Revenue was partially offset by a €5.8 million decrease in Serie A Indirect Media Revenue mainly due to an advance payment on the 2018/2019 season audiovisual rights which was paid in the fiscal year ended June 30, 2018 as well as a different VAT regime on receivables applied by broadcasters.

Sponsorship Revenue

The increase in Sponsorship Revenue of €8.0 million was primarily due to an increase in the technical and shirt sponsorship fee and in regional and naming right sponsorship packages, partly offset by a decrease in EU/Global sponsorship revenue. In particular, the increase in shirt sponsorship revenue was primarily due to an increase of the Pirelli sponsorship annual base fee to €10.5 million for the fiscal year ended June 30, 2019 from €10.1 million for the fiscal year ended June 30, 2018. The increase in technical sponsorship revenue was primarily due to an increase of the Nike sponsorship annual base fee to €10.0 million for the fiscal year ended June 30, 2019 from €3.8 million for the fiscal year ended June 30, 2018. The overall increase in regional and naming right sponsorship packages was mainly due to the increase in regional sponsorship revenue resulting from the full year impact of the two contracts signed at the end of the fiscal year ended June 30, 2018 with Fullshare and Lvmama, partially offset by a decrease in the naming rights revenue due to the assignment of 47% of the value of the Naming Rights and Sponsorship Agreement to Inter commencing on December 21, 2017.

Fiscal year ended June 30, 2018 compared with the fiscal year ended June 30, 2017

Adjusted Revenue

Our Adjusted Revenue increased by €17.9 million or 8.1% to €238.6 million for the fiscal year ended June 30, 2018 from €220.7 million for the fiscal year ended June 30, 2017. This increase was primarily due to the growth in Sponsorship Revenue by €14.1 million to €122.5 million for the fiscal year ended June 30, 2018 from €108.3 million for the fiscal year ended June 30, 2017 and the growth in Serie A Indirect Media Revenue by €10.7 million to €100.7 million for the fiscal year ended June 30, 2018 from €90.0 million for the fiscal year ended June 30, 2017.

Direct and Indirect Media Revenue

Serie A Indirect Media Revenue increased mainly because of the improved final position of the team in Serie A (4th in the 2018/2019 season as compared to 7th in the 2017/2018 season) and because of an advance payment collected on audiovisual rights for the 2018/2019 season of €4.2 million (including 22% VAT). These positive impacts were partially offset by the €7.1 million decrease in UEFA Indirect Media Revenue due to the non-participation in the UEFA Europa League in the 2017/2018 season.

Sponsorship Revenue

The increase in Sponsorship Revenue was mainly due to an increase in shirt sponsorship revenue and in the regional and naming rights revenue. The increase in shirt sponsorship revenue derived from a €6.2 million contractual performance bonus under the Pirelli sponsorship agreement as well as an increase in the annual contractual base fee from €9.7 million in the fiscal year ended June 30, 2017 to €10.1 million in the fiscal year ended June 30, 2018.

Cash Available for Debt Service

We use Cash Available for Debt Service as a financial measure to measure operating performance. Cash Available for Debt Service is not uniformly or legally defined and is not recognized under Italian GAAP. See "*Presentation of Financial Information—Non-GAAP Financial Measures*".

	For the fiscal year ended June 30,			For the nine months ended March 31,		For the twelve months ended March 31,
	2017	2018	2019	2019	2020	2020[1]
		(audited)		*(unaudited)*		
(in thousands of €)						
Sponsorship Revenue						
Shirt	9,167	16,293	19,108	10,012	10,151	19,247
Technical	9,375	4,250	10,000	7,500	8,310	10,810
Infront/EU/Global	14,962	14,327	12,254	8,813	10,737	14,178
Regional and naming rights[2]	74,808	87,629	89,095	64,747	25,211	49,559
Direct Media Revenue	14,688	14,353	14,484	10,897	12,625	16,212
Other income	95	553	193	177	113	129
Total revenue	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**	**110,135**
Indirect Media Revenue						
Serie A Indirect Media Revenue	89,995	100,669	94,868	85,273	96,994	106,589
UEFA Indirect Media Revenue	7,647	539	50,989	42,539	42,544	50,994
Adjusted Revenue	**220,737**	**238,613**	**290,991**	**229,958**	**206,685**	**267,718**
Change in Current operating assets[3][13]	(38,101)	(54,641)	626	9,820	36,674	27,480
Change in Non-current operating assets[4][14]	(624)	(423)	(424)	(319)	(277)	(382)
Non cash items	—	—	—	—	—	—
Cash Inflows[5]	**182,012**	**183,549**	**291,193**	**239,459**	**243,082**	**294,816**
Personnel costs	(2,674)	(2,865)	(3,372)	(2,486)	(2,704)	(3,590)
Cost of services	(6,854)	(9,628)	(11,082)	(8,006)	(9,104)	(12,180)
Other costs[6]	(533)	(751)	(853)	(593)	(302)	(562)
Adjusted Tax expenses[7]	(3,851)	(2,697)	(2,507)	(1,629)	(716)	(1,597)
Change in Current operating liabilities[9][15]	3,320	3,872	(6,092)	(2,342)	2,367	(1,383)
Change in Non-current operating liabilities[10][16]	(2,002)	(1,532)	(1,860)	(1,375)	(1,434)	(1,919)
Adjusted Services Agreement Fees [8]	—	3,195	6,100	4,596	4,584	6,088
Cash Outflows[11]	**(12,594)**	**(10,405)**	**(19,666)**	**(11,835)**	**(7,310)**	**(15,141)**
Cash Available for Debt Service[12]	**169,418**	**173,144**	**271,527**	**227,624**	**235,772**	**279,675**

Cash Available for Debt Service increased by €8.2 million or 3.6% to €235.8 million for the nine months ended March 31, 2020 from €227.6 million for the nine months ended March 31, 2019. This increase was primarily due to a €3.6 million increase in Cash Inflows primarily due to a €26.9 million favorable shift in change in Current Operating Assets mainly related to collection timing of international and regional sponsorship contracts. This more than offset the €23.3 million reduction in Adjusted Revenue. Additionally, a €4.5 million reduction in cash outflows, which was the result of a repayment to Inter of 47% of the total fee under the Naming Rights and Sponsorship Agreement from the prior year, decreased the positive balance of change in current operating liabilities. Moreover, the payment of income taxes in the nine months ended March 31, 2020 decreased by €0.9 million to €0.7 million from €1.6 million in the nine months ended March 31, 2019.

Cash Available for Debt Service increased by €98.4 million or 56.8% to €271.5 million for the fiscal year ended June 30, 2019 from €173.1 million for the fiscal year ended June 30, 2018. This was primarily due to growth in Adjusted Revenue and the €54.0 million positive impact from Change in Current Operating Assets due to collection timing of international and regional sponsorship contracts partially offset by an increase in Cash Outflows mainly due to the repayment to Inter of 47% of the total fee under the Naming Rights and Sponsorship Agreement beginning from December 21, 2017, which decreased the positive balance of Change in Current Operating Liabilities. See "*—Key Factors Affecting Our Results of Operations—Sponsorship Revenue*".

In the fiscal year ended June 30, 2018, our Cash Available for Debt Service remained in line with prior fiscal year at €173.1 million from €169.4 million, also as a result of the offsetting effects of an increase in both trade receivables and Adjusted Revenue mainly related to the agreements with Fullshare Holding Limited and King Dawn Investment Limited for the fiscal year ended June 30, 2018 compared to the fiscal year ended June 30, 2017.

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(1) Items composing Cash Available for Debt Service for the 12 months ended March 31, 2020 are calculated as the sum of such items for the nine months ended March 31, 2020 and the difference between the items for the full fiscal year ended June 30, 2019 and the nine months ended March 31, 2019.

(2) Sponsorship Revenue from regional and naming rights reflects the full contracted value of the Naming Rights and Sponsorship Agreement. Commencing on December 21, 2017, we received approximately 53% of the base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit, as well as any performance bonus and Inter received the remaining 47%, which represents the naming rights of the training center. Sponsorship Revenue also includes revenue that has been recognized but not yet collected. Sponsorship Revenue for the nine months ended March 31, 2020 and for the fiscal year ended June 30, 2019 included €50.7 million of revenue recognized that, as of March 31, 2020, remained uncollected due to delays caused by, among other things, capital controls on remitting foreign currency out of China.

(3) The table below shows the composition of Current Operating Assets:

	For the fiscal year ended June 30			For the nine months ended March 31	
	2017	2018	2019	2019	2020
(in thousands of €)					
Trade receivables—current portion	32,971	76,208	79,206	74,052	74,480
Trade receivables from parent companies and their affiliates	29,977	39,126	34,891	32,076	10,510
Other receivables	138	4	5	4	8
Deferred income—current portion	(3,423)	(1,034)	(424)	(1,648)	(7,994)
Current operating assets	**59,663**	**114,304**	**113,678**	**104,484**	**77,004**
Change in Current operating assets	**(38,101)**	**(54.641)**	**626**	**9,820**	**36,604**

(4) The table below shows the composition of Non-Current Operating Assets:

	For the fiscal year ended June 30			For the nine months ended March 31	
	2017	2018	2019	2019	2020
(in thousands of €)					
Deferred income	(12,137)	(11,714)	(11,290)	(11,395)	(11,013)
Non-current operating assets	**(12,137)**	**(11,714)**	**(11,290)**	**(11,395)**	**(11,013)**
Change in Non-Current operating assets	**(624)**	**(423)**	**(424)**	**(319)**	**(277)**

(5) Cash Inflows is defined as the sum of Adjusted Revenue, Change in Current Operating Assets, Change in Non Current Operating Assets and non-cash items. Cash Inflows is a non-GAAP measure. See "*Presentation of Financial Information—Non-GAAP Measures*".

(6) Other costs refer to other operating costs as shown in our financial statements. For the fiscal year ended June 30, 2017 these comprised (i) a €0.5 million reduction of the minimum guarantee pursuant to an amendment to the Infront Marketing Agreement and €0.3 million of fees charged by Inter, (ii) €0.1 million adjustment in the reduction in the minimum guarantee under the Infront Marketing Agreement related to the fiscal year ended June 30, 2017 during the fiscal year ended June 30, 2018 and (iii) other minor adjustments during the fiscal year ended June 30, 2019.

(7) Adjusted Tax expenses is Income tax less IRES (Tax consolidation charges). IRES (Tax consolidation charges) refers to the corporate income taxes of the Issuer in respect of the year/period, as applicable, which were permitted to be distributed to Inter pursuant to the Tax Consolidation Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. Adjusted Tax expenses is a non-GAAP measure. See *"Certain Relationships and Related Party Transactions—Tax Consolidation Agreement"*. See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". The table below show the composition:

	For the fiscal year ended June 30			For the nine months ended March 31	
(in thousands of €)	2017	2018	2019	2019	2020
Income tax	26,877	24,382	26,486	18,398	10,144
Ires (tax consolidation charges)	(23,026)	(21,685)	(23,979)	(16,769)	(9,428)
Adjusted Tax Expenses	**3,851**	**2,697**	**2,507**	**1,629**	**716**

(8) Adjusted Services Agreement Fees is Services Agreement fees plus Service Agreement VAT and it represents the annual fee including 22% VAT which is permitted to be distributed to Inter pursuant to the Services Agreement upon satisfaction of the Payment Conditions under the Indenture, including that all Secured Accounts are fully funded in accordance with the priority of payments waterfall set out therein. See *"Certain Relationships and Related Party Transactions—Services Agreement"*. Adjusted Services Agreement Fees is a non-GAAP measure. See "*Description of the Notes—Affirmative Covenants—Priority of Payments Waterfall*". Services Agreement VAT refers to the amount of VAT due under the Service Agreement. The table below show the composition:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
(in thousands of €)	**2017**	**2018**	**2019**	**2019**	**2020**
Service Agreement fees	—	2,619	5,000	3,767	3,757
Service Agreement VAT	—	576	1,100	829	827
Adjusted Services Agreement Fees	**—**	**3,195**	**6,100**	**4,596**	**4,583**

(9) The table below shows the composition of Current Operating Liabilities:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	**2018**	**2019**	**2019**	**2020**
(in thousands of €)					
Trade payables	2,698	3,073	3,043	3,505	4,341
Trade payables to parent companies and their affiliates[(a)]	732	5,860	504	1,314	667
Tax Payables	2,840	830	378	2,769	1,169
Social security payables	135	146	186	140	131
Other payables	234	221	277	251	227
Tax receivables	—	—	27	(27)	—
Deferred tax assets	(154)	(200)	(667)	(556)	(544)
Prepaid expenses	(674)	(245)	(113)	(107)	(91)
Accrued expenses (other than accrued interest charges and other financial expenses)	3,123	72	83	126	132
Current operating liabilities	**5,885**	**9,757**	**3,665**	**7,415**	**6,032**
Change in Current operating liabilities	**3,320**	**3,872**	**(6,092)**	**(2,342)**	**2,367**

(a) Trade payables to parent companies and their affiliates net of current portion of (i) trade payables to parent companies and their affiliates generated by the assignment of Serie A and UEFA broadcasting rights receivables by Inter to the Issuer of €6.0 million as of June 30, 2017, €12.8 million as of June 30, 2018, €11.0 million as of June 30, 2019, €30.9 million as of March 31, 2019 and €32.1 million as of March 31, 2020 and (ii) dividend payables to parent companies of €0.0 million as of June 30, 2017, €22.6 million as of June 30, 2018, €28.8 million as of June 30, 2019, €29.6 million as of March 31, 2019 and €53.0 million as of March 31, 2020; (iii) trade payables to parent companies and their affiliates generated under the Tax Consolidation Agreement of €16.0 million as of June 30, 2017, €26.0 million as of June 30, 2018; €2.6 million as of June 30, 2019; €28.4 million as of March 31, 2019 and €13.3 million as of March 31, 2020 and (iv) trade payables to parent companies and their affiliates generated under the Services Agreement of €0.0 million as of each of June 30, 2017, 2018 and 2019.

(10) The table below shows the composition of Non-Current Operating Liabilities:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	**2018**	**2019**	**2019**	**2020**
(in thousands of €)					
Deferred tax liabilities	34,886	32,963	31,040	31,522	29,602
Provisions for employee severance indemnities	131	172	248	232	237
Provisions for risks and charges	—	247	247	247	247
Trade payables	—	—	—	—	—
Accrued expenses	—	—	—	—	—
Prepaid expenses	(112)	(9)	(22)	(3)	(7)
Non-current operating liabilities	**34,905**	**33,373**	**31,513**	**31,998**	**30,079**
Change in Non-Current operating liabilities	**(2,002)**	**(1,532)**	**(1,860)**	**(1,375)**	**(1,434)**

(11) Cash Outflows are defined as the total operating costs from the Issuer's financial statements excluding write-downs of trade receivables, depreciation and amortization, prior year gain and losses, other provisions, Adjusted Tax Expenses, Change in Current Operating Liabilities, Change in Non Current Operating Liabilities and Adjusted Services Agreement Fees. The table below sets forth a reconciliation of total operating costs as reported in our financial statements to Cash Outflows:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
(in thousands of €)	2017	2018	2019	2019	2020
Total Operating Costs	**(28,975)**	**(31,812)**	**(36,180)**	**(26,866)**	**(25,938)**
Write-downs of trade receivables	—	—	2,542	2,064	—
Other provisions	—	247	—	—	—
Depreciation and amortization	18,149	18,157	18,183	13,636	13,678
Prior year gains or losses(a)	765	164	147	81	150
Adjusted Tax Expense	(3,851)	(2,697)	(2,507)	(1,629)	(716)
Change in Current Operating Liabilities	19,360	13,839	6,992	(2,342)	2,367
Change in Non-Current Operating Liabilities	(2,002)	(1,532)	(1,860)	(1,375)	(1,434)
Adjusted Services Agreement Fees	—	3,195	6,100	4,596	4,584
Cash Outflows	**(12,594)**	**(10,405)**	**(19,666)**	**(11,835)**	**(7,310)**

(a) Relates to a (i) €0.5 million reduction in the minimum guarantee under the Infront Marketing Agreement following an amendment to the agreement and fees charged by Inter during the fiscal year ended June 30, 2017 of €0.3 million; (ii) €0.1 million adjustment in the reduction in the minimum guarantee under the Infront Marketing Agreement related to the fiscal year ended June 30, 2017 during the fiscal year ended June 30, 2018 and (iii) other minor adjustments during the fiscal year ended June 30, 2019.

(12) Cash Available for Debt Service is defined as the difference between Cash Inflows and Cash Outflows. The table below sets forth a reconciliation of cash flow from operating activities as reported in our financial statements to Cash Available for Debt Service:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Cash flow from operating activities	**53,153**	**45,743**	**53,153**	**94,230**	**111,456**
Serie A Indirect Media Revenue	89,995	100,669	94,868	85,273	96,994
UEFA Indirect Media Revenue	7,647	539	50,989	42,539	42,544
Financial expenses	16,339	15,640	9,822	7,102	6,439
Financing Fee Amortization	(2,716)	(5,431)	—	—	—
Amortized Cost Bond loan		(868)	(1,714)	(1,280)	(1,321)
Interest income Intercompany Loan Agreement		5,025	6,558	5,147	5,692
Write-downs of trade receivables	—	—	2,542	2,064	—
Prior year gains or losses[a]	765	164	147	81	150
Provisions for risks and charges	—	247	—	—	—
Loan to parent company–current portion	221	—	—	—	—
Adjusted Services Agreement Fees	—	3,195	6,100	4,596	4,584
Change in trade payables to parent companies - Services Agreement	—	—	—	(4,857)	(4,867)
IRES (tax consolidation charges)	23,026	21,685	23,979	16,769	9,428
Change in trade payables to parent companies - Tax Consolidation charges	(16,040)	(9,967)	23,380	(2,381)	(10,629)
Change in accrued interest expenses	258	3,050	—	(3,599)	(3,541)
Change in trade payables to parent company (UEFA)	(3,231)	(6,823)	1,840	(18,060)	(21,156)
Cash Available for Debt Service	**169,418**	**173,144**	**271,527**	**227,624**	**235,772**

(a) Relates to costs of €0.5 million associated with the reduction of the minimum guarantee under the Infront Marketing Agreement and fees charged by Inter of €0.3 million.

(13) Current Operating Assets are total current assets less current financial assets, cash at bank and on hand, the current portion of loans to Inter, tax receivables, deferred tax assets, the current portion of prepaid expenses and the current portion of deferred income. The table below sets forth a reconciliation of total current assets to Current Operating Assets for the periods indicated:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Total Current Assets	**79,489**	**124,336**	**130,680**	**184,333**	**130,276**
Current financial assets	(6,372)	(43)	(108)	(10,395)	(10,410)
Loan to parent company—current portion	(221)	—	—	—	—
Tax receivables	—	—	(27)	(27)	—
Deferred tax assets	(154)	(200)	(666)	(556)	(544)
Prepaid expenses—current portion	(674)	(245)	(113)	(107)	(91)
Cash at bank and on hand	(8,982)	(8,510)	(15,664)	(67,116)	(34,233)
Deferred income—current portion	(3,423)	(1,034)	(424)	(1,648)	(7,994)
Current Operating Assets	**59,663**	**114,304**	**113,678**	**104,484**	**77,004**

(14) Non Current Operating Assets are non-current assets less intangible assets, property, plant and equipment, financial assets, loans to Inter, prepaid expenses and deferred income. The table below sets forth a reconciliation of non-current assets to Non Current Operating Assets for the periods indicated:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Non-current Assets	**371,479**	**460,557**	**429,089**	**415,625**	**451,990**
Intangible assets	(328,610)	(305,107)	(287,001)	(291,516)	(273,386)
Property, plant and equipment	(47)	(87)	(211)	(69)	(249)
Financial assets	(15,501)	(10,410)	(10,410)	(10,410)	(10,410)
Loan to parent company	(27,209)	(144,944)	(131,445)	(113,627)	(167,938)
Prepaid expenses	(112)	(9)	(22)	(3)	(7)
Deferred income	(12,137)	(11,714)	(11,290)	(11,395)	(11,013)
Non-Current Operating Assets	**(12,137)**	**(11,714)**	**(11,290)**	**(11,395)**	**(11,013)**

(15) Current Operating Liabilities are current liabilities less bank loans, Existing Notes, trade payables to Inter related to Serie A and UEFA, trade payables to Inter related to the Services Agreement, trade payables to Inter related to Tax Consolidation charges, dividend payables, accrued interest expenses, the current portion of deferred income, tax receivables, deferred tax assets and the current portion of prepaid expenses. The table below sets forth a reconciliation of current liabilities to Current Operating Liabilities for the periods indicated:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Current liabilities	**47,226**	**78,912**	**53,820**	**113,867**	**128,559**
Existing Notes—current portion[(a)]	—	(6,250)	(6,550)	(6,829)	(7,145)
Bank loans—current portion	(12,000)	—	—	—	—
Trade payables to parent companies—Serie A and UEFA[(b)]	(6,000)	(12,823)	(10,983)	(30,883)	(32,139)
Accrued interest expenses[(c)]	(3,050)	—	—	(3,599)	(3,540)
Deferred income—current portion	(3,423)	(1,034)	(424)	(1,648)	(7,994)
Tax receivables	—	—	(27)	(27)	—
Deferred tax assets	(154)	(200)	(666)	(556)	(544)
Prepaid expenses—current portion	(674)	(245)	(113)	(107)	(91)
Trade payables to parent companies—Services Agreement[(d)]	—	—	—	(4,857)	(4,867)
Trade payables to parent companies—Tax Consolidation charges[(e)]	(16,040)	(26,007)	(2,627)	(28,388)	(13,256)
Dividends Payable	—	(22,596)	(28,765)	(29,558)	(52,951)
Current Operating Liabilities	**5,885**	**9,757**	**3,665**	**7,415**	**6,032**

(a) Existing Notes—current portion includes €6.7 million of principal amount, €0.4 million of expenses accrued according to amortized cost criteria and €3.5 million of accrued interest as of March 31, 2020 and €6.4 million of principal amount, €0.4 million of expenses accrued according to amortized cost criteria and €3.6 million of accrued interest as of March 31, 2019. As of March 31, 2020 and 2019 €3.5 million and €3.6 million, respectively, of accrued interest are classified in the line item Accrued interest expenses.

(b) Trade payables to parent companies—Serie A and UEFA refers to the portion of trade payables to parent companies and their affiliates generated by the assignment of Serie A and UEFA broadcasting rights receivables by Inter to the Issuer, included in the line item "Trade payables to parent companies and their affiliates".

(c) Accrued interest expenses include net accrued interest charges and other financial expenses.

(d) Trade payables to parent companies—Services Agreement refers to the portion of trade payables to parent companies and their affiliates generated by the Services Agreement.

(e) Trade payables to parent companies—Tax Consolidation charges refers to the portion of trade payables to parent companies and their affiliates generated by the Tax Consolidation Agreement.

(16) Non-Current Operating Liabilities are non-current liabilities less Existing Notes, bank loans, deferred income and prepaid expenses. The table below sets forth a reconciliation of non-current liabilities to Non Current Operating Liabilities for the periods indicated:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	**2018**	**2019**	**2019**	**2020**
(in thousands of €)					
Non-current liabilities	**243,154**	**330,726**	**324,043**	**326,626**	**319,369**
Existing Notes	—	(285,630)	(280,794)	(283,230)	(278,270)
Bank loans	(196,000)	—	—	—	—
Deferred income	(12,137)	(11,714)	(11,290)	(11,395)	(11,013)
Prepaid expenses	(112)	(9)	(22)	(3)	(7)
Non-Current Operating Liabilities	**34,905**	**33,373**	**31,513**	**31,998**	**30,079**

Results of Operations

The following table sets forth selected income statement data for the Issuer for the fiscal years ended June 30, 2017, 2018 and 2019 and for the nine months ended March 31, 2019 and 2020.

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	**2018**	**2019**	**2019**	**2020**
		(audited)			
(in thousands of €)					
Revenue	123,000	136,852	144,941	101,969	67,034
Other income	95	553	193	177	113
Total revenue	**123,095**	**137,405**	**145,134**	**102,146**	**67,147**
Personnel costs	2,674	2,865	3,372	2,486	2,704
Cost of services	6,854	9,628	11,082	8,006	9,104
Other operating costs	1,298	915	1,001	674	452
Write-downs of trade receivables	—	—	2,542	2,064	—
Depreciation and amortization	18,149	18,157	18,183	13,636	13,678
Provisions for risks and charges	—	247	—	—	—
Total operating costs	**28,975**	**31,812**	**36,180**	**26,866**	**25,938**
Operating profit	**94,120**	**105,593**	**108,954**	**75,280**	**41,209**
Net financial expenses	(16,339)	(15,640)	(9,822)	(7,102)	(6,439)
Profit before tax	**77,781**	**89,953**	**99,132**	**68,178**	**34,770**
Income taxes	(26,877)	(24,382)	(26,486)	(18,398)	(10,144)
Profit for the period	**50,904**	**65,571**	**72,646**	**49,780**	**24,626**

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

The following table sets forth the financial information of the Issuer for the nine months ended March 31, 2020 compared with the nine months ended March 31, 2019.

	For the nine months ended March 31,	
	2019	2020
(in thousands of €)	*(unaudited)*	
Revenue	101,969	67,034
Other income	177	113
Total revenue	**102,146**	**67,147**
Personnel costs	2,486	2,704
Cost of services	8,006	9,104
Other operating costs	674	452
Write-downs of trade receivables	2,064	—
Depreciation and amortization	13,636	13,678
Total operating costs	**26,866**	**25,938**
Operating profit	**75,280**	**41,209**
Net financial expenses	(7,102)	(6,439)
Profit before tax	**68,178**	**34,770**
Income taxes	(18,398)	(10,144)
Profit for the period	**49,780**	**24,626**

Revenue. Revenue for the nine months ended March 31, 2020 decreased by €35.0 million or 34.3% to €67.0 million from €102.0 million for the nine months ended March 31, 2019. This decrease was primarily due to the decrease in Regional and naming rights sponsorship revenue which has been partially offset by the €0.1 million increase in Shirt and €0.8 million increase in Technical as well as the increase in EU and global sponsorship packages. This decrease also reflects the deferral in the recognition of Sponsorship Revenue following the suspension of the 2019/2020 season pursuant to which the Sponsorship Revenue was recognized on a pro rata basis for the period ended February 29, 2020.

Personnel costs. Personnel costs for the nine months ended March 31, 2020 increased by €0.2 million or 8.8% to €2.7 million from €2.5 million for the nine months ended March 31, 2019. This increase is a result of the gradual strengthening of commercial, digital and TV departments implemented during the last two years to support the growth plan of the group. As of March 31, 2020, we have a total of 42 employees.

Cost of services. Cost of services for the nine months ended March 31, 2020 increased by €1.1 million or 13.7% to €9.1 million from €8.0 million for the nine months ended March 31, 2019. This increase is as a result of increasing resources allocated to the sales department and to the creation and production of digital content and brand activities in order to support the growth plan of the Inter group.

Other operating costs. Other operating costs for the nine months ended March 31, 2020 decreased by €0.2 million or 32.9% to €0.5 million from €0.7 million.

Write-downs of trade receivables. In the nine months ended March 31, 2019 we accrued €2.1 million for the write-down of trade receviables mainly relating to an ongoing litigation between MP & Silva and LNP relating to the settlement of the amounts still due by MP & Silva in respect of Serie A international media rights for the 2017/2018 season.

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

Net financial expenses. Net financial expenses for the nine months ended March 31, 2020 decreased by €0.7 million or 9.3% to €6.4 million from €7.1 million for the nine months ended March 31, 2019 mainly due to higher interest income (€5.7 million as compared to €5.1 million) accrued on the intercompany loans granted to Inter.

Income taxes. Income taxes for the nine months ended March 31, 2020 decreased by €8.3 million or 44.9% to €10.1 million from €18.4 million for the nine months ended March 31, 2019. This decrease was the result of the reduction in Profit before tax which was caused by the decrease in revenues. The overall tax rate remained largely stable, increasing from 27.0% in the nine months ended March 31, 2019 to 29.2% in the nine months ended March 31, 2020.

Profit for the period. Profit for the nine months ended March 31, 2020 was €24.6 million which was a €25.2 million or 50.5% decrease from the profit of the prior period.

Fiscal year ended June 30, 2019 compared with fiscal year ended June 30, 2018

The following table sets for the financial information of the Issuer for the fiscal year ended June 30, 2019 compared with the fiscal year ended June 30, 2018.

	For the fiscal year ended June 30,	
	2018	2019
	(audited)	
(in thousands of €)		
Revenue	136,852	144,941
Other income	553	193
Total revenue	**137,405**	**145,134**
Personnel costs	2,865	3,372
Cost of services	9,628	11,082
Other operating costs	915	1,001
Write-downs of trade receivables	—	2,542
Depreciation and amortization	18,157	18,183
Provisions for risks and charges	247	—
Total operating costs	**31,812**	**36,180**
Operating profit	**105,593**	**108,954**
Net financial expenses	(15,640)	(9,822)
Profit before tax	**89,953**	**99,132**
Income taxes	(24,382)	(26,486)
Profit for the period	**65,571**	**72,646**

Revenue. Revenue for the fiscal year ended June 30, 2019 increased by €7.7 million or 5.6% to €145.1 million from €137.4 million for the fiscal year ended June 30, 2018. This growth was primarily due to an €8.0 million increase in Sponsorship Revenue. See "*—Key Performance Indicators—Adjusted Revenue*".

Personnel costs. Personnel costs for the fiscal year ended June 30, 2019 increased by €0.5 million or 17.7% to €3.4 million from €2.9 million for the fiscal year ended June 30, 2018. This increase reflects the gradual strengthening of commercial, digital and TV departments implemented during the last twelve months to support the growth plan of the business.

Cost of services. Cost of services for the fiscal year ended June 30, 2019 increased by €1.5 million or 15.1% to €11.1 million from €9.6 million for the fiscal year ended June 30, 2018. This increase is mainly due to the full year impact of the Services Agreement in place with Inter for an annual fee of €5.0 million commencing on December 21, 2017. See "*Certain Relationships and Related Party Transactions—Services Agreement*".

Other operating costs. Other operating costs for the fiscal year ended June 30, 2019 are in line with the prior fiscal year.

Provisions for risks and charges. The fiscal year ended June 30, 2018 was affected by an accrual of €0.2 million relating to a provision made in respect of a potential liability relating to a prior sponsorship agreement.

Write-downs of trade receivables. In the fiscal year ended June 30, 2019 we accrued €2.5 million for the write-down of trade receivables mainly relating to ongoing litigation between MP & Silva and LNP relating to the settlement of the amounts still due by MP & Silva in respect of Serie A international media rights for the 2017/2018 season.

Depreciation and amortization. Depreciation and amortization for the fiscal year ended June 30, 2019 was €18.2 million, remaining largely in line with the fiscal year ended June 30, 2018.

Net Financial expenses. Net financial expenses for the fiscal year ended June 30, 2019 decreased by €5.8 million or 37.2% to €9.8 million from €15.6 million for the fiscal year ended June 30, 2018. This decrease is mainly related to the fact that in the fiscal year ended June 30, 2018 we recognized a non-cash €4.1 million write-off of the residual book value of transaction fees capitalized on the Repaid Facility upon the closing of our Existing Notes issuance on December 21, 2017. Excluding this item, the decrease amounts to €1.7 million and is mainly related to €1.5 million higher interest income accrued on the intercompany loans granted to Inter. In the fiscal year ended June 30, 2019, we incurred €16.3 million interest expense on the Existing Notes.

Income taxes. Income taxes for the fiscal year ended June 30, 2019 increased by €2.1 million or 8.6% to €26.5 million from €24.4 million for the fiscal year ended June 30, 2018. This is related to growth in Profit before tax, with the overall tax rate remaining in line with the previous year.

Profit for the fiscal period. For the reasons described above, Profit for the fiscal year ended June 30, 2019 was €72.6 million, a €7.1 million or 10.8% increase compared to the prior fiscal year.

Fiscal year ended June 30, 2018 compared with fiscal year ended June 30, 2017

The following table sets forth the financial information of the Issuer for the fiscal year ended June 30, 2018 compared with the fiscal year ended June 30, 2017.

	For the fiscal year ended June 30,	
	2017	2018
	(audited)	
(in thousands of €)		
Revenue	123,000	136,852
Other income	95	553
Total revenue	**123,095**	**137,405**
Personnel costs	2,674	2,865
Cost of services	6,854	9,628
Other operating costs	1,298	915
Write-downs of trade receivables	—	—
Depreciation and amortization	18,149	18,157
Provisions for risks and charges	—	247
Total operating costs	**28,975**	**31,812**
Operating profit	**94,120**	**105,593**
Net financial expenses	(16,339)	(15,640)
Profit before tax	**77,781**	**89,953**
Income taxes	(26,877)	(24,382)
Profit for the period	**50,904**	**65,571**

Revenue. Revenue for the fiscal year ended June 30, 2018 increased by €14.3 million or 11.6% to €137.4 million from €123.1 million for the fiscal year ended June 30, 2017. This increase was primarily due to a €14.2 million or 13.1% increase in Sponsorship Revenue. See "*—Key Performance Indicators—Adjusted Revenue*".

Personnel costs. Personnel costs for the fiscal year ended June 30, 2018 increased by €0.2 million or 7.1% to €2.9 million from €2.7 million for the fiscal year ended June 30, 2017. This increase reflects the strengthening of commercial, digital and TV departments implemented during the last 12 months to support the growth plan of the Inter group.

Cost of services. Cost of services for the fiscal year ended June 30, 2018 increased by €2.8 million or 40.5% to €9.6 million from €6.9 million for the fiscal year ended June 30, 2017. This increase was primarily due to the *pro-rata* €2.6 million cost relating to the Services Agreement in place with Inter for an annual fee of €5.0 million commencing on December 21, 2017. The remaining portion of the €0.2 million increase is immaterial and is mainly due to a growth in ancillary production costs of Inter

TV (in the context of the launch of the Media House strategic project in the first months of the current financial year) and in fulfillment costs related to sponsorship contracts (reflecting the growth of sponsorship portfolio).

Other operating costs. Other operating costs for the fiscal year ended June 30, 2018 decreased by €0.4 million to €0.9 million from €1.3 million for the fiscal year ended June 30, 2017. This was primarily due to the confirmation of a prior year commercial liability amounting to €0.5 million. Net of this non-recurring expense, other operating costs grew by €0.1 million.

Provisions for risks and charges. Provisions for risks and charges was €0.2 million in the fiscal year ended June 30, 2018 and related to a prudent provision made in respect of a potential liability relating to a prior sponsorship agreement.

Depreciation and amortization. Depreciation and amortization for the fiscal year ended June 30, 2018 was €18.2 million, remaining largely in line with the €18.1 million for the fiscal year ended June 30, 2017.

Net financial expenses. Net financial expenses for the fiscal year ended June 30, 2018 decreased by €0.7 million or 4.3% to €15.6 million from €16.3 million for the fiscal year ended June 30, 2017. This decrease was largely due to an increase of €4.8 million in interest income accrued on the Intercompany Loans granted to Inter, partially offset by higher costs of €2.7 million relating to transaction fees capitalized on the Repaid Facility upon the closing of our refinancing on December 21, 2017 and by higher interest expense of €1.8 million on third party loans for the fiscal year ended June 30, 2018.

Income taxes. Income taxes for the fiscal year ended June 30, 2018 decreased by €2.5 million or 9.3% to €24.4 million from €26.9 million for the fiscal year ended June 30, 2017. The decrease was mainly related to the decrease of the applicable tax rate for IRES from 27.5% in the fiscal year ended June 30, 2017 to 24% in the fiscal year ended June 30, 2018. This change affected both current and deferred taxes. Accordingly, our effective tax rate was 27.1% for the fiscal year ended June 30, 2018 compared to 34.6% for the fiscal year ended June 30, 2017.

Profit for the period. For the fiscal year ended June 30, 2018, Profit for the period increased by €14.7 million or 28.8% to €65.6 million from €50.9 million for the fiscal year ended June 30, 2017

Liquidity and Capital Resources

Our cash requirements consist mainly of the following:

- operating activities, including our net working capital requirements;
- servicing our indebtedness;
- financing Inter via upstream loans;
- paying interest on the Existing Notes; and
- paying taxes.

Our sources of liquidity have historically consisted mainly of the following:

- cash generated from our operating activities;
- broadcasting rights receivables assigned to us by Inter; and
- a portion of the net proceeds of the Existing Notes.

Liquidity Following the Offering

Following the completion of the Offering, our primary sources of liquidity will consist of the following:

- a portion of the net proceeds of the Notes offered hereby and a portion of the net proceeds of the Existing Notes;
- cash generated from our operating activities; and
- broadcasting rights receivables assigned to us by Inter.

As of March 31, 2020, as adjusted on a *pro forma* basis for the Offering, our total debt would have been €364.0 million. See "*Issuer's Capitalization*".

Cash Flow

The following table summarizes the cash flows of the Issuer for the fiscal years ended June 30, 2017, 2018 and 2019 and the nine months ended March 31, 2019 and 2020.

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Profit for the period	50,904	65,571	72,646	49,780	24,626
Current taxes	27,256	26,351	28,876	20,195	11,459
Net financial expenses	16,339	11,473	9,837	7,136	6,427
Profit for the period before taxes and interest	**94,499**	**103,395**	**111,359**	**77,112**	**42,513**
Depreciation and amortization	18,149	18,157	18,184	13,636	13,679
Write-down/(release/uses) of trade receivables	—	4,137	2,542	—	(735)
Employee severance indemnities	43	41	76	60	(11)
Other provisions	—	247	—	—	—
Deferred tax assets and liabilities	(379)	(1,969)	(2,390)	(1,798)	(1,316)
Cash flow from operating activities before changes in net working capital	**112,312**	**124,008**	**129,771**	**89,011**	**54,131**
Increase in trade and other receivables	(44,773)	(49,348)	2,033	11,521	31,069
Increase/(decrease) in trade and other payables	2,484	(2,288)	(58,125)	2,454	27,878
Other variations in net working capital	(852)	(2,283)	(905)	494	7,378
Cash flow from operating activities after changes in working capital	**69,171**	**79,089**	**72,775**	**103,479**	**120,456**
Taxes paid	(1,778)	(6,685)	(5,106)	(1,844)	(1,741)
Interest and other financial expenses paid	(14,240)	(17,385)	(14,652)	(7,405)	(7,258)
A. Cash flow from operating activities	**53,153**	**46,019**	**53,016**	**94,230**	**111,456**
Investments in intangible assets	(78)	(68)	(39)	(28)	(18)
Investments in property, plant and equipment	(27)	(58)	(162)	—	(85)
Investment in financial assets	(306)	(10,453)	(65)	(10,390)	(10,312)
Disinvestment in financial assets	—	21,873	—	—	—
B. Cash flow from investing activities	**(411)**	**11,294**	**(266)**	**(10,418)**	**(10,415)**
Bank loan security deposit repayments/(integration)	—	—	—	38	11
Repayments of bank loans	(12,000)	(208,000)	—	—	—
Cash in from issuance of Existing Notes	—	291,012	—	—	—
Repayments of Existing Notes	—	—	(6,250)	(3,100)	(3,250)
Intercompany loans	(27,209)	(140,796)	(16,408)	—	(30,801)
Capital contributions	—	—	—	—	—
Capital/dividends distributions	(5,163)	—	(22,938)	(22,145)	(48,432)
C. Cash flow from financing activities	**(44,372)**	**(57,784)**	**(45,596)**	**(25,207)**	**(82,472)**
Increase/(decrease) in cash and cash equivalents (A+B+C)	**8,370**	**(471)**	**7,154**	**58,606**	**18,569**
Cash at bank and on hand at the beginning of the period	**612**	**8,982**	**8,510**	**8,510**	**15,664**
Cash at bank and on hand at the end of the period	**8,982**	**8,510**	**15,664**	**67,116**	**34,233**

Cash Flow From/(Used In) Operating Activities

Cash flow from operating activities for the nine months ended March 31, 2020 increased by €17.3 million or 18.3% to €111.5 million from €94.2 million for the nine months ended March 31, 2019.

This increase has been achieved notwithstanding the reduction in profit and is mainly due to the favorable impact on working capital deriving from the size and timing of collections under international and regional sponsorship contracts, the size and timing of cash upstreams of assigned media rights receivables to Inter through the Secured Accounts, the transfer of balances relating to the tax consolidation regime and the timing of repayment of the 47% fee under the Naming Rights and Sponsorship Agreement pertaining to Inter.

Cash flow from operating activities for the fiscal year ended June 30, 2019 increased by €7.2 million or 15.2% to €53.0 million from €46.0 million for the fiscal year ended June 30, 2018 mainly due to the combined impact of a €5.8 million increase in cash flow from operating activities before changes in net working capital driven by growth in profit for the period, a €51.4 million decrease in trade and other receivables due to collection timing of international and regional sponsorship contracts, and a €55.8 million decrease in trade and other payables due to the higher disbursement related to the Tax Consolidation Agreement.

Cash flow from operating activities for the fiscal year ended June 30, 2018 decreased by €7.1 million, or 13.4%, to €46.0 million from €53.2 million for the fiscal year ended June 30, 2017. This €7.1 million decrease was mainly due to higher corporate tax payments of €4.9 million as a result of our increased profits as well as higher interest expense payments of €3.1 million for the Repaid Facility until December 21, 2017 and the Existing Notes from December 21, 2017, which was partially offset by an increase in the variation of trade receivables of €4.6 million. This €4.6 million increase was mainly due to new contracts signed close to the end of the fiscal year (May 2018) with Fullshare, Lvmama and iMedia and an increase in trade receivables from the marketing sponsorship agreement Beijing Yixinshijiem mainly as a result of the timing of collections under that contract.

Cash Flow From/(Used In) Investing Activities

Cash flow from investing activities for the nine months ended March 31, 2020 amounted to €10.4 million in line with the prior period and mainly relates to the €10.3 million in cash transferred into the Debt Service Account and the Debt Service Reserve Account to fulfill our obligations under the Existing Notes in the second half of the year.

Cash flow from investing activities for the fiscal year ended June 30, 2019 was negative and amounted to €0.3 million, compared to a positive balance of €11.3 million in the fiscal year ended June 30, 2018. The variation is due to the impact of the issuance of the Existing Notes which generated €10.5 million of cash transferred into the Debt Service Account and the Debt Service Reserve Account to fulfill our obligations under the Existing Notes and a release of cash from the Debt Service Accounts in an amount equal to €21.9 million related to the Repaid Facility in the fiscal year ended June 30, 2018.

Cash flow from investing activities for the fiscal year ended June 30, 2018 was positive and amounted to €11.3 million compared to a negative balance of €0.4 million in the fiscal year ended June 30, 2017. The variation is due to the impact of the issuance of the Existing Notes which generated a €10.5 million cash transferred into the Debt Service Account and the Debt Service Reserve Account to fulfill our obligations under the Existing Notes and a release of cash from the Debt Service Account and the Debt Service Reserve Account in an amount equal to €21.9 million related to the Repaid Facility in the fiscal year ended June 30, 2018.

Cash Flow From/(Used In) Financing Activities

Cash flow from financing activities for the nine months ended March 31, 2020 showed a negative balance of €82.5 million compared to a negative balance of €25.3 million during the same period of the prior fiscal year. This increase of €57.3 million is related to €48.4 million in dividend distributions (€30.4 million to Inter and €18.0 million to BrandCo), €30.8 million in intercompany loans provided to Inter during the nine month period ended March 31, 2020, and a €3.3 million mandatory amortization payment under the Existing Notes.

Cash flow from financing activities for the fiscal year ended June 30, 2019 was negative €45.6 million. This result was related to the €6.3 million mandatory amortization of the Existing Notes, €16.4 million in intercompany loans provided to Inter and €22.9 million in payments of dividends to BrandCo. Additionally, in February 2019 there was a €36.5 million dividend distribution to Inter, which was settled through a reduction of the existing intercompany loans. Cash flow from financing activities for the fiscal year ended June 30, 2018 (which generated a negative net balance of €57.8 million) is not comparable due to the fact that the Existing Notes were issued, and the prior credit facility was repaid, during that period.

Cash flow from financing activities for the fiscal year ended June 30, 2018 showed a negative balance and of €57.8 million compared to a negative balance of €44.4 million for the fiscal year ended June 30, 2017. The two fiscal years are not comparable due to the impact of the issuance of the Existing Notes and intercompany loans provided to Inter in the fiscal year ended June 30, 2018.

Capital Expenditures

The following table sets forth our capital expenditures for the fiscal years ended June 30, 2017, 2018 and 2019 and the nine months ended March 31, 2020 and 2019.

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Trademarks	78	10	3	50	3
Under construction and advances	—	64	36	—	15
Property, plant and equipment	27	58	162	—	84
Total capital expenditure	**105**	**132**	**201**	**50**	**102**

Our total capital expenditure was €105 thousand, €132 thousand and €201 thousand in the fiscal years ended June 30, 2017, 2018 and 2019, respectively, and was €50 thousand and €102 thousand in the nine months ended March 31, 2019 and 2020, respectively. Our capital expenditures are not material due to the nature of our business. We expect that our capital expenditures for the fiscal year ended June 30, 2020 will remain at a similar level as in the fiscal year ended June 30, 2019.

Debt Service

The following table sets forth our Debt Service for the fiscal years ended June 30, 2017, 2018 and 2019 and the nine months ended March 31, 2020 and 2019.

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Interest and other financial expenses paid	14,240	17,385	14,652	7,405	7,258
Repayments of Existing Notes	—	—	6,250	3,100	3,250
Debt Service(1)	**14,240**	**17,385**	**20,902**	**10,505**	**10,508**

Our Debt Service was €14.2 million, €17.4 million and €20.9 million in the fiscal years ended June 30, 2017, 2018 and 2019, respectively, and was €10.5 million and €10.5 million in the nine months ended March 31, 2019 and 2020, respectively. The increases in Debt Service were primarily driven by the Mandatory Amortization Redemption payments made each June 30 and December 31.

(1) Debt Service is defined as the sum of interest and other financial expenses paid and repayments of the Existing Notes. The table below sets forth a reconciliation of cash flow from financing activities as reported in our financial statements to Debt Service:

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Cash flow for financing activities	(44,372)	(57,784)	(45,596)	(25,207)	(82,472)
Bank Loan security deposit repayments	—	—	—	(38)	(11)
Intercompany loans	27,209	140,796	16,408	—	30,801
Repayments of bank loans.	12,000	208,000	—	—	—
Existing Notes	—	(291,000)	—	—	—
Capital/dividends distributions	5,163	—	22,938	22,145	48,432
Interest and other financial expenses paid	(14,240)	(17,385)	(14,652)	(7,405)	(7,258)
Debt service.	**(14,240)**	**(17,385)**	**(20,902)**	**(10,505)**	**(10,508)**

Issuer Net Financial Position

The following table sets forth our Issuer Net Financial Position as of the dates indicated.

	As of June 30,			As of March 31,
	2017	2018	2019	2020
(in thousands of €)				
Cash at bank and on hand	**8,982**	**8,510**	**15,664**	**34,233**
Current financial assets	6,372	43	108	10,410
Loan to parent company—current portion	221	—	—	—
Current financial receivables	**6,593**	**43**	**108**	**10,410**
Bank loans	(12,000)	—	—	—
Existing Notes	—	(6,250)	(6,550)	(10,685)
Accrued interest charges and other financial expenses	(3,050)	—	—	—
Current financial liabilities	**(15,050)**	**(6,250)**	**(6,550)**	**(10,685)**
Net current financial liabilities	**525**	**2,303**	**9,222**	**33,958**
Bank loans	(196,000)	—	—	—
Existing Notes	—	(285,630)	(280,794)	(278,270)
Financial assets	15,501	10,410	10,410	10,410
Non-current financial liabilities	**(180,499)**	**(275,220)**	**(270,384)**	**(267,860)**
Issuer Net Financial Position[(1)]	**(179,974)**	**(272,917)**	**(261,162)**	**(233,902)**

(1) Issuer Net Financial Position is defined as the sum of liabilities related to bank loans, the Existing Notes and other financial liabilities, including accrued interest charges and other financial expenses, minus cash at bank and on hand, current financial assets, the current portion of loans to Inter and financial assets. The table below sets forth a reconciliation of bank loans and the Existing Notes as reported in our financial statements to Issuer Net Financial Position:

	As of June 30,			As of March 31,
	2017	2018	2019	2020
(in thousands of €)				
Bank loans/Existing Notes[(a)]	**(208,000)**	**(291,880)**	**(287,344)**	**(288,955)**
Plus: Cash at bank and on hand	8,982	8,510	15,664	34,233
Plus: Financial assets[(b)]	15,501	10,410	10,410	10,410
Plus: Current financial assets	6,372	43	108	10,410
Plus: Loan to parent company—current portion	221	—	—	—
Plus/(minus): Accrued interest charges and other financial expenses[(c)]	(3,050)	—	—	—
Issuer Net Financial Position	**(179,974)**	**(272,917)**	**(261,162)**	**(233,902)**

(a) Refers to the Existing Notes as of June 30, 2018 and June 30, 2019, whereas refers to the Repaid Facility as of June 30, 2017.

(b) Refers to the restricted deposit accounts (debt service accounts) used to secure the Existing Notes as of June 30, 2018 and June 30, 2019, whereas refers to the restricted deposit accounts (debt service accounts) used to secure the Repaid Facility as of June 30, 2017.

(c) Relates to interest charges and fronting fee on Repaid Facility.

As of June 30, 2019, our Issuer Net Financial Position was €261.2 million as compared to €272.9 million as of June 30, 2018. This decrease was primarily due to (i) the increase in Cash at bank and on hand resulting from net cash flow generated in the fiscal year ended June 30, 2019 and (ii) the reduction of the principal amount outstanding under the Existing Notes due to scheduled amortization payments on December 31, 2018 and June 30, 2019.

As of June 30, 2018, our Issuer Net Financial Position was €272.9 million, as compared to €180.0 million as of June 30, 2017. This increase was primarily due to the refinancing transactions undertaken in December 2017, in which the Existing Notes were issued and the prior credit facility was repaid.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The following section discusses the main accounting policies applied in the preparation of our financial statements. Our financial statements have been prepared in accordance with Italian GAAP and are dependent on the application of various estimates and assumptions. Such assumptions or estimates are based on our historical experience and currently available information. Actual results may differ significantly from such estimates in light of the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

Management reviews estimates and assumptions on an ongoing basis and may modify these assumptions and estimates as appropriate. Therefore, the results of operations and financial position as reported in our financial statements may change significantly. The following is a discussion of what management believes to be the accounting policies which are most dependent upon the application of estimates and assumptions.

Recognition of Indirect Media Revenue

Pursuant to Serie A regulations, contracts related to broadcast and media rights for Serie A matches must be held by the Serie A team itself. As a result, Inter cannot directly assign its broadcast and media rights contracts for Serie A matches to us. Instead, Inter invoices the broadcasters for the Serie A broadcasting rights revenue owed to Inter and Inter has assigned the right to collect Serie A revenue to us, such that the broadcasters pay such revenue to us directly. Once the right to receive payment from the broadcasters has been assigned to us, we report the right as a receivable on our balance sheet, and approximately two to four weeks later we collect the cash from the broadcasters. With regard to the UEFA rights, Inter invoices UEFA and UEFA pays Inter the broadcasting revenue owed to Inter. Inter then assigns the revenue from UEFA broadcasts to us. We recognize the receivables related to Serie A and UEFA media revenues on our balance sheet on an accruals basis.

Revenue and Cost Recognition

Revenues and costs are recognized in the financial statements according to the principle of prudence and on an accruals basis, with the related accruals and prepaid expenses. Sponsorship Revenue and Direct Media Revenue are recognised progressively in relation to contracts providing services throughout the entire period/year or upon full delivery of the service at a point in time. Non-refundable up-front fees are fully recognized in the income statement as incurred, usually at the execution of the contract. Operating costs, financial income and charges are accounted for on the income statement on an accruals basis.

Income Tax

Taxes are allocated on an accruals basis. They represent the provisions for paid tax or tax to be paid for the year, calculated according to current rates and regulations. We also have a tax consolidation agreement with Inter. See "*Certain Relationships and Related Party Transactions—Tax Consolidation Agreement*".

Deferred Tax Liabilities and Assets

Deferred tax liabilities and assets arise when the individual items are recognized for taxation purposes in different periods than their accounting recognition period. Specific provisions for deferred tax funds are made based on such timing differences. Assets from prepaid taxes and any benefits on reportable tax losses are accounted for if there is reasonable certainty of future taxable income sufficient to recover them. The current tax rate is 24% and the IRES rate is 24%.

Impairment of Tangible and Intangible Assets

At each reference date, tangible and intangible assets are analyzed to identify any indicators of impairment (an "impairment test"). If these indicators are present, the recoverable value of the assets in question is estimated, allocating any write-down to the income statement. The recoverable value of an asset is the higher of its fair value and the value in use, where this corresponds to the estimated future cash flows for the asset. In the calculation of the value in use, the expected future cash flows are discounted at a discount rate which reflects the current market value of the cost of money, in relation to the investment period and the specific risks of the asset. Impairment is recorded on the income statement if the book value of the asset is higher than the recoverable value. If the reasons for a previous write-down cease to exist, the book value of the asset, with the exception of goodwill, is restored on the income statement, within the limits of the net book value which the asset would have had without write-down and if depreciation has been applied. The assumptions used to forecast revenues and related cash flows are based upon prudent forecasts of sports results.

Use of Estimates

The preparation of our financial statements and related notes in accordance with Italian GAAP requires management to use estimates and assumptions, which impact the value of assets and liabilities accounted for on our balance sheet.

The estimates and assumptions used are based on past experience and other factors that are considered to be relevant. The actual results could therefore differ from such estimates. The estimates and assumptions are reviewed periodically and the effects of each change is reflected in the income statement in the period in which the estimate is revised or also in subsequent periods if the revision affects both the current period and future periods.

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 through the impairment test.

Regarding the provisions for risks and charges and the write-down of doubtful receivables, our financial statements reflect an estimate of liabilities based on our best knowledge of solvency of our counterparts and the status of our litigation matters, using information provided by our legal and tax advisors, as well as considering outstanding contracts with our counterparts. Our estimate of such risks is subject to the risk of uncertainties of any estimate of a future event and the outcome of our litigation matters, and it cannot be excluded that in future fiscal years costs, which cannot currently be estimated, might arise due to a worsening of the status of our litigation matters and the level of counterparts' solvency. Furthermore the COVID-19 pandemic could have a material impact on the expected credit loss and on the solvency of our counterparts affecting the recoverability of certain account receivables.

With reference to the measurement of the recoverable value of the intangibles assets and property, plant and equipment, the directors conducted an impairment test and such impairment test was made on the basis of economic and financial projections of the Issuer. The forecasts are based on the assumptions characterized by intrinsic uncertainty, both with reference to macroeconomic and sector conditions as well as specific conditions tied to the Issuer, depending also on the sports results of Inter and taking into account the current status and knowledge of the COVID-19 pandemic available at the time the estimate was made, which is inherently uncertain. Any change in the estimates and assumptions – currently unpredictable – might result in final results that are different than what is estimated, which might require the recognition of an impairment loss in the future. Assumptions regarding the potential impact of Covid-19 increase the level of uncertainty of the assumptions and estimates.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to various market risks in the normal course of business, particularly market risks related to (i) credit risk and (ii) liquidity risk.

Credit Risk

We are subject to exposure to potential losses resulting from a default by commercial counterparties, especially with respect to revenue receivables from media rights contracts assigned to us by Inter.

With respect to financial institutions and our cash deposits, we have a policy of favoring well-established institutions with high credit ratings with whom we have maintained long-term banking relationships.

Liquidity Risk

We maintain cash at bank and on hand to fund the day-to-day requirements of our business. We hold cash primarily in euro. Historically, we have relied primarily upon cash flows from operations and proceeds of the broadcasting rights receivables assigned to us by Inter, as supplemented by the Existing Notes, to provide funds required for operations. Following the Offering, a portion of the proceeds of the Notes offered hereby will sustain our liquidity needs over the medium-term.

We manage our liquidity risk by monitoring our operational current assets, in particular our trade receivables and trade payables. We have historically focused on generating sufficient cash flow to fund necessary payables.

INDUSTRY

The market data and certain economic and industry data and forecasts used in this section were obtained from publicly available information, independent industry publications and reports prepared by trade associations and industry consultants. In particular, the cited information used in this section is derived from the KPMG Report, the Deloitte Report, the Brand Finance Report, the Global Media Report and the Iquii Sport Report, as well as data from UEFA, Transfermarkt and BMI. These reports and data were not prepared specifically for us and relate to general industry analysis. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchaser have independently verified such data and cannot guarantee its accuracy or completeness.

Format of European Football Competitions

Italian Competitions

Serie A

Serie A is the league of the top 20 football clubs in Italy. Every season, each club plays each of the other clubs twice, once at home and once away. In the first half of the season (the "**Andata**"), each club plays once against each opponent, for a total of 19 games. In the second half of the season (the "**Ritorno**"), the clubs play in exactly the same order as in the Andata but with home and away games reversed. Three points are awarded for a victory, one for a draw and nil for a defeat.

At the end of each season, the clubs are ranked in order of points and the bottom three clubs are relegated to Serie B. The top four clubs in Serie A qualify directly for the UEFA Champions League group stage. However, if both the winners of the UEFA Champions League and the UEFA Europa League are two Italian clubs that are not already in one of the top four places, the club finishing fourth will not qualify for the UEFA Champions League. Clubs finishing fifth and sixth qualify for the UEFA Europa League, together with the club finishing seventh if the TIM Cup winner qualified to any of the UEFA competitions as a result of their Serie A ranking.

Serie A, as it is known today, was created in 1929. In 2010, Serie A clubs split from Serie B clubs thereby creating two separate government bodies for the two leagues. The current Serie A title holder is Juventus. Inter is the only club to never have been relegated from Serie A since the league's inception.

Serie B

Serie B is the league immediately below Serie A and is made up of 20 clubs. During each season, clubs play each other twice, at home and away. In the Andata, each club plays once against each opponent for a total of 19 games. In the Ritorno, each club plays in exactly the same order as in the Andata but with home and away games switched. Three points are awarded in case of victory, one for draw and nil for a defeat.

Three clubs are promoted to Serie A each year. The top two clubs are automatically promoted to Serie A, whereas the third club to be promoted will be either the third-ranked team, if it finished the season with at least 14 points more than the next club in the rankings, or the winner of a play-off round involving the third- to eighth-ranked clubs. The three bottom clubs are automatically relegated to Lega Pro, the league immediately below Serie B, and the fourth club to be relegated will be either the 17th-ranked club, if it finished the season with five or more points behind the 16th-ranked club, or, if that is not the case, the losing team of a play-off match involving the 16th- and 17th- ranked clubs. Brescia is the current title holder of Serie B.

TIM Cup

The TIM Cup competition is a tournament-style competition in which Italian professional league clubs from every division face one another in matches contested throughout the course of the season. The winning club automatically qualifies for the UEFA Europa League. If the winners have already qualified for the UEFA Champions League or UEFA Europa League as a result of their Serie A ranking, or are not entitled to play in UEFA competitions for any reason, the place goes to the next highest placed team in the league table. The competition was first held in 1922. Lazio is the current title holder.

European Competitions

UEFA Champions League

The UEFA Champions League is a European club competition organized by UEFA, which includes the top clubs from European domestic leagues. The number of available positions for each domestic league in the UEFA Champions League depends upon the overall UEFA ranking of each domestic league, which is based on the performance of the clubs from each domestic league in previous UEFA competitions.

According to the new UEFA club competition rules, which became effective from the 2018/2019 season, the top four clubs from the four highest-ranked domestic leagues directly enter the UEFA Champions League group stage. Currently, Italy is ranked fourth in the UEFA association club coefficient ranking, behind Spain (first), England (second) and Germany (third). As a result, Serie A is granted four places in the UEFA Champions League. UEFA Champions League and UEFA Europa League winners are automatically admitted to the following season's UEFA Champions League competition. No domestic league is permitted to enter more than five clubs; in the event more than five clubs from one single domestic league are entitled to participate in the UEFA Champions League, the fourth-ranked club in the domestic league will be transferred to the UEFA Europa League.

The UEFA Champions League has a 32-club group stage leading to a 16-club knockout phase. Third-ranked clubs in each group proceed to the UEFA Europa League's round of 32.

The UEFA Champions League first took place in 1956. Liverpool is the current title holder.

UEFA Europa League

The UEFA Europa League (previously known as the UEFA Cup) is a European club cup competition organized by UEFA. The number of available positions for each domestic league in the UEFA Europa League depends upon the overall UEFA ranking of each domestic league, which is based on the performance of the clubs from each domestic league in previous UEFA competitions.

Serie A is currently granted three places, which are awarded to the TIM Cup winner and to the clubs finishing fifth and sixth in Serie A. While the TIM Cup winner and the fifth ranked team in Serie A proceed directly to the group stage of the UEFA Europa League, the sixth-ranked team moves to the playoff round. In the event that the TIM Cup winner qualifies for the UEFA Champions League or the UEFA Europa League as a result of its finishing position in Serie A, the seventh-ranked team in Serie A will qualify to participate in the play-off round of the UEFA Europa League. If the UEFA Europa League titleholder, who is admitted to the UEFA Champions League, qualifies for the UEFA Europa League through one of its domestic competitions, the number of places to which its domestic league is entitled in the UEFA Europa League is decreased by one.

A club may also qualify for the UEFA Europa League if, when participating in the UEFA Champions League, it is knocked out of the qualifying round and the group stage. The current regulations provide for clubs who finish third in their group in the UEFA Champions League group stage to enter the UEFA Europa League at the round of 32 stage, the clubs who are eliminated at the UEFA Champions League last playoff round to enter the group stage of the UEFA Europa League and the clubs who are eliminated at the UEFA Champions League third qualifying round to enter the playoffs for the UEFA Europa League.

The UEFA Europa League has a 48-club group stage leading to a 32-club knockout phase. This involves an initial round of 32, a round of 16, quarter-finals, semi-finals and the final.

The UEFA Europa League first took place in 1972. Chelsea is the current title holder.

UEFA Europe Conference League

The UEFA Europa Conference League is a new European club cup competition that will be organized by UEFA starting from the 2021/22 season. No teams will directly qualify for the UEFA Conference League and the 32 participants in the group stage will be decided as follows: 17 teams from the main UEFA Europa Conference League course; five teams from the UEFA Europa Conference League Champions path; and ten teams eliminated from the UEFA Europa League play-offs.

The UEFA Europa Conference League will have a 32-club group stage (split into eight groups with four teams) leading to a preliminary knockout phase, round of 16, quarter finals, semi-finals and the final. The eight group winners will be directly qualified to the round of 16. An additional knockout round will take place before the round of 16 between the teams ranked second in their groups and the teams ranked third in the UEFA Europa League groups. The winning team of the competition will be entitled to participate in the UEFA Europa League the following season. Similarly to the UEFA Europa League, the new competition will feature 141 games in 15 weeks of play.

While the introduction of the UEFA Europa Conference League will have no impact on the UEFA Champions League, the UEFA Europa League group stage will be reduced from 48 to 32 teams (eight groups of four clubs each). The eight UEFA Europa League group winners will automatically enter the round of 16 but there will be an additional knockout round before the UEFA Europa League round of 16 between the eight runners-up of the UEFA Europa League groups and the eight third-comers of the UEFA Champions League groups.

The new UEFA Europa Conference League structure will ensure that at least 34 UEFA national associations are represented in the group stage of one or more UEFA competitions. There will be a minimum of 14 winning teams from their respective national leagues in the UEFA Champions League group stage, between eight and 11 national champions in the UEFA Europa League group stage and between nine and 12 national champions in the UEFA Conference League group stages. All affiliated federations will therefore have access to the three competitions, and the odds of all federations will remain unchanged.

Commercial Aspects of European Football

Popularity of European Football and Serie A

European professional football is one of the leading spectator sports in the world and, according to a 2018 market research conducted in respect of U.S. viewers, is estimated to account for approximately 41% of the aggregate global sports media rights. Events such as the 2018 FIFA World Cup Final, the Euro 2016 Final and the 2015 UEFA Champions League Final have a significantly higher number of global viewers than any other sport, including American sports events such as the National Football League Super Bowl or the Major League Baseball World Series. For example, the 2018 World Cup had approximately five times more viewers than the 2019 Super Bowl LIII.

Total Global Viewers

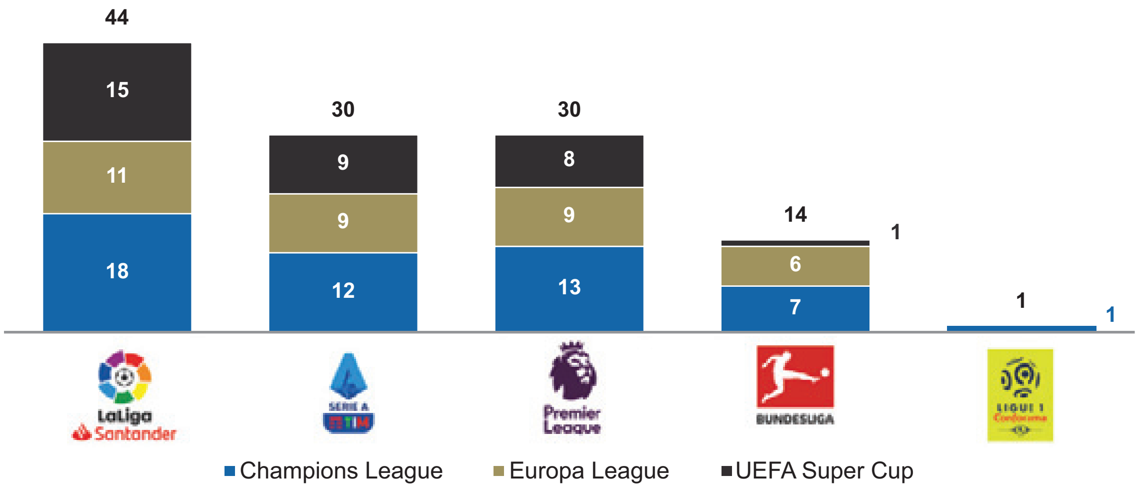
World Cup Final 2018	517 million
UEFA Euro 2016 Final	284 million
UEFA Champions League Final 2015	180 million
Super Bowl LIII 2019	98 million
MLB World Series 2019 (game 7)	23 million
Formula 1 2018 season[1]	23 million
NBA finals (Game 6) 2019	13 million

(1) Defined as total number of unique viewers for 2018 divided by the number of Grand Prix races per season.

Source: FIFA, ESPN, Sports Media Watch, Motorsport.com

Serie A is one of the most popular European domestic leagues. Within Europe, Serie A's popularity is backed by its strong track record of UEFA titles. Serie A ranks second among the major European domestic leagues in number of UEFA titles, with its clubs having won 30 UEFA titles, including 12 UEFA Champions League titles (qualifying for the final 28 times in 64 years of the tournament's existence), nine UEFA Europa League titles and nine UEFA Super Cup titles. As of the date of this Offering Memorandum, Serie A ranks fourth in the UEFA Association Club ranking after the Spanish La Liga, the English Premier League and German Bundesliga, with four places granted to Serie A clubs in the UEFA Champions League.

Serie A Track Record (# of UEFA Titles 1955-2019)

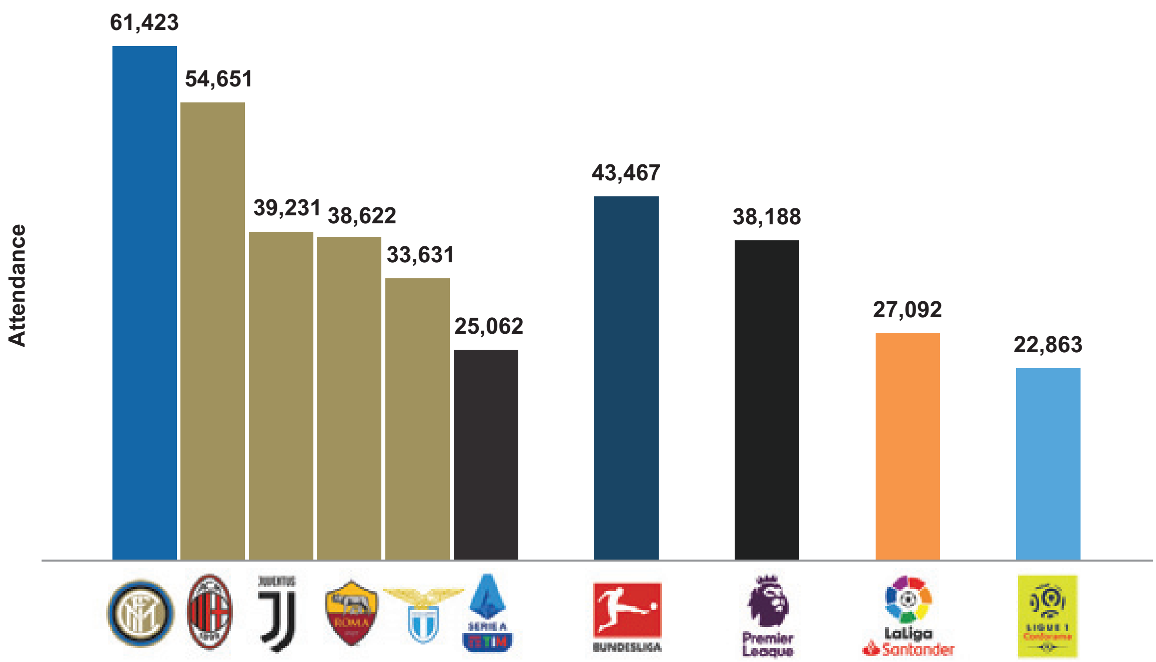


Note: includes current titles and their predecessors since the beginning of the respective tournaments (i.e. Champions League and European Cup combined and Europa League and UEFA Cup combined).

Source: UEFA Data

Within Serie A, Inter has a superior track record of match attendance, averaging 61,423 spectators at San Siro during the 2018/2019 season (the highest attendance in Serie A), compared to an average Serie A attendance of 25,062 spectators. Inter's match attendance in 2018/2019 was higher than the average of each other major European domestic league, making Inter one of the most popular European clubs. In the 2019/2020 season, after 12 games, Inter has an average match attendance of approximately 65,800 spectators compared to an average attendance of approximately 27,200 spectators for Serie A. Inter has won the Serie A 18 times and the Coppa Italia seven times, as well as six UEFA competitions (three UEFA Champions League and three UEFA Europa League).

Top Five European Leagues Average Attendance 2018-2019



Source: Transfermarkt

According to the Iquii Sport Report, three Italian clubs are among the top 20 most popular football club in terms of social media following (Facebook, Instagram, Twitter, YouTube and TikTok), with Inter ranking 12th with approximately 32 million followers. Inter's number of digital followers grew by an estimated 54% in 2019 compared to the previous year.

Fan Potential Overview—Top 20 Clubs—40 Countries

Position	Club	Total Social Media Fans (in millions)
1	Real Madrid CF	262.6
2	FC Barcelona	262.3
3	Manchester United	136.0
4	Juventus FC	94.5
5	Chelsea FC	90.0
6	FC Liverpool	86.4
7	Paris Saint Germain	83.4
8	FC Bayern Munchen	81.1
9	Manchester City	75.1
10	FC Arsenal	73.0
11	AC Milan	41.0
12	FC Internazionale	32.0
13	Borussia Dortmund	31.1
14	Atletico de Madrid	29.7
15	Tottenham Hotspur	29.5
16	AS Roma	16.2
17	Leicester City	12.9
18	Olympique de Marseille	11.2
19	AS Monaco	11.1
20	AFC Ajax Amsterdam	10.8

Source: Iquii Sport Report

In addition, according to the KPMG Report, also due to the establishment of its in-house media team in 2017 and increased focus on social media development, Inter witnessed the highest growth rate across football teams, in social media followers from 2016 to 2020 (+353%), with 54% growth in the number of digital followers in 2019 compared to the previous year.

Top 5 Clubs % Growth in Social Media Following

Position	Club	% growth
1	FC Internazionale	+353%
2	AFC Ajax	+352%
3	Juventus FC	+289%
4	Tottenham Hotspur	+238%
5	Manchester City	+215%

Source: KPMG Report

Over the same period of time, Inter also ranked third in terms of overall enterprise value growth, with a 146% enterprise value growth rate between 2016 and 2020, primarily due to an increase in commercial revenues (+168% over the past five seasons), positive social media performance and efficiency on the cost side (staff costs-to-revenue ratio decreased from 69% to 53% in the period under consideration).

Top 5 Clubs by Overall Enterprise Value Growth

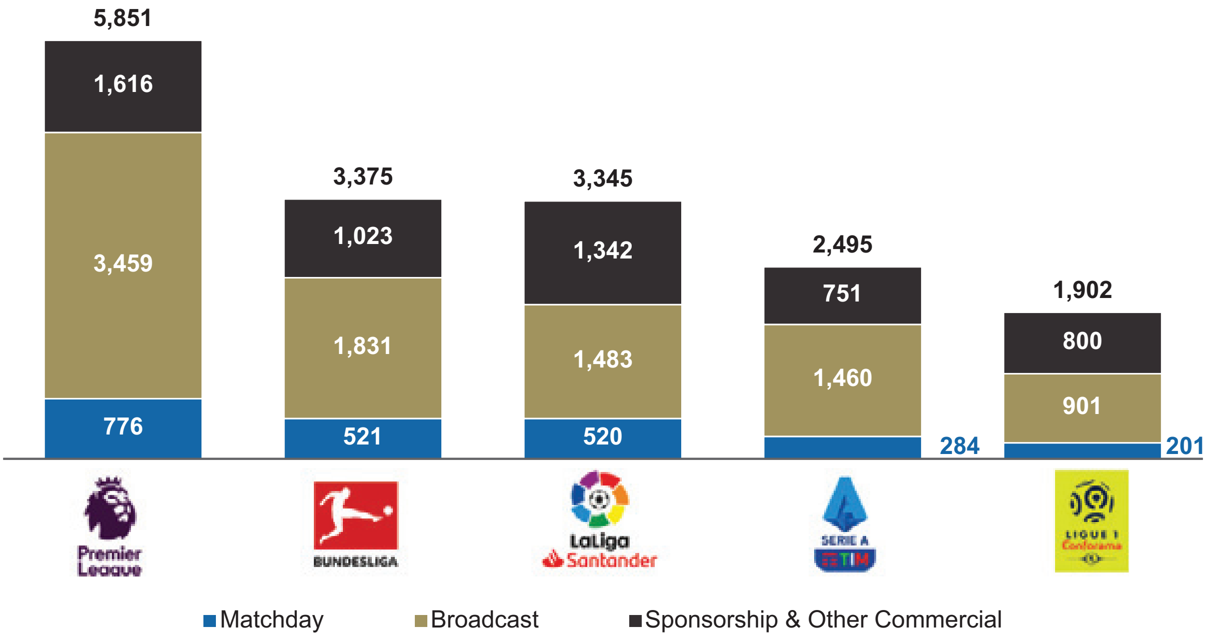
Position	Club	% growth
1	Olympique Lyonnais	+193%
2	Tottenham Hotspur	+158%
3	FC Internazionale	+146%
4	Paris Saint Germain	+127%
5	Liverpool	+109%

Source: KPMG Report

Sources of Revenue

Within the football industry, the main sources of revenue can be classified under three main categories: (i) matchday, (ii) broadcasting/media and (iii) commercial/sponsorship. In the 2018/2019 season, Serie A generated €2.5 billion in combined matchday, broadcast and sponsorship and other commercial revenue, making it the fourth wealthiest European domestic league in terms of generated revenue. Serie A generates the fourth highest broadcasting revenues of European domestic leagues, but potentially has considerable room for growth in both matchday and commercial revenues compared to the domestic leagues in Spain, Germany and England. Between the 2016/2017 season and the 2018/2019 season, all major European leagues have experienced an increase across principal sources of revenues: for example, Serie A's combined revenues have grown by 30%, with a 44% increase in sponsorship and other commercial revenues.

2018/2019 Revenue Sources by League (€m)



Source: Deloitte Report, June 2020

Revenue Growth by Leagues (2016/2017 vs. 2018/2019)

	Total Revenue Growth	Sponsorship Revenue Growth[(1)]
Premier League (ENG)	20%	11%
La Liga (SPA)	38%	45%
Bundesliga (GER)	23%	7%
Serie A (ITA)	30%	44%
Ligue 1 (FRA)	28%	20%

(1) Includes sponsorship and other commercial revenue.

Matchday Revenue

Matchday revenue refers primarily to the sale of single match tickets and season tickets for fans to attend matches in person. Additional matchday revenue streams include hospitality, food and beverage, merchandise and other ancillary in-stadium sales.

Broadcast Revenue

Sports, whether broadcast live, near live or broadcast as highlights, represent an important programming element for television broadcasters. By segmenting the football rights into live, near live and highlights, rights holders are able to maximize broadcast revenue from football.

According to the UEFA Club Licensing Benchmarking Report (2018), broadcast rights have increased for major European leagues. For example, the English Premier League broadcast revenues are worth €3.6 billion in the 2019/2020 season, representing a 1% increase over the previous cycle. Spanish La Liga's €2.0 billion in broadcast revenues represent an approximate 21% increase over the previous broadcast cycle, while the German Bundesliga's €1.4 billion in broadcast revenues represented an approximate 71% increase over the previous cycle. Live football represents a key component of premium subscription television. The terms of the recent renewal of the international broadcasting rights reflect the increased interest in live Italian football over recent years. This trend is also underpinned by the following factors:

- participation by some of the world's top football players playing for Italian clubs in Serie A, including international football star Cristiano Ronaldo;
- recent positive track record of Italian clubs in the European competition reaching the final rounds of the UEFA Champions League;
- promotional initiatives such as international summer tours to expand Italian football penetration abroad; and
- an increasingly competitive media landscape that continues to drive premiums for broadcast rights to live sports as guaranteed content and viewers allow broadcasters and new media entities to secure a market presence.

Broadcasting rights agreements between domestic football leagues and broadcasters are usually contracted for multi-year periods, providing a certain degree of revenue visibility to football clubs.

Sponsorship and Other Commercial Revenue

Football clubs and associations such as UEFA and Serie A have also experienced growth from sponsorship revenues as corporate sponsors look for product placement opportunities and for more innovative and creative forms of advertising. Because sponsorship requires limited incremental costs relative to the amount of revenue generated, it is an attractive source of revenue for football clubs.

Some of the key drivers of the growth in commercial and sponsorship revenues among European football clubs include premium rates paid for strong sports brands, particularly for internationally recognized clubs (see "—*Main Sponsorships*") and strong following of European football by fans outside Europe. Clubs such as Inter that are located in cities with a high concentration of corporate offices and headquarters benefit from increased corporate sponsorships. European professional football is one of the leading spectator sports in the world and as such is able to attract commercial revenue from sponsorship, merchandising and licensing. Fans associate themselves with their favorite clubs through a wide variety of sports equipment and memorabilia such as shirts, footballs, other branded merchandise and items featuring particular star players, which makes football sponsorship attractive to businesses.

Media Rights

Serie A generates the third highest broadcasting revenues of football in Europe. As shown in the table below, a significant growth in broadcast rights revenues can be observed since the 2015/2016 season for all leagues, although certain leagues have experienced higher growth than others.

Estimated Broadcast Rights Revenue By League (€m)

League	2015-2016 Total	2016-2017 Total	2017-2018 Total	2018-2019 Total	2019-2020 Total	CAGR
Premier League (ENG)	€2,505	€3,643	€3,512	€3,555	€3,602	*9.5%*
La Liga (ESP)	€ 862	€1,688	€1,688	€1,808	€2,049	*24.2%*
Serie A (ITA)	€1,151	€1,151	€1,151	€1,313	€1,313	*3.3%*
Bundesliga (GER)	€ 794	€ 794	€1,335	€1,440	€1,440	*16.0%*
Ligue 1 (FRA)	€ 640	€ 771	€ 771	€ 818	€ 818	*6.3%*

Source: UEFA Club Licensing Benchmarking Financial Year 2018

Note: Total revenues are derived from a combination of both the domestic and international broadcast rights.

UEFA's estimates are based on data from leagues, forecasted exchange rates and other sources. The figures illustrate the significant growth in broadcast rights revenues, although as estimated figures they may not reflect the actual values and are therefore provided for illustrative purposes only.

Serie A Media Rights Distribution

For Serie A, media rights are divided between domestic and international rights. Both set of rights follow 3-year cycles, with the current cycle expiring at the end of the 2017-2018 season and the next cycle set for 2018-2021.

Serie A's broadcast revenue is determined by multi-year contracts between LNP and the broadcasters and is then allocated among Serie A clubs. The allocation mechanism provides for the total amount to be divided among the clubs by the formula set out below.

Domestic International Rights

Equal Share	**50%**
Social rooting	**20%**
Broadcasting audience	8%
Season tickets and GA tickets	12%
Club Performance	**30%**
Final Rank	12%
Last 5 Seasons Performance	10%
Club History	5%
Final points in Final Rank	3%

Source: Management

On October 10, 2017, LNP announced that international Serie A broadcasting rights for the 2018-2021 seasons had been sold to IMG for €371.0 million per season, approximately double the annual amount paid for the previous season. This agreement is reportedly the third highest international deal after the English Premier League and Spanish La Liga. Serie A international broadcast revenues have increased from €91.0 million per season for the 2010/2011 and 2011/2012 seasons to €371.0 million per season for the 2018/2019 through 2020/2021 seasons, a CAGR of approximately 15%.

On June 14, 2018, LNP announced that domestic Serie A broadcasting rights for the 2018/2021 seasons had been sold to Sky Italia and DAZN for €973 million per season, approximately 130% more than the annual amount paid for the previous season, which can increase by an additional €150 million each year based on the buyers' results in terms of subscriptions and revenues. Serie A domestic broadcast revenues have increased approximately 30% from €945 million per season for the 2014/ 2015 through 2017/2018 seasons to €973 million per season for the 2018/2019 through 2020/2021 seasons.

UEFA Media Rights Distribution

UEFA broadcast rights revenue distributions follow 3-year cycles. The new distribution for 2018-2021 is summarized in the table below.

	Champions League	Europa League
Starting Fee	25%	25%
Performance	30%	30%
Market Pool	15%	30%
Coefficient(1)	30%	15%
Total	100%	100%

Source: UEFA

(1) Coefficient reflects a calculation based on performance over the past five seasons.

Of the estimated gross commercial revenue for the 2019/2020 season, the total amount available for distribution to participating clubs in 2019/2020 will be €2.55 billion—of which €2.04 billion will go to clubs in the UEFA Champions League and UEFA Super Cup, and €510 million to clubs in the UEFA Europa League.

In addition, of the estimated gross amount of €3.25 billion, 9.1% (€295 million) will be used to cover organizational or administrative competition-related costs, 7.0% (€27.5 million) will be allocated to solidarity payments and 5.5% (€177.5 million) will be reserved for European football and remain with UEFA.

The UEFA media rights market has shown continued growth over time, with average annual distributions to clubs participating in the UEFA Champions League and UEFA Europa League increasing by 39% between the 2016/2017 season and the current 2019/2020 season.

UEFA Champions League

For the 2018/2019 season, broadcast rights revenue allocations by UEFA were as follows:

UEFA Champions League Broadcast Rights Revenue 2018-19

(million €)	
Play-Offs	30
Participation Bonus	472
Performance Bonus	585
Market Pool	292
Group Performance	259
Round of 16	152
Quarter-Finals	84
Semi-Finals	48
Final	34
Balance	20
Total	1,976

Source: UEFA

In the 2018/2019 season, F.C. Barcelona received the most revenue of all European clubs (approximately €117.7 million). In the 2018/2019 season, Inter received approximately €48.2 million for their participation in the group stage, and an additional approximately €3.2 million having transferred to the UEFA Europa League after placing third of its group, including market pool receipts. Of the other Italian clubs, Juventus received approximately €95.5 million, AS Roma received approximately €57.6 million and Napoli received approximately €49.8 million, with the latter club earning an additional approximately €6.7 million after transferring to the UEFA Europa League.

The rules of the competition are considered to be a contract between clubs and UEFA (which negotiates agreements for the sale of rights to different broadcasters) in relation to the distribution of UEFA Champions League broadcasting income as outlined above. The exact distribution to the clubs is published by UEFA annually. Therefore, no assurance can be given about the exact split of income for any future Champions League competition.

UEFA Europa League

UEFA is the owner of the media rights for its competitions. UEFA is also the owner of commercial rights from the round of 32 to, and including, the final; however member associations and their affiliated organizations or clubs are authorized to exploit the commercial rights (other than the media rights) of the home group stage matches which take place under their respective auspices subject to certain rights granted by UEFA.

For the 2018/2019 season, the allocations by UEFA were as follows:

UEFA Europa League Broadcast Rights Revenue 2018-19

(million €)	
Participation Bonus	132
Performance-Based Coefficient Bonus	84
Market Pool	168
Group Performance	100
Round of 32	16
Round of 16	18
Quarter-Finals	12
Semi-Finals	10
Final	13
Balance	7
Total	560

Source: UEFA

In the 2018/2019 season, SL Benfica received the most revenue of all clubs that participated in the Europa League (approximately €54 million) due to their Champions League group stage participation and quarter-finals Europa League finish. Of those clubs only participating in Europa League, Chelsea received the most revenue (approximately €46.4 million) due to their championship performance. Of the Italian clubs that only participated in Europa League, AC Milan received approximately €14.7 million and Lazio received approximately €15.3 million.

Having finished third in Group F in the 2019/2020 UEFA Champions League, Inter transferred to the 2019/20 UEFA Europa League, where they will compete in the round of 16 once the competition resumes in August 2020.

The rules of the competition are considered to be a contract between clubs and UEFA (which negotiates agreements for the sale of rights to different broadcasters) in relation to the distribution of Europa League broadcasting income as outlined above. The exact distribution to the clubs is published by UEFA annually. Therefore, no assurance can be given about the exact split of income for any future Europa League competition.

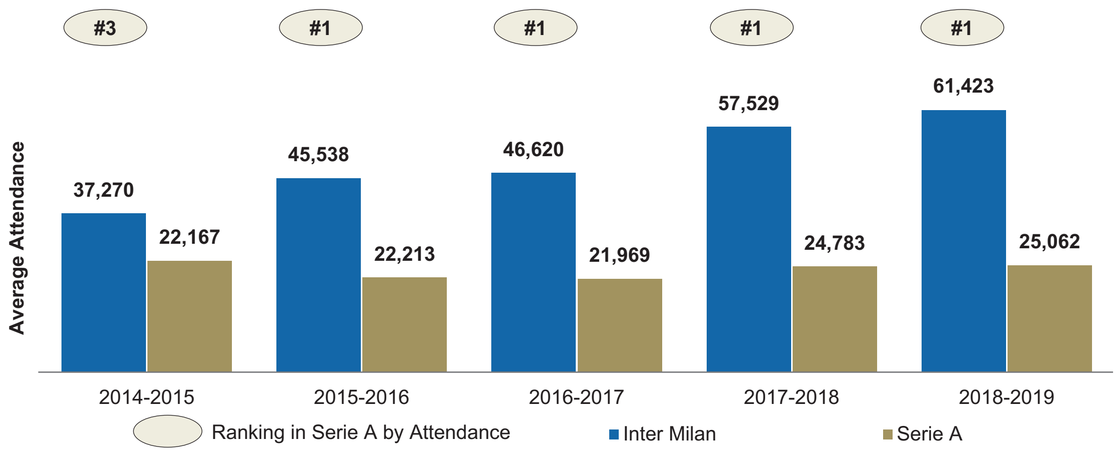
Sponsorship Rights

Inter is well positioned in Serie A due to Milan's characteristics as a city. Milan is generally well above the Serie A average in terms of size and demographic characteristics. According to BMI, the Milan province has the highest GDP in Italy. Relative to the demographic characteristics of other Serie A clubs, according to BMI, the Milan province ranks:

- 2nd in terms of population of households
- 2nd in terms of size of labor force
- 1st in terms of GDP
- 1st in terms of GDP per capita

Match attendance indicates a sign of fan base strength, which is in turn influences sponsorship for a club. Inter has consistently ranked as the top club in Italy by attendance, outperforming the average of Serie A each year over the last five years. Inter has also been the Serie A club with the highest attendance over the last four years.

Average Attendance 2014-2015 to 2018-2019



Source: Transfermarkt

Main Sponsorships

Sponsorship is an important source of revenue for European football clubs, and the shirt and technical kit sponsorship rights represent the main components of the sponsorship revenues.

Pirelli has been Inter's "Official Main Sponsor" since the 1995/1996 season and holds shirt sponsorship rights (front and back) through the 2020/2021 season. Nike has been Inter's "Technical Sponsor" (which involves providing the team's kit and other apparel) since 1998 and their current contract is in place through the 2023/2024 season.

For the fiscal year ended June 30, 2019, Inter's revenue under the Nike contract was €10.0 million and under the Pirelli contract was €19.1 million.

Comparing this to other kit manufacturer and shirt sponsorship contracts in Europe, Inter believes it has still headroom to further grow its sponsorship contracts more in line with the top ten European clubs.

Kit Manufacturer Overview (2019)

Club	Company	Reported Annual Value (€m)
Real Madrid CF[1]	Adidas	110.0
FC Barcelona	Nike	105.0
Manchester United FC	Adidas	83.1
Manchester City FC	Puma	72.1
Chelsea FC	Nike	66.5
Arsenal FC	Adidas	66.5
FC Bayern Munich	Adidas	43.0
Tottenham Hotspur FC	Nike	33.3
Liverpool FC	New Balance	31.0
Paris Saint Germain	Nike	19.0
Average[2]		63.0

(1) The Adidas deal with Real Madrid CF is structured as an annual payment of €70 plus 22.5% of branded merchandise (which is valued at €30 annually).

(2) Average is the arithmetic average of the numbers presented in the table, and actual average may differ due to rounding.

Source: Brand Finance Report

Shirt Sponsorship Overview (2019)

Club	Company	Reported Annual Value (€m)
Real Madrid CF	Fly Emirates	70.0
FC Barcelona	Rakuten	55.0
Manchester United FC	Chevrolet	58.8
Chelsea FC	Yokohama	44.3
Arsenal FC	Fly Emirates	44.3
Manchester City FC	Etihad	38.8
Tottenham Hotspur FC	AIA	38.8
FC Bayern Munich	Deutshe Telekom	34.0
Liverpool FC	Standard Chartered	33.3
Paris Saint Germain	Fly Emirates	25.0
Average[1]		44.2

(1) Average is the arithmetic average of the numbers presented in the table, and actual average may differ due to rounding.

Source: Brand Finance Report

Several clubs have also pursued additional revenue streams through sleeve sponsorship, including Manchester City FC, Chelsea FC, FC Barcelona, Liverpool FC, FC Schalke 04, West Ham United FC, Leicester City FC and Borussia Dortmund, among others. However, unlike the teams listed above, Serie A prohibited its teams from entering into sleeve sponsorships until the end of the 2019/2020 season. Sleeve sponsorship will be allowed commencing with the 2020/2021 season and Inter has already signed a sleeve sponsorship agreement.

COVID-19's impact on the football industry

The football industry has been materially impacted by the COVID-19 pandemic as strict social distancing measures led to a suspension of all major European competitions. In turn, clubs' income streams have been affected by the deferral or delay of broadcasting and commercial payments as well as the absence of gate receipts. While clubs' operating revenues have been reduced or delayed, operating costs (mainly player wages) have in certain instances also decreased based on first team staff negotiations with clubs.

All leagues in Europe, with the exception of the Belarus league, suspended their 2019/2020 championship due to the COVID-19 pandemic. At the time of this Offering Memorandum, the French, Belgian and Dutch professional football leagues have been permanently suspended for the 2019/2020 season. However, most of the top other European professional leagues have announced plans to resume and finish the 2019/2020 season. The German Bundesliga was the first league to resume matches behind closed doors on May 16, 2020. The Italian Serie A, in which Inter competes, resumed matches behind closed doors on June 20, 2020. The Spanish La Liga returned to competition on June 11, 2020, while the English Premier League returned to competition on June 17, 2020. On June 17, 2020, UEFA announced that the UEFA competitions (including UEFA Champions League and UEFA Europa League) will resume behind closed doors, subject to an assessment of the situation and the local authorities' determination, and will be played on a condensed time frame, with the remaining round of 16 matches of the UEFA Champions League and the UEFA Europa League to be played between August 5 and August 8, and the rest of these tournaments to be played as a final eight straight knock-out tournament between August 12 and 23, 2020.

To try to ensure a safe restart of the football season, the Bundesliga, which was the first league to resume, has taken various safety measures, such as the absence of fans in stadiums, frequent and ongoing testing of players, disinfected balls and social distancing on and off the pitch (for example, substitutes sitting two meters apart on the bench and no hugging during goal celebrations). In addition to empty stands, players not on the pitch must wear a facemask with the exception of the head coach. In the other European leagues which are yet to be resumed, safety measures are still to be determined. For the remaining matches of the 2019/2020 season, Premier League and Serie A teams will be allowed to make five substitutions per match (instead of three) in order to further protect the players' welfare.

ISSUER'S BUSINESS

This section highlights certain key information regarding the Issuer's business and operations. Frequent reference is made in this section to Inter and Inter's on-pitch performance because, despite the fact that Inter does not guarantee payment under the Notes, our business, results of operations, financial condition and cash flow are related to Inter's operations and performance on the pitch.

Overview

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

We generated revenue of €110.1 million, Adjusted Revenue of €267.7 million and Cash Available for Debt Service of €279.7 million for the twelve months ended March 31, 2020. We generate Adjusted Revenue through two principal business activities, media and sponsorships:

- ***Media:*** We generate Adjusted Media Revenue through the receivables associated with Inter's broadcasting rights ("**Indirect Media Revenue**") and from Inter TV, our subscription-based television channel, and the licensing of Inter's archive content rights ("**Direct Media Revenue**"). Our Adjusted Media Revenue was €173.8 million for the twelve months ended March 31, 2020, which constituted 64.9% of our Adjusted Revenue. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Performance Indicators—Adjusted Revenue*". For the twelve months ended March 31, 2020, Indirect Media Revenue constituted 90.7% of our Adjusted Media Revenue and Direct Media Revenue constituted 9.3% of our Adjusted Media Revenue.

- ***Sponsorships:*** We generate Sponsorship Revenue through sponsorship relationships with leading international and regional companies pursuant to a global, regional and product segmentation sponsorship strategy. Our global sponsorships include leading brands such as Nike, Pirelli, Jiangsu Suning, Lenovo and Crédit Agricole. Our Sponsorship Revenue was €93.8 million for the twelve months ended March 31, 2020, which constituted 35.0% of our Adjusted Revenue for the twelve months ended March 31, 2020.

With a history dating back to 1908, Inter is one of the leading European football clubs and one of the top football clubs in Italy. Inter is the only club to have played every season in Italy's top football league, known as Serie A, since the league's inception in 1929, and is the only club in Serie A that has never been relegated to a league with a lower standing. Inter has won 30 domestic trophies (including 18 Serie A championships, seven TIM Cup titles and five Supercoppa TIM titles), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010, Inter became the first Italian team to complete the "Continental Treble" by winning the titles in Serie A, TIM Cup and UEFA Champions League all in the same season. Since 2000, Inter has won the Serie A championship five consecutive times, from 2005/2006 to 2009/2010.

The club is headquartered in Milan, the fourth wealthiest European metropolitan area (measured by GDP for 2016) that is home to a major football club. The team's home matches are played at Stadio Giuseppe Meazza ("**San Siro**") in Milan, which the team leases together with rival A.C. Milan. San Siro has a listed capacity of 78,328, which ranks as the largest stadium in Italy and one of the top ten largest stadiums in Europe. The club's shirt-front sponsor is Milan-based tire producer Pirelli, which has been Inter's shirt-front sponsor since 1995, and the official kit provider is Nike, which has provided Inter's kit since 1998.

According to the Nielsen Sport Report, Inter had a potential fan base of approximately 286 million fans (those who claim to be "interested" in Inter) across 45 countries worldwide in 2019, placing the team 9th in terms of global popularity among major European football teams. In addition, according to the Iquii Sport Report, Inter has approximately 32 million social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube), placing the team 12th in terms of global popularity among major European football teams. Inter's number of digital followers grew by an estimated 54% in 2019 compared to the previous year. Inter also has a solid presence in China and was the first football club to participate in the China International Import Expo (CIIE) from its inauguration in 2018. According to Transfermarkt, over the last two years, Inter has had the highest stadium attendance in Serie A, with an average match attendance of approximately 61,400 for the 2018/2019 season and approximately 65,800 for the 2019/2020 season to date, compared to a Serie A average of approximately 25,100 in 2018/19 and 27,200 in 2019/20. Inter also engages with supporters on a variety of digital platforms, including its website, www.inter.it, which had approximately four million unique page views in the month of January 2020.

We are indirectly owned by Inter, which in turn is owned by Great Horizon S.à r.l. ("**Great Horizon**") (68.55%), International Sports Capital S.p.A. ("**ISC**") (31.05%) and minority shareholders (0.40%). Our majority shareholder Great Horizon is part of the Suning Group ("**Suning**"), a Chinese conglomerate founded in 1990 which ranked among the top three non-state owned enterprises in China by revenue in 2019. Suning has businesses in a variety of sectors, including retail, real estate, financial and investment management services, education, culture, health, entertainment, media and sports investment. Suning is an experienced owner of sports businesses, as it owns the Chinese football club Jiangsu Suning FC, which plays in China's top division. In addition, Suning's industry experience, combined with its strong presence in Asia, provides us with significant opportunities for commercial synergies in the Asian market.

Our Competitive Strengths

We believe that we have the following competitive strengths:

We benefit from strong historical financial performance and future growth prospects.

We benefit from strong historical financial performance and future growth prospects from our media and sponsorship activities. Over the last three fiscal years, our Adjusted Revenue has increased from €220.7 million in the fiscal year ended June 30, 2017, to €238.6 million in the fiscal year ended June 30, 2018, to €291.0 million in the fiscal year ended June 30, 2019, a CAGR of 14.8%. Serie A's broadcast revenue is determined by multi-year contracts between the *Lega Nazionale Professionisti di Serie A* ("**LNP**") and the broadcasters and is then allocated among Serie A teams as determined by a formula that places an increasing importance on a team's social rooting determined on the basis of live audience and television audience share. As Inter is the top football club in Italy based on live audience and the second ranking club based on television audience share, we are currently allocated one of the largest portions of Serie A revenue. See "*Issuer's Business—Our Revenue Drivers—Media—Indirect Media Revenue—Serie A*". For the 2016/2017, 2017/2018 and 2018/2019 seasons, our Serie A Indirect Media Revenue was €90.0 million, €100.7 million and €94.9 million, respectively. Given Inter's long history of success at the domestic and international levels, together with Inter's high match attendance rate, even if it had finished near the bottom of the Serie A league table in any of the past three seasons, our Serie A Indirect Media Revenue would still have been approximately €80 million in that season (including the average effective VAT rate from 2018 and 2019). On October 10, 2017, LNP announced that the international–only Serie A broadcasting rights for the 2018-2021 seasons had been sold for €371.0 million per season, a 95% increase in value over the annual amount for each of the previous three seasons. On June 13, 2018, the domestic broadcasting rights for Serie A for the 2018-2021 seasons were sold for €973 million per season, with the opportunity for revenues to increase by an additional €150 million per year based on provider subscription and revenue growth, compared to €945 million annually from 2015 to 2018. The Serie A broadcasting rights have been awarded to Sky Italia and DAZN for national distribution and to IMG for international distribution.

Since the 2018/2019 season, four teams, rather than three teams, in Serie A qualify for the UEFA Champions League. This change created an additional opportunity for Inter to qualify for the UEFA Champions League, which would increase payments under many of our existing sponsorship contracts, including the contracts with Nike and Pirelli, and enable us to collect significantly higher UEFA Indirect Media Revenue and provide greater visibility and increased opportunities for more lucrative sponsorships. In both seasons following this change, we qualified for the UEFA Champions League, and during the 2018/2019 season, when Inter returned to the UEFA Champions League, our UEFA Indirect Media Revenue increased to €50.1 million compared to €0.5 million in the 2017/2018 season and €7.6 million in the 2016/2017 season. This increase in our UEFA Indirect Media Revenue contributed to an increase in our Adjusted Media Revenue and Sponsorship Revenue to €160.3 million and €130.5 million, respectively, for the fiscal year ended June 30, 2019 compared to €115.6 million and €122.5 million, respectively, for the fiscal year ended June 30, 2018 and €112.3 million and €108.3 million of Adjusted Media Revenue and Sponsorship Revenue for the fiscal year ended June 30, 2017.

We also derive significant revenue from our sponsorship contracts. Our Sponsorship Revenue was €108.3 million, €122.5 million and €130.5 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. We benefit from long-term sponsorship contracts with partners such as Nike (kit provider for the last 22 years) and Pirelli (shirt sponsor for the last 25 years). The Nike contract provides for an annual base fee, which may be increased by certain performance incentive payments in the event that the club wins various tournaments such as the Serie A championship, the UEFA Champions League or the FIFA Club World Cup and is reduced if the club fails to qualify for European competition or is relegated from Serie A. We received €10.0 million under the Nike contract for the fiscal year ended June 30, 2019 compared to €4.3 million for the fiscal year ended June 30, 2018 due to Inter's return to the UEFA Champions League in the 2018/2019 season as well as the current season and we expect to receive €12.5 million as the base fee for the fiscal year ended June 30, 2020. See "*Issuer's Business—Our Revenue Drivers—Sponsorships—Kit Sponsors—Nike*". Under our current shirt sponsorship agreement with Pirelli, we receive a base compensation which increases over the contract period to €12.8 million in the current 2020/2021 season, subject to certain performance-related enhancements and reductions. In December 2016, we signed the Naming Rights and Sponsorship Agreement with Jiangsu Suning Sports Industry Co. Ltd. ("**Jiangsu Suning**"), a Chinese sports business owned by our majority shareholder Suning, granting Jiangsu Suning naming rights for Inter's training kit and training center, as well as additional sponsorship rights in Asia. Since December 21, 2017, when the Existing Notes were issued, we have received approximately 53% of the €16.5 million annual sponsorship base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit and Inter has received the remaining 47%, which relates to the naming rights of the training center. On July 1, 2020, the Naming Rights and Sponsorship Agreement was further amended to reflect a two-year extension until 2022, which increases the certainty of the revenue arising thereunder by replacing the performance based contingent compensation with an extension of the base fee. We recognized €6.4 million of revenue from the Naming Rights and Sponsorship Agreement in the nine months ended March 31, 2020.

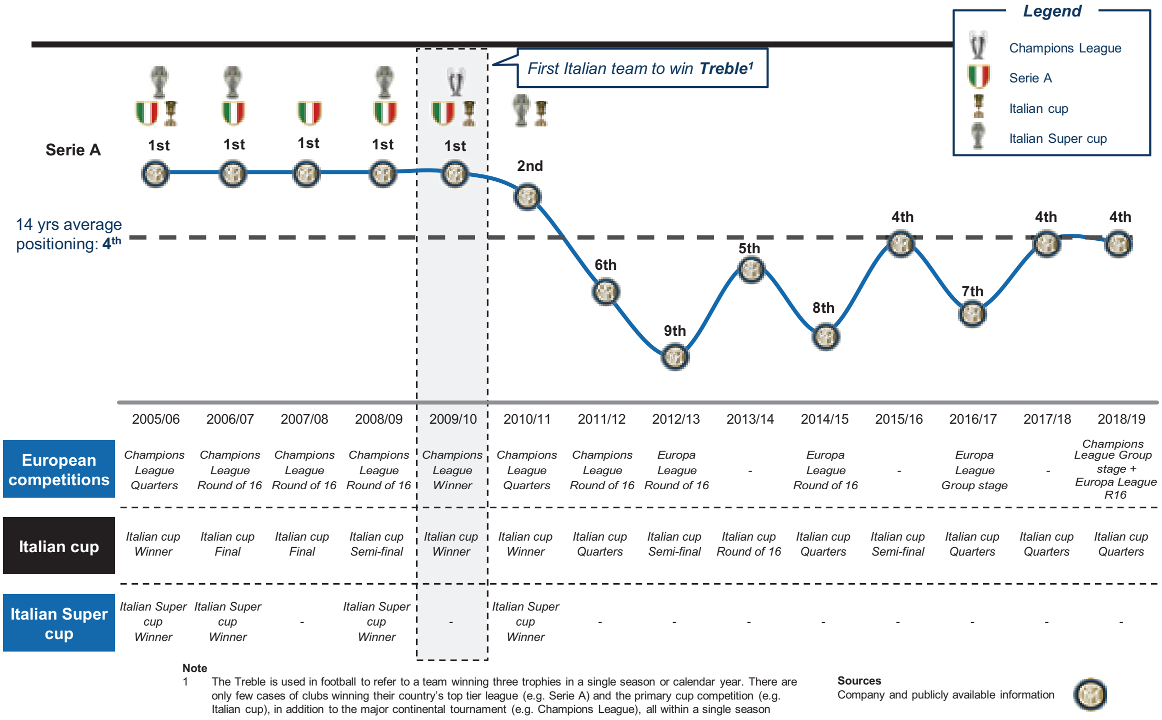
Additionally, we have an agreement with Infront Italy S.p.A. ("**Infront**"), a global sports marketing agency, with respect to the digitalization and marketing in Italy of archive content of matches played in Serie A (after the first 48 hours after the match has been played), as well as TIM Cup and Supercoppa TIM matches (the "**Infront Archive Agreement**"). Infront digitizes and markets our archived content and provided a guarantee under the Infront Archive Agreement that we will receive €10.4 million, plus VAT, per season from the 2018/2019 season through the 2020/2021 season. We also receive revenue from Inter TV, our subscription based television channel, which delivers Inter-related programming through Sky Italia S.r.l. ("**Sky Italia**").

According to the KPMG Report, Inter is ranked third in the ranking of top clubs by overall enterprise value growth during the 2016-2020 period, with a growth of 146% which was mainly due to (i) a 168% increase in commercial revenue over the past five seasons, the highest growth rate among the top 32 European clubs, (ii) a 232% increase in social media followers since 2016, the highest growth rate among the top five clubs ranked by growth, and (iii) a significant decrease in staff costs-to-revenue ratio from 69% to 53% during the past five seasons.

Inter is one of the most iconic European football clubs with a global and passionate fan base making the Inter brand one of the most recognizable and valuable in the sport.

Inter's global and passionate fan base, combined with its iconic history, makes the Inter brand one of the most valuable and recognizable in the sport. With a history dating back to 1908, Inter is the only club to have played every season in Serie A since the league's inception in 1929, and it is the only club that has never been relegated from Serie A. Inter has won 18 Serie A championships, seven TIM Cup titles, five Supercoppa TIM titles, three UEFA Champions League titles, three UEFA Cup League titles, two Intercontinental Cups, and one FIFA Club World Cup title. In 2010, Inter won the Serie A championship, the TIM Cup and the UEFA Champions League, becoming the first and only Italian club to have won all three competitions in the same year, the "Continental Treble". Inter's iconic black and blue jersey has been worn by some of the world's most famous players, including Giuseppe Meazza, Treble-winning team members Javier Zanetti, Marco Materazzi, Diego Milito and Samuel Eto'o, 1965/1966 Serie A and Intercontinental Cup-winning team members Sandro Mazzola and Giacinto Facchetti and Ballon d'Or winners Lothar Mattheus, Roberto Baggio, Karl-Heinz Rummenigge and Ronaldo. Inter's current roster includes 17 players out of 23 who have played for their respective national teams and players of world class caliber such as Romelo Lukaku and

Christian Eriksen. The chart below shows Inter's final position in the Serie A league tables since the 2005/2006 season, as well as its performance in European and domestic competitions.



According to the Iquii Sport Report, Inter has a global fan base of approximately 32 million social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube), placing the team 12th in terms of global popularity among major European football teams. According to Transfermarkt, over the last two years, Inter has had the highest stadium attendance in Serie A, with an average match attendance of approximately 61,400 for the 2018/2019 season and approximately 65,800 for the 2019/2020 season to date, compared to a Serie A average of approximately 25,100 in 2018/2019 and 27,200 in 2019/2020. Inter established for the first time a waiting list for supporters to be first in line to obtain season tickets for the 2020/2021 season after season tickets for the 2019/2020 season sold out. Inter also engages with supporters on a variety of digital platforms, including its website, www.inter.it, which had approximately four million unique page views in the month of January 2020.

The Milan market drives high media and sponsorship revenues.

Milan is the most populous and wealthy metropolitan region of Italy, with a population of 8.2 million and a GDP per capita of €45,699 in 2013 (source: BMI), the highest of any Italian metropolitan region. Milan is also considered the business capital of Italy and a diverse group of large companies such as Pirelli, Campari, Dolce & Gabbana, Armani, Luxottica and Vodafone Italia are headquartered in the city. Milan is also ranked as the 16th most popular tourist destination globally and the most visited city in Italy, with approximately nine million international visitors each year. Each year, Milan is host to a number of high-profile global events, such as Milan Fashion Week and the Grand Prix of Italy. Milan's per capita wealth and purchasing power, global businesses and robust international tourism industry combine to provide an ideal market for the Inter brand, supporting Inter's attractiveness to corporations for advertising, sponsorships and premium seating.

Football is the most popular sport in the world and Serie A is one of the top professional leagues worldwide.

European professional football is one of the leading spectator sports in the world. Football events have a significantly higher number of global viewers than American football events such as the Super Bowl, with the 2015 UEFA Champions League final drawing 180 million total global viewers and the FIFA World Cup 2018 final drawing 517 million total global viewers, as compared to 98 million total global viewers of the Super Bowl in 2019. According to the Deloitte Report, there has been a continued growth in European competition media rights, demonstrated by a 39% growth in average annual distribution revenue to clubs from UEFA Champions League and UEFA Europa League. Serie A is one of the most popular and highest revenue-generating leagues in Europe and is estimated by Iquii to have approximately 200 million social media fans. In their 2018 Club Licensing Benchmarking Report (the most recent year in which the report has been published), UEFA estimated that in the 2019/2020 season, Serie A clubs would generate a combined €1.3 billion in total broadcasting revenue, the fourth highest among European domestic leagues. UEFA's estimates are based on data from 2018 (most recent year report has been published). The domestic broadcasting rights for Serie A for the 2018-2021 seasons were sold for €973.0 million per season and the international rights to Serie A matches have been sold for €371.0 million per season for the same three-season period, a 95% increase on their value for the preceding three seasons. Finally, the Deloitte Report indicates that Serie A is one of the fastest growing European domestic leagues with a 30% total revenue growth since the 2016/2017 season and a 44% growth in the sponsorship and other commercial revenue growth since the 2016/2017 season.

Serie A has the second highest track record of UEFA titles won in its long history of success, with its participant clubs having won 30 UEFA titles, including 12 UEFA Champions League titles (and competing in the UEFA Champions League final 28 times in 64 years of the tournament's existence), nine UEFA Europa League titles and nine UEFA Super Cup titles. Serie A clubs have the second highest number of UEFA championship titles and UEFA Champions League appearances of all European domestic football leagues.

The Group has a highly experienced management team and strong shareholders.

The Group has a highly experienced management team focused on realizing the full sporting and commercial potential of our Group. The Group has attracted top managerial talent from other football clubs and global corporations with experience and expertise in the sports, finance, marketing, sponsorship and commercial sectors. The Group's Chief Executive Officer for Corporate, Alessandro Antonello has been with the Group since 2015 and has previously served as the Chief Financial Officer and as the Chief Operating Officer. Mr. Antonello brings over 20 years' experience in senior finance, administration and reorganization and restructuring to his role, including managerial experience with other well-known Italian brands, and is committed to stability and consistency in personnel and planning. In addition, the Group's Chief Executive Officer for Sport Giuseppe Marotta joined us in December 2018 and is highly regarded in Italian and world football, having been inducted in the FIGC's Hall of Fame of Italian Football in 2014. The Group's Chief Commercial Officer, Jaime Colas Rubio, joined Inter in July 2019, after previously serving as global sponsorship sales director for Real Madrid C.F., and plays a key role in attracting top tier sponsors to the club. Our management team has achieved key competitive, organizational, promotional and financial accomplishments quickly.

In June 2016, Suning, led by Zhang Jindong, acquired a majority interest (approximately 70%) of Inter through share purchase and subscription of shares from International Sports Capital S.p.A., which reduced its interest to approximately 30%. Suning continues to be highly committed to Inter, having injected additional funding by way of equity and Shareholder Loans. Suning has a proven track record of building successful sports businesses as it also owns the Chinese football club Jiangsu Suning FC. In addition, Suning provides direct access to the Asian market, with one of its affiliate businesses, Suning Commerce Group, operating over 4,000 points of sale in approximately 600 cities across China, as well as an e-commerce platform comprising a website, a mobile application and a TV channel, providing an integrated online and offline shopping experience that reaches millions of consumers in China and which can be used to maximize the reach of Inter's brand. Also as a result of this enhanced access to the Asian market, Inter has recorded a steady growth in commercial revenue originated from China and other Asian countries, which increased from €83 million in the fiscal year ended June 30, 2017 to €102 million in the fiscal year ended June 30, 2019. Another Suning business unit, Suning Sports Group, focuses on sports-related investments and business operations, including football club operations, sports e-commerce, content and media, copyright marketing, sports agency, the organization of football-related events, such as tours and friendly matches, and other sports businesses throughout China. This industry expertise, combined with Suning's broad Asian reach, provides us with significant opportunities for synergies, including sponsorship relationships and co-branding opportunities, among others.

The Issuer's financing structure provides protections for noteholders.

The Issuer's financing structure provides protections for noteholders, as the Indenture requires that the Issuer prioritizes the allocation of funds to various Secured Accounts to pre-fund operating expenses, debt service and taxes before making distributions to Inter. The Indenture also requires that the Issuer maintain a minimum Debt Service Coverage Ratio (on a historical and forward-looking basis) (as defined in "*Description of the Notes*") of 1.5x with such Debt Service Coverage Ratio to be tested semi-annually at the time of delivery of the financial statements for the Issuer's second and fourth financial quarters. Furthermore, the Indenture requires that the Issuer mandatorily redeem part of the Notes under certain circumstances related to relegation or agreements relating to indirect media rights no longer being in effect.

Our Strategy

We aim to increase our revenues and Inter's fan engagement. The key elements of our strategy are:

Continue to enhance our sponsorship revenue.

We believe that there are opportunities to further increase revenues from sponsorships, particularly through improving the terms of existing sponsorship contracts and entering into new sponsorship contracts. Commencing with the 2018/2019 season, we terminated our arrangement with Infront as our exclusive agent for the marketing and negotiation of sponsorship relationships in Italy and the rest of Europe and brought these functions in house. For the fiscal year ended June 30, 2019, the annual value of our global sponsorships amounted to €12.3 million and, since July 1, 2019, we have signed ten new sponsorship contracts, including with Lenovo, Acronis, Hugo Boss, Linkem, and A2A, which we expect to have a positive €7.1 million net impact on the overall annual value of our sponsorship contracts. Moreover, we have historically benefitted from a longstanding relationship with Pirelli as our exclusive shirt sponsor; however, as part of our strategy to expand the shirt sponsorship packages we can offer, we recently signed a new agreement with an Australian sponsor, which provides for the inclusion of the logo of the new sponsor on one of the sleeves of our team's jerseys starting from the next 2020/2021 season. The new sponsorship agreement provides for a fixed fee of €4.5 million, €4.8 million and €5.0 million (plus bonuses, upon achievement of certain sport results) for the fiscal years ending June 30, 2021, 2022 and 2023, respectively. Therefore, after the payment of a consent fee to Pirelli, we will benefit from a net increase of €2 million in our shirt sponsorship revenue for the fiscal year ending June 30, 2021. In addition, we plan to continue extracting additional value from our shirt sponsorship packages to possibly also cover the back of our team's jerseys.

According to the Deloitte Report, Inter's total commercial revenue of €154.5 million for the 2018/2019 season placed it 10th in the ranking of European football clubs by commercial revenue, compared to €317.2 million in commercial revenue earned by Manchester United, €356.5 million earned by Bayern Munich, €383.5 million earned by Barcelona and €354.6 million earned by Real Madrid. In the fiscal year ended June 30, 2019, Inter received a total of €29.1 million in combined revenue from its kit and shirt sponsorship deals with Nike and Pirelli, while other European clubs such as Real Madrid, Manchester United and FC Barcelona reported kit and shirt sponsorship deal values of over €100.0 million. We believe that a modest improvement in Inter's on-pitch performance could result in substantial increases in the market value of these contracts. We have also introduced a multi-sponsor strategy with respect to the players' kit, with different sponsors for Inter's training kit and for Inter's first team official kit, and we also intend to partner with additional sponsors for Inter's youth teams and Inter Academy, a youth football program that Inter operates in various global markets in partnership with local sports training centers.

Increase the value of the Inter brand by creating compelling content and increasing fan engagement.

We are focused on increasing the value of the Inter brand by creating a variety of compelling content to support increased engagement with Inter's fans across traditional media and digital platforms and to enhance the value proposition that the brand offers to current and potential sponsors. In September 2017, we have announced the Inter Media House project, a concept that combines production of all online and offline media content under one function and allows us to create high-quality, high-definition content that can be shared across all of Inter's content channels, including Inter TV (formerly Inter Channel), Inter's social media networks, Inter's mobile application and Inter's website. Inter Media House allows us to efficiently increase the scale of our content production while maintaining high production quality and enables us to engage with Inter fans around the world, including Inter's approximately 32 million (source: Iquii Sport Report) social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube). Our goal is to continue to promote our brand through innovative channels. For example, Inter was the first Italian football club with a TikTok profile and Inter is currently the most followed Italian football club on Weibo. We have also recently launched a Twitter account dedicated to Inter Women, the Inter women's team. As Inter's social media reach increases, we benefit from additional touchpoints with supporters worldwide, and this increased supporter engagement enhances Inter's appeal to sponsors and advertisers. We intend to continue focusing on developing premium and exclusive content to appeal to our fans and followers around the world and to continue to attract new supporters in a variety of markets. As part of our continuing development of the Inter Media House, we are now able to provide digital content also for our third-party sponsor partners, with the aim of further increasing their exposure in connection with off-the-pitch experiences by allowing, for example, camera access to locker rooms and training sessions. We also expect this strategy will support our Sponsorship Revenue as a result of a focus on the sale of digital content as part of our sponsorship arrangements. Finally, Inter has recently announced the launch of its own eSports team, Inter | QLASH in partnership with QLASH, a leading eSports content creator which creates and supports community gaming and eSports initiatives on both a local and global level. The creation of an eSports team is part of Inter's continuous effort to maintain a broad-based presence, with a particular focus on the interests of the younger fans.

In addition to providing fans with more and improved Inter content across diverse platforms, we aim to increase the level of engagement of Inter's fans with this content. For example, Inter Official App, which is available in three different languages, allows fans to purchase matchday tickets online, receive live updates during matches and view exclusive team content. Inter is also focused on developing programs offering special access to team events and photo opportunities to particularly engaged fans, as well as creating additional programs tailored to families, such as the "Family Stand" at San Siro, to continue building a new generation of support among Inter's youngest fans. Additionally, for the last three summers, Inter has participated in the International Champions Cup (in China and Singapore in 2017, France, Spain and Italy in 2018 and Singapore, China and the United Kingdom in 2019), a pre-season football tournament organized to allow elite European football clubs to connect with their fans and followers around the world. Inter intends to continue this success with future global off-season tours. Our and Inter's demonstrated commitment to grow Inter's fan universe and revenue base through a combination of compelling content across all media assets, team tours, strategic partnerships and on-pitch success makes Inter well-placed to capitalize on additional monetization opportunities with existing and future fans and allows us to benefit through enhancing existing sponsorships and providing opportunities for future sponsorships. This commitment to grow Inter's fan universe has led to a 232% increase in social media followers since January 2016, resulting in Inter's leading position in the top five clubs ranked by growth in social media followers according to the KPMG Report.

Our Revenue Drivers

We generate Adjusted Revenue through two principal business activities: media and sponsorships.

Media

We generate Adjusted Media Revenue through Direct Media Revenue and Indirect Media Revenue. Our Adjusted Media Revenue was €112.3 million, €115.6 million and €160.3 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which constituted 50.9%, 48.4% and 55.1% of our Adjusted Revenue for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. Our Adjusted Media Revenue for the nine months ended March 31, 2020 and the twelve months ended March 31, 2020 were €152.1 million and €173.7 million, respectively.

Direct Media Revenue

We generate Direct Media Revenue through the licensing of Inter's archive content and from our subscription-based TV channel Inter TV. Our Direct Media Revenue was €14.7 million, €14.4 million and €14.5 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which represented 6.7%, 6.0% and 5.0%, respectively, of our Adjusted Revenue. Our Direct Media Revenue for the nine months ended March 31, 2020 and the twelve months ended March 31, 2020 were €12.6 million and €16.2 million, respectively.

Archive Content Rights

Decree Nine provides that public television and radio broadcasting rights for Serie A matches must be sold on a centralized basis. As a result, domestic broadcasting rights for the first 48 hours after Serie A matches are played are jointly owned by *Lega Nazionale Professionisti di Serie A* ("**LNP**") and the playing clubs, and LNP negotiates all domestic and international broadcasting rights for these matches and allocates the resulting revenue among the 20 league member clubs in accordance with resolutions that are passed by the league. After the first 48 hours have passed, clubs are able to freely market the archive content of their home matches.

In June 2012, Inter entered into the Infront Archive Agreement with respect to the digitalization and marketing of broadcast rights in relation to matches played in Serie A, TIM Cup or Supercoppa TIM (after the first 48 hours) in Italy, Vatican City and San Marino. The Infront Archive Agreement was transferred by Inter to us. Pursuant to the Infront Archive Agreement, Infront agreed to digitize and market our archive content and to market certain promotional and advertising rights, including media packages, with television broadcasters and guaranteed to pay us a sum of €10.4 million, plus VAT, per season from the 2018/2019 season through the 2020/2021 season. We are required to pay Infront €250,000 plus VAT per season under the Infront Archive Agreement to cover costs associated with the digitalization of Inter's archive content. Amounts under the Infront Archive Agreement are paid in four instalments due by the end of October, February, April and June of each year. We have also granted Infront a non-exclusive, worldwide license for the use of our trademarks, logos and distinctive signs for the realization and marketing of electronic games, and the exclusive mandate to produce television feeds of official home matches of the TIM Cup and Supercoppa TIM. We recognize revenue directly from the Infront Archive Agreement and we recognized €10.0 million, €10.0 million and €10.0 million of revenue under this contract for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

We are also party to an agreement with RAI under which we have assigned to RAI certain rights relating to the use and distribution of archival recordings of Inter's home and away matches. The agreement also grants RAI the exclusive right to organize and produce three friendly youth matches between June 30, 2011 and June 30, 2041, the exclusive right to produce and market home videos of home matches and the non-exclusive right to produce and promote a cinema or television special on Inter's history. Proceeds received under this agreement are payable to us except for stipulated royalties to be paid to RAI. We recognized €0.6 million, €0.4 million and €0.4 million of revenue from RAI under this contract for the fiscal years ended June 30, 2017, 2018 and 2019, respectively and we will recognize €0.4 million in the fiscal year ended June 30, 2020.

Inter TV

Decree Nine gives each individual club the right to enter into direct agreements with pay-TV for broadcasting content other than live matches. We currently own and operate Inter TV, a subscription-based, pay-TV channel, which broadcasts a wide variety of Inter-related content, including news, highlights from matches, time-delayed match footage, and other programs devoted to player profiles, interviews, past and present players and match analysis.

We are the editor of Inter TV and are responsible for monitoring and supervising the channel's audio-video content. Sky Italia has been granted the exclusive license to distribute Inter TV through pay-TV in Italy, Vatican City and San Marino. Revenue generated from subscriptions to the channel are shared between us and Sky Italia. In addition, DAZN has been granted a license to distribute and broadcast Inter TV through DAZN's over-the-top platform in Italy, Vatican City and San Marino, as well as in the other countries where DAZN is authorized to broadcast Serie A matches.

Internationally, since July 2018 we have contracted with Great Mercury Limited ("**Great Mercury**") (which is an affiliate company of Suning) to broadcast Inter TV in China via Great Mercury's platforms (including via websites, internet-based apps, over-the-top and IPTV). This contract is in place through to June 2021. In addition, in August 2018 we entered into an agreement with IMG for the non-exclusive international exploitation of our archive rights and the exclusive distribution of Inter TV in several countries (including Australia, Austria, Canada, Denmark, Germany, Israel, New Zealand and United Kingdom). This contract is in place through to June 2021.

We receive additional income from Inter TV for sale of content (e.g. sale of the rights to broadcast friendly matches or other proprietary content), sale of facilities (e.g. technical services provided to broadcasters) and access to signal (related to home production matches and the technical access and support given to broadcasters), which amounted to €1.9 million, €1.6 million and €1.2 million for the fiscal years ended June 30, 2017, 2018 and 2019.

Indirect Media Revenue

We generate Indirect Media Revenue from certain broadcasting rights revenue generated by Inter, the receivables of which have been or will be assigned to us. We recognized Indirect Media Revenue of

€97.6 million, €101.2 million and €145.9 million for each of the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which constituted 44.2%, 42.4% and 50.1%, respectively, of our Adjusted Revenue. Our Indirect Media Revenue for the nine months ended March 31, 2020 and the twelve months ended March 31, 2020 were €139.5 million and €157.6 million, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Factors Affecting Our Results of Operations—Direct and Indirect Media Revenue—Indirect Media Revenue*".

Serie A

Since June 2011, the LNP has contracted with Infront for Infront to act as LNP's exclusive media rights advisor in respect of domestic and international broadcasting rights for Serie A matches. Pursuant to this agreement, Infront coordinates the marketing and sale of Serie A media rights to domestic and international broadcasters.

For the 2018-2021 Serie A seasons, Infront sold the international broadcasting rights to IMG Worldwide, Inc. ("**IMG**") and RAI for €371.0 million per season. LNP has also sold the Serie A domestic broadcasting rights to Sky Sport Italia and DAZN for approximately €973 million plus conditional performance bonuses of approximately €150 million for those same three seasons. See "*Risk Factors—Risks Related to the Issuer—Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including the impact of COVID-19 and competition from new leagues or tournaments*".

Decree Nine provides that LNP must pay an amount of 10% of the total annual Serie A media revenue to promote and develop the youth divisions of the clubs, to support formation and utilization of players which can be selected for the National junior football teams, to support investments in sport facilities and to support FIGC's facilities and activities with regard to youth leagues. After these allocations have been made, revenues from LNP's Serie A media rights contracts are allocated—pursuant to the Decree Nine, as amended by the Pacchetto Lotti—as follows:

- 50% allocated equally among all Serie A clubs;
- 30% distributed based on a sliding scale according to each club's historical and current performance (15% allocated on the basis of each club's results in the last Serie A championship in terms of points and ranking, 5% allocated based on each club's historical national and international results since the 1946/1947 season and the remaining 10% allocated on the basis of the club's ranking in the Serie A championships over the preceding five seasons); and
- 20% distributed to clubs based on each club's social rooting, which in turn is determined on the basis of live audience of each Serie A club (based on the number of paying spectators in the stadiums in the preceding three seasons and certified television audience share).

Inter has historically been allocated one of the largest portions of broadcasting revenue among Serie A clubs, largely due to the number of residents in the Milan metropolitan area, the number of Inter supporters and Inter's strong historic results. Our Serie A Indirect Media Revenue was €90.0 million, €100.7 million, and €94.9 million for the fiscal years ended June 30, 2017, 2018 and 2019, respectively, representing 8.0%, 8.3% and 8.2%, respectively, of total Serie A broadcast revenue for each season. Broadcasting revenue is allocated in seven installments, typically received in the months of July, August, September, November, January, March and May. The right to revenue receivables under the LNP media rights contracts are assigned to us.

The Law of December 30, 2018, no. 145 (2019 Budget Law) amended the Decree Nine with regard to the formula for the allocation of the broadcasting revenues to Serie A clubs. According to the new law, applicable from the 2021/2022 season, the broadcasting revenues will be allocated as follows: (i) 50% of the broadcasting revenues equally among all the Serie A clubs, (ii) 28% of the broadcasting revenues on the basis of each Serie A club's performance, and (iii) 22% of the broadcasting revenues on the basis of each Serie A club's social rooting. See "*Regulation—The 2019 Budget Law Amendment*".

UEFA

Inter receives a share of broadcasting rights and sponsorship revenue if it participates in the UEFA Champions League or the UEFA Europa League, and this revenue is or will be assigned to us.

Beginning in the 2017/2018 season, four teams qualify to participate in the UEFA Champions League in the following season and Inter has participated in the UEFA Champions League in the 2018/2019 and 2019/2020 seasons. In both of these seasons Inter reached the first round of tournament play, known as the "group stage". Inter participated in the UEFA Europa League in the 2018/2019 season (reaching the round of 16), and was participating in the current 2019/2020 season before the competition was suspended due to the COVID-19 pandemic.

Media and sponsorship agreements for the UEFA Champions League and UEFA Europa League typically run for three years, and are collectively negotiated and entered into by UEFA. Revenue from these broadcasting and sponsorship agreements is distributed to the participant clubs according to UEFA regulations that award 25% of the first €530 million in revenue to cover UEFA's administrative costs and divide the remaining 75% among the participant clubs. From the remaining 75%, each participant club receives (i) a fixed amount of prize money for qualifying for the group stage (the "**marketpool payment**"); (ii) an additional amount for each match played; and (iii) a bonus based on its performance in the group as well as for qualification for and performance in the round of 16, quarter-finals, and semi-finals. The runner-up and winner of the competition also earn additional amounts. For UEFA's revenues in excess of €530 million, 18% of the portion of UEFA's revenue over €530 million is assigned to cover UEFA's costs and the remaining 82% of the portion of UEFA's revenue over €530 million is distributed among the participant clubs.

The marketpool payment represents between 35% and 40% of amounts paid to participant clubs by UEFA and is distributed according to the proportional value of each television market represented by the clubs taking part in the tournament from the group stage onwards. For the 2018/2019 UEFA Champions League the marketpool payments to the clubs that finished first, second, third and fourth in Serie A were €11.4 million, €8.6 million, €5.7 million and €2.9 million, respectively. Once the marketpool payments have been made, each qualifying club receives a fixed participation bonus and additional amounts for wins and draws and for advancing to certain stages of the tournaments. For 2018/2019, the participation bonus for the UEFA Champions League was €14.5 million. Each club then received €2.7 million for each tournament win and €0.9 million for each draw. Furthermore, qualifying for the round of 16 earned an additional €9.5 million per club, qualifying for the quarter-finals earned an additional €10.5 million per club and qualifying for the semi-finals earned an additional €12 million per club. Each of the winner and runner-up earned an additional €15 million, with the winner earning an additional €4 million. In the 2018/2019 season, the highest paid team in the UEFA Champions League, Liverpool F.C., received €65.5 million, in addition to performance bonuses for wins and draws and their share of the marketpool. In the 2018/2019 season, Inter participated in the UEFA Champions League and reached the group stage. As a result, Inter received €48.5 million in prize money, which was assigned to us.

Prize money for the 2018/2019 UEFA Europa League was significantly smaller. Marketpool payments to each of the fifth, sixth and seventh placed Serie A clubs for qualifying for the UEFA Europa League were €2.2 million. After the marketpool payment, the most a club competing in the UEFA Europa League could hope to earn was €17.35 million, in addition to performance bonuses for wins and draws and their share of the marketpool. In the 2018/2019 season, the highest paid team in the UEFA Europa League received €17.75 million. Inter transferred to the UEFA Europa League having come third of its ground at the UEFA Champions League, and subsequently reached the round of 16. As a result, Inter received €3.2 million in prize money, which was assigned to us. Inter also qualified for the UEFA Europa League in the 2016/2017 season but was eliminated in the group stage; Inter received €7.6 million in prize money (gross of sanction payments relating to Inter's settlement agreement under the UEFA Financial Fair Play Regulations), which was assigned to us.

Sponsorships

Our Sponsorship Revenue comprises revenue from sponsorship relationships with leading international and regional companies around the globe. We have global sponsorship arrangements with Jiangsu Suning (training apparel and training grounds naming rights), Nike (kit), Pirelli (shirt front), Lenovo (IT hardware) and Crédit Agricole (bank).We also have a number of supplier arrangements whereby the suppliers provide Inter with goods and services in exchange for a license to use the Inter brand in their advertising and for Inter's promise to use the supplier's brands and distinctive emblems within San Siro and other premises associated with Inter. We generated €108.3 million, €122.5 million and €130.4 million of Sponsorship Revenue for each of the fiscal years ended June 30, 2017, 2018 and 2019, respectively, which constituted 49.1%, 51.3% and 44.8%, respectively, of our Adjusted Revenue. Since June 30, 2019, we have signed ten new sponsorship contracts and renewed seven existing contracts on substantially the same terms or, for certain contracts, on better terms.

Our sponsors are granted various rights, which can include a combination of the following:

- rights in respect of the Inter brand, logo and other intellectual property;
- rights in respect of Inter's player and manager imagery;
- exposure on our television platform, Inter TV;
- exposure on the Inter website;
- exposure on interview backdrops; and
- advertising space on digital sign boards surrounding the pitch at San Siro.

Any use of our intellectual property rights by sponsors is under license. However, we retain the ownership rights in our intellectual property.

The table below details our sponsors as of July 1[(1)], 2020:

Sponsor	Type of sponsorship	Product category	Contract Expiration Date
Pirelli	Global Main Sponsor / Institutional Sponsor / Main Sponsor / Official Tyre / Official Car Service Center	Tyres	June 30, 2021
Nike	Technical Sponsor	Apparel	June 30, 2024
Suning	Official Training Grounds Naming Rights Partner	Electronics	June 30, 2022
Lenovo	Global Technology Partner	IT Hardware	June 30 2022
Credit Agricole	Top Partner / Official Bank	Bank	June 30, 2021
Manpower	Premium Partner	Staffing	June 30, 2022
SnayPay (Snaitech)	Official Regional Partner Value-Added Services Partner	Payment Systems	June 30, 2022
Volvo	Official Car Partner	Cars	June 30, 2021
Sky	Media Sponsor	Media Partner	June 30, 2021
Dazn	Media Sponsor	Media Partner	June 30, 2021
Frecciarossa (Trenitalia)	Premium Partner / Official Train	Train	June 30, 2022
Lyoness/Cashback	Premium Partner	Affinity Card	December 31, 2020
Locauto	Premium Partner / Official Rent-A-Car	Car rental	June 30, 2022
A2A	Official Energy Partner	Energy	June 30, 2021
Acronis	Official Cyber Protection Partner	Cyber Protection	June 30, 2022
Linkem	Connecting Partner / Internet Partner	Internet	June 30, 2021
RDS	Official Entertainment Partner / Official Partner / Official Radio	Radio	June 30, 2021
DentalPro	Official Dental Care Partner / Official Partner	Dental Care	June 30, 2020
Carimi	Official Electrical Partner	Electrical Equipment	June 30, 2021
Esprinet (Nilox)	Official Partner	Overboard	June 30, 2021
Fratelli Beretta	Official Supplier	Food	June 30, 2021
Hugo Boss	Official Fashion Partner	Formalwear	June 30, 2021
Konica Minolta	Official Workstyle Provider / Official Supplier	Consumer electronic	September 20, 2020
Gattinoni	Official Supplier	Travel	June 30, 2021
La Molisana	Official Supplier / Official Pasta	Pasta	June 30, 2021
Sony Entertainment (PlayStation)	Content Partner	Entertainment	December 31, 2021

(1) Because of the extension of the current sport season due to the COVID-19 outbreak, the sponsorship agreements with each of Mastercard, La Gazzetta dello Sport, Gatorade, Technogym, Sixtus and GR Group will remain in force until the end of the 2019/2020 season, although they expired on June 30, 2020.

Sponsorship Development and Strategy

We have a dedicated in-house sales team that focuses on developing more targeted sponsorship opportunities and building strong relationships with current and potential sponsors. See "*Risk Factors—Risks Related to the Issuer—In July 2018, we took over the marketing and negotiation of our sponsorship agreements from Infront and no longer receive a minimum revenue contractually guaranteed under our Infront Marketing Agreement".*

Kit Sponsors

As of March 31, 2020, Inter had two kit sponsors: Nike, which supplies Inter's training and competition kit, and Pirelli, which as shirt sponsor holds the naming rights for Inter's competition kit. We generated €18.6 million, €20.5 million and €29.1 million of kit sponsorship revenue in aggregate from Nike and Pirelli for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Nike

The Nike Swoosh® has been on the front of Inter's shirts since the 1998/1999 season. Inter's sponsorship agreement with Nike expires on June 30, 2024 (or 30 days after the last match of the 2023/2024 season, whichever occurs later). Under the terms of Inter's sponsorship agreement with Nike, which was transferred to us, we have granted to Nike the exclusive right on a global basis to manufacture and sell footwear, sports apparel, equipment, training and other products featuring the Inter brand (including through the use and sublicense of our Inter-related intellectual property rights and athlete images in connection with retail operations, sports rating and training systems) and Nike's website, and certain hospitality rights. Pursuant to this agreement, we have appointed Nike as the exclusive authorized supplier of footwear products, apparel and equipment to Inter, including Inter's training kit.

The contract provides for an annual base fee, which may be increased by certain performance incentive payments in the event that the club wins various tournaments such as Serie A, the UEFA Champions League or the FIFA Club World Cup. The agreement also provides for performance-related payment reductions depending on if and how many times during the agreement period Inter fails to qualify for the UEFA Champions League or UEFA Europa League and if Inter is relegated from Serie A.

Under the terms of the agreement, Nike is granted standard termination rights, including the right to terminate the agreement for failure by Inter's first team, for any reason (such as player strikes), to compete in at least three domestic or two international matches or competitions per year or in the event of a material reduction in the dimensions of the kit manufacturer's logo from those agreed to pursuant to the agreement on the Nike kit worn by all of Inter's teams.

We received €9.4 million, €4.3 million and €10.0 million under our agreement with Nike for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. In the absence of any performance-related bonuses or penalties, we expect to receive annual revenues in line with the past three fiscal years for the remainder of the term of the contract.

Pirelli

Pirelli has been Inter's shirt-front sponsor since 1995. We received €9.2 million, €16.3 million and €19.1 million (exclusive of VAT) under our agreement with Pirelli for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. We expect to receive €12.3 million for the fiscal year ended June 30, 2020, assuming no performance penalties or bonuses apply.

Under our current sponsorship agreement with Pirelli, which runs through June 2021, Pirelli has the right to, among other things, have its logo displayed on Inter's shirts, advertise its products at San Siro and in Inter promotional materials, and benefit from certain hospitality rights. We receive a base consideration that increases over the contract period, up to €12.8 million in the 2020/2021 season. We also receive a performance-based bonus for qualification into the UEFA Champions League or the UEFA Europa League and additional bonuses for qualification to the round of 16, quarter-final, semi-final and final in each league. The maximum amount we can receive as a performance bonus is €13.0 million.

The sponsorship fee is reduced by 40% if Inter is relegated to a league other than Serie A, and Pirelli has the right to terminate the contract if Inter, once relegated, fails to obtain a subsequent promotion in the immediately succeeding seasons. Pirelli also has the right to terminate the contract if Inter is excluded from the UEFA Champions League or the UEFA Europa League as a result of breach of the Financial Fair Play Regulations.

Global, Regional and Supplier Sponsors

Jiangsu Suning

We, together with Inter, entered into the Naming Rights and Sponsorship Agreement with Jiangsu Suning on December 20, 2016. The Naming Rights and Sponsorship Agreement was amended on June 26, 2017 to grant Jiangsu Suning certain additional sponsorship rights that it may exploit only in Asia, including the right to sub-license certain of these sponsorship rights to third parties. We recognized a one-time, non-recurring payment of €25.0 million in the fiscal year ended June 30, 2017 relating to this amendment. Pursuant to the Naming Rights and Sponsorship Agreement, we and Inter granted to Jiangsu Suning certain commercial rights connected with Inter, including broadcasting rights, new media rights, interactive game rights, sponsorship rights, merchandising rights, licensing rights, advertising rights and ticket and hospitality rights. The Naming Rights and Sponsorship Agreement grants Jiangsu Suning the right to exploit these commercial rights in the consumer, electronic and household appliance, online and offline integrated platform operator, football-related operations and management and sport events broadcasting sectors worldwide. In return, Jiangsu Suning is required to pay a fixed sponsorship fee of €16.0 million per season, plus a bonus if Inter's first team achieves certain on-pitch performance targets. Since December 21, 2017, we have received approximately 53% of the base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit as well as any performance bonus, whilst Inter has received the remaining 47%, which represents the naming rights of the training center. The Naming Rights and Sponsorship Agreement also includes a non-exclusive, royalty-free license granted to each party to use the other parties' intellectual property as necessary in order to carry out their respective duties under the contract.

On July 1, 2020, the Naming Rights and Sponsorship Agreement was further amended to reflect a two-year extension until 2022. Even though the amendement does not provide for any contingent performance bonus fees, this extension allows us to receive certain contracted revenues, regardless of our performance.

Other global, regional and supplier sponsors

In addition to sponsorship revenue from Jiangsu Suning, Nike and Pirelli, we generated €45.6 million, €80.4 million and €92.3 million in the fiscal years ended June 30, 2017, 2018 and 2019, respectively, from other global, regional (including domestic) and supplier sponsors. The length of each sponsorship deal is generally between two and three years.

Global sponsors are granted certain marketing and promotion rights with respect to the Inter brand and intellectual property as well as exposure on our media and our website. The rights are granted on a global basis and are exclusive by category. Regional sponsors are granted certain marketing and promotion rights and media exposure; however, the rights are granted for a limited number of territories. Regional sponsors are able to use the rights in their designated territory on an exclusive basis; however, they are not granted global category exclusivity. In addition to the contracts with Nike and Pirelli, many of our global and regional sponsorship contracts provide for significant penalties, reductions or even termination if Inter is relegated from Serie A. Had Inter been relegated in the 2018-2019 season, and therefore required to play the 2019/2020 season in Serie B, we estimate that our Sponsorship Revenues for the fiscal year ended June 30, 2019 would have declined by approximately 35-45%.

We are dedicated to expanding the influence of the Inter brand and profiting from its already strong global recognition by increasing our number of global and regional sponsors. Our strategy focuses our efforts in Europe, but also in Asia and other markets we deem to be high-growth potential areas. See "—*Sponsorship Development and Strategy*".

Our other material sponsorship agreements are detailed below.

Lenovo

On July 7, 2019, we entered into a sponsorship agreement with Lenovo PC HK Limited ("**Lenovo**") that terminates on June 30, 2022. The agreement grants Lenovo certain rights as Inter's "Global Technology Partner". Lenovo provides Inter with technology services such as Lenovo servers, archives and software solutions, as well as PCs, laptops and tablets to manage the large amount of data generated by the club's interaction with football fans and supporters. This enables Inter to digitize and organize historical archives and current documents so that fans can more easily access the information.

The agreement with Lenovo provides for a sponsorship fee of €3.0 million per season. Lenovo has the right to terminate the agreement if Inter grants any sponsorship rights to any competitor of Lenovo engaged in the same business or, regardless of the business operated by the competitor, if Inter grants any sponsorship rights to certain named competitors of Lenovo.

Crédit Agricole

On June 28, 2018, we entered into a sponsorship agreement with Crédit Agricole Cariparma S.p.A. ("**Crédit Agricole**") that terminates on June 30, 2021. The agreement grants Crédit Agricole certain advertising rights as Inter's "Top Partner" and "Official Bank". Crédit Agricole also markets Inter-branded payment cards, specifically designed for Inter fans.

The agreement with Crédit Agricole provides for an aggregate sponsorship fee of €4.8 million during the term of the agreement (i.e. €1.5 million for the past 2018/2019 season, €1.6 million for the current 2019/2020 season and €1.7 million for the next 2020/2021 season). In addition, if Inter qualifies for the UEFA Champions League, we earn a bonus of €200,000 per season and if Inter wins the Serie A championship, we earn a bonus of €200,000 per season. Crédit Agricole has the right to terminate the agreement for certain reasons, including: (i) if Inter grants to other banking institutions either shirt sponsorship rights or naming rights of the training center or San Siro, (ii) if Suning Group ceases to own directly or indirectly Inter or the Issuer and this causes Suning Group to cease holding 51% of Inter or the Issuer's voting share capital and (iii) if Inter ceases to play in the Serie A championship.

Manpower

We entered into a sponsorship agreement with Manpower Italia S.r.l. ("**Manpower**") on October 9, 2019 that terminates on June 30, 2022. The agreement grants Manpower certain exclusive advertising rights as Inter's "Premium Partner" and/or "Official HR Partner".

The agreement with Manpower provides for a sponsorship fee of €950,000 per season. If Inter qualifies for the UEFA Champions League, we earn a bonus of €50,000 per season and if Inter wins the Serie A championship, we earn a bonus of €50,000 per season. Manpower has the right to terminate the agreement for certain reasons, including, inter alia: (i) if Inter grants identical sponsorship rights to any competitor of Manpower engaged in the same business, (ii) if Inter's corporate structure is subject to a reorganization, restructuring, transformation or modification, as well as to a change of control in the ownership, to the sole and exclusive extent that such an event makes it impossible for Inter to fulfil its obligation under the agreement, and (iii) if four or more matches per season are played in a sport facility other than the one where the first team of Inter usually plays or are played behind closed doors.

Advertising Spaces

We also generate revenue from selling advertising spaces on interview backdrops, digital field boards and in other locations throughout San Siro. Some sponsors purchase these spaces as part of their sponsorship or supplier contracts and other companies purchase the relevant advertising space without being an official Inter sponsor.

Inter Media House

Our traditional and digital media properties are an increasingly important means through which we engage with Inter's international fan base. We have recently launched an integrated, multi-platform media strategy under the umbrella of the Inter Media House in order to leverage the potential of our media properties. The Inter Media House combines the production of all traditional and digital media content under one function and allows us to create high-quality, high-definition content that can be shared across all of Inter's content channels, including Inter TV (formerly Inter Channel), Inter's social media networks, Inter's mobile app and Inter's website. The Inter Media House allows us to efficiently increase the scale of our content production while maintaining its high quality and enables us to engage with Inter fans around the world, including Inter's approximately 32 million (source: Iquii Sport Report) social media followers across the world (through Facebook, Twitter, Instagram, TikTok and YouTube).

As Inter's social media reach increases, we benefit from additional touchpoints with supporters worldwide, which enhances Inter's appeal to sponsors and advertisers. We intend to focus on continuing to develop premium and exclusive content to appeal to our supporters, members and paid subscribers and to continue to attract new supporters, sponsors and advertisers around the world. We have also established a new media platform to allow us to provide dedicated local programs tailored to local audiences, with various language offerings, geographic targeting and personalized content, such as fan pages on the Chinese social networking sites Weibo and WeChat. The Inter website, which attracted approximately four million unique page views for the month of January 2020, is published in six languages, which enables us to engage many of Inter's supporters in their native language.

With Inter Media House coordinating our content across all of Inter's offline and online media outlets, we are better positioned to create high-quality content in a variety of formats that will be attractive to a large variety of advertisers and sponsors, increasing global recognition of the Inter brand and leading to increased e-commerce sales on the Inter website. Inter Media House is integrated with our internal customer relationship management ("**CRM**") database, which allows us to generate customer data and information as well as supporter profiles of commercial value to us, our sponsors and our media partners. Our CRM database enables us to better understand the size, location, demographics and characteristics of Inter's supporter base on an aggregated basis and allows us to more effectively target our product and service offerings such as digital subscription services, merchandise and tickets. A deeper understanding of our supporter base is also valuable to sponsors and media partners who seek to access specific customer categories with targeted and relevant advertising.

Ownership of Intellectual Property

Our intellectual property is vital to the successful operation of our business, and is critical to driving the growth of our sponsorship revenue, particularly sponsorship revenue. Pursuant to an intellectual property licensing agreement, we have granted Inter a non-exclusive license to use our trademarks in their ordinary course of business. Additionally, certain of our sponsors, including Nike, have rights to use our intellectual property. In order to protect our brand we enter into contracts with sponsors which specify the ways and geographies in which they may make use of our intellectual property. See "*—Sponsorships—Kit Sponsors*" and "*—Global, Regional and Supplier Sponsors*".

We consider the Inter brand to be a key business asset and therefore have a portfolio of Inter-related registered trademarks and trademark applications and seek to maintain trademark registrations for the words "Inter Milan" and the club crest. We also actively procure copyright protection and copyright ownership of materials such as literary works, logos, photographic images and audio visual footage.

Enforcement of our trademark rights is important in maintaining the value of the Inter brand. There are numerous instances of third parties infringing on our trademarks, for example, through the manufacture and sale of counterfeit products. While it would be cost-prohibitive to take action in all instances, our aim is to reduce the number of Inter-related trademark infringements by carrying out coordinated, cost-effective enforcement action on a global basis following investigation of suspected trademark infringements. Enforcement action takes a variety of forms. In Italy, we work with enforcement authorities such as trading standards and customs authorities to seize counterfeit goods and to stop the activities of unauthorized sellers. Overseas enforcement action is taken by approved lawyers and investigators. Those lawyers and investigators are instructed to work with, where feasible, representatives of other football clubs and brands that are experiencing similar issues within the relevant country in order that our enforcement action costs can be minimized as far as possible. We also work with the UEFA in respect of infringements that affect multiple UEFA clubs, in particular in Asia. We also take direct legal action against infringers, for example, by issuing cease and desist letters or seeking compensation when we consider that it is appropriate to do so.

In relation to materials for which copyright protection is available (such as literary works, logos, photographic images and audio visual footage), our current practice is generally to secure copyright ownership where possible and appropriate. For example, where we are working with third parties and copyright protected materials are being created, we generally try to secure an assignment of the relevant copyright as part of the commercial contract. However, it is not always possible to secure copyright ownership. For example, in the case of audio visual footage relating to football competitions, copyright will generally vest in the competition organizer, and our usage of this footage would be governed by a license from the competition organizer.

The Collateral will include a pledge over the Issuer's material intellectual property rights. Such intellectual property will include the images below:

Competition

We believe our primary sources of competition include other types of television media, different outlets for sponsorship and advertising income (including with other sports and teams, other entertainment and events, television and other traditional and digital media outlets), other providers of sports apparel and equipment, other digital content providers and other forms of live entertainment, including other sports and teams.

Employees

As of March 31, 2020, we had a total of 44 employees, comprising three executives, three mid-level and junior managers and 38 employees.

Many of our employees are subject to collective bargaining agreements or are represented by unions. We have entered into all legally required union contracts. We have experienced no strikes or labor stoppages since our incorporation and we believe our relations with employees are good.

Legal Proceedings

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on our business, financial condition or operating results. Further, we believe that the probability of any significant losses arising from these legal proceedings is remote and accordingly no provision has been made in our balance sheet as of March 31, 2020.

Insurance

We maintain insurance policies that we believe are customary in our industry, and which comply with local laws and regulations. At a corporate level we maintain comprehensive policies covering general liability, property damage, third party liabilities and business interruptions. We also maintain standard group medical insurance for our employees covering accidents, permanent disablement, medical expenses and death. Each of our insurance policies is subject to deductibles and has exclusions that may prevent us from recovering in full for any loss we may suffer.

INTER'S BUSINESS

This section highlights certain key information regarding Inter's business and operations. Inter will not guarantee the Notes and is therefore not liable for amounts owning thereunder. As a consequence, noteholders are advised that they will not have recourse against Inter in respect of amounts owing on the Notes, and no undue reliance should therefore be placed on the financial results or operations of Inter in respect of the Issuer's ability to make payment on the Notes. However, Inter's operations are vital to the Issuer's business, results of operations, financial condition and cash flow.

Overview and Club History

Inter was founded in 1908 and is one of the leading football clubs in the world. Inter is the only club to have played every season in Serie A since the league's inception in 1929, and is the only club in Serie A that has never been relegated. Inter is considered a global sports franchise with a strong Italian and international following. For example, the Iquii Sport Report estimates ranked Inter 12th out of the Europe's top 20 most popular football club in terms of social media (Facebook, Instagram, TikTok, Twitter and YouTube), with a social media following of approximately 32 million.

Inter has won 30 domestic trophies (including 18 Serie A championships, seven TIM Cup titles and five Supercoppa TIM titles), three UEFA Champions League titles, three UEFA Cup titles, two Intercontinental Cups and one FIFA Club World Cup. In 2010, Inter became the first Italian club 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.

The following tables show the historical success of Inter's first team by trophies won:

Serie A Championships

1910	1920	1930	1938
1940	1953	1954	1963
1965	1966	1971	1980
1989	2006	2007	2008
2009	2010		

Supercoppa TIM / Supercoppa Italiana

1990	2006	2007	2009
2011			

UEFA Cup

1991	1994	1998

TIM Cup / Coppa Italia

1939	1978	1982	2005
2006	2010	2011	

UEFA Champions League

1964	1965	2010

FIFA Club World Cup

2010

Intercontinental Cup

1965	1966

Football Operations

Inter's football operations are primarily comprised of the first team, the youth sector, scouting networks, training operations and San Siro.

First Team

Inter's first team plays professional football in the Italian Serie A and participates in domestic competitions in Italy such as the TIM Cup. When achieving qualification, the first team has historically also participated in international football competitions, including the UEFA Champions League and the UEFA Europa League.

Inter is led by Alessandro Antonello, as Chief Executive Officer for Corporate, and Giuseppe Marotta as Chief Executive Officer for Sport, who are supported by a team including head coach Antonio Conte, assistant managers, coaches and scouts, as well as medical, physiotherapy, sports science, performance and match analysis staff. Inter's current head coach, Antonio Conte, was himself an accomplished professional football player, having played in Serie A and in 20 matches with the Italian national team. In his career as manager, he has won seven titles since 2011, five of which were with Juventus in Italy, including three consecutive Serie A titles, and two in England with Chelsea (Premier League and FA Cup in his first season in charge).

As of June 30, 2020, Inter's first team comprised 27 players, 12 of whom have more than 50 first team appearances. As of June 30, 2020, Inter had another 29 players under contract who were playing on its youth sector team. Players on the youth sector team are typically monitored and nurtured with a view to enabling them over time to join Inter's first team or, in exchange for transfer or loan fees, the first teams of other clubs. Inter has also historically invested to acquire world-class players from other clubs to join its first team, including current players such as Romelo Lukaku and Christian Eriksen and the transfer market value of its roster as of June 15, 2020 was over €500 million according to Transfermarkt, an increase of approximately 15% over the roster in 2017.

Inter and its players enter into contracts that follow a league-prescribed model contract. Inter's first team players generally enter into contracts of between three and five years' duration.

As of March 31, 2020, Inter's first team was composed of the following players:

Inter's 2019/2020 Team Roster

Name	Position	Nationality	Age	Apps(1)	Caps(2)	Years Left on Contract(3)
Berni Tommaso	Goalkeeper	Italy	37	0	0	0
Handanovic Samir	Goalkeeper	Slovenia	35	325	81	1
Padelli Daniele	Goalkeeper	Italy	34	8	0	0
Asamoah Kwadwo	Defender	Ghana	31	53	71	1
Bastoni Alessandro	Defender	Italy	21	18	0	3
Biraghi Cristiano*	Defender	Italy	27	27	7	4
D'ambrosio Danilo	Defender	Italy	31	195	3	1
De Vrij Stefan	Defender	Nederland	28	67	37	3
Godin Leal Diego	Defender	Uruguay	34	25	135	2
Pirola Lorenzo	Defender	Italy	18	0	0	5
Ranocchia Andrea	Defender	Italy	32	202	21	1
Skriniar Milan	Defender	Slovak Republic	25	119	31	3
Young Ashley	Defender	England	34	8	39	1
Agoume Lucien	Midfielder	France	18	1	0	2
Barella Nicolo'*	Midfielder	Italy	23	30	12	4
Brozovic Marcelo	Midfielder	Croatia	27	187	51	2
Candreva Antonio	Midfielder	Italy	33	138	54	1
Eriksen Christian	Midfielder	Denmark	27	9	95	4
Gagliardini Roberto	Midfielder	Italy	26	88	6	3
Moses Victor*	Midfielder	Nigeria	29	8	38	0
Sensi Stefano*	Midfielder	Italy	24	18	4	4
Valero Iglesias Borja	Midfielder	Spain	35	90	1	0
Vecino Falero Matias	Midfielder	Uruguay	28	94	41	2
Esposito Sebastiano	Striker	Italy	17	12	0	2
Lukaku Bolingoli Romelu	Striker	Belgium	27	36	84	4
Martinez Lautaro Javier	Striker	Argentina	22	67	17	3
Sanchez Sanchez Alexis Alejandro*	Striker	Chile	31	16	132	0

* Onloan players

(1) Apps means appearances for Inter's first team as of March 31, 2020.

(2) Caps means appearances for a senior national football team as of March 31, 2020.

(3) Contracts expiring on June 30, 2020 have been extended until August 31, 2020.

Inter is subject to regulations regarding domestic and international transfers of players. Domestic transfers of players between football clubs are governed by the Federazione Italiana Giuoco Calcio ("**FIGC**") regulations, which allow a professional player to enter into a contract with, and be registered to play for, any club, and to receive a signing-on fee in connection with such contract. Players are permitted to move to another club during the term of their contract if both clubs agree on such transfer. In such circumstances a compensation fee may be payable by the transferee club. Inter is also subject to the FIFA Regulations on the Status and Transfer of Players (the "**FIFA Regulations**"), governing international transfers of players between clubs. The FIFA Regulations may require a transferee club to distribute 5% of any compensation fee they pay to the clubs that trained the relevant player. The transferor club in an international transfer may also be entitled to receive payment of "training compensation" under the FIFA Regulations when certain conditions are met. If an out-of-contract player (i.e., a player whose contract with a club has expired or has been terminated) wishes to play for another club, the player's former club will only be entitled to a compensation fee in a domestic transfer, or a payment of training compensation under the FIFA Regulations in an international transfer, if certain conditions are satisfied, including conditions regarding the player's age and requiring the former club to offer the player a new contract on terms which are no less favorable than his current contract. Subject to limited exceptions, transfers of professional players may only take place during one of the "transfer windows". For Serie A, the summer transfer window runs from July 1 to August 31 (or the following Monday if August 31 falls on a weekend) and the January transfer window runs from January 2 to January 31 (or the following Monday if January 31 falls on a weekend).

Training Facilities

Inter has two training facilities, a first team training center and a youth training center. The first team training center, the Suning Training Center in Memory of Angelo Moratti, is a 79,500 square meter training facility located in Appiano Gentile, near Como, Italy. It includes four pitches, two goalkeeper training pitches, a gym, a spa, medical facilities, offices, a club house with 22 rooms, a restaurant, a press room and a church. The youth training center is located at the Suning Training Center in Memory of Giacinto Facchetti, a 30,000 square meter professional-level training and educational facility in the north of Milan, Italy. The training center includes three full-sized grass pitches, two synthetic pitches, one clay pitch, one seven-a-side pitch, a club house and dormitories. Both facilities are supported by a team of coaches, athletic trainers, doctors, physiotherapists, scouts and mediators who work together to train young footballers. In 2015, Inter completed a new state-of-the-art gymnasium for the first team training center, and has further improvements in various stages of planning and execution.

Youth Sector

Inter's youth sector trains and nurtures talented young footballers into professional footballers with a view to enabling them over time to join the first team. The youth sector currently comprises a number of youth footballing teams. Inter's under-19 ("**U19**") team, F.C. Internazionale Milano Primavera (the "**Primavera Team**"), plays in Group B of the Campionato Nazionale Primavera. Since its inception, the Primavera Team has won the league championship nine times, including in the 2017/2018 season, and the TIM Cup Primavera six times, including in the 2016/2017 season, making it one of the leading youth teams in Italian football. During the 2016/2017 season, Inter's youth teams achieved the "treble" by winning the U19 Championship, the U17 Championship and the U17 TIM Supercoppa Primavera. Three of the players on the current first team were sourced from the youth sector.

Scouting Network

Inter's scouting system works together with its youth sector team system to provide Inter with a pipeline of top football talent. Through its scouting system, Inter recruits players for both its first team and youth sector teams. The scouting system consists of a professional network of staff who scout in general and for specific positions and age groups.

Although Inter's scouting system has historically been focused within Italy, the club has increasingly shifted its focus to a more international approach, looking to areas in the rest of Europe and South America to identify and attract football players from a global talent pool, which would also help grow Inter's brand globally.

Property

San Siro Stadium

Stadio Giuseppe Meazza ("**San Siro**") has been home to both Inter and A.C. Milan since 1947. San Siro has a listed capacity of 78,328, making it the largest stadium in Italy and one of the ten largest stadiums Europe. San Siro was completed in 1926 and has hosted numerous high-profile matches, including the 1990 World Cup and the 2016 UEFA Champions League Final.

On July 1, 2000, Inter and A.C. Milan entered into a 30-year lease with the City of Milan under which they hold an exclusive right to use and manage the stadium. The rental payable under the lease is €9.2 million a year, borne equally between Inter and A.C. Milan. Inter and A.C. Milan currently manage San Siro through M-I Stadio S.r.l, ("**M-I Stadio**") a joint venture held equally by Inter and A.C. Milan.

Pursuant to a service contract between M-I Stadio, Inter and A.C. Milan, M-I Stadio provides Inter and A.C. Milan maintenance, management, security, safety and administrative services to facilitate the clubs' use of San Siro. In consideration for these services, Inter and A.C. Milan are jointly and severally liable to pay M-I Stadio a fee of €9.1 million per year. In addition, M-I Stadio currently manages the operations of the stadium food service, museum and store, and hosts other events organized at the stadium (including concerts and corporate events); in consideration for the use of the stadium areas for the events, M-I Stadio pays to Inter and A.C. Milan a fee equal to €1.45 million per year, plus a share revenue equal to 40% of the commercial revenues of M-I Stadio exceeding a €10 million threshold, in each case split in equal shares between Inter and A.C. Milan. M-I Stadio also manages Inter's club merchandise store and museum which are located at the stadium, and uses the revenue generated from these sources to offset Inter's share of the costs due for the operation and rental of the stadium. Any operating and rental costs of the stadium not covered by the agreement with M-I Stadio are shared in equal shares between Inter and A.C. Milan.

Inter strives to improve the stadium experience for its fans. The selection of San Siro as the venue for the 2016 UEFA Champions League final resulted in significant capital improvements for the stadium that were implemented prior to the commencement of the 2015/2016 football season, including the construction of a dedicated San Siro metro station, designed to accommodate the large numbers of fans entering and leaving the stadium.

San Siro Project

On June 24, 2019, Inter and A.C. Milan announced their intention to build a new stadium in the San Siro district to replace the existing San Siro Stadium. The ambitious project would also entail the redevelopment of the surrounding neighborhood of the whole San Siro district, which is expected to become a sports and entertainment district active during the whole year. In particular, the project envisages the building of a new stadium in lieu of the existing San Siro, which would be partially demolished and replaced by a commercial and entertainment district, with green areas, parks, social areas, new buildings for commercial and office purposes, new road networks and ancillary infrastructure. On September 26, 2019, Inter and A.C. Milan released two potential designs for the new stadium next to the original stadium, tentatively named the *Nuovo Stadio Milano*, designed by Populous and Manica/Sportium, respectively. On October 28, 2019, the City Council of Milan acknowledged and declared the project "of public interest" (*dichiarazione di pubblico interesse*), though conditioning the approval of the project on certain changes and conditions. In light of the conditions indicated by the resolution of the City Council of Milan, on May 7, 2020 Inter and A.C. Milan submitted two revised projects (respectively by Populous and Manica/Sportium) in order to address the observations and conditions required by the aforementioned resolution. The revised project is currently under review by the Municipality of Milan. However, given the breadth and scope of the San Siro project, as well as the political implications of such a wide redevelopment, there can be no assurance about when and if it will be completed. See "*Risk Factors—Risks Related to the Issuer—there is no assurance that the San Siro project will be completed, and if completed, when the team could play its first match*".

Other Real Property

The following table sets out Inter's key owned and leased real property:

Key property and location	Primary Function	Owned/Leased	Owner
San Siro, Milan, Italy	Football stadium	Leased	City of Milan
Suning Training Center in memory of Giacinto Facchetti, Milan, Italy	Football training facility	Leased	Istituto Achille Ricci, Ente Parco Nord Milano and ASD Lombardina
Suning Training Center in memory of Angelo Moratti, Appiano Gentile (Como), Italy	Football training facility	Owned	Inter
Headquarters, Milan, Italy	Offices	Leased	G.R.E. SGR S.p.A.
Central Warehouse, Milan, Italy	Warehouse	Leased	ESEDRA Immobiliare S.r.l.

Fan Base and Ticket Sales

Fan Base

According to the Iquii Sport Report, Inter has a social media fan base of approximately 32 million followers, placing them 12th out of Europe's top 20 football clubs. Inter also has one of the highest attendance rates at its home stadium among Serie A clubs in terms of total attendance, average attendance and average percent capacity. During the 2018/2019 Serie A season, Inter had a total home attendance of approximately 1.1 million (based on number of tickets issued) and average attendance across the 18-home-match season of approximately 61,400, resulting in an average of 78% of San Siro's seating capacity being used per match.

Tickets, Pricing and Strategy

Inter currently sells two types of tickets to its matches: season tickets, which comprise both general admission season tickets as well as premium season tickets, and matchday tickets, which are valid for a given match.

General Admission Season Tickets

Inter operates a mandatory identification program under which fans can register for and purchase a "Siamo Noi" membership card which permits them to purchase season tickets to attend all Serie A matches Inter plays at San Siro during a given football season. Season ticket holders also have priority to purchase tickets for any matches Inter plays in the knockout stages of UEFA or other competitions. For the 2019/2020 football season, the average general admission price (exclusive of VAT) of one adult season ticket was €366. Inter sold approximately 34,154 general admission season tickets for the 2019/2020 football season, a decrease of 2.5% over the 2018/2019 season. The decrease was part of an intentional strategy to generate more revenue through single ticket sales by reducing season ticket availability. Inter established for the first time a waiting list for supporters to be first in line to obtain season tickets for the 2020/2021 season after season tickets for the 2019/2020 season sold out. Inter generated €7.1 million, €11.0 million and €12.5 million from general admission season tickets in the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Premium Season Tickets

Premium season tickets comprise both individual seats and Skyboxes. Both provide the holders hospitality benefits beyond those typically granted to holders of general admission season tickets, including seating in a dedicated area and access to exclusive catering facilities and services. Subject to certain terms and conditions, holders of premium season tickets are entitled to attend all of Inter's first team competitive home matches (including UEFA and domestic cup competitions) or Serie A matches only, based on the purchased ticket package. The average price (exclusive of VAT) of a single premium season ticket sold to date for the 2019/2020 season is €5,026. The average price (exclusive of VAT) of a Skybox contract for the 2019/2020 season sold to date is €110,625. Skybox contracts usually have a one-year term. Inter generated €4.7 million, €4.8 million and €7.1 million from the sale of Premium Seats matchday and season tickets for the fiscal years ended June 30, 2017, 2018 and 2019, respectively. Sales generated for the 2019/2020 season until the suspension of the competitions in March 2020 amount to €7.9 million, resulting in revenue of €5.9 million due to the recognition, on a *pro-rata* match basis, of season tickets proceeds.

San Siro VIP lounges have a capacity of 2,609 in total, representing 3.4% of its total capacity (including approximately 1,000 seats that are sold as part of sponsor packages).

Matchday Tickets

Matchday tickets grant the right to be admitted to a specific match. Matchday tickets account for the balance of any unsold seat capacity at San Siro for any given match, excluding up to 4,361 seats in the third blue ring which are allocated to supporters of the visiting club in Serie A league matches and 8,730 seats in the second blue ring which are allocated to A.C. Milan supporters when A.C. Milan plays against Inter. Matchday tickets go on sale approximately four to eight weeks before the date of a given match. Inter's pricing strategy allows for a dynamic approach to matchday ticket pricing. Adult prices to the general public (leaving aside special promotion) typically range from €30 to €375 (inclusive of VAT) per seat, depending on opponent, kickoff date and time, league standing and seat location.

Pricing and Strategy

Inter has developed a number of strategies to increase sales of both season tickets and matchday tickets. Inter has increased both the number of season tickets sold and the volume of matchday ticket sales using price optimization, targeted marketing and CRM campaigns. This targeted approach means Inter fans receive relevant and engaging messaging leading to increased ticket sales and match attendance. Total aggregate attendance (based on number of tickets issued) at San Siro reached 1 million for the first time since 2012 during the 2016/2017 season. Optimizing prices for single matches also enables fans to see the value in committing to season tickets, thus increasing the number of season ticket holders. Additionally, Inter offers matchday and group ticket specials to encourage families to attend matches, including a dedicated portion of the stadium for families with young children called the "Family Stand", to target the large student population in Milan and to engage with junior football academies around the region.

Other Matchday Revenue

Other matchday revenue includes event parking and membership and travel and a share of the ticket revenue from away matches in domestic cup competitions. Inter generated €1.4 million, €2.6 million and €2.5 million from other matchday revenue for the fiscal years ended June 30, 2017, 2018 and 2019, respectively.

Commercial Operations

Exhibition Matches and Promotional Tours

Inter organizes exhibition matches and promotional tours on a regional and global basis. Inter believes its promotional tours give it the opportunity to engage with Inter supporters worldwide, support the marketing objectives of its sponsors and extend the reach of the Inter brand in strategic markets globally. These promotional tours are organized in addition to Inter's competitive matches, and take place during the summer months or during gaps in the football season. Over the last three years, Inter played several matches in China, Singapore and the United States. Inter generated €3.9 million, €3.3 million and €1.4 million of revenue for the fiscal years ended June 30, 2017, 2018 and 2019, respectively, from promotional exhibition matches and promotional tours. This revenue is generally paid in the form of an appearance fee that represents Inter's share of the media and sponsorship revenue from the match or tour.

Inter Academy

Inter Academy is a youth football program through which Inter engages international partners who wish to invest in local, grassroots football development, while capitalizing on, and expanding, the popularity of the Inter brand. According to the Inter Academy model, Inter engages local partners who run the academies with some support from Inter. Agreements with these partners typically have terms of between three and five years. Depending on the tier of partnership entered into, foreign partners receive the following:

- use of Inter Academy logo and first team multimedia to promote the initiative;
- one to three coaches on site for a minimum of six weeks per year; and
- one technical workshop provided by Inter per year.

Inter has had Inter Academies since 2008. Inter Academies are currently active in China and Hong Kong, Japan, Argentina, Brazil, Lebanon, Slovakia, Indonesia, Belarus and Hungary. Inter generated €10.2 million, €8.5 million and €7.7 million of revenue for the fiscal years ended June 30, 2017, 2018 and 2019, respectively, from these academies, with the high revenue in the fiscal year ended June 30, 2017 driven by a contract signed with Suning Sports for €8.5 million giving it the right to set up Inter Academies and carry out ancillary activities using the Inter brand and expertise in China, of which €4.0 million reflected the pro-rated portion of the annual fee of €6.0 million, €3.0 million represented a signing bonus and €1.5 million represented the sale of specific know-how related to Inter's training methods.

Inter intends to continue developing Inter Academies as a way of increasing the global popularity and visibility of the Inter brand and as a source for new young talented players. Inter engages in negotiations for additional academy partnerships around the world on an ongoing basis, but is primarily focused on India and other Asian countries. Inter believes that increasing the number of branded schools under Inter Academy's global licensing agreements is a relatively low-cost way for it to identify and develop talent while also increasing Inter's profile and fan base across the world.

Merchandising

In addition to the ongoing sponsorship payments that are payable by Nike to the Issuer under the agreement, Inter also receives annual payments from the sale of Nike-manufactured Inter-branded products.

TIM Cup

Inter directly receives revenues associated with broadcasts of certain domestic competitions. These include the TIM Cup and Supercoppa TIM. The TIM Cup is a tournament-style competition in which Italian professional league clubs from every division face one another in matches contested throughout the course of the season. Inter has won the TIM Cup seven times and has been the runner-up six times. Broadcast revenue from TIM Cup matches is distributed to the clubs based on their performance. In the 2018/2019 TIM Cup, in which Inter reached the quarterfinals, Inter received €0.9 million in revenue.

Competition

Inter competes against other top-tier football clubs in Italy, Europe and the rest of the world to attract the best players and coaches in the global transfer and football staff markets. The club also competes against alternative forms of live entertainment for the sale of matchday tickets, including other live sports, concerts, festivals, theater and similar events. See "*Issuer's Business—Competition*".

Employees

For the fiscal year ended June 30, 2019, Inter had an average of 463 employees, comprised of 94 players, 102 coaches, 35 other technical staff, 20 executives, 25 middle and junior managers, 176 clerical employees and 11 blue-collar workers.

Many of Inter's employees are subject to collective bargaining agreements or are represented by unions. Inter has entered into all legally-required union contracts. Inter believes its employee relations are good.

Legal Proceedings

Inter is involved in various routine legal proceedings incidental to the ordinary course of its business. Inter is currently involved in tax litigation regarding two main tax matters. The first matter relates to whether capital gains from the transfer of players can be excluded from Inter's taxable income, and the second matter regards whether costs for services provided by sports agents constitute remuneration in kind paid to the players. Inter has received various tax assessments relating to these litigations, which have been paid pending the outcome of the proceeding. With respect to the matter relating to capital gains from the transfer of players, we have changed our tax policy and we do not expect to receive any tax assessment in this respect in the future. In March 2018, Inter entered into a settlement agreement with the Italian tax authority ("*Agenzia delle Entrate*"), with respect to the matter relating to the costs for services for the assessments relating to the fiscal years ended June 30, 2008-2013. With respect to this matter, we intend to adapt our policy (also with respect to previous fiscal years) to any new ruling that will be issued by the Italian tax authorities. In addition, following the suspension of Inter's matches in March 2020, we received requests for refunds from season ticket holders. Inter is currently evaluating the approach to be taken with respect to these requests for refunds (considering also the Italian legislation that entered into force during the COVID-19 pandemic) but we cannot exclude that any of these ticket holders may initiate legal proceedings against Inter. Moreover, following certain claims by a consumers' association, Inter is involved in an administrative proceeding before AGCM in relation to the alleged unlawfulness of certain clauses of the ticketing general terms and conditions which would limit the reimbursement in favor of ticket holders, and which would be burdensome (*clausole vessatorie*) for Inter's ticket holders. See "*Risk Factors—Risks Related to the Issuer—We or Inter may become involved in litigation and arbitration proceedings, which may have a material adverse effect on our business, results of operations, financial condition and cash flow*".

Inter believes that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on its business, financial condition or operating results.

Insurance

Inter maintains insurance policies that it believes are customary in its industry, and which comply with local laws and regulations. At a corporate level Inter maintains comprehensive policies covering general liability, property damage, third-party liabilities and business interruptions. Inter also maintains industry-standard policies against the death, disablement and travel-related injuries of the members of its first team, though not at such players' market values.

Inter also maintains standard group medical insurance for our employees covering accidents, permanent disablement, medical expenses and death. Each of Inter's insurance policies is subject to deductibles and has exclusions that may prevent them from recovering in full for any loss they may suffer.

Certain Inter Consolidated Financial Information

Key Factors Affecting Inter's Consolidated Results of Operations

As we produce a significant portion of Inter's consolidated revenue (aside from broadcasting revenue, which is first recognized by Inter before we recognize it as a receivable), the key factors affecting our results of operations also affect Inter's consolidated results of operations. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Factors Affecting Our Results of Operations*". In addition, we believe that the following items also constitute other key factors affecting Inter's consolidated results of operations.

Media Rights. *See "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Factors Affecting Our Results of Operations—Direct and Indirect Media Revenue—Indirect Media Revenue".*

Impact of COVID-19 on Inter's Business. Inter's operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and government and league actions taken in response. On March 9, 2020, Serie A suspended its 2019/2020 season, with matches resumed on June 20, 2020 but played behind closed doors as a result of government mandated limitations on large gatherings. It is likely that continuing concerns related to COVID-19 could cause governments and professional sports leagues in Italy and the rest of Europe, including Serie A and the UEFA, to mandate that teams play games without spectators for some time. Even after Inter is able to resume playing matches in front of spectators, it is unclear whether and to what extent COVID-19 concerns will impact the demand for attending these games and for our sponsorship and advertising assets. After Serie A matches resume with spectators, individuals may change their behaviors by continuing social distancing and avoiding large events, such as football matches. If consumer behaviors change, it is difficult to predict how long these behavioral changes will last and how they may affect future seasons in the long term. Moreover, fans attending games or players may contract COVID-19. Any such occurrence could result in litigation, legal and other costs, including suspension of Inter's matches, as well as reputational damage and potential sanctions for failing to maintain adequate measures aimed at restricting the spread of COVID-19, any of which could materially and adversely impact Inter's business and results of operations. If there is a future resurgence of COVID-19 following its initial containment, the negative impacts on Inter's business may be exacerbated. For example, any future resurgence may contribute to the cancellation of the current season despite its restart, a delay to the commencement or potentially cancellation of the 2020/2021 season, and the possibility of playing a portion if not all of the 2020/2021 season matches behind closed doors, any of which could in turn severely impact Inter's matchday revenue. The disruption caused by COVID-19 has materially impacted its revenues and Inter is not recognizing any matchday revenue while games are played behind closed doors, including for ticket sales, sale of suite licenses, matchday sponsorships, signage and in-venue advertising at San Siro or food, beverage and merchandise sales for home games played at San Siro. As a result of this operating disruption caused by COVID-19, Inter's cash flow was, and its projected cash flow will continue to be, directly impacted, notwithstanding the recent sale of Mauro Icardi to Paris Saint Germain and the potential upstream of the proceeds deriving from the issuance of the Notes to fund its ongoing working capital. While Inter currently has the ability to reduce certain operating expenses as a result of the disruption caused by COVID-19, including matchday expenses for Inter matches and certain other SG&A and discretionary expenses, those expense reduction opportunities will not offset revenue losses, particularly in light of Inter's largely fixed near-term operating costs which significantly increase its short-term liquidity needs. In addition, one of Inter's primary liquidity needs stems from the payment of transfer fees for the acquisition of players' registrations. Transfer windows for acquiring and disposing of players occur in January and the summer. During these periods, Inter may require additional cash to meet its acquisition needs for new players and it may generate additional cash through the sale of existing players. However, the asset value represented by its current roster may be negatively impacted by the prolonged impact of COVID-19 which, in turn, may increase Inter's liquidity requirements to fund the payment of transfer fees. Moreover Inter's cash flow may be negatively impacted by the potential return of players on temporary loan in the event these loans are not also extended until the end of the extended 2019/2020 season. This, together with the absence of matchday revenue positively affecting its overall working capital, could require Inter to sell valuable players which, in turn, could further adversely impact its results of operations, financial condition and cash flow. For a more detailed explanation of the COVID-19 impact on Inter's operations, please see "*Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19*".

Matchday Attendance. Matchday attendance is a function of the number of matches played at San Siro, the price of tickets and hospitality sales. A significant driver of matchday attendance is the number of matches Inter plays at San Siro, which is based on 19 Serie A matches and any additional matches resulting from the success of Inter's first team in the TIM Cup, Supercoppa TIM, UEFA Europa League and UEFA Champions League. Average approximate attendance per match for the 2016/2017, 2017/2018 and 2018/2019 seasons was approximately 47,000, approximately 57,500 and approximately 61,400, respectively, and attendance in the 2016/2017 season was the highest in Serie A. Inter has developed a number of strategies to increase the sale of matchday tickets using price optimization, targeted marketing and CRM campaigns. Additionally, Inter offers matchday and group ticket specials to encourage families to attend matches, including by creating a dedicated portion of the stadium for families with young children called the "Family Stand", to target the large student population in Milan and to engage with junior football academies throughout the region. See "*Risk Factors—Risks Related to Inter—Inter's liquidity requirements have been, and may continue to be, materially impacted by COVID-19".*

First Team Performance. Inter's performance has a significant effect on matchday revenue, revenue from sponsorship agreements and revenue from media rights. If Inter's first team performs well, more fans attend matches and being associated with the team is more valuable to sponsors. Qualification to European competition would also result in additional media revenue and bonus payments under certain of our sponsorship contracts. In contrast, an extended period of poor performance by Inter's first team could adversely affect Inter's popularity, brand and fan base, which would in turn affect its allocated portion of media rights revenue, its ability to attract and retain top players and its ability to attract sponsors.

Player and Staff Compensation. Player and staff compensation comprise the majority of Inter's operating costs. Of our total operating costs, player costs, which consist of salaries, bonuses, benefits and social contributions, are the primary component. Competition from top clubs in Serie A and Europe has resulted in increases in player and manager salaries, forcing clubs to spend an increasing amount on player and staff compensation, and we expect this trend to continue.

Net Gains/Losses on Player Sales. Inter recognizes gains or losses on player sales in its income statement. Acquisitions and disposals of players are discretionary and Inter makes transfer decisions based upon the requirements of its first team and the overall availability of players. These requirements and the availability of players, and resulting gains or losses on player sales, may vary from period to period, contributing to the variability of Inter's operating results between periods.

Financial Expense. A key component of Inter's expenses during each of the past three fiscal years has been interest expense. Inter expects interest expenses to continue to be a significant component of its expenses.

Tax Assessment and Related Litigation. Inter is currently involved in two tax litigations. The first relates to whether capital gains from the transfer of players can be excluded from Inter's taxable income, and the second regards whether costs for services provided by sports agents constitute remuneration in kind paid to the players. Inter has received various tax assessments relating to these litigations, which have been paid pending the outcome of the proceeding. With respect to the matter relating to capital gains from the transfer of players, we have changed our tax policy and we do not expect to receive any tax assessment in this respect in the future. In March 2018, Inter entered into a settlement agreement with the Italian tax authority ("*Agenzia delle Entrate*"), with respect to the matter relating to the costs for services for the assessments relating to the fiscal years ended June 30, 2008-

2013. With respect to this matter, we intend to adapt our policy (also with respect to previous fiscal years) to any new ruling that will be issued by the Italian tax authorities.

Compliance with the UEFA Financial Fair Play Regulations and Inter's settlement agreement. While Inter is required to comply with the Financial Fair Play Regulations on an ongoing basis, as of March 31, 2020 Inter is no longer under financial fair play review with UEFA and the club was released from its settlement agreement. See "*Regulation—UEFA Financial Fair Play Regulations*".

Access to Funding. Inter relies on the Shareholder Loans it receives from its majority shareholder and the Amended Revolving Intercompany Loan and other distributions it receives from us to provide it with the liquidity it needs to manage its business. All tranches of the Shareholder Loans mature prior to the maturity of the Notes. Any repayment of these Shareholder Loans when they become due would reduce the funds available to Inter, which could impair its ability to service its debt and limit its ability to make investments to improve the team's performance. As Inter's equity and financial position may put it at an increased risk of bankruptcy if its operations do not improve, if Inter is required to repay any of its Shareholder Loans, if Suning is unable to continue to invest in its operations or if we are limited in our ability to upstream cash to Inter through the Amended Revolving Intercompany Loan or through other payments, either because we do not satisfy the conditions under the Indenture before we are permitted to upstream funds to Inter or for any other reason, Inter's results of operations would be significantly adversely affected.

Key Revenue and Cost Items

Media Rights. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Issuer—Key Factors Affecting Our Results of Operations—Direct and Indirect Media Revenue—Indirect Media Revenue*".

Matchday Revenue. Matchday revenues are shown in the consolidated financial statements according to accounting standards of prudence and on an accrual basis, with recognition of the relative accruals and deferrals. Matchday revenue is recognized with reference to the effective time of the service (when the match is played); season tickets are deferred on an accrual basis using the same criteria.

Personnel Costs. Personnel costs and other operating costs are allocated to the income statement. The costs related to the bonuses to which the players, coaches and technical staff are entitled for achieving pre-determined sports results and bonuses from sponsors are allocated to the income statement, upon the occurrence of the sports event to which they are related.

Amortization of Player Registration Rights. Player registration rights are recognized at their historic purchase cost, inclusive of any directly attributable ancillary costs, and the amounts are net of the amortization rates that are calculated at constant rates in relation to the duration of the contracts stipulated with the individual football players. The amortization begins in the fiscal year in which the football player is registered. For rights acquired during the season, amortization starts from the date of the player's availability, using the pro-rata temporis method. The original amortization plan may be extended as a result of a possible renewal of the contract, even if it occurred after the close of the financial year, as long as it occurred before the approval of the financial statements. The new amortization plan takes into account, on a straight-line basis, the net book value of the right on the date of the extension of the contract and its new duration.

Net Gains/Losses on Player Sales. Net gains and losses deriving from the transfer of the multi-year rights to the registrations of players are respectively classified in revenue and results from characteristic management and are calculated as the difference between the agreed-upon price and the net accounting value on the transfer date. Net gains and losses deriving from the transfer of player registration rights are recognized on the date of the contract or, if the contract date is unknown, on the date of certificate of enforceability placed on the contracts by the Serie A National League of Professionals for domestic transfers or on the date of the international transfer certificate issued by FIGC for international transfers. In relation to player loan contracts with an obligation to purchase, the value of the multi-year rights to the registration of the player is adjusted to the agreed price for the sale (including the amount of the redemption and loan fees) at the time at which the condition for redemption is realized or becomes probable.

Results of Operations

The following table sets forth selected consolidated income statement data for Inter for the fiscal years ended June 30, 2017, 2018 and 2019 and for the nine months period ended March 31, 2020 and March 31, 2019.

	For the fiscal year ended June 30,			For the nine months ended March 31,	
	2017	2018	2019	2019	2020
		(audited)			
(in thousands of €)					
Revenue					
Matchday	31,086	37,285	51,477	39,733	48,746
Media	104,201	97,820	158,309	120,417	114,320
Commercial	124,221	141,032	151,699	107,266	71,325
Other	7,107	9,652	5,783	3,603	6,127
Total revenue	**266,615**	**285,788**	**367,269**	**271,019**	**240,517**
Personnel costs					
Playing staff	129,422	132,255	163,100	114,787	141,371
Non-playing staff	21,842	23,737	29,496	21,143	21,155
Purchase of goods and change in inventory	1,629	1,601	3,227	2,087	2,974
Cost of services	45,986	51,977	56,054	38,963	51,878
Other operating costs	16,469	16,929	20,430	14,310	16,067
Capitalization of youth program costs	(4,998)	(7,526)	(7,147)	(5,435)	(6,562)
Depreciation and amortization—player registration rights	74,091	78,114	84,738	65,928	90,686
Depreciation and amortization—other intangible and property, plant and equipment	10,090	11,096	12,935	8,796	10,457
Write-down of trade receivables	660	—	4,993	6	1
Impairment of assets	794	2,135	3,568	2,064	—
Provisions for risks and charges	588	248	27,363	—	7,661
Total operating costs	**296,573**	**310,565**	**398,758**	**262,649**	**335,689**
Net gains on player sales	44,290	49,132	39,473	6,108	13,997
Net loaned player fees	1,730	484	(19,086)	(15,794)	1,477
Operating profit/(loss)	**16,062**	**24,839**	**(11,102)**	**(1,316)**	**(79,698)**
Net financial expenses	(32,215)	(34,549)	(30,090)	(24,126)	(18,580)
Share of loss of the investee	(355)	(177)	871	—	—
Loss before tax	**(16,508)**	**(9,888)**	**(40,321)**	**(25,442)**	**(98,277)**
Income taxes	(8,068)	(7,866)	(8,066)	(6,222)	(4,869)
Loss for the fiscal year	**(24,576)**	**(17,754)**	**(48,387)**	**(31,665)**	**(103,147)**

Total Revenue

Total revenue for the nine months ended March, 31 2020 decreased by €30.5 million or 11.3% to €240.5 million from €271.0 million for the nine months ended March, 31 2019. The decrease in total revenue was mainly due to a €35.9 million decrease in commercial revenue and a €6.1 million decrease in media revenue, partially offset by a €9.0 million increase in matchday revenue.

The decrease in commercial revenue is mainly a result of the termination of sponsorship agreements with Fullshare Holding Limited, King Dawn Investment Limited and of the expiration of the contract with the marketing agency Beijing Yixinshijie as at June 30, 2019. Moreover, following the suspension of the 2019/2020 season at the beginning of March 2020 due to the COVID-19 pandemic, there has been a deferral in the recognition of Sponsorship Revenue for approximately €6 million relating to March 2020.

The suspension of the season has also impacted the €6.1 million decrease in media revenue, having involved the non-recognition and deferral of pro-rata Serie A audiovisual rights relating to 3 home matches scheduled in the period, with an impact of approximately €14 million.

The €9.0 million increase in matchday ticket revenue is mainly driven by an increase in both stadium attendance and average selling price and has been achieved notwithstanding the negative impact from the deferral of 4 home matches originally expected to be played in the three months ended

March 31, 2020 (three in Serie A and one in UEFA Europa League). The impact of such deferral has contributed to an estimated reduction in Inter's matchday ticket revenue of €3.1 million, in addition to the non-recognition of €3.0 million relating to season ticket revenue.

Total revenue for the fiscal year ended June 30, 2019 increased by €81.5 million or 28.5% to €367.3 million from €285.8 million for the fiscal year ended June 30, 2018. The increase in total revenue was mainly due to a €60.5 million increase in media revenue, a €14.2 million increase in matchday revenue and a €10.7 million increase in commercial revenue. The increase in media revenue was mainly due to the participation of the first team in the UEFA Champions League for the 2018/2019 season and, to a lesser extent, by the increase in revenue deriving from the Serie A audiovisual rights, due to the starting of the new three-year cycle. The increase in matchday revenue was mainly due to the participation in the UEFA Champions League 2018/2019, with three home group stage matches played between September and December 2018. The increase in commercial revenue was mainly due to the higher fees that we received under the sponsorship agreements with Nike and Pirelli (as a result of participation in the UEFA Champions League 2018/2019) and by the regional sponsorship agreements with Fullshare Holding Limited and King Dawn Investment Limited.

Total revenue for the fiscal year ended June 30, 2018 increased by €19.2 million or 7.2% to €285.8 million from €266.6 million for the fiscal year ended June 30, 2017. The increase in total revenue was mainly due to a €16.8 million increase in commercial revenue and a €6.2 million increase in matchday revenue, partially offset by a €6.4 million decrease in media revenue. The increase in commercial revenue was due to a new regional sponsorship agreement signed with iMedia, a Chinese marketing agency. The increase in matchday revenue was mainly due to an increase recorded by both general admission season tickets and premium season tickets relating to Serie A matches.

Total Operating costs

Total Operating costs for the nine months ended March, 31 2020 increased by €73.0 million or 27.8% to €335.7 million from €262.6 million for the nine months ended March, 31 2019. The increase in total operating costs was mainly due to a €26.6 million increase in personnel costs for playing staff, a €24.8 million increase in depreciation and amortization for player registration rights, a €7.7 million increase in provisions for risks and charges and a €15.6 million increase in the sum of purchase of goods and change in inventory, cost of services and other operating costs, partially offset by a €1.1 million increase in capitalization of youth program costs. The increase in personnel costs for playing staff was primarily due to the increase in player wages, due to the purchase of high-profile football players. The increase in depreciation and amortization for player registration rights was mainly due to the depreciation and amortization of the costs of player registration rights. The increase in provisions for risks and charges was mainly due to a €7.2 million accrual to cover potential liabilities relating to income taxes due by players on the first team. The increase in the sum of purchase of goods and change in inventory, cost of services and other operating costs reflects both the higher number of played matches and growing resources allocated to both football operations and marketing, commercial and corporate activities and infrastructure in order to support the club' s growth plan.

Total operating costs for the fiscal year ended June 30, 2019 increased by €88.2 million or 28.4% to €398.8 million from €310.6 million for the fiscal year ended June 30, 2018. The increase in total operating costs was mainly due to a €30.8 million increase in personnel costs for playing staff, a €27.1 million increase in provisions for risks and charges, a €9.2 million increase in the purchase of goods and change in inventory, cost of services and other operating costs and a €6.6 million increase in amortization of player registration rights. The increase in personnel costs for playing staff was primarily due to the increase in player wages, due to the purchase of high-profile football players with the aim to be more competitive both in national and UEFA competitions (after the return to UEFA Champions League). The increase in depreciation and amortization for player registration rights was mainly due to the depreciation and amortization of the costs of player registration rights that Inter undertakes during the transfer windows, primarily due to the impact of the purchase of high-profile football players. The increase in provisions for risks and charges was mainly due to a €25.8 million accrual to cover all future contractual amounts due to a former coaching staff who is still employed by the club but no longer part of the technical project starting from July 1, 2019. The increase in the sum of purchase of goods and change in inventory, cost of services and other operating costs reflects both the higher number of played matches with the return to UEFA competitions and growing resources allocated to both football operations and marketing, commercial and corporate activities and infrastructure in order to support the club's growth plan.

Total operating costs for the fiscal year ended June 30, 2018 increased by €14.0 million or 4.7% to €310.6 million from €296.6 million for the fiscal year ended June 30, 2017. The increase in total operating costs was mainly due to a €6.0 million increase in cost of services, a €4.0 million increase in depreciation and amortization for player registration rights and a €2.8 million increase in personnel costs for playing staff. The increase in cost of services was mainly due to the higher cost for players' image rights, external events and external consultants. The increase in amortization of player registration rights was primarily due to the impact of investments in new players during the transfer window. The increase in personnel costs for playing staff was primarily due to an increase in player wages, which was mainly driven by the increase in performance bonuses for the qualification of the first team to the UEFA Champions League for the 2018/2019 season.

Operating profit/(loss)

Operating loss for the nine months ended March, 31 2020 increased by €78.4 million or 100.0% to negative €79.7 million from negative €1.3 million for the nine months ended March, 31 2019. The increase in operating loss was a result of the €103.5 million net negative variance in total revenue/ operating costs described above, partially offset by a €7.9 million increase in net gains on player sales and a €17.3 million decrease in net loaned player fees.

Operating loss for the fiscal year ended June 30, 2019 increased by €35.9 million or 100.0% to negative €11.1 million from positive €24.8 million for the fiscal year ended June 30, 2018. This increase was a result of the €6.7 million net negative variance in total revenue/operating costs described above, of a €9.7 million reduction in net gains on player sales and a €19.6 million decrease in net loaned player fees, the latter as part and result of the investments made in the first team in the fiscal year ended June 30, 2019.

Operating profit for the fiscal year ended June 30, 2018 increased by €8.8 million or 54.6% to €24.8 million from €16.1 million for the fiscal year ended June 30, 2017. This increase was mainly due to the €5.2 million net positive variance in total revenue/operating costs described above and of a €4.8 million increase in net gains on player sales, partially offset by a €1.2 million decrease in net loaned player fees.

Net financial expenses

Net financial expenses for the nine months ended March, 31 2020 decreased by €5.5 million or 22.9% to €18.6 million from €24.1 million for the nine months ended March, 31 2019. The decrease in net financial expenses was due to a decrease in the interest accrued on certain Shareholder Loans following their repayment waiver and attribution to equity reserve of an amount equal to €60.0 million on March 24, 2020 and of €40 million on June 26, 2019. For the nine-month period ended March 31, 2020, net financial expenses include €3.5 million of financial income related to the interest accrued on certain Shareholder Loans during the fiscal year ended June 30, 2019 and waived by Great Horizon.

Net financial expenses for the fiscal year ended June 30, 2019 decreased by €4.5 million or 12.9% to €30.1 million from €34.5 million for the fiscal year ended June 30, 2018. The decrease was mainly due to a non-cash €4.1 million write-off of the residual book value of transaction fees capitalized on the Repaid Facility on December 21, 2017.

Net financial expenses for the fiscal year ended June 30, 2018 increased by €2.3 million or 7.2% to €34.5 million from €32.2 million for the fiscal year ended June 30, 2017. The increase was mainly due to the impact of the refinancing transaction closed on December 21, 2017.

Shareholders' Equity

The following table sets forth the Group's shareholders' equity for the fiscal years ended June 30, 2017, 2018 and 2019 and the nine months ended March 31, 2019 and 2020.

	For the fiscal year ended June 30,			As of March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Share capital	19,195	19,195	19,195	19,195	19,195
Reserve	111,949	134,398	174,398	134,398	171,103
Retained losses	(189,982)	(132,007)	(149,761)	(149,761)	(134,853)
Loss for the fiscal year	(24,576)	(17,754)	(48,387)	(31,665)	(103,147)
Total Shareholders' Equity	**(83,414)**	**3,833**	**(4,555)**	**(27,833)**	**(47,702)**

Despite the net consolidated deficit incurred for the fiscal years ended June 30, 2019, 2018 and 2017, the Group was in compliance with the minimum capital requirement provided by the Italian Civil Code, being such minimum requirements measured with reference to Inter's financial position at a non-consolidated level and not with reference to the Inter Consolidated Financial Statements; in particular such compliance was obtained through the systematic waiver of repayment and attribution to equity reserve of Shareholder Loans against the losses progressively realized.

In this respect, for supporting the going concern from a financial perspective, during fiscal years from June 30, 2017 to 2019 and for the nine month ended March 31, 2020, Suning provided additional tranches of Shareholder Loans that have been waived and allocated to capital reserve in order to comply with the minimum capital requirements; in particular, €20 million and €85 million were allocated to capital reserve "to cover future losses" on September 29, 2017 and November 24, 2017, respectively, while €40 million and €60 million were allocated to capital reserve "for future capital increases" on June 26,2018 and March 20, 2020, respectively.

Notwithstanding Suning's renewed commitment to support the Group by waiving the repayment of a portion of the Shareholder Loan for an amount of €10 million so that the corresponding amount could be allocated to capital reserve on or about June 22, 2020, Inter's equity position at an unconsolidated level may become negative starting from the new fiscal year commencing July 1, 2020 as a result of losses accumulated during the fiscal year ended June 30, 2020.

Such negative equity position may persist as a result of the applicability of an emergency decree (art. 6 of the so called "Decreto Liquidità") which allows companies to temporary waive their minimum capital requirements until December 31, 2020. We are not able to foresee how long Inter's financial position at a non-consolidated level will remain negative and any future disruption resulting from the COVID-19 pandemic may negatively impact its ability to return to a positive equity position, which, in turn, may have a material adverse effect on our business, results of operations, financial condition and cash flow.

Consolidated Net Financial Position

The following table sets forth the Group's Consolidated Net Financial Position for the fiscal years ended June 30, 2017, 2018 and 2019 and for the nine-month period ended March 31, 2020 and March 31, 2019.

	As of June 30,			As of March 31,	
	2017	2018	2019	2019	2020
(in thousands of €)					
Cash at bank and on hand	**14,758**	**45,071**	**54,666**	**74,103**	**65,823**
Current financial assets, net of restricted deposit accounts on rent contract	6,372	43	108	10,395	10,410
Current financial receivables	**6,372**	**43**	**108**	**10,395**	**10,410**
Shareholder Loans—current portion	(4,078)	(179,447)	(8,024)	(187,597)	(7,452)
Bank loans—current portion	(12,000)	(1)	(167)	(18)	(378)
Existing Notes—current portion	—	(6,250)	(6,550)	(10,428)	(10,685)
Other financing	—	—	—	—	—
Payables to companies subject to parent companies control—current portion	—	—	(2,699)	—	(4,375)
Accrued interest charges and other financial expenses	(3,050)	—	—	—	—
Current financial liabilities	**(19,128)**	**(185,698)**	**(17,440)**	**(198,043)**	**(22,890)**
Net current financial liabilities	**2,002**	**(140,584)**	**37,334**	**(113,546)**	**53,342**
Shareholder Loans	(217,000)	(50,000)	(140,877)	(50,000)	(80,877)
Bank loans	(196,000)	—	(25,000)	(25,000)	(50,000)
Existing Notes	—	(285,630)	(280,794)	(283,230)	(278,270)
Other financing	—	—	—	—	—
Payables to companies subject to parent companies control	—	—	(46,235)	—	(46,235)
Financial assets	15,501	10,410	10,410	10,410	10,410
Non-current financial liabilities	**(397,499)**	**(325,220)**	**(482,496)**	**(347,820)**	**(444,973)**
Consolidated Net Financial Position[(1)]	**(395,497)**	**(465,804)**	**(445,162)**	**(461,366)**	**(391,630)**

(1) Consolidated Net Financial Position is defined as the sum of liabilities related to Bank loans, Shareholder Loans, Existing Notes, Other financing, Payables to companies subject to parent companies control and accrued interest charges and other financial expenses, minus cash at bank and on hand, current financial assets net of restricted deposit accounts on rent contracts and financial assets. The table below sets forth a reconciliation of bank loans as reported in our financial statements to net financial position:

	As of June 30,				As of March 31,
	2017	2018	2019	2019	2020
(in thousands of €)					
Bank loans	**(208,000)**	**(1)**	**(25,167)**	**(25,018)**	**(50,378)**
Plus: Cash at bank and on hand	14,758	45,071	54,666	74,103	65,823
Plus: Financial assets[(a)]	15,501	10,410	10,410	10,410	10,410
Plus: Current financial assets	6,372	43	108	10,395	10,410
Minus: Accrued interest charges and other financial expenses[(b)]	(3,050)	—	—	—	—
Minus: Shareholder Loans	(221,078)	(229,447)	(148,901)	(237,597)	(88,329)
Minus: Existing Notes	—	(291,880)	(287,344)	(293,658)	(288,955)
Minus: Payables to companies subject to parent companies control	—	—	(48,934)	—	(50,610)
Consolidated Net Financial Position	**(395,497)**	**(465,804)**	**(445,162)**	**(461,366)**	**(391,630)**

(a) Refers to the restricted deposit accounts (debt service accounts) used to secure the Existing Notes for the years ended June 30, 2018 and June 30, 2019 and for the nine-month period ended March 31, 2020 and 2019, whereas refers to the restricted deposit accounts (debt service accounts) used to secure the Repaid Facility for the year ended June 30, 2017.

(b) Relates to interest charges and fronting fee on the Repaid Facility.

As of March 31, 2020, the Group's Consolidated Net Financial Position decreased by €69.8 million or 15.1% to €391.6 million from €461.4 million as of March 31, 2019. The decrease was primarily due to the attribution to equity reserve of Shareholder Loans for an amount equal to €100 million and a decrease of €4.7 million in the Existing Notes (through a mandatory amortization payment), partially offset by an increase in the Bank loans for €25.4 million. On April 2019, an amount equal to €48.5 million under the Shareholder Loans was assigned to Grand Flagship Limited, an entity affiliated with Suning.

As of June 30, 2019, the Group's Consolidated Net Financial Position decreased by €20.6 million or 4.4% to €445.2 million from €465.8 million as of June 30, 2018. The decrease was primarily due to the attribution to equity reserve of Shareholder Loans for an amount equal to €40 million and a decrease of €4.5 million in the Existing Notes (through a mandatory amortization payment), partially offset by an increase in the Bank loans in an amount equal to €25.2 million. On June 30, 2019 an amount equal to €48.5 million under the Shareholder Loans was assigned to Grand Flagship Limited.

As of June 30, 2018, the Group's Consolidated Net Financial Position increased by €70.3 million or 17.8% to €465.8 million from €395.5 million as of June 30, 2017. The increase was primarily due to the issuance of Existing Notes for €291.9 million, partially offset by the repayment of the Repaid Facility for €211.0 million.

Consolidated Capital Expenditures

Inter's cash requirements consist mainly of the payment of transfer fees for the acquisition of players' registration, payment of interest on its borrowings, personnel costs and other operating expenses. Inter uses its cash on hand to pay operating expenses, staff costs, interest payments and other liabilities as they become due and Inter's sources of liquidity have historically been the Shareholder Loans, the Amended Revolving Intercompany Loan and other distributions by us. As of March 31, 2020, the Inter Revolving Credit Facility was fully drawn and is expected to remain fully drawn on the Issue Date.

On September 29, 2017 and November 24, 2017, €20.0 million and €85.0 million of the Shareholder Loans, respectively, were waived and allocated to equity reserve. In April 2018, Inter repaid €3.8 million of the Shareholder Loans' principal amount. On June 26, 2019, €40 million of the Shareholder Loans were similarly allocated to capital reserve. On June 22, 2020, €10.0 million of the Shareholders Loans were similarly allocated to capital reserve. On April 15, 2019, Suning assigned a part of the Shareholder Loans equal to €48.5 million (of which €46.2 million in principal amount and €2.3 million in accrued interest) to Grand Flagship Limited, an entity affiliated with Suning. On December 26, 2019, the maturity of the Shareholder Loans granted to Inter by Great Horizon and by Grand Flagship Limited was extended to December 31, 2021. On March 24, 2020, an additional €60.0 million under the Shareholder Loan was waived and allocated to capital reserve. As of March 31, 2020, the total amount outstanding under the Shareholder Loans granted by Great Horizon was €88.3 million (including accrued interest) and by Grand Flagship Limited was €50.6 million.

In addition, transfer windows for acquiring and disposing of players' registrations occur in January and in the summer. During these periods, Inter may require additional cash to meet its acquisition needs for new players and it may generate additional cash through the sale of existing players' registrations. Depending on the terms of the agreement, transfer fees may be paid or received in multiple instalments, resulting in deferred cash paid or received.

The following table sets forth the Group's consolidated capital expenditures for the fiscal years ended June 30, 2017, 2018 and 2019.

	For the fiscal year ended June 30,		
	2017	**2018**	**2019**
(in thousands of €)			
Intangible assets—player registration rights	144,695	210,637	107,213
Capitalization of youth program costs	4,998	7,526	7,147
Intangible assets—excluding player registration rights	1,653	1,330	3,663
Property, plant and equipment	993	2,099	4,904
Consolidated capital expenditure	**152,339**	**221,592**	**122,927**

The Group's consolidated capital expenditure was €152.3 million, €221.6 million and €122.9 million in the fiscal years ended June 30, 2017, 2018 and 2019, respectively. Changes in capital expenditure are primarily driven by the net cost of player registrations that Inter undertakes during the transfer windows. The Group expects that its consolidated capital expenditures for the fiscal year ended June 30, 2020 will remain at a similar level as in the fiscal year ended June 30, 2019.

REGULATION

UEFA Financial Fair Play Regulations

On May 27, 2010, UEFA adopted the Financial Fair Play Regulations, which became effective in the 2013/2014 football season for all clubs who qualify to play in an UEFA-organized tournament. The Financial Fair Play Regulations are targeted at improving the financial self-sufficiency and sustainability of football clubs and discouraging clubs from regularly operating at a loss by, among others: (i) imposing ongoing risk assessments on their financial results; (ii) setting a "break-even" rule requiring clubs to operate on the basis of their own revenue; and (iii) implementing a set of requirements on overdue payables.

The "break-even" rule requires football clubs to demonstrate that their "football" income equals or exceeds their "football" expenses by requiring clubs to not operate at a loss of more than €5 million over any three-year operating period, which can be increased to €30 million if the excess is covered by an equity injection. Any club which exceeds this deficit amount will automatically be in breach of the "break-even" rule, irrespective of any equity contributions.

As part of the monitoring process under the "break-even" rule, football clubs which are granted a license by their national association are required to submit a break-even test and payables analysis to the Club Financial Control Body, which is part of UEFA's Organs for the Administration of Justice. The CFCB reviews financial submissions and, pursuant to the Procedural Rules Governing the UEFA Club Financial Control Body, decides what sanctions, if any, to apply to non-compliant clubs. Potential sanctions for non-compliance with the Financial Fair Play Regulations include a reprimand/ warning, withholding of prize money from participation in UEFA competitions, fines, prohibition on registering new players for UEFA competitions, restrictions on a club's ability to participate in international transfers and ultimately exclusion from UEFA-sponsored competitions. Clubs in breach of the break-even rule can be placed into a "settlement agreement", a negotiated set of conditions both financial and sporting aimed at ensuring future compliance with the Financial Fair Play Regulations.

In May 2015, Inter entered into a settlement agreement with UEFA, agreeing to a three-season arrangement that included financial, operational and sporting penalties for the 2015/2016 and 2016/2017 seasons, with potential extensions of such penalties to the 2017/2018 and 2018/2019 seasons in case of non-compliance to the terms of such settlement agreement. With a notice sent on May 17, 2019, the CFCB confirmed that Inter was no longer under financial fair play review with UEFA, and that Inter had complied with the "break-even" requirement for the reporting periods covered by the settlement agreement. Therefore, since Inter successfully satisfied the prescribed FFP requirements, it was released from its settlement agreement without any further sanctions in connection therewith.

On June 18, 2020, UEFA officially announced that the UEFA Executive Committee approved a set of temporary emergency measures as an addendum to the Financial Fair Play Regulations, to take into account the adverse effect of COVID-19 on the finances of clubs. Such temporary measures aim at providing flexibility to the clubs, while ensuring a continued fulfilment of transfer and salary payment obligations on time, and protecting the system from potential abuses; among other things, clubs will be given more time to quantify and account for unanticipated loss of revenues (as the financial years 2020 and 2021 will be assessed as one single period), and will be allowed to adjust the break-even calculation for revenue shortfalls reported in 2020 and 2021 (for example, by averaging the combined deficit of 2020 and 2021).

The Indenture requires the Issuer to report regularly on its financial fair play compliance. See "*Description of the Notes*".

Italian Financial Fair Play Regulations

IFFPR are based on resolutions issued by the FIGC and Serie A.

The IFFPR set forth certain financial, organizational and infrastructural conditions to be met by football clubs in order to obtain the National license to participate in Serie A.

The 2018/2019 season was the first season for which compliance with the IFFPR was taken into account for clubs seeking a license to participate in Serie A.

Pursuant to the previous version of IFFPR, still valid for the 2019/2020 season, the permitted financial deficit had to be less than or equal to 25% of the club's average revenues in the three fiscal years prior to the year for which the license to participate in Serie A is sought. Any deficit above the 25% threshold must be covered by (i) contributions for future capital increases; (ii) fully subscribed and paid-in capital increases; or (iii) non-interest bearing subordinated shareholder loans.

On December 16, 2019, FIGC adopted the new Serie A license system for the 2020/2021 season, which does not include the above-mentioned financial condition concerning the balanced budget.

In order to be eligible to participate in Serie A for the 2020/2021 season, a club has to:

(a) by April 30, 2020,

- file with COVISOC any agreement relating to the international purchase of players occurred between January 1, 2019 and December 31, 2019;
- file with COVISOC any agreement relating to the international purchase of players occurred until December 31, 2018, in relation to which debt positions are still open (Serie A clubs which obtained the UEFA license are exempted from this and the preceding obligation);
- provide evidence to COVISOC of the fulfilment of its 2019 VAT obligation payments; and
- provide evidence to COVISOC of the transmission of the tax documents relating to the fiscal year concluded on December 31, 2018;

(b) by June 1, 2020,

- file with COVISOC a copy of the club's interim financial statements as of March 31, 2020;
- file with COVISOC a duly undersigned statement on the company validity and its social structure;
- file with COVISOC a duly undersigned statement relating to the possible modifications to the corporate documents occurred to the same date; and
- file with COVISOC a duly undersigned statement on the bank accounts opened in the club's name, and exclusively dedicated to the payment of wages and relevant social security contributions;

(c) by June 22, 2020

- file with COVISOC the Serie A license request;
- provide evidence to COVISOC that the club has fulfilled any obligations to clubs belonging to foreign leagues, including obligations arising from international purchases of players, as of 31 March 2020;
- provide evidence to the LNP that the club has fulfilled any obligations to ICG, leagues and clubs affiliated to FIGC;
- provide evidence to COVISOC that the club has fulfilled its payment obligations (including severance payments) to its players, employees and staff members, that are due up to and including May 2020;
- provide evidence to COVISOC that the club has fulfilled its obligations to certain categories of professionals (including the team manager, athletic director, club's doctors, athletics trainers, finance managers, and marketing or control managers) due for the period from July 1, 2019 through and including May 31, 2020;
- provide evidence to LNP that the club has fulfilled its payment relating to the "End of Career Fund" due up to and including May 2020;
- provide evidence to COVISOC that the club has paid taxes (IRPEF and VAT, where applicable, IRES, IRAP) and social contributions (INPS) for players and other categories of managers and employees;
- file with COVISOC a copy of the club's financial statement as of June 30, 2019 (as of December 31, 2019, in case the financial year follows the calendar year), a copy of the club's semiannual report as of December 31, 2019 and a copy of the external auditors' limited review report;
- file with COVISOC evidence that the club has overcame the situation under article 2447 or 2482-ter of the Italian Civil Code, as resulting from the interim financial situation as of 31 March 2020;

- file with COVISOC, in the event that the annual external auditors' limited review report expresses an adverse opinion or a disclaimer of opinion, a new report, relating to the same fiscal year, which certifies the overcoming of the conditions that have determined such negative reviews;
- file with COVISOC, in the event that the semiannual external auditors' limited review report expresses an exception relating to business continuity, a new report, relating to the same fiscal year, which does not contain such exception or certifies the overcoming of the conditions that have determined such exception;
- file with COVISOC, in the event that the semiannual external auditors' limited review report expresses a disclaimer of conclusion or an adverse conclusion, a new report, relating to the same fiscal year, which does not contain such exception or certifies the overcoming of the conditions that have determined such reviews;
- file with COVISOC, in the event that the external auditors' limited review report on the interim financial situation as of 31 March 2020 expresses a disclaimer of conclusion or an adverse conclusion, a new report, relating to the same fiscal year, which does not contain such exception or certifies the overcoming of the conditions that have determined such reviews; and
- file with COVISOC, in the event that the external auditors' limited review report on the interim financial situation as of 31 March 2020 expresses an exception relating to business continuity, a new report, relating to the same fiscal year, which does not contain such exception or certifies the overcoming of the conditions that have determined such exception.

Failure to comply with the abovementioned obligations may result in penalizations for the next season or pecuniary fines. In the event that the club fails to comply with one of the abovementioned obligations within the last term of June 22, 2020, the license to participate in Serie A for the 2020/2021 season will not be granted.

Between September 16 and September 30, 2020, a club has to fulfill its payments and tax obligations with regard to the month of June 2020.

In addition, pursuant to article 90, paragraph 4, of the NOIF, in the event of failure to comply with the minimum level of Liquidity Index (calculated according to the rules provided for by the NOIF as the ratio between current assets and current liabilities) as of 31 March or 30 September, COVISOC shall exclude the relevant club from transactions for the acquisition of new players respectively for the summer and winter seasons, unless the LNP verifies that, for each acquisition, the related cost is fully covered by the profits resulting from previous or simultaneous sales/purchases of players. Clubs excluded from transactions, however, may be allowed to operate during such transfer market windows, provided that they have reinstated compliance with the minimum level of Liquidity Index through equity contributions, capital increases or shareholders' loans.

On May 27, 2020, FIGC suspended all the above mentioned deadlines provided for by the Serie A license system for the 2020/2021 season adopted on December 16, 2019. The adoption of new license rules and relevant deadlines is now expected.

Decree Nine, as amended by the Pacchetto Lotti

Decree Nine sets forth the regulation on ownership and marketing of the Broadcasting Rights and the relevant split of the Broadcasting Revenues.

Prior to the tender procedure, the LNP must issue detailed Guidelines, subject to the approval of AGCM and AGCOM, that set forth (i) the regulations relating to the tender process and the granting of the Broadcasting Rights; (ii) the criteria for preparing the set of Broadcasting Rights contained in the Packages; (iii) the minimum price for the Packages; and (iv) any further provisions deemed necessary for a transparent and non-discriminatory tender procedure.

If the LNP awards the tender to a Broadcaster, the Broadcaster directly enters into a non-assignable license agreement with LNP for a maximum three-year period. If the LNP awards the tender to an Intermediary, the Intermediary must sublicense the relevant Broadcasting Rights to any broadcaster. LNP is also permitted to create a single radio broadcasting rights package to be licensed to a single radio communication operator.

The Broadcasting Revenues are allocated to the Serie A clubs with a resolution approved by the LNP according to a formula set out by Decree Nine.

LNP must pay an amount of 10% of the total annual Broadcasting Revenues generated by Serie A to promote and develop the youth divisions of the Serie A clubs, to support formation and utilization of players which can be selected for the national junior football teams, to support investments in sport facilities and to support FIGC's facilities and activities with regard to youth leagues.

After these deductions have been made, according to article 26 of Decree Nine, as amended by the Pacchetto Lotti, the Broadcasting Revenues are allocated as follows: (i) 50% of the Broadcasting Revenues equally among all the Serie A clubs, (ii) 30% of the Broadcasting Revenues on the basis of each Serie A club's performance (15% allocated based on each Serie A club's results in the immediately preceding season, 5% allocated based on each Serie A club's national and international historical results from the season 1946/1947 onwards and the remaining 10% allocated based on each Serie A club's results over the preceding five seasons), and (iii) the remaining 20% of the Broadcasting Revenues based on each Serie A club's social rooting (determined on the basis of the following elements: the live audience of each Serie A club, based on the number of paying spectators in the stadiums in the preceding three seasons and the certified television audience share).

See "*Risk Factors—Risks Related to the Issuer—A significant portion of our Cash Inflows is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations*".

This formula, effective from the 2018/2019 season, will be in force until the 2020/2021 season.

With Decree of the President of the Council of Ministers of March 28, 2018, the Italian Government implemented the provisions of Law of December 27, 2017, no. 205, providing more details for the application of the criteria in subparagraph (ii) and (iii) above.

The 2019 Budget Law Amendment

The 2019 Budget Law further amended the Decree Nine with regard to the formula for the allocation of the Broadcasting Revenues to Serie A clubs.

According to the new rules, applicable from the 2021/2022 season, the Broadcasting Revenues will be allocated as follows: (i) 50% of the Broadcasting Revenues equally among all the Serie A clubs, (ii) 28% of the Broadcasting Revenues on the basis of each Serie A club's performance, and (iii) 22% of the Broadcasting Revenues on the basis of each Serie A club's social rooting.

The quota under the criteria in sub paragraph (ii) is determined on the basis of the following elements: (a) the results in the latest season; (b) the results in the latest five seasons; and (c) the historical results at the National level from the 1946/1947 season.

The quota under the criteria in sub paragraph (iii) is determined on the basis of the following elements: (a) the live audience of each Serie A club, based on the number of paying spectators in the stadiums; (b) the certified television audience share; and (c) the numbers of minutes played in Serie A by young home-grown players.

MANAGEMENT

The following is a summary of information relative to management and certain provisions of our bylaws (statuto) and Italian law regarding corporate governance. This summary is qualified in its entirety by reference to our bylaws or Italian law, as the case may be, and does not purport to be complete.

The Issuer

The Issuer was incorporated as a limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy on May 6, 2014 and was transformed into a private joint stock company (*società per azioni*) on November 27, 2017. It is registered under number 08651600960 with the Companies Register of Milan (*Registro delle Imprese di Milano*). The Issuer's registered office is at Viale della Liberazione, no. 16/18, 20124 Milan, Italy, and its telephone number is +39 02 82719080.

We are managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. Under Italian law, the board of directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires us to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body.

The Issuer's Directors and Senior Management

The Issuer's Directors

The board of directors of the Issuer (the "**Issuer's Board of Directors**"), as of the date of this Offering Memorandum, are set forth in the table below. The business address of each member of the Issuer's Board of Directors is the registered address of the Issuer, Viale della Liberazione, no. 16/18, 20124 Milan, Italy.

The following table sets forth the age, date of first appointment and position of the directors of the Issuer:

Name	Age	Date of First Appointment	Position
Zhang Kangyang	28	October 26, 2018	Chairman, Director
Alessandro Antonello	54	September 27, 2017	Executive Director
Yang Yang	39	June 28, 2016	Non-Executive Director
Zhu Qing	37	October 26, 2018	Non-Executive Director
Lorenzo Mauro Banfi(1)	61	October 26, 2018	Non-Executive Director

(1) Independent Director.

Set forth below is certain biographical information relating to the members of the Issuer's Board of Directors.

Zhang Kangyang. Mr. Zhang currently serves as President of Inter and he has been member of Inter's Board of Directors since June 28, 2016. Mr. Zhang, also, serves as executive board member of the ECA (the European Club Association). Outside of Inter, Mr. Zhang serves as president of Suning International, covering Suning Holdings Group's global development and international cooperation, as board member of Suning Sports Group Limited, which is a renowned sports broadcasting and operation platform in China, as director of Suning Smart Life Holding Limited, which operates one of the leading convenient store chains in China, among his other titles. Prior to joining Suning, Mr. Zhang worked at Morgan Stanley Equity Capital Market Division and JP Morgan Chase Investment Banking Division. Mr. Zhang holds a bachelor's degree in economics from the Wharton School of the University of Pennsylvania (USA).

Alessandro Antonello. Mr. Antonello joined the Issuer's Board of Directors on September 27, 2017 as an Executive Director. Mr. Antonello also serves as Inter's Chief Executive Officer for Corporate. Prior to taking up this position, Mr. Antonello also served as Inter's Chief Financial Officer and Chief Operating Officer. Outside of Inter, Mr. Antonello has held various audit and executive positions, including Chief Financial Officer and later Chief Executive Officer of Puma Italia S.r.l. Mr. Antonello holds a degree in business administration from the Università degli Studi di Bergamo (Italy) and is a Certified Public Accountant and Certified Public Auditor.

Yang Yang. Mr. Yang has been a member of the Issuer's Board of Directors since June 28, 2016. Outside of the Issuer, Mr. Yang currently serves as assistant president of Suning Holdings Group. He also serves as the sole director of Suning Rundong Equity Investment Management Co., Ltd., as board member of Suning Consumer Finance Co. Ltd., among his other titles. Prior to joining Suning Group, Mr. Yang has served as investment banker for ten years at CITIC Securities' both in Shanghai and Hong Kong. Mr. Yang holds a master's degree in finance and economics from Shanghai University (China).

Zhu Qing. Mr. Zhu has been a member of the Issuer and Inter's Board of Directors since October 26, 2018. Outside of Inter group, Mr. Zhu currently serves as head of TMT and sports investment of Suning Holdings Group. Mr. Zhu, also, serves as board member of Suning Sports Group Limited, which is a renowned sports broadcasting and operation platform in China, among his other titles. Prior to joining Suning, Mr. Zhu has held a position as investment banker at CITIC Securities and other institutions in Shanghai, Hong Kong and London. Mr. Zhu holds a master's degree in economics from Nanjing University (China).

Lorenzo Mauro Banfi. Mr, Banfi has been a member of the Issuer's Board of Directors since October 26, 2018. Mr. Banfi is partner at Pirola, Pennuto, Zei & Associati and has considerable experience advising clients on corporate tax, transfer pricing and private equity deals taxation. Mr. Banfi holds a degree in economics from the Università Cattolica di Milano (Italy) and is a Certified Public Accountant and Certified Public Auditor.

Practices of the Issuer's Board of Directors

The Issuer's Board of Directors comprises five directors. Pursuant to the by-laws (*statuto*) of the Issuer, the Issuer must be managed by a board of directors with between five and seven members, who are elected upon nomination by the Issuer's ordinary shareholders' meeting. One of the directors must be an independent director (*i.e.* not having had any relationship with the Issuer or the Group in the five years prior to the appointment). The Issuer's Board of Directors may perform all acts that they consider necessary to achieve the Issuer's corporate purpose, except for those actions reserved by law or for the shareholders' meeting pursuant to the Issuer's by-laws. The Issuer's by-laws also provide that any resolution of the Issuer's Board of Directors concerning (i) any composition with creditors or insolvency proceedings, or (ii) any decision to convene a shareholders' meeting either to amend the Issuer's by-laws in a way which will be detrimental to lenders or regarding the winding-up or early termination of the Issuer shall be adopted only if the independent director votes in favor. The Board of Directors remains in office for a three-year term which expires on the date of the ordinary shareholders' meeting called to approve the financial statements of the last fiscal year of the term.

Audit and Remuneration Committees

The Issuer has not adopted separately established internal audit or remuneration committees. These functions are fulfilled by the Board of Directors as a whole, or its delegated members, as and when required.

Senior Management

The following table sets forth the age and position of the members of senior management of the Group:

Name	Age	Position
Zhang Kangyang	28	Chairman
Alessandro Antonello	54	Chief Executive Officer Corporate
Javier Zanetti	46	Vice President
Tim Williams	49	Chief Financial Officer
Giuseppe Marotta	63	Chief Executive Officer Sport
Luca Danovaro	44	Chief Marketing Officer
Matteo Pedinotti	47	Chief Communications Officer
Piero Ausilio	48	Chief Sport Officer
Jaime Colas Rubio	45	Chief Commercial Officer

The members of senior management listed above are considered relevant to establishing that the Group has the appropriate expertise and experience for the management of its business.

Set forth below is certain biographical information relating to the members of the Group's senior management.

Zhang Kangyang. See *"—The Issuer's Directors"* for a description of Mr. Kangyang's management experience.

Alessandro Antonello. See *"—The Issuer's Directors"* for a description of Mr. Antonello's management experience.

Javier Zanetti. Mr. Zanetti has served as Vice-President of Inter since 2014. Mr. Zanetti had a long sporting career with Inter and holds the record of the highest number of appearances in the history of the club (858 appearances). Mr. Zanetti began his career in Argentina with Club Atlético Talleres and Club Atlético Banfield. From 1995 to 2014, Mr. Zanetti played for Inter and served as captain from 2001 to 2014, becoming the most capped player as captain in the UEFA Champions League (82 appearances). With 1,114 official games played, Mr. Zanetti has the fifth-most career appearances of any player in history. He also has the fourth-most appearances in Serie A and is the foreign player with the most appearances in the tournament (615 appearances). During his career with Inter, he won 16 trophies: five *Scudetti* (Serie A winner), four *Coppa Italia*, four *Supercoppa Italiana*, one UEFA Europa League, one UEFA Champions League and one FIFA Club World Cup. Mr. Zanetti is not a member of the Board of Directors. Mr. Zanetti recently completed a sports management course at Università Luigi Bocconi in Milan (Italy).

Tim Williams. Mr. Williams joined Inter in July 2015 and serves as the Chief Financial Officer. Mr. Williams also serves as a director of M-I Stadio. Prior to joining Inter, Mr. Williams served as group financial controller for Manchester United Football Club, a position he held for five years. Mr. Williams has also held senior finance positions with McCann Erickson (part of the Interpublic Group) and United Utilities PLC (a UK FTSE 100 Group). A qualified Chartered Accountant, Mr. Williams was admitted to membership of the ICAEW in 1996 and Fellowship in 2009. Mr. Williams began his career with KPMG in the UK and holds a BA (Hons) in accounting and finance from Manchester Metropolitan University (UK).

Giuseppe Marotta. Mr. Marotta joined the Inter's Board of Directors on December 13, 2018 as Chief Executive Officer Sport. In his role, Mr. Marotta ensures the management and strategic supervision of the sports areas. Mr. Marotta also serves as a federal councilor of LNP. Prior to joining Inter, Mr. Marotta served as general manager, director and Chief Executive Officer for Juventus Football Club, as general manager and director for Unione Calcio Sampdoria and as general manager for Atalanta Bergamasca Calcio. Mr. Marotta began his career in 1978 holding several managerial positions for several football clubs including: Società Sportiva Dilettantistica Varese Calcio, Ravenna Football Club 1913, Associazione Calcio Monza, Como 1907 and Venezia Football Club which, under Mr. Marotta's guidance was brought back to Serie A championship after 31 years. Mr. Marotta is member and president of Associazione Direttori Sportivi and he serves as vice president of the board of directors of FIGC Technical Sector. In 2014, Mr. Marotta was inducted into the Italian Football Hall of Fame established by FIGC to promote the heritage, history, culture and values of Italian football.

Luca Danovaro. Mr. Danovaro joined Inter in July 2018 and serves as Chief Marketing Officer. Prior to joining Inter, Mr. Danovaro served as corporate marketing director for Samsung Electonics Italia S.p.A. and as head of WE football corporate communications for Nike. Mr. Danovaro holds a degree in political science and government from the Università degli Studi di Milano (Italy).

Matteo Pedinotti. Mr. Pedinotti joined Inter in October 2018 as Media Content Director and, since May 2019, serves as Chief Communication Officer. Prior to joining Inter, Mr. Pedinotti served as head of brand for AS Roma and as corporate communication director EMEA South for Nike, a position he held for 11 years. Mr. Pedinotti, also, served as senior executive for Bonaparte 48, an Italian leading PR agency, where he was entrusted with the managing corporate communication for AC Milan, a position he held for four years. Mr Pedinotti holds a degree in international law from the Università Cattolica in Milan (Italy).

Piero Ausilio. Mr. Ausilio serves as Inter's Chief Sports Officer. Mr. Ausilio also serves as senior director in the Governing Council of Sports Directors Association (*Associazione Direttori Sportivi*). Mr. Ausilio holds a degree in law from Università Statale di Milano (Italy).

Jaime Colas Rubio. Mr. Colas joined Inter in July 2019 and serves as Chief Commercial Officer. Prior to joining Inter, Mr. Colas served as global sponsorship sales director for Real Madrid C.F, as general manager for Havas Sport & Entertainment and has held several positions as marketing, sale & sponsorship manager for other companies. Mr. Colas holds a degree in advertising and public relations, a master's degree in media management and a teacher sport marketing.

The Issuer's Board of Statutory Auditors

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose purpose is to oversee the Issuer's compliance with the law and with its by-laws, to verify the Issuer's compliance with best practices in administration of its business, and to assess the adequacy of the Issuer's internal controls and accounting reporting systems, including the adequacy of the procedures in place for the supply of information between the Issuer and Inter.

Currently, there are three auditors and one alternate auditor on the board of statutory auditors of the Issuer.

Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for three-year terms expiring on the date of the ordinary shareholders' meeting called to approve the financial statements in the third financial year of a respective member's term. At least one of the auditors and one of the alternate auditors must be selected from among the legal auditors registered with the relevant special registry in Italy. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court. The terms of office of the current members of the board of statutory auditors are scheduled to expire with the approval of the Issuer's financial statements for the fiscal year ended June 30, 2018.

The following table identifies the current members of the board of statutory auditors of the Issuer, together with their age and title.

Name	Age	Position
Luca Nicodemi	46	Chairman
Giacomo Perrone	43	Auditor
Alessandro Luca Padula	46	Auditor
Fabrizio Piercarlo Bonelli	60	Alternate Auditor

The business address for each of the members of the Issuer's board of statutory auditors is Viale della Liberazione, no. 16/18, 20124 Milan (MI), Italy.

Set forth below is certain biographical information relating to the members of the Issuer's board of statutory auditors.

Luca Nicodemi. Mr. Nicodemi is the chairman of the Issuer, Inter and BrandCo's Board of Statutory Auditors. Mr. Nicodemi has considerable experience as a statutory auditor, since he served on the board of statutory auditors of several listed companies and corporations including: Pirelli & Co. S.p.A., Roche S.p.A., Fondazione Roche, Fondazione Rotschild, Rotschild SIM S.p.A., IGLI S.p.A. (Group Gavio), Bormioli Pharma S.p.A.. Mr. Nicodemi also served as sole member of the supervisory board of Rotschild & Co S.p.A. pursuant to the Italian Legislative Decree no. 231/2001. Mr. Nicodemi holds a bachelor's degree from Università Luigi Bocconi in Milan (Italy) and is a registered Chartered Accountant.

Giacomo Perrone. Mr. Perrone is an associate partner at KPMG Studio Associato (part of the KPMG International Network), where he provides domestic and international tax advice to companies and private equity funds. Mr. Perrone holds a bachelor's degree in business and economics from the University of Naples (Italy) and is a member of the Italian Institute of Chartered Accountants and the Italian Institute of Chartered Auditors.

Alessandro Luca Padula. Mr. Padula is an equity partner at Ernst & Young. Mr Padula is an Italian qualified lawyer before the Italian Supreme Court with 15 years' experience. Prior to joining Ernst & Young, Mr Padula was a vice president and then an executive director at Morgan Stanley in London. Mr. Padula holds a bachelor's degree in law (hons) from Università di Pisa (Italy) and he was a Fulbright Scholar at Harvard University's international tax program (USA). Mr. Padula is the director of the master degree in taxation and in business law at Università Lumsa in Rome (Italy) and at Università di Palermo (Italy) and he has been lecturing at various universities, including Università Lumsa and University of Saint Gallen (Switzerland).

Fabrizio Piercarlo Bonelli. Mr. Bonelli joined the Board of Statutory Auditors on June 28, 2016. Mr. Bonelli is a partner at GFT & Partners since 2012, where he advises on corporate and financial matters, particularly in mergers and acquisitions, capital raising and debt restructuring in a variety of industries, including retail, utilities, leisure and real estate. Mr. Bonelli also currently serves as an independent director of Sorgenia S.p.A. and as chairman of the board of statutory auditors for several companies including: IRIDEOS S.p.A., A2Abroad S.p.A., MEDEA S.p.A. (Italgas Group). Prior to joining GFT & Partners, Mr. Bonelli held managing director positions at Société Générale S.A. and Banca Intesa S.p.A. (now Intesa Sanpaolo). Mr. Bonelli holds a degree in business administration from Università Bocconi in Milan (Italy) and a master's degree in international business from St. Thomas University in Miami (USA) and he is a certified Chartered Accountant.

Issuer By-Laws (Statuto)

See "*Annex B: Issuer By-Laws (Statuto)*".

F.C. Internazionale Milano S.p.A.

The following is a summary of certain information concerning the management of Inter, certain provisions of the by-laws (*statuto*) of Inter and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and Italian law.

Inter is managed by a board of directors (*Consiglio di Amministrazione*) comprising of nine members which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. The board of directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires Inter to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body (see below).

Inter's Directors

Inter's Directors

The board of directors of Inter ("**Inter's Board of Directors**"), as of the date of this Offering Memorandum, are set forth in the table below. The business address of each member of Inter's Board of Directors is the registered address of Inter, Viale della Liberazione, no. 16/18, 20124 Milan (MI), Italy.

The following table sets forth the age, date of first appointment and position of the members of Inter's Board of Directors:

Name	Age	Date of First Appointment	Position
Zhang Kangyang(1)	28	June 28, 2016	Chairman, Director
Alessandro Antonello(1)	54	August 8, 2017	Chief Executive Officer Corporate, Director
Giuseppe Marotta(1)	63	December 13, 2018	Chief Executive Officer Sport, Director
Daniel Kar Keung Tseung(2)	39	February 18, 2019	Non-Executive Director
James Emilian Thomas Pitts(2)	54	February 18, 2019	Non-Executive Director
Yang Yang(1)	39	June 28, 2016	Non-Executive Director
Zhou Bin(1)	38	June 22, 2020	Non-Executive Director
Ren Jun(1)	43	June 28, 2016	Non-Executive Director
Zhu Qing(1)	37	June 28, 2016	Non-Executive Director

(1) Nominee of the shareholder Great Horizon (as defined under "*Principal Shareholders*").

(2) Nominee of the shareholder ISC (each as defined under "*Principal Shareholders*").

Set forth below is certain biographical information relating to the members of Inter's Board of Directors.

Zhang Kangyang. See*"—The Issuer's Directors"* for a description of Mr. Kangyang's management experience.

Alessandro Antonello. See "*—The Issuer's Directors and Senior Management—The Issuer's Directors*" for a description of Mr. Antonello's management experience.

Daniel Kar Keung Tseung. Mr. Tseung has been a member of Inter's Board of Directors since February 18, 2019. Mr. Tseung is the founder, managing director and investment committee member of LionRock Capital and prior to founding Lionrock Capital, Mr. Tseung served as managing director of Sun Hung Kai Properties Direct Investments Limited. Mr. Tseung holds a bachelor's degree from Princeton University and a master's degree from Harvard University (USA).

James Emilian Thomas Pitts. Mr. Pitts has been a member of Inter's Board of Directors since February 18, 2019. Mr. Pitts currently serves as head of LionRock Capital Europe. Prior to joining Lionrock Capital, Mr. Pitts served as managing director for Credit Suisse, in Hong Kong and UK, and as principal for Morgan Stanley. Mr. Pitts holds a master's degree from Cambridge University (UK).

Yang Yang. See "*—The Issuer's Directors and Senior Management—The Issuer's Directors*" for a description of Mr. Yang's management experience.

Giuseppe Marotta. See *"—The Issuer's Directors and Senior Management—Senior Management"* for a description of Mr. Marotta's management experience.

Zhou Bin. Mr. Zhou has been a member of Inter's Board of Directors since June 22, 2020. Outside of Inter, Mr. Zhou currently serves as head of the retail investment of Suning Holdings Group. Mr. Zhou also serves as board member of Suning Goldstone (Tianjin) Fund Management Co., Ltd., which is a REITs fund manager, and as member of the supervisory board of Carrefour China Holdings N.V., which is the holding company of Carrefour China entities, among his other titles. Prior to joining Suning, Mr. Zhou held various positions as an investment banker at CITIC Securities and at PwC. Mr. Zhou holds a master's degree in finance-insurance from Shanghai University of Finance and Economics (China).

Ren Jun. Mr. Ren has served as a non-executive director of Inter since June 28, 2016. Outside of Inter, Mr. Ren currently serves as chairman of the management board of Suning.com Group (also known as Suning Commerce Group). Mr. Ren also serves as board member of Suning.com Group Co. Ltd. (also known as Suning Commerce Group Co. Ltd.), which is an online+offline retail company operated and listed in China, as board member of Suning Sports Group Limited, which is a renowned sports broadcasting and operation platform in China, and as board member of Suning Consumer Finance Co. Ltd., among his other titles. Mr. Ren holds a bachelor's degree in investment and economics from Nanjing University (China).

Zhu Qing. See "*—The Issuer's Directors and Senior Management—The Issuer's Directors*" for a description of Mr. Qing's management experience.

Practices of Inter's Board of Directors

Inter's Board of Directors comprises nine directors. Pursuant to Inter's by-laws (*statuto*), the directors are elected upon nomination by Inter's ordinary shareholders' meeting according to a slate vote mechanism that provides for seven members to be appointed on the basis of the candidates mentioned in the most voted list, while the remaining two members are appointed according to the candidates mentioned in the second most voted list. Inter's Board of Directors may perform all acts that they consider necessary for the achievement of Inter's corporate purpose, except for those actions reserved by law or for the shareholders' meeting pursuant to Inter's by-laws. In particular, Inter's by-laws provide that certain resolutions may be adopted by Inter's Board of Directors only with the favorable vote of the majority of the directors, and with the favorable vote of at least one director from the minority slate. Such matters include the following:

- starting or consenting to procedures aimed at: (i) declaring the bankruptcy of Inter or any of its subsidiaries (including the Issuer); or (ii) voluntarily liquidating or winding up Inter or any of its subsidiaries (including the Issuer);
- starting or settling any dispute, arbitration, regulatory or administrative proceedings with third parties having a value higher than Euro 10 million (also involving any of the subsidiaries of Inter, including the Issuer); and
- granting powers of representation and giving instructions to proxyholders to vote in the shareholders' meeting of the subsidiaries of Inter (including the Issuer) to resolve on: (i) capital increases of the subsidiaries; (ii) amendments to the bylaws (including rules on board of directors' composition), redemption of ordinary shares or buy-back of treasury shares (also with respect to the subsidiaries of Inter, including the Issuer), where such amendments or buy-back may impact on the minority shareholders' rights; (iii) voluntary winding up or liquidation of the subsidiaries; (iv) distribution of dividend by the subsidiaries, where such distribution to the shareholders is not carried out on a *pro rata* basis; and (v) mergers, transformations, demergers or transfer of business units as going concerns where such activities entail a transfer of assets having a net value higher than Euro 50 million.

In addition, if the shareholders' meeting or the board of directors of the Issuer or BrandCo is called upon to resolve upon any of these matters, Inter's Board of Directors has to approve the relevant matter in advance by a unanimous favorable vote.

Inter's Board of Directors remains in office for a three-year term, which expires on the date of the ordinary shareholders' meeting called to approve the financial statements of the last financial year of the term.

Audit and Remuneration Committees

Inter has not adopted a separately established audit and remuneration committee. Audit and remuneration functions are fulfilled by Inter's Board of Directors as a whole, or its delegated members, as and when required.

Inter's Board of Statutory Auditors

Pursuant to applicable Italian law, Inter has appointed a board of statutory auditors (*Collegio Sindacale*) whose purpose is to oversee Inter's compliance with the law and with its by-laws, to verify Inter's compliance with best practices in administration of its business, and to assess the adequacy of Inter's internal controls and accounting reporting systems, including the adequacy of the procedures in place for the supply of information between it and its subsidiaries.

Currently, there are three auditors and one alternate auditor on the board of statutory auditors of Inter.

Members of the board of statutory auditors are appointed by the shareholders of Inter at ordinary shareholders' meetings according to a slate vote mechanism that provides for two statutory members and one alternate member to be appointed on the basis of the candidates mentioned in the most voted list, while the remaining statutory member and alternate member are appointed according to the candidates mentioned in the second most voted list. The board of statutory auditors remains in office for a three-year terms expiring on the date of the ordinary shareholders' meeting called to approve the financial statements in the third financial year of a respective member's term. At least one of the auditors and one of the alternate auditors must be selected from among the legal auditors registered with the relevant special registry in Italy. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court. The terms of office of the current members of the board of statutory auditors are scheduled to expire with the approval of Inter's financial statements for the fiscal year ended June 30, 2021.

The following table identifies the current members of Inter's board of statutory auditors, together with their age and title.

Name	Age	Position
Luca Nicodemi	46	Chairman
Giacomo Perrone	43	Auditor
Alessandro Luca Padula	46	Auditor
Fabrizio Piercarlo Bonelli	60	Alternate Auditor

The business address for each of the members of Inter's board of statutory auditors is Viale della Liberazione, no. 16/18, 20124 Milan, Italy.

For a brief description of certain biographical information relating to the members of Inter's board of statutory auditors, see *"—The Issuer's Board of Statutory Auditors"*.

PRINCIPAL SHAREHOLDERS

As of the date of this Offering Memorandum, the Issuer has a fully paid-up share capital of €500,000, owned by Inter (55.61%) and Inter Brand S.r.l. ("**BrandCo**") (44.39%). BrandCo is, in turn, wholly-owned by Inter, making the Issuer a wholly-owned, indirect subsidiary of Inter. See "*Corporate Structure and Certain Financing Arrangements*".

The share capital of Inter amounts to €19,195,313, which has been fully paid-up, comprised of 14,929,688,152 ordinary shares, without par value, owned, as of the date of this Offering Memorandum, as set forth below:

	Percentage of share capital
Great Horizon S.à r.l.(1)	68.55%
International Sports Capital S.p.A.(2)	31.05%
Minority Shareholders(3)	0.40%
Total	**100.0%**

(1) Great Horizon is part of the Suning Group, a Chinese corporate group with businesses in retail, real estate, culture and media, financial services and investment management. Great Horizon's direct parent, Suning Sports International Ltd. ("**Suning Sports**"), is part of the Suning Sports Group, which is focused on sports-related investments and business operations, including football club operations, sports e-commerce, content and media, copyright marketing and sports agency. The Suning Sports Group also owns a Chinese football club, Jiangsu Suning FC, which plays in China's top division, and a pay television station that broadcasts the most profitable football events in China, and runs football events such as tours and friendly matches. The Suning Group is ultimately controlled by Zhang Jindong.

(2) International Sports Capital S.p.A. ("**ISC**"), a company organized under the laws of Italy, is owned by LionRock Capital, which is an experienced private equity investor based in Hong Kong specialized in providing support for growth-stage consumer companies.

(3) The minority shareholders comprise individuals and entities who are not related parties, including Pirelli & C. S.p.A. which holds 0.37% of our share capital.

Relations between Great Horizon and ISC are governed by the bylaws of Inter and the Shareholders' Agreement.

Inter Shareholders' Agreement

On June 28, 2016, Great Horizon and ISC entered into a shareholders' agreement governed by the laws of Hong Kong (the "**Shareholders' Agreement**"), which sets forth the parties' respective economic and governance rights as shareholders of Inter.

Pursuant to the Shareholders' Agreement, the board of directors of Inter is composed of nine members, appointed as follows: (i) Great Horizon is entitled to designate six directors (including the CEO), and (ii) ISC is entitled to designate three directors. In addition, Great Horizon is entitled to designate two effective statutory auditors and ISC is entitled to designate one effective statutory auditor.

Under the terms of the Shareholders' Agreement, the resolutions concerning certain matters (also relating to the Issuer) may be adopted by the shareholders' meeting or the board of directors of Inter only with the favorable vote of ISC or of the directors appointed by ISC (as the case may be). Such matters include the following:

- capital increases of Inter or issuances of securities of Inter which are convertible into equity, provided that the valuation of such capital increases or securities reflects an enterprise value which is less than the higher of (i) the enterprise value of Inter (on a fully-diluted basis) calculated based on the per-share price paid by the subscriber(s) for the most recent capital increase of Inter and (ii) €850 million, as well as capital increases not offered to the *pro rata* subscription of the existing shareholders of Inter;
- voluntary liquidation of Inter or any of its subsidiaries (including the Issuer);
- material changes in the corporate purpose or registered office of Inter or any of its subsidiaries (including the Issuer);
- amendment to the by-laws of Inter introducing, amending or removing limitations or rights or other mechanisms relating to the transfer of shares in Inter;

- change in the club's name, or any material change to its logo, crest or colors;
- mergers (*fusioni*) and de-mergers (*scissioni*), or change in corporate form (*trasformazione*) of Inter or any of its subsidiaries (including the Issuer);
- the "Inter Campus" project relating to the promotion of amateur sporting events in underdeveloped countries (to the extent that the decision is material), including discontinuing it or reducing its scope of activities;
- approval of the budget and business plan of Inter and its subsidiaries (including the Issuer);
- appointment, replacing and hiring of top management (*dirigenti*) with respect to Inter and its subsidiaries (including the Issuer);
- assumption of debt, financings and granting of guarantees for amounts exceeding, per each transaction, €15 million;
- strategic business decisions regarding new markets, products or segments; and
- related party transactions as defined by International Accounting Standards (IAS) No. 24.

In addition, if the shareholders' meeting or the board of directors of the Issuer or BrandCo is called to resolve upon any of such matters, the board of directors of Inter has to approve the relevant matter in advance with the favorable vote of all directors designated by ISC. Moreover, in the event that a deadlock on a specific matter is not resolved pursuant to a procedure set forth in the Shareholders' Agreement, no resolution can be adopted with respect to such matter.

The Shareholders' Agreement contains provisions concerning, among other things, certain restrictions on the transfer of the Inter shares, including (i) a prohibition on ISC selling its Inter shares to certain competitors of Great Horizon, (ii) a right of first offer in the event that the other party intends to sell all or part of its Inter shares and (iii) ISC's tag-along right in the event that Great Horizon intends to sell all or part of its Inter shares to a third party. In addition, in case of a permitted transfer of the Inter shares to a third-party buyer, the latter has to adhere to the Shareholders' Agreement.

The Shareholders' Agreement is set to expire on the earlier of (i) the date of an initial public offering of the Inter shares, (ii) the date on which ISC ceases to hold more than 10% of Inter's voting share capital or (iii) the fifth anniversary of the signing date (*i.e.* June 28, 2021). Upon expiration of the five-year term, the Shareholders' Agreement will be automatically renewed for further five-year terms, unless a notice of termination is sent by either party (subject to the payment of a fixed amount as indemnification to the non-terminating party).

Shareholder Loans to Inter

See "*Description of Certain Financing Arrangements—Shareholder Loans*".

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following sets forth information relating to transactions between us and members of the Board of Directors and other related parties. For further information, see the notes to our audited financial statements as of and for the fiscal year ended June 30, 2017.

From time to time we enter into transactions with Inter and other parties that have relationships with our direct and indirect shareholders. The contracts described below govern the primary related party transactions.

Naming Rights and Sponsorship Agreement

We, together with Inter, entered into a naming rights and sponsorship agreement with Jiangsu Suning on December 20, 2016. Pursuant to this agreement, we and Inter granted to Jiangsu Suning certain commercial rights connected with Inter, including broadcasting rights, new media rights, interactive game rights, sponsorship rights, merchandising rights, licensing rights, advertising rights and ticket and hospitality rights. The agreement grants Jiangsu Suning the right to exploit these commercial rights in the consumer, electronic and household appliance, online and offline integrated platform operator, football-related operations and management and sport events broadcasting sectors worldwide. In return, Jiangsu Suning is required to pay us an annual fixed sponsorship fee of €16.0 million, plus a bonus if Inter achieves certain on-pitch performance targets. For the fiscal year ended June 30, 2017, we received €2.6 million in performance bonuses relating to both Inter's youth team and the first team. The Naming Rights and Sponsorship Agreement also includes a non-exclusive, royalty-free license granted to each party to use the other parties' intellectual properties as necessary in order to carry out their respective duties under the contract.

The Naming Rights and Sponsorship Agreement was amended on June 26, 2017 to grant Jiangsu Suning certain additional sponsorship rights that it may exploit only in Asia, including the right to sub-license certain of these sponsorship rights to third parties. We recognized as revenue a one-time fee of €25.0 million upon this amendment in the fiscal year ended June 30, 2017. As of March 31, 2020, €4.4 million of the total fee remained unpaid due to delays caused by, among other things, capital controls on remitting foreign currency out of China.

The Naming Rights and Sponsorship Agreement may be terminated in case of change of control of Inter. Following the automatic renewal, either party has the right to terminate the agreement by means of a written notice served to the other party six months prior to the end of each football season.

Since December 21, 2017, we receive approximately 53% of the base fee, which represents the portion of the Naming Rights and Sponsorship Agreement relating to the naming rights of the training kit, as well as any performance bonus and Inter receives the remaining 47%, which represents the naming rights of the training center.

On July 1, 2020, the Naming Rights and Sponsorship Agreement was further amended to reflect a two-year extension until 2022 and the base fee to be received over this additional two-year term has been offset by a reduction of the performance-based bonuses.

Services Agreement

We are party to the Services Agreement pursuant to which Inter has undertaken to provide us with certain services including, *inter alia*, administrative and accounting services, consulting services provided by Inter's coaches for events planned by us, web support services related to our sponsorship and media lines of business, legal assistance, including legal services to protect our intellectual property and other general services necessary for the operation of the business (the "**Services**"). In addition, Inter agreed to ensure that we have the rights (either directly or indirectly) to all revenue from then-current and future sponsorship and media agreements, including an agreement that all future direct media and sponsorship agreements will be entered into by us.

As consideration for the Services, we have undertaken to pay Inter up to €5.0 million, plus VAT, per year, subject to compliance with certain conditions under the Indenture.

The Services Agreement expires on June 30, 2047. We have the right to withdraw from the Services Agreement if Inter is in breach of the agreement or of its material obligations related to the Offering or any of the agreements between Inter and us, other than the Services Agreement, or if Inter becomes insolvent.

On or about the Issue Date, the Services Agreement will be amended to reflect the issuance of the Notes.

License Agreement

We are party to the License Agreement pursuant to which we granted Inter a non-exclusive license to use certain of our trademarks and other intellectual property (the "**Trademarks**") to allow Inter to carry out its business in the ordinary course. Inter does not, however, have the right to use the trademarks for any sponsorship business without our consent. The Licensing Agreement also authorizes Inter to sub-license the Trademarks to third parties.

Under the terms of the License Agreement, Inter is entitled to use the Trademarks on its letterhead, entrance tickets, sports equipment, official sportswear and magazines, posters and printed matter in general. We, in turn, undertake to share information with Inter and coordinate on the use of the Trademarks in an attempt to pursue uniform goals in the exploitation of the Trademarks. Each party agrees to disclose copies of all agreements with third parties relating to the use of the Trademarks for promotional, advertising or merchandising purposes.

As consideration for the use of the Trademarks, Inter pays us €5,000, plus VAT, per year.

The License Agreement expires on June 30, 2047, subject to an automatic three-year renewal with at least 120 days prior written notice. We have the right to withdraw from the License Agreement if Inter is in breach of the agreement or of its material obligations related to the Offering or any of the agreements between Inter and us, other than the License Agreement, or if Inter becomes insolvent.

On or about the Issue Date, the License Agreement will be amended to reflect the issuance of the Notes.

Playing and Staging Agreement

To permit us to carry out our sponsorship and media business, we are party to the Playing and Staging Agreement dated June 5, 2014, as amended and restated on the Issue Date, pursuant to which Inter has undertaken to, among other things:

i. use its best efforts to participate in all domestic leagues and tournaments organized by Serie A or Serie B and in all European tournaments organized by UEFA;

ii. comply with applicable laws and regulations (including Serie A's bylaws and the bylaws of any other football body administering a football league or tournament in respect of which Inter is entitled to participate);

iii. use its best efforts to meet all requirements under current and future sponsorship and media rights agreements in respect of which Inter may be entitled to receive certain revenues; and

iv. play all home matches at San Siro, except in cases of structural unsuitability or destruction or unavailability of the stadium. In the event Inter cannot play any given home match at San Siro, Inter must use their best efforts to play in an alternative stadium which meets the criteria of the counterparties to the media and sponsorship agreements. The Playing and Staging Agreement shall provide that Inter has the right to play its home matches in any new stadium to be built in the Milan area, provided that the new stadium is compliant with Serie A and UEFA regulations.

The Playing and Staging Agreement includes a liquidated damages provision that specifies that if Inter fails to comply with its material obligations under the agreement and, as a result of its failure to comply, the principal of, premium, if any, and accrued and unpaid interest on all of the Notes under the Indenture are declared to be immediately due and repayable, Inter must pay us an amount equal to (i) the outstanding principal amount of the Notes plus premium, if any, and accrued and unpaid interest, less (ii) the aggregate amounts then available in the Secured Accounts, other than the Tax Account (each as defined in the Indenture) which, in accordance with the terms of the Indenture, can be used by us to repay the principal, premium, if any, and accrued and unpaid interest and other amounts due by it under or in connection with the Notes and the Indenture. The Playing and Staging Agreement will expire on June 30, 2047.

On or about the Issue Date, the Playing and Staging Agreement will be amended to reflect the issuance of the Notes.

Assignments of Receivables from Indirect Media Rights

Since the Original Issue Date, we have entered into certain assignment agreements (the "**Assignment Agreements**") with Inter pursuant to which Inter has unconditionally and irrevocably assigned to us, on a non-recourse basis, the rights to the receivables from its media rights contracts which could not be transferred to us since they must remain at the level of the club owing to the "*titolo sportivo*" (the "indirect media rights") as well as the rights to any receivables arising under sponsorship agreements to which Inter is a party. Since Italian law does not permit the assignment of receivables arising from future contracts or arrangements until such contracts or arrangements have been executed, Inter will be required to enter into a number of future assignment agreements with us in respect of these indirect media rights once the future arrangements have entered into effect (e.g. when Inter becomes entitled to receive a portion of broadcast revenue arising from media rights arrangements between, for example, LNP or UEFA and broadcasters). Inter will also be required to assign any receivables arising under future sponsorship agreements they are party to. Under the Assignment Agreements, we agreed and will agree, as the case may be to pay Inter a deferred compensation payment as consideration for the assignment of receivables, which will be settled when we pay Inter such deferred compensation payment in accordance with the provisions of the Indenture (which requires that certain payment conditions are met before the deferred consideration may be paid to Inter).

Inter TV Distribution Agreement with Great Mercury

We are party to a distribution agreement with Great Mercury, a Chinese broadcasting company that is affiliated with Suning, pursuant to which we have granted Great Mercury the exclusive rights to broadcast Inter TV (including via websites, internet-based apps, over-the-top, IPTV) in mainland China, The agreement terminates on June 30, 2021.

Shareholder Loans to Inter

See "*Description of Certain Financing Arrangements—Shareholder Loans*".

Intercompany Loans

See "*Description of Certain Financing Arrangements—Intercompany Loans*".

Tax Consolidation Agreement

We and Inter entered into a tax consolidation agreement (the "**Tax Consolidation Agreement**") pursuant to Article 117 *et seq.* of Presidential Decree No. 917 of December 22, 1986 (*Testo Unico delle Imposte sui Redditi*) ("**Decree No. 917**") on December 21, 2017. The tax consolidation regime is automatically renewed until (i) Inter ceases to control us or (ii) other interruption events take place, or (iii) a specific option not to renew is exercised. The Tax Consolidation Agreement remains in force until any such interruption event may take place.

Pursuant to the Tax Consolidation Agreement, we and Inter pool together our respective taxable income and losses for IRES, and Inter is responsible for both its own and our income tax obligations. Under the regulatory framework set forth by Articles 117 to 129 of Decree No. 917, corporate income taxes relating to companies that have opted for the tax consolidation regime are determined on the basis of a single overall taxable base which consolidates the profits and losses of the parent company with those of its subsidiaries. As a result, a single tax payable or tax receivable applies to us and to Inter as a whole. In the case of a tax receivable, the parent company has the option to ask for a refund or to carry forward the tax receivable. The tax consolidation regime allows the parent company and its subsidiaries to offset the parent company's losses against its subsidiaries' taxable income and vice versa. Pursuant to the Tax Consolidation Agreement, we are responsible for providing Inter with all the documentation it requires for preparing and filing the consolidated income tax statement and Inter is responsible for determining and paying the consolidated corporate income tax.

In line with Article 127 of Decree No. 917, the Tax Consolidation Agreement provides that we, as a consolidated entity, are:

- jointly liable with Inter for any IRES deficiency (and related interest) or for any IRES penalty connected with such deficiency due by the tax consolidation as a result of tax assessments or other tax controls that adjust our taxable income upward; and

- liable for other penalties arising from our own violations or omissions.

The Tax Consolidation Agreement terminates with immediate effect if Inter ceases to control us (as control is defined in the applicable tax law) for any reason.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of Inter's significant indebtedness does not purport to be complete and is subject to, and qualified by, the underlying documents.

Intercompany Loans

We are currently party to the Amended Revolving Intercompany Loan and the Existing Proceeds Intercompany Loan, and, on or about the Issue Date, will be party to the New Intercompany Loan. The Amended Revolving Intercompany Loan was initially granted to Inter by us on May 30, 2014, as amended on December 21, 2017, and will be amended again on or about the Issue Date to acknowledge the issuance of the Notes. The Amended Revolving Intercompany Loan consists of a revolving facility for a maximum principal amount of €300.0 million ("**Facility B**"). No amounts will be further drawn on the Issue Date, when we expect the outstanding balance to be approximately €72.0 million. Facility B bears an interest rate equivalent to that of the Existing Notes. Under the Amended Revolving Intercompany Loan we make available to Inter the Facility B in one or more cash advances during the period from and including December 21, 2017 to and including the date falling one month prior to the repayment date of the Intercompany Loans, as described below. Any utilization of Facility B will be subject to certain payment conditions provided for under the Indenture. The Existing Proceeds Intercompany Loan was initially granted to Inter by us as of December 21, 2017, and consisted of a term loan facility for approximately €95.9 million bearing an interest rate equivalent to that of the Existing Notes. The Existing Proceeds Intercompany Loan will be amended on or about the Issue Date to acknowledge the issuance of the Notes. The Existing Proceeds Intercompany Loan bears an interest rate equivalent to that of the Existing Notes. The New Intercompany Loan will be granted to Inter by us on or about the Issue Date and will consist of a term loan facility for approximately €62.1 million bearing an interest rate equivalent to that of the Notes. The actual amount of the New Intercompany Loan may vary depending on the issue price of the Notes if the actual proceeds of the Offering differ from the assumed amount. If released excess cash increases due to any change from such assumptions, the amount provided to Inter for general corporate purposes pursuant to the New Intercompany Loan will increase accordingly. If, however, released excess cash decreases due to any change from such assumptions, the amount provided to Inter for general corporate purposes pursuant to the New Intercompany Loan will decrease accordingly. The Intercompany Loans provide that no cash-pay interest is due on such Intercompany Loans; therefore, all accrued interest due under the Intercompany Loans will be payable by Inter to us at maturity of the Intercompany Loans.

The Intercompany Loans must be repaid in full on the date falling on the business day after one year from June 30, 2047, unless in the event of an acceleration of the amounts under the Indenture, which will cause any outstanding amount under the Intercompany Loans to be immediately due and payable subject to subordination to the claims of the lenders under the Inter Revolving Credit Facility as described below.

Our claims against Inter under the Intercompany Loans are and will be subordinated to the claims of the lenders under the Inter Revolving Credit Facility according to the terms of the Subordination Agreement.

Our rights and receivables under the Intercompany Loans are and will be assigned by way of security as Collateral.

Intercreditor Agreement

To establish the relationships and relative priorities among the Security Agent, any future Pari Passu Creditors (as defined below) and certain future creditors and creditor representatives of the Group, the Issuer, Inter and BrandCo (collectively, along with any additional party which joins as a future debtor, the "**Debtors**") entered into an intercreditor agreement dated December 21, 2017 (the "**Intercreditor Agreement**").

In this description:

"Pari Passu Creditors" means: (a) each senior secured holder of Notes; (b) each other creditor representative in relation to any pari passu debt liabilities, each pari passu arranger, each other pari passu noteholder and each pari passu lender; and (c) the hedge counterparties which rank pari passu in accordance with the Intercreditor Agreement;

"Pari Passu Discharge Date" means the first date on which all liabilities which rank pari passu in accordance with the terms of the Intercreditor Agreement have been fully discharged to the satisfaction of the relevant creditor representative and each hedge counterparty and creditor which each rank pari passu are under no further obligation to provide financial accommodation to any of the Debtors;

"Pari Passu Note Trustee" means a senior secured Note trustee and any other trustee in respect of the Notes which has acceded to the Intercreditor Agreement; and

"Pari Passu Note Indenture" means the senior secured Note Indenture and any other note indenture setting out the terms of any debt security which creates or evidences debt liabilities which rank pari passu in accordance with the terms of the Intercreditor Agreement.

General

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement action (including acceleration or demand for payment and certain similar actions) ("**Enforcement Action**") can be taken in respect of such indebtedness and the Collateral (as defined below);
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from the repayment of indebtedness, enforcement of the Collateral or certain guarantees;
- when Collateral and guarantees will be released to permit an enforcement sale; and
- the order for applying proceeds from the enforcement of the Collateral and other amounts received by the Security Agent.

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Debtors (although only the Issuer is permitted to issue *pari passu* indebtedness as a debt obligation) provided that it is not prohibited by the terms of the Senior Secured Note Indenture, the Intercreditor Agreement and any other relevant Debt Document, which may rank *pari passu* to the Notes and be secured by the Collateral, subject to the terms of the Intercreditor Agreement. The Pari Passu Creditors have rights under the Intercreditor Agreement which are summarized below.

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Senior Secured Note Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions regarding permitted payments (as described below), that the Pari Passu Debt Liabilities rank pari passu in right and priority of payment without any preference between them.

The Intercreditor Agreement also provides, subject to the provisions regarding permitted payments (as described below) that the Pari Passu Hedging Liabilities and the Pari Passu Debt Liabilities rank *pari passu* in right and priority of payment without any preference between them.

The Liabilities owed by the Debtors to the Pari Passu Creditors rank ahead of any Liabilities owed by the Debtors to subordinated creditors (including to Inter) (such liabilities, the "**Subordinated Liabilities**"). The Intercreditor Agreement does not rank any of the Subordinated Liabilities as between themselves.

Collateral

The Intercreditor Agreement provides that the Collateral ranks and secures the Pari Passu Debt Liabilities *pari passu* and without any preference between them.

The Intercreditor Agreement provides that the Collateral ranks and secures the Pari Passu Hedging Liabilities and the Pari Passu Debt Liabilities *pari passu* without any preference between them.

The proceeds from any recoveries from enforcement of Collateral will be paid out as described below under "*—Application of proceeds*".

Such ranking among Collateral is expressed to be achieved by the provisions of the Intercreditor Agreement and will (i) not be affected by any reduction or increase in the principal amount secured by the Collateral in respect of the Liabilities owing to the Pari Passu Creditors or by any intermediate reduction or increase in, amendment or variation to any of the Debt Documents, or by any variation or satisfaction of, any of the Liabilities or any other circumstances, (ii) apply regardless of the order in which or dates upon which the Intercreditor Agreement and the other Debt Documents are executed or registered or notice of them is given to any person and (iii) secure the Liabilities owing to the Pari Passu Creditors in the order specified in the Intercreditor Agreement, regardless of the date upon which any of the Liabilities arise or of any fluctuations in the amount of any of the Liabilities outstanding.

In addition, the Intercreditor Agreement provides that the guarantees and Collateral may be released in certain circumstances described further below in "*—Release of Security and Guarantees—Non-Distressed Disposals*" and "*—Release of Security and Guarantees—Distressed Disposals*".

Permitted Payments

The Intercreditor Agreement permits payments to be made by the Debtors with respect to the Pari Passu Debt Liabilities (provided payment of Pari Passu Debt Liabilities is permitted under the Pari Passu Debt Documents) and does not limit or restrict any other payment by any Debtor other than in respect of Pari Passu Hedging Liabilities and Subordinated Liabilities. The Intercreditor Agreement also permits, subject to certain customary prerequisites, payments with respect to Pari Passu Hedging Liabilities.

The Intercreditor Agreement permits payments with respect to Subordinated Liabilities if the payment is not prohibited by the Pari Passu Debt Documents or the consent of each of the required Pari Passu Creditors is given.

Limitations on Enforcement

The Security Agent may refrain from enforcing the Collateral or taking any other Enforcement Action unless instructed otherwise by the Instructing Group.

For the purposes of enforcement, "**Instructing Group**" means a simple majority by value of a combined class of Pari Passu Creditors (the "**Majority Pari Passu Creditors**"). Pari Passu Hedge Counterparties will vote in accordance with the close-out amount owing to them (in respect of hedging which has been closed out).

The Security Agent is not obliged to act on the instructions of any Creditor or group of Creditors or enforce the Collateral until it has received any indemnification or security that it may in its discretion require which may be greater in extent than that contained in the Debt Documents and which may include payment in advance for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions in accordance with the Intercreditor Agreement.

If the Majority Pari Passu Creditors wish to instruct the Security Agent to commence enforcement of any of the Collateral, the relevant creditor representative (and, if applicable, Pari Passu Hedge Counterparties) must deliver a copy of those proposed enforcement instructions to the Security Agent and the Security Agent shall promptly forward such initial enforcement instructions to the creditor representatives for any other creditor classes and each Hedge Counterparty which did not deliver such notice. The Security Agent will act in accordance with enforcement instructions received from the Majority Pari Passu Creditors.

The secured parties do not and will not have any independent power to enforce, or have recourse to, any of the Collateral or to exercise any right, power, authority or discretion arising under the security documents except through the Security Agent.

Any enforcement instructions given must comply with the enforcement objective, namely to maximize, to the extent consistent with a prompt and expeditious realization of value, the value realized from enforcement.

Turnover Provisions

Turnover by the Creditors

Subject to certain exclusions, if at any time prior to the Pari Passu Discharge Date, any Pari Passu Creditor receives or recovers any payments or other realization of amounts (including by way of set-off) under or in connection with the enforcement of Collateral not in accordance with the Intercreditor Agreement it must:

- in relation to amounts not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of this Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by the Other Creditors

Subject to certain exclusions, if at any time prior to the Pari Passu Discharge Date, any Creditor other than a Pari Passu Creditor receives or recovers any payment or distribution of, or on account of or in relation to, any of the liabilities under the Debt Documents which is neither a permitted payment under the Intercreditor Agreement nor proceeds from the enforcement of any Collateral not applied in accordance with the section entitled "*Application of Proceeds*" below then that Creditor will:

- in relation to amounts not received or recovered by way of set-off, (i) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover of Enforcement Proceeds

If the Security Agent or a creditor representative is not entitled, for reasons of applicable law, to pay or distribute amounts received pursuant to the making of a demand under any guarantee, indemnity or other assurance against loss or the enforcement of the Collateral to the relevant Pari Passu Creditors, but is entitled to pay or distribute those amounts to Creditors (such Creditors, the "**Receiving Creditors**") who, in accordance with the terms of the Intercreditor Agreement, are subordinated in right and priority of payment to the relevant Pari Passu Creditors and the Pari Passu Discharge Date has not yet occurred (nor would occur after taking into account such payments), then the Receiving Creditors will make such payments or distributions to the relevant Pari Passu Creditors as are required to place the relevant Pari Passu Creditors in the position they would have been in had such amounts been available for application against the Liabilities.

Turnover by Note Trustees

A Pari Passu Note Trustee will only have an obligation to turn over or repay amounts received or recovered under the Intercreditor Agreement by it (i) if it had actual knowledge that the receipt or recovery is an amount received in breach of the Intercreditor Agreement (a "**Turnover Receipt**") and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of the

Turnover Receipt to the Pari Passu Noteholders for which it is the representative in accordance with the provisions of the relevant Pari Passu Note Indenture. For the purpose of the Intercreditor Agreement, (i) "actual knowledge" of the relevant Pari Passu Note Trustee shall be construed to mean the Pari Passu Note Trustee will not be charged with knowledge (actual or otherwise) of the existence of facts that would impose an obligation on it to make any payment or prohibit it from making any payment unless a responsible officer of such Pari Passu Note Trustee has received, not less than two business days' prior to the date of such payment, a written notice that such payments are required or prohibited by the Intercreditor Agreement; and (ii) "responsible officer" when used in relation to a Pari Passu Note Trustee means any person who is an officer within the corporate trust and agency department of the relevant note trustee, including any director, associate director, vice president, assistant vice president, senior associate, assistant treasurer, trust officer, or any other officer of the relevant note trustee who customarily performs functions similar to those performed by such officers, or to whom any corporate trust matter is referred because of such individual's knowledge of and familiarity with the particular subject and who will have direct responsibility for the administration of the Intercreditor Agreement.

Application of Proceeds

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Documents or in connection with the realization or enforcement of all or any part of the Collateral, a distressed disposal or otherwise paid to the Security Agent in accordance with, among others, the Intercreditor Agreement or the Pari Passu Debt Documents for application as set forth below will be held by the Security Agent on trust to apply them at any time as it (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

- *first*, in discharging any sums owing to the Security Agent or any receiver or delegate of it and any fees, costs and expenses incurred by each other creditor representative;
- *second*, in discharging all costs and expenses incurred by any Pari Passu Creditor in connection with any realization or enforcement of the Collateral in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent in accordance with the Intercreditor Agreement;
- *third*, in payment or distribution to the creditor representatives in respect of Pari Passu Debt Liabilities on its own behalf and on behalf of the relevant Pari Passu Creditors for which it is a creditor representative and the Pari Passu Hedge Counterparties, in each case, for application towards the discharge of (A) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between such Pari Passu Debt Liabilities under separate Pari Passu Facility Agreements; (B) the Pari Passu Debt Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between such Pari Passu Debt Liabilities under separate Pari Passu Note Indenture; and (C) the Pari Passu Hedging Liabilities on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty, on a pro rata basis between paragraph (A), paragraph (B) and paragraph (C) above;
- *fourth*, if none of the Debtors is under any further actual or contingent liability under any Pari Passu Debt Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any such Debtor; and
- *fifth*, the balance, if any, in payment or distribution to the relevant Debtor.

Release of Security and Guarantees – Non-Distressed Disposals

In circumstances where a disposal to a person or persons outside the Group is not a distressed disposal (and is not prohibited by the terms of the Pari Passu Debt Documents) the Intercreditor Agreement provides that the Security Agent is authorized:

- to release the Collateral or any other claim (relating to a Debt Document) over the relevant asset;
- where the relevant asset consists of shares in the capital of a Debtor, to release the Collateral or any other claim (relating to a Debt Document) over the assets of that member of the group; and
- to execute and deliver or enter into any release of the Collateral or any claim in relation to such releases and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

If any disposal proceeds are required to be applied in mandatory prepayment of the Pari Passu Debt Liabilities then those disposal proceeds will be applied in accordance with the relevant Debt Documents and the consent of any other party to the Intercreditor Agreement will not be required for that application.

Release of Security and Guarantees – Distressed Disposals

In circumstances where a distressed disposal is being effected, the Intercreditor Agreement provides that the Security Agent is authorized, among other things:

- to release the Collateral or any other claim over the relevant asset subject to the distressed disposal and execute and deliver or enter into any release of that Collateral or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- if the asset subject to the distressed disposal consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, guaranteeing liabilities, in each case under the Debt Documents, and certain other liabilities; (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant Creditors and Debtors;
- if the asset subject to the distressed disposal consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities and guaranteeing liabilities, in each case under the Debt Documents, and certain other liabilities; (b) any Collateral granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of another Debtor over the assets of any subsidiary of that holding company, on behalf of the relevant Creditors and Debtors;
- if the asset subject to the distressed disposal consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent decides to dispose of all or any part of the Liabilities (other than Liabilities due to any creditor representative or an arranger) owed by that Debtor or holding company or any subsidiary of that Debtor or holding company on the basis that any transferee of those liabilities will not be treated as a primary creditor or a secured party for the purposes of the Intercreditor Agreement to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities on behalf of the relevant Creditors and Debtors provided that notwithstanding any other provision of any Debt Document the transferee will not be treated as a primary creditor or secured party for the purposes of the Intercreditor Agreement; and
- if the asset subject to the distressed disposal consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent decides to dispose of all or any part of the Liabilities (other than Liabilities due to any creditor representative or an arranger) owed by that Debtor or holding company or any subsidiary of that Debtor or holding company on the basis that any transferee of those liabilities will be treated as a primary creditor or a secured party for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Pari Passu Creditors (other than any creditor representative or an arranger) on behalf of, in each case, the relevant Creditors and Debtors.

Any net proceeds of each distressed disposal and each debt disposal will be paid, or distributed, to the Security Agent for application in accordance with the enforcement proceeds waterfall described above under "—*Application of proceeds*".

Consents, Amendments and Override

Required Consents

Subject to agreed exceptions as to consent requirements of other parties or majority requirements, the Intercreditor Agreement may be amended or waived only with the consent of the Security Agent and all relevant Creditors (or, as applicable, their representatives) provided that to the extent an amendment, waiver or consent could not reasonably be expected to adversely affect the interests of any other class of secured parties, only a written agreement from any affected class will be required.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary, save that such override provisions will not cure, postpone, waive or negate in any manner any default or event of default (however described) under any Debt Document as between any creditor and any Debtor which are party to that Debt Document.

Most Favored Nation Provision

The Intercreditor Agreement provides that in the event that any Pari Passu Debt Document (other than a Senior Secured Note Document) contains covenants or defaults which are more restrictive than those contained in the Senior Secured Note Documents, then each Senior Secured Noteholder will have the benefit of such covenants or defaults for so long as such obligations are binding upon the relevant Debtors under any such Pari Passu Debt Document.

Agreed Security Principles

The Issuer and each Secured Party agree and acknowledge that their rights and obligations under any Debt Document and any Notes in respect of the giving or taking of future security and future guarantees and all the rights and obligations associated therewith are subject to and limited by the Agreed Security Principles. Notwithstanding the foregoing, the Agreed Security Principles do not limit what security is contemplated by the Indenture or the Security Documents (in place on or about the Original Issue Date) granted on the Original Issue Date or in the future, unless the Indenture or such Security Documents specifically refer to the Agreed Security Principles as so potentially limiting such grant of security. The Agreed Security Principles embody the recognition by all parties that there may be certain legal and practical difficulties in the giving or taking of guarantees and in obtaining effective security from all members of the Group, including where:

- general legal and statutory limitations, regulatory requirements or restrictions, financial assistance and other similar rules limit the ability of a member of the Group to provide security or may require that the security be limited by an amount or otherwise;
- the time and cost of providing such security or guarantee (including the incurrence of legal fees, registration fees, stamp duty, taxes and any other fees or costs directly associated with such security or guarantee) is disproportionate to the benefit accruing to the Secured Parties. For the avoidance of doubt, such limitations will not affect the scope of the Collateral that the Indenture or the Security Documents (in place on the Original Issue Date) provide will be granted over present or future assets of the Issuer save that the Issuer will not be required to provide security over (i) a future sponsorship agreement with a total value of less than €150,000 if to do so would be unduly burdensome to the Issuer or (ii) a future sponsorship agreement or future direct media contract if to do so would be (x) unduly burdensome to the Issuer or (y) the costs of providing security are disproportionate to the benefit obtained by the beneficiaries of that security; provided, further, however, that the aggregate value of all future sponsorship agreements and future direct media contracts not subject to security pursuant to this clause (ii) shall not exceed €3.0 million; and
- providing such security or guarantee would not be within the legal capacity of the relevant members of the Group or if the same would conflict with the fiduciary duties of those directors or contravene any prohibition imposed law or regulation or result in personal or criminal liability on the part of any officer or any significant risk of legal liability for the directors of any Group company, provided that the relevant member of the Group shall use reasonable endeavors to overcome such obstacles.

Subordination Agreement

In order to establish the relative priority between the Issuer (only in respect of its rights under the Intercompany Loan Agreements and certain future loans from the Issuer to Inter) and certain shareholders of Inter (the "**Subordinated Creditors**") and the lenders under the Inter Revolving Credit Facility, the Subordinated Creditors, Inter, the RCF Security Agent (as defined under "*—Inter Revolving Credit Facility*" below) and the Facility Agent entered into a subordination agreement dated December 21, 2017 (the "**Subordination Agreement**"). Pursuant to the Subordination Agreement the parties agreed that:

- the Inter Revolving Credit Facility ranks in priority to any monies, obligations and liabilities now or in the future due, owing or incurred by Inter to any Subordinated Creditor (the "**Subordinated Debt**");

- until the date on which the Inter Revolving Credit Facility has been fully and finally discharged to the satisfaction of the Security Agent, whether or not as a result of an enforcement, and the lenders under the Inter Revolving Credit Facility are under no further obligation to provide financial accommodation to Inter under or in relation to the Inter Revolving Credit Facility (the "**RCF Discharge Date**"), Inter shall not (and shall procure that none of its subsidiaries shall) pay, prepay or repay, or pay any interest in respect of, or purchase or acquire, any of the Subordinated Debt, in cash or in kind, discharge any of the Subordinated Debt by set-off or otherwise, create or permit to subsist any security or any guarantee or other assurance against financial loss from Inter in respect of any of the Subordinated Debt or take or fail to take any action whereby the subordination contemplated by the Subordination Agreement may be impaired, in each case, save as permitted under the Subordination Agreement;
- until the RCF Discharge Date, no Subordinated Creditor may demand or receive payment of, or any distribution in respect of, any of the Subordinated Debt in cash or in kind or apply any money or property in or towards the discharge of any Subordinated Debt, discharge any Subordinated Debt by set-off or otherwise, receive or permit to subsist any security or any guarantee or other assurance against financial loss from Inter in respect of any of the Subordinated Debt, allow any of the Subordinated Debt to be evidenced by a negotiable instrument or take or fail to take any action whereby the subordinations contemplated by the Subordination Agreement may be impaired, in each case, save as permitted under the Subordination Agreement; and
- Inter may only make payments in respect of the Subordinated Debt to the Subordinated Creditors (and the Subordinated Creditors may receive payments in respect of the Subordinated Debt from Inter) so long as that payment is permitted under the Inter Revolving Credit Facility Agreement or if the Security Agent has otherwise provided its consent. See "*Description of Certain Financing Arrangements—Inter Revolving Credit Facility—Covenants—Payments to Shareholders*".

If at any time prior to the RCF Discharge Date, (a) any Subordinated Creditor receives or recovers a benefit, payment or distribution in cash or in kind (including by way of set-off or combination of accounts) in respect of or on account of the Subordinated Debt which is not permitted, (b) Inter makes any payment or distribution of any kind in relation to the purchase, redemption or acquisition of any Subordinated Debt which is not permitted under the Subordination Agreement or (c) any Subordinated Creditor receives or recovers any benefit, payment or distribution as a result of any enforcement action, then, in each case, the receiving or recovering Subordinated Creditor shall be required to hold any benefit, payment or distribution on trust for the secured parties under the Inter Revolving Credit Facility and pay all or part of such amounts for application against any outstanding balance under and in accordance with the Inter Revolving Credit Facility. To the extent any Subordinated Debt is discharged other than as permitted under the Subordination Agreement, the relevant Subordinated Creditor must immediately pay an amount equal to the amount discharged to the Security Agent for application against any amounts outstanding under the Inter Revolving Credit Facility.

Upon the occurrence of an insolvency event in relation to Inter, no payments may be made by Inter in respect of the Subordinated Debt without the consent of the Security Agent and the claims against Inter in respect of the Subordinated Debt will be subordinated in right of payment to the claims of the lenders under the Inter Revolving Credit Facility and the Security Agent may exercise any enforcement rights or powers of convening meetings, voting and representation in respect of such Subordinated Debt.

Subject to certain exceptions, no Subordinated Creditor may take enforcement action in relation to the Subordinated Debt. Each Subordinated Creditor must notify the Facility Agent of the occurrence of any event of default or potential event of default under any of the agreements constituting or evidencing the Subordinated Debt promptly upon becoming aware of it. The Subordination Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law and the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Subordinated Agreement.

Shareholder Loans

Inter is party to the following Shareholder Loans, which pursuant to the Subordination Agreement have been subordinated in certain circumstances to Inter's obligation in respect of the Inter Revolving Credit Facility:

1. several Shareholder Loans were initially granted to Inter by Great Horizon in the 2016-2017 calendar years, in the period from June to December 2016 for an aggregate initial nominal

amount of €217 million, and in the period from July to August 2017 for an aggregate initial nominal amount of €59 million. These Shareholder Loans bear interest at a rate equal to 6.5% per annum; depending on the specific agreement, the relevant interests are payable quarterly (by the 10th of each December, March, June and September), yearly or at the maturity date, which has been postponed up to December 31, 2021 with respect to all agreements. As of March 31, 2020, the amount outstanding under the Shareholder Loans is equal to €88.3 million (including accrued interest); and

2. two additional Shareholder Loans were initially granted to Inter by Suning Sports in the period from August to November 2017, for an aggregate initial nominal amount of €59.9 million. In April 2019, these Shareholder Loans were assigned to Grand Flagship Limited, an entity affiliated with Suning. The Shareholder Loan bears interest at a rate equal to 6.5% per annum. Interest is payable at the repayment date, which has been postponed up to December 31, 2021. As of March 31, 2020, the amount outstanding under the tranche was equal to €50.6 million (including accrued interest).

From time to time, Inter has paid cash interest on certain of these Shareholder Loans on an interest payment date, while at other times Suning has not requested that cash interest be paid on an interest payment date.

Inter Revolving Credit Facility

Overview

On December 21, 2017, Inter entered into a €50.0 million revolving credit facility agreement (the "**Inter Revolving Credit Facility**") with Goldman Sachs International and UBI Banca S.p.A. as mandated lead arrangers (the "**Mandated Lead Arrangers**"), the financial institutions named therein as original lenders and UBI Banca S.p.A. as facility agent (the "**Facility Agent**"), security agent (the "**RCF Security Agent**"), participant and issuing bank. The Issuer is neither a borrower nor a guarantor under the Inter Revolving Credit Facility. As of March 31, 2020, the Inter Revolving Credit Facility was fully drawn and is expected to remain fully drawn on the Issue Date, subject to any clean-down requirement.

The Inter Revolving Credit Facility Agreement provides for borrowings of up to an aggregate of €50,000,000 on a committed basis. Borrowings may be prepaid or repaid and reborrowed in accordance with the terms of the Inter Revolving Credit Facility. Borrowings may be used to fund Inter's general corporate and working capital requirements, including applications towards the financing of player acquisitions, although Inter may not use borrowings under the Inter Revolving Credit Facility to make any permitted distribution, redeem the Notes or prepay any utilization.

Availability

The Inter Revolving Credit Facility may be utilized from the date when certain conditions precedent are satisfied until the date falling one month prior to the final maturity date.

Interest and Fees

The amounts drawn under the Inter Revolving Credit Facility bear interest at a rate equal to the sum of (i) EURIBOR or LIBOR if a sterling denominated loan; and (ii) the applicable margin. The applicable margin is equal to a base margin of 5.00% per annum. Default interest will be calculated as an additional 1.00% per annum on the overdue amount and will be payable on demand.

A commitment fee is payable, quarterly in arrears, at a market standard rate on each lender's undrawn and un-cancelled commitments, until the last day of the availability period.

Inter is further required to pay certain customary arrangement and other fees to each of the Arranger, the Facility Agent and the RCF Security Agent.

Security

The Inter Revolving Credit Facility is secured by first priority security granted by Inter over ticket revenues (including season tickets and match day tickets) which shall be paid into an account over which Inter has granted security (and provided certain control rights to the RCF Security Agent) under the relevant transaction security documents. Inter also granted security over another of its bank accounts.

Repayments

Each loan made under the Inter Revolving Credit Facility will be repaid on the last day of the relevant interest period of one, three or six months, or any other period agreed to by the lenders, subject to a netting mechanism against amounts to be drawn on such date. Amounts repaid may be re-borrowed during the availability period, subject to certain conditions.

The final maturity date of the Inter Revolving Credit Facility is the date falling five years from the date of the Inter Revolving Credit Facility Agreement and all utilizations thereunder must be repaid by that date.

Prepayments

In addition to scheduled repayment of principal, the Inter Revolving Credit Facility Agreement provides for mandatory prepayment under certain circumstances, including upon the occurrence of a change of control the Issuer ceasing to be directly or indirectly wholly-owned by Inter or upon a sale of all or substantially all of the assets of Inter or the Group.

In the event of such a mandatory prepayment event, a lender may require by giving not less than 30 days' written notice that its commitments under the Inter Revolving Credit Facility be immediately cancelled and all amounts outstanding thereunder will become immediately due and payable.

The Inter Revolving Credit Facility Agreement contains provisions relating to cancellation of commitments and, to the extent necessary as a result of such cancellation, prepayment of outstanding loans.

Amounts prepaid may be re-borrowed during the availability period, subject to certain conditions. Commitments cancelled may not be reinstated.

Covenants

General

The Inter Revolving Credit Facility Agreement contains customary information and affirmative loan style covenants (including covenants applicable to Inter and, as the case may be, to the Group, including in relation to maintenance of relevant authorizations, compliance with laws and regulations (including anti-corruption law and sanctions), payment of taxes, mergers and acquisitions, change of business, joint ventures, preservation of assets, pari passu ranking, negative pledge and further assurance.

Financial Covenants

The Inter Revolving Credit Facility Agreement also requires Inter to comply with financial covenants. Specifically, Inter is required to ensure that its Debt Service Coverage Ratio and *Pro Forma* Debt Service Coverage Ratio (each as defined in the Inter Revolving Credit Facility Agreement) in respect of any Relevant Period (as defined in the Inter Revolving Credit Facility Agreement) ending on or after June 30, 2018 does not exceed a specified threshold in respect of any testing period subject to any New Shareholder Injections (as defined in the Inter Revolving Credit Facility Agreement) permitting retesting (or testing, as applicable) of the financial covenants.

The financial covenants will be tested quarterly on a rolling 12-month basis.

Payments to Shareholders

Inter may only make payments to any person holding shares in Inter (or any affiliate of such person) at any time (other than during the period commencing on the date falling six months prior to the final maturity date of the Inter Revolving Credit Facility and ending on the later to occur of (i) the final maturity date of the Inter Revolving Credit Facility and (ii) the date on which all amounts outstanding under the finance documents relating to the Inter Revolving Credit Facility are repaid in full) in circumstances where the following conditions have been satisfied:

- following such payment, the net assets (*patrimonio netto*) of Inter plus the aggregate amount outstanding under all subordinated shareholder loans is greater than €50,000,000;
- no default under the Inter Revolving Credit Facility Agreement is continuing or would result from the making of a proposed payment, distribution or withdrawal; and

- Inter will have sufficient monies available to it under the Inter Revolving Credit Facility following such payment or from amounts standing to the credit of the ticket revenue and receivables account to pay interest due on the Loans for the following 12-month period (where interest is calculated on the assumption that the aggregate amount of utilizations outstanding under the Inter Revolving Credit Facility at that time remain outstanding for the entirety of such 12-month period).

Events of Default

The Inter Revolving Credit Facility Agreement contains customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions), including payment default, failure to comply with the financial covenants described above, failure to comply with any other obligation, misrepresentation, cross-default, insolvency and insolvency proceedings creditor enforcement proceedings, unlawfulness and invalidity, material litigation arising out of the transaction documents and material adverse change.

The occurrence of an event of default would allow the Facility Agent, among other things, to (i) cancel the total commitments under the Inter Revolving Credit Facility; (ii) declare all or part of any utilization, ancillary facility or letter of credit thereunder immediately due and payable; (iii) declare all or part of any utilizations, ancillary facility or letter of credit thereunder payable on demand or (iv) exercise or direct the RCF Security Agent to exercise any or all of its rights, remedies powers or discretions under the finance documents relating to the Inter Revolving Credit Facility.

Amendments and Waivers

The terms of the Inter Revolving Credit Facility may be amended or waived with the consent of lenders representing more than two-thirds of the aggregate commitments. Certain amendments or waivers, however, such as changes to the charged property or release of or the distribution of proceeds of enforcement of any Transaction Security (as defined in the Inter Revolving Credit Facility Agreement) require the consent of lenders representing more than 80% of the aggregate commitments. Certain more fundamental amendments or waivers, however, such as changes to the maturity, margin, principal or interest in respect of a borrowing, changes in currency, change of control or changes to the borrower require the consent of all lenders.

Governing Law and Jurisdiction

The Inter Revolving Credit Facility and any non-contractual obligations arising out of or in connection with it are governed by English law. Pursuant to the terms of the Inter Revolving Credit Facility, Inter submits to the exclusive jurisdiction of the English courts to settle any dispute arising out of or in connection with the Inter Revolving Credit Facility. No Finance Party or Secured Party (both as defined in the Inter Revolving Credit Facility Agreement) is restricted from starting proceedings in other jurisdictions.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "Certain Definitions". For purposes of this "Description of the Notes", references to the "Issuer", "we", "our", and "us" refer to Inter Media and Communication S.p.A.

The Issuer will issue €75.0 million aggregate principal amount of Senior Secured Notes due 2022 (the "New Notes") under an indenture dated as of December 21, 2017 (the "Indenture"), among, *inter alios*, the Issuer, F.C. Internazionale Milano S.p.A. (the "Parent"), Inter Brand S. r.l. ("Inter Brand"), The Law Debenture Trust Corporation p.l.c., as trustee and legal representative of the Holders (*mandatario con rappresentanza*) under the Indenture, common representative (*rappresentante comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code and representative (*rappresentante*) pursuant to article 2414-*bis*, 3rd paragraph of the Italian Civil Code (the "Trustee"), Unione di Banche Italiane S.p.A., as security agent (the "Security Agent") and The Bank of New York Mellon, London Branch, as paying agent and The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent and registrar. On December 21, 2017, the Issuer issued €300.0 million aggregate principal amount of Senior Secured Notes due 2022 (the "Existing Notes" and, together with the New Notes, the "Notes") under the Indenture. The Parent and Inter Brand are party to the Indenture for certain limited purposes and do not guarantee the Notes. The Indenture is not qualified under, nor does it incorporate by reference or otherwise include, nor is it subject to any provisions of, the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the offering of the New Notes sold on the Issue Date will be used (i) to deposit additional amounts in the Debt Service Account and Debt Service Reserve Account as required under the Indenture as a result of the increased size of the principal amount of indebtedness outstanding following the Offering, (ii) to pay fees and expenses, including the OID, the Initial Purchaser's commissions and the estimated expenses in respect of the Offering and (iii) for Inter's general corporate purposes through amounts loaned to Inter via the New Intercompany Loan, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

The Existing Notes are not, and the New Notes will not be, guaranteed by the Parent, Inter Brand or any other entity. See "*Risk Factors—Risks Related to Our Capital Structure*".

The Indenture is unlimited in aggregate principal amount, of which €300.0 million aggregate principal amount of Existing Notes were issued on December 21, 2017 and €75.0 million aggregate principal amount of New Notes will be issued in this Offering. The New Notes will be issued as "Additional Notes" under the Indenture, and the Existing Notes and the New Notes will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to the New Notes; *provided* that the New Notes will not be fungible with the Existing Notes for U.S. federal income tax purposes and will have different common codes and ISINs than the Existing Notes. We may, subject to applicable law, issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the "Additional Notes"); *provided* that if the Additional Notes are not fungible with the Existing Notes or the New Notes for U.S. federal income tax purposes, the Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Existing Notes and the New Notes. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain Covenants—Limitation on Indebtedness*") and restricting the Incurrence of Liens (as described below under "*—Certain Covenants—Limitation on Liens*"). Except with respect to right of payment and optional redemption, and as otherwise provided for in the Indenture, the Existing Notes issued on December 21, 2017, the New Notes issued in this Offering, and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, in this "Description of the Notes", references to the "Notes" include the Existing Notes and any Additional Notes that are actually issued (including the New Notes offered hereby).

The Indenture is subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The Intercreditor Agreement subordinates the Issuer's obligations in respect of the Tax Consolidation Agreement, the Receivables Assignment Deferred Consideration, the Services Agreement Fee and any future Subordinated Shareholder Funding, respectively, to the Issuer's obligations in respect of the Notes. The Representative of any future Pari Passu Indebtedness will accede to the Intercreditor Agreement and any Additional Intercreditor Agreements, as applicable.

The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

This "Description of the Notes" is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of the Indenture and the Security Documents are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The New Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

General

The Notes

The Existing Notes are and, upon issuance, the New Notes will:

- be general senior obligations of the Issuer;
- be secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, including Subordinated Shareholder Funding;
- rank effectively senior to any future indebtedness of the Issuer that is unsecured to the extent of the value of the Collateral;
- be effectively subordinated to any future Indebtedness of the Issuer and its Subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such Indebtedness; and
- be structurally subordinated to any future Indebtedness of the Chinese Subsidiary, including obligations to trade creditors.

Principal and Maturity

The Issuer will issue €75.0 million in aggregate principal amount of New Notes on the Issue Date. The Notes will mature on December 31, 2022 at par. The New Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Existing Notes accrues, and interest on the New Notes will accrue, at a rate of 4.875% per annum. Interest on the New Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on June 30 and December 31, commencing on December 31, 2020;
- be payable to the holder of record of such Notes on the June 15 and December 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and twelve 30-day months.

The rights of Holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of a nominee of or held by a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by bank transfer to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*".

Paying Agent and Registrar for the Notes

The Issuer will maintain a Paying Agent for the Notes in London. The initial Paying Agent is The Bank of New York Mellon, London Branch (the "Principal Paying Agent").

The Issuer will also maintain a registrar (the "Registrar") and a transfer agent (the "Transfer Agent"). The initial Registrar and the initial Transfer Agent is The Bank of New York Mellon SA/NV, Luxembourg Branch. The Registrar and Transfer Agent maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and make payments on and facilitate transfers of the Notes on behalf of the Issuer.

Upon 30 days' written notice to the Trustee, the Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and Exchange

The New Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- New Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- New Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "144A Book-Entry Interests") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the

"Regulation S Book-Entry Interests") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the Issue Date of the New Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to US persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture requires the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

The Existing Notes are not, and the New Notes will not be, guaranteed by the Parent, Inter Brand or any other entity. "*Risk Factors—Risks Related to the Notes and the Collateral*".

Although the Issuer does not currently have any Subsidiaries, the Issuer will be permitted to create a wholly owned Subsidiary incorporated under the laws of the People's Republic of China, which will not guarantee the Notes. Claims of creditors of non-guarantor Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer, including Holders of the Notes. The Notes therefore will be structurally subordinated to creditors (including trade creditors) of Subsidiaries of the Issuer. The Issuer will not be permitted to designate unrestricted subsidiaries.

Security

General

The Existing Notes are secured, and on or about the Issue Date, together with the New Notes will be secured, subject to certain perfection requirements (to be carried out by the time provided in the relevant Security Document) and any Permitted Collateral Liens, by security interests granted and/or confirmed and extended on an equal and ratable first-priority basis over the following property, rights and assets:

- a pledge over the entire corporate capital of the Issuer;
- a pledge over the accounts of the Issuer (including the Secured Accounts);
- a pledge over the account of the Parent into which revenues received from UEFA are deposited;
- certain security assignments of the rights and receivables arising under, among others, the Intercompany Loan Agreements (except that the security assignment of receivables arising under the New Intercompany Loan will be granted on or about the Issue Date with respect to the Existing Notes and the New Notes), the License Agreement, the Playing and Staging Agreement, the Services Agreement and the Tax Consolidation Arrangements;
- certain security assignments of the rights and receivables arising under (a) the Existing Direct Media Contracts, the Existing Indirect Media Rights Arrangements and the Existing Sponsorship Agreements (including the Naming Rights and Sponsorship Agreement only for the portion relating to the training kit naming rights and any performance-related bonus) and (b) the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Original Issue Date and prior to the Issue Date; and
- an undertaking to provide a security assignment of rights and receivables arising under the Future Indirect Media Rights Arrangements, the Future Direct Media Contracts and the Future Sponsorship Agreements entered into after the Issue Date; and
- certain pledges over the Issuer's material intellectual property rights.

Italian law does not permit the assignment of receivables or the grant of security over the receivables arising from future contracts or arrangements. Because of this, the Parent will be required to enter into any number of future receivables assignment agreements with us in respect of Future Indirect Media Rights Arrangements (e.g. when Inter becomes entitled to receive a portion of broadcast revenue arising from media rights arrangements between, for example, LNP or UEFA and broadcasters). In turn, we will be required to enter into a number of security assignment agreements in respect of the Future Indirect Media Rights Arrangements, once the arrangements enter into effect, as well as in respect of Future Direct Media Contracts and Future Sponsorship Agreements, once these contracts and agreements are in place. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted. See "*Risk Factors—Risks Related to the Notes and the Collateral—The granting of security interest in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*".

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*", the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness of the Issuer, including any Additional Notes issued by the Issuer, in each case, as permitted under the Indenture. See "*Risk Factors—Risks Related to Our Capital Structure*".

Any other security interests that may in the future be granted to secure obligations under the Notes and the Indenture would also constitute "Collateral". All Collateral will be subject to the operation of any Permitted Collateral Liens. We have agreed to grant as security the equity interests of the Chinese Subsidiary, subject to the Agreed Security Principles.

As described above, all of the Collateral will also secure any Additional Notes and may also secure certain future Indebtedness. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holder.

No appraisals of the Collateral have been made in connection with this Offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes and the Collateral—No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Notes. The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes, and the value of the Collateral securing the Notes may not be sufficient to satisfy our obligations thereunder and such Collateral may be reduced or diluted under certain circumstances*".

Security Documents

Under the Security Documents, security has been or will be granted or confirmed and extended, as the case may be, over the Collateral to secure, *inter alia*, the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents have been or will be entered into among, *inter alios*, the relevant security provider, the Security Agent (also acting as *mandatario con rappresentanza* under the Intercreditor Agreement), and, with respect to the Security Documents governed by Italian law, the Trustee acting for itself and in its capacity as the Trustee under the Indenture, as Security Representative and additionally as common representative (*rappresentante comune*) of the Holders pursuant to Articles 2414-bis, 2417 and 2418 of the Italian Civil Code.

The Indenture and the Intercreditor Agreement provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee (including in its role as Security Representative) and the Holders. As a consequence of such contractual provisions, Holders will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee (including in its role as Security Representative) under the Indenture, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent for the enforcement of security over the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of counterparties under future Pari Passu Indebtedness.

The Indenture provides that, subject to the terms thereof and of the Intercreditor Agreement, the Notes and the Indenture, as applicable, are or will be secured by the Security Interests in the relevant Collateral until all obligations under the Notes and the Indenture have been discharged. However, please see the section of this Offering Memorandum entitled "*Risk Factors—Risks Related to the Notes and the Collateral*". The validity and enforceability of the Security Interests will be subject to, *inter alia*, the limitations described in "*Risk Factors—Risks Related to the Notes and the Collateral*" and "*Limitations on Validity and Enforceability of the Security Interests and Certain Insolvency Law Considerations*." The Security Documents provide or will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent. The Holders may only act through the Trustee (including in its role as Security Representative), who will instruct the Security Agent in accordance with the terms of the Indenture and the Intercreditor Agreement.

In the event that the Issuer or its Subsidiaries or any security provider enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Related to the Notes and the Collateral*."

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interests. The Holders and the Trustee (including in its role as Security Representative) have, and by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 (*Mandato con rappresentanza*) the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The Holders and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture is subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The Intercreditor Agreement subordinates the Issuer's obligations in respect of the Tax Consolidation Agreement, the Receivables Assignment Deferred Consideration, the Services Agreement Fee and any future Subordinated Shareholder Funding, respectively, to the Issuer's obligations in respect of the Notes. The Representative of any future Pari Passu Indebtedness will accede to the Intercreditor Agreement and any Additional Intercreditor Agreements, as applicable. The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement.

The Indenture also provides that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreement;

(2) agreed to be bound by the provisions of the Intercreditor Agreement and the Security Documents;

(3) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentante comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code;

(4) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as representative (*rappresentante*) of the Holders for the purposes of Article 2414-*bis*, third paragraph of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement; and

(6) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the sections entitled "*Risk factors—Risks related to the Notes and the Collateral—Holders of the Notes may not control certain decisions regarding the Collateral*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*".

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*".

Release of Liens

The Issuer, its Subsidiaries and any provider of Collateral will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) as described under "*—Amendments and Waivers*";

(2) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(3) as otherwise permitted in accordance with the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(4) as may be permitted by the covenant described under *"—Certain Covenants—Impairment of Security Interest*";

(5) in the case of the security assignment over the receivables in respect of the Intercompany Loan Agreements, upon partial repayment thereof, the Security Interests created over the receivables will be automatically reduced in proportion to such partial repayment and, upon full repayment thereof, the security assignment shall be automatically and fully released and of no further effect; or

(6) in connection with a Permitted Reorganization, *provided* that any Security Interests that are released are retaken or confirmed if needed over the same Collateral.

At the reasonable request of the Issuer and at the cost of the Issuer, the Security Agent and the Trustee (if required) will take all necessary action required to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Permitted Reorganization

The Parent may consider certain corporate reorganization undertakings in the future to (i) consolidate or merge Inter Brand into the Parent, (ii) transfer the Capital Stock of the Issuer held by Inter Brand to the Parent or (iii) liquidate Inter Brand, *provided,* that, in each case, (a) the Parent shall hold the entire Capital Stock of the Issuer and (b) the Parent shall succeed to all obligations under any contracts, agreements or other arrangements between the Issuer and Inter Brand. The Indenture permits such corporate reorganizations without the consent of Holders of the Notes, so long as the requirements of the Indenture are fulfilled. See "*Risk Factors—The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with Italian law*".

Optional Redemption

The Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on December 31 of the year indicated below (*provided* that any redemption prior to the Issue Date relates only to the Existing Notes):

Year	Redemption Price
2019	102.438%
2020	101.219%
2021 and thereafter	100.000%

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under "*—Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Optional Redemption upon Certain Tender Offers

In connection with any tender offer for, or other offer to purchase, all of the Notes (including with respect to a Change of Control Offer), in the event that Holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer or offer to purchase or purchases and the Issuer or a third party making such tender offer or offer to purchase all the Notes held by such Holders, within 60 days of such purchase, the Issuer will have the right, upon not less than 10 and no more than 60 days' prior notice, to redeem all (but not less than all) the Notes that remain outstanding following such purchase at a redemption price equal to the highest price (excluding any early tender premium or similar payment) paid to each other Holder in such tender offer or offer to purchase (provided that such price shall not be less than par), plus, to the extent not included in the tender offer or offer to purchase payment, accrued and unpaid interest, if any, thereon, to, but not including, the date of such redemption (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date).

Mandatory Amortization Redemption

The Notes are subject to partial mandatory amortization redemptions (each, a "Mandatory Amortization Redemption"), in part on June 30 and December 31 of each of the years shown below at the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the June 30 or December 31, as applicable, of each such year (subject to the right of Holders of record on the Business Day prior to the date of the relevant Mandatory Amortization Redemption to receive interest due on the relevant interest payment date). Each Mandatory Amortization Redemption will be done on a *pro rata* basis consistent with "*—Selection and Notice*" below. The principal amount listed below for December 31, 2022 is the repayment of the outstanding principal amount of the Notes at the Stated Final Maturity of the Notes. In the event that Additional Notes are issued, the Mandatory Amortization Redemption payments set forth below shall be increased commensurately in proportion to increase in principal amount of the Notes outstanding following the issuance of such Additional Notes. No notice of the Mandatory Amortization Redemptions shall be required to be delivered to the Holders.

The Issuer will be required to redeem a specified portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date on a *pro rata* basis on each date set forth below:

Mandatory Amortization Redemption Date	Principal Amount Due
December 31, 2020	€887,883.008
June 30, 2021	€913,997.214
December 31, 2021	€927,054.318
June 30, 2022	€953,168.524

The Issuer will also be required to redeem a specified portion of the Existing Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, to the redemption date on a *pro rata* basis on each date set forth below:

Mandatory Amortization Redemption Date	Principal Amount Due
December 31, 2020	€3,400,000
June 30, 2021	€3,500,000
December 31, 2021	€3,550,000
June 30, 2022	€3,650,000

Mandatory Partial Redemption

The Notes are subject to partial mandatory redemption (each, a "Mandatory Partial Redemption") if one of the following conditions are met as of the last day of the financial year of the Issuer (as indicated on an annual Issuer Compliance Certificate), beginning with the financial year ended June 30, 2020:

(1) If the Inter Football Team finished the most recently completed season in a relegation position,

there will be a Mandatory Partial Redemption, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but not including the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), of (x) amounts held in Risk Reserve Account at that time, and (y) Parachute Payment, if any, received due to the relegation;

(2) If the Inter Football Team played the most recently completed season in a league other than Serie A or Serie B, and in the event that the Inter Football Team finished such season in a position that does not enable it to play the following season in Serie A or Serie B,

there will be a Mandatory Partial Redemption, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but not including the applicable redemption date redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), of amounts held in Risk Reserve Account at that time; or

(3) If (a) an Indirect Media Rights Event is continuing and (b) (i) the Debt Service Coverage Ratio or (ii) the *Pro Forma* Debt Service Coverage Ratio is below 5.5 to 1.0,

there will be a Mandatory Partial Redemption, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but not including the applicable redemption date redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), of amounts held in Risk Reserve Account at that time,

each of the events described above, a "Mandatory Redemption Event".

Each Mandatory Partial Redemption will be done on a *pro rata* basis consistent with "*—Selection and Notice*" below. If there is outstanding any Pari Passu Indebtedness at the time of a Mandatory Partial Redemption, and if such Pari Passu Indebtedness has a corresponding mandatory redemption provision, amounts required to be redeemed under this covenant will be shared on a *pro rata* basis with such Pari Passu Indebtedness, and such Pari Passu Indebtedness will be required to provide for such *pro rata* sharing with the Notes.

If an annual Issuer Compliance Certificate states that a Mandatory Redemption Event exists, no later than the fifth Business Day following the delivery of such annual Issuer Compliance Certificate, the Issuer will deliver a notice of the Mandatory Partial Redemption to Holders (copying the Trustee and the Principal Paying Agent), providing that the redemption payment will be made on a date that is no later than the fifteenth Business Day after such notice is delivered and with such notice setting forth any outstanding Pari Passu Indebtedness with a corresponding mandatory redemption provision as described in the preceding paragraph. In the case of the Mandatory Redemption Event described in clause (1) above, there shall be two Mandatory Partial Redemptions, the first with notice requirements as described above, and with respect to the second, a second notice will be delivered by the Issuer to Holders (copying the Trustee and the Principal Paying Agent) no later than the fifth Business Day following receipt of the Parachute Payment, providing that the second Mandatory Partial Redemption will be made on a date that is no later than the fifteenth Business Day after such notice is delivered.

If an annual Issuer Compliance Certificate states that a Mandatory Redemption Event does not exist, any balance standing to the credit of the Risk Reserve Account shall be transferred to the Cash Inflows Account for application in accordance with "*—Affirmative Covenants—Priority of Payments Waterfall*".

Redemption at Maturity

On December 31, 2022, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

Under the existing practices of Euroclear and Clearstream if fewer than all of any series of Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided, however* that no Notes of €100,000 principal amount at maturity, or less, may be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. None of the Trustee, the Principal Paying Agent or the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, shall deliver such notice to Holders electronically or by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. While in global form, notices to Holders may be delivered via Euroclear and Clearstream in lieu of notice via registered mail. Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange are complied with.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer (or any successor thereof) may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date that is prior to the Tax Redemption Date) and all Additional Amounts (as defined below under "Withholding Taxes"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or income tax treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in, an official application, administration or written interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes, and such obligation cannot be avoided by taking reasonable measures available to the Payor. Such Change in Tax Law must be announced and become effective (or, in the case of an amendment or change described in clause (2) above, become effective or be promulgated, as applicable) on or after the date of the Original Offering Memorandum (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction at a later date after the Original Issue Date, such later date).

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer or a successor Person, where applicable, will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the relevant Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the relevant Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or a successor to the Issuer (each, a "Payor") in respect of the Notes will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or governmental authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note is made by or on behalf of a Payor (including the jurisdiction of a Paying Agent), or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Note, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received by each Holder in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, partner, member or shareholder of, or possessor of power over, the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment, being present or deemed present in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or the Indenture;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of any of the Payor, a Paying Agent or other person acting as an agent for the Payor or a Paying Agent addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction would be payable to the Relevant Taxing Jurisdiction), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where presentation is permitted or required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment made on, under or respect to the Notes;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes imposed, withheld or deducted pursuant to (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any amended or successor version

of such sections that is substantially comparable), any current or future regulations or agreements thereunder, official interpretations thereof, any intergovernmental agreement entered into in connection therewith, or any law or regulation (or any official interpretation thereof), (b) any intergovernmental agreement entered into in connection with the implementation of (a) or (c) any law, regulation or other official guidance enacted in any other jurisdiction relating to an intergovernmental agreement described in (b);

(7) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("Decree No. 239") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time ("Decree No. 461")) and any related implementing regulations; *provided* that:

   (a) Additional Amounts shall be payable in circumstances where the procedures required under Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor or their agents; and

   (b) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (the "White List") and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* if the holder becomes subject to *imposta sostitutiva* after the Original Issue Date by reason of any change in Decree No. 239 or Decree No. 461 or any change in the White List; or

(8) any combination of the items (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to any Taxes imposed on or with respect to any payment to a Holder who is not the beneficial owner of the Notes, to the extent that the beneficial owner would not have been entitled to Additional Amounts by reason of any of clauses (1) to (8) inclusive above had such beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not reasonably available, other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and copied to the Principal Paying Agent. Such copies or other evidence shall be made available to the Holders upon request and will be made available at the offices of the Principal Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Principal Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Principal Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Principal Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of any Notes (other than on or in connection with a transfer of the Notes other than the initial sale by the initial purchasers), the Indenture, or any other document or instrument in relation thereto or the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (7) or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, and any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "Change of Control", each Holder will have the right to require the Issuer to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase the Notes as described under this heading, "Change of Control", in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes and given notice of redemption as described under "—*Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "—*Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee and the Principal Paying Agent:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) and the record date (the "Change of Control Payment Date");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Principal Paying Agent will promptly deliver to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. Future Indebtedness of the Issuer or its Subsidiaries may contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Related to the Notes and the Collateral—Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or a mandatory prepayment event*".

The definition of "Change of Control" includes a disposition in one or a series of related transactions, of all or substantially all of the property and assets of the Group taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of the Group. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

Restrictions on the Issuer and its Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer may Incur Pari Passu Indebtedness (as a direct obligation and not as a Guarantee) if, (1) (i) the Debt Service Coverage Ratio reported on in the most recently delivered Issuer Compliance Certificate was equal to or greater than 7.5 to 1.0 and (ii) the *Pro Forma* Debt Service Coverage Ratio would have been equal to or greater than 7.5 to 1.0 on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof); and (2) the Issuer has received (i) a Ratings Confirmation Notice for each of the Notes and any Pari Passu Indebtedness outstanding at such time from each Rating Agency that rates the Notes and such outstanding Pari Passu Indebtedness and (ii) a rating (which shall be maintained, *provided, however*, that a particular rating shall not be required to be maintained), from each Rating Agency that rates the Notes and outstanding Pari Passu Indebtedness, on the Pari Passu Indebtedness to be Incurred that is the same as the rating currently in place on the Notes and such outstanding Pari Passu Indebtedness.

For the avoidance of doubt, the Issuer can replace a withdrawn rating from a Rating Agency with a new rating from another Rating Agency and any change in outlook from a Rating Agency will not be considered a lowered or withdrawn rating for the purposes of a Ratings Confirmation Notice.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness by the Issuer ("Permitted Issuer Debt"):

(1) Indebtedness represented by the Existing Notes outstanding on the Original Issue Date, and any related obligations under the Intercreditor Agreement and the Security Documents;

(2) any Indebtedness (other than Indebtedness described in clause (1) of this paragraph or Indebtedness for borrowed money) outstanding on the Original Issue Date;

(3) Indebtedness under Currency Agreements or Interest Rate Agreements, in each case (a) not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) entered into solely in relation to obligations Incurred by the Issuer or other contracts or agreements entered into by the Issuer and shall not be entered into with other members of the Group;

(4) Indebtedness consisting of Capitalized Lease Obligations, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of the acquisition, leasing, construction or improvement of property (real or personal) or assets used in a Similar Business and acquired through the direct acquisition of such property or assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (4) and then outstanding, will not exceed at any time outstanding €1.0 million; *provided* that the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 270 days thereafter;

(5) Tax Consolidation Indebtedness;

(6) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, Taxes or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of

any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, including with respect to leases, or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business; *provided*, *however*, that Indebtedness Incurred under this clause (6) excludes the Incurrence of Indebtedness under Guarantees issued in connection with the transfer or purchase of players by the Parent; or

(7) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 10 Business Days of Incurrence; and

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business.

The first paragraph of this covenant will not prohibit the Chinese Subsidiary from Incurring Indebtedness of the kind set forth in clauses (4), (6) and (7) of the previous paragraph and any other Indebtedness constituting a Permitted Investment of the Issuer; *provided*, *however*, that the receivables under any Indebtedness granted by the Issuer to the Chinese Subsidiary shall be pledged as Collateral to secure the Notes.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred by the Issuer pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) the principal amount of any Disqualified Stock of the Issuer or any Restricted Subsidiary or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(4) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(5) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*". Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such

Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in the definition of Refinancing Indebtedness; and (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Original Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Original Issue Date.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Restrictions on the Parent

The Parent will not Incur any Indebtedness (including Acquired Indebtedness). The first sentence of this paragraph will not prohibit the Incurrence of the following Indebtedness ("Permitted Parent Debt"):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof in a maximum aggregate principal amount at any time outstanding not exceeding €50.0 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) any Indebtedness (other than Indebtedness described in clause (1) of this paragraph) outstanding on the Original Issue Date after giving effect to the Original Refinancing Transactions and Refinancing Indebtedness Incurred in respect thereof;

(3) Indebtedness under Currency Agreements or Interest Rate Agreements, in each case not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Parent);

(4) Indebtedness of the Parent owing to and held by the Issuer;

(5) Tax Consolidation Indebtedness;

(6) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, Taxes or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Parent or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, including in respect of leases, or in respect of any governmental requirement, provided, however, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business; *provided*, *however*, that Indebtedness Incurred under this clause (6) excludes the Incurrence of Indebtedness under Guarantees issued in connection with the transfer or purchase of players by the Parent; or

(7) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 10 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 10 Business Days to banks and other financial institutions Incurred in the ordinary course of business of the Parent with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Parent; or

(d) Indebtedness Incurred by the Parent in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables in each case Incurred or undertaken in the ordinary course of business and on a non-recourse (*pro soluto*) basis. For the avoidance of doubt, any recourse (*pro solvendo*) factoring of ticketing revenue receivables may not be Incurred under this clause (7)(d), but must be Incurred under clause (1).

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred by the Parent pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in this covenant, the Parent, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of Permitted Parent Debt;

(2) all Indebtedness outstanding on the Original Issue Date under the Parent Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second sentence of this covenant, and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1) of the above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Parent, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness—Restrictions on the Parent*". Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Parent, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in the definition of Refinancing Indebtedness; and (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Original Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Original Issue Date.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary;

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness;

(4) make any payment (other than by capitalization of interest as additional Subordinated Shareholder Funding) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding;

(5) make any Restricted Investment in any Person; or

(6) pay amounts to the Parent in respect of the Services Agreement Fee or to pay amounts to or make Investments in the Chinese Subsidiary, respectively, except as otherwise permitted by this covenant,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement, payment or Restricted Investment referred to in clauses (1) through (6) are referred to herein as a "Restricted Payment").

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"), *provided* that the Inter Football Team is playing in either Serie A or Serie B:

(1) provided that the Payment Conditions are satisfied on a *pro forma* basis, (a) any payment in respect of the Receivables Assignment Deferred Consideration, (b) any Tax Consolidation Repayment, (c) payment of the Services Agreement Fee, (d) any Restricted Investment in the Parent pursuant to an Intercompany Loan Agreement or any other agreement or extension of credit to the Parent or (e) any other Restricted Payment made to Parent, in each case from amounts held at such time in the Distribution Account (any such payment made pursuant to this clause (1), a "Permitted Distribution");

(2) (a) payment of the Chinese Subsidiary Agency Fee from time to time and (b) Permitted Investments in the Chinese Subsidiary pursuant to clause (4) of the definition thereof;

(3) any Restricted Payments which are part of the Original Refinancing Transactions; and

(4) payments of fees and expenses Incurred to the extent specified in clause (7) of the second paragraph under "*—Limitation on Affiliate Transactions*"; *provided*, *however*, that such fees and expenses may only be paid out of amounts held at such time in the Distribution Account.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the

Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Subsidiary of the Issuer), whether owned on the Original Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture are directly secured equally and ratably with, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*".

Neither Parent nor Inter Brand will, directly or indirectly, create, Incur or suffer to exist any Lien upon (i) the Capital Stock of the Issuer or (ii) any of its rights or receivables under any MediaCo-TeamCo Agreement, any Receivables Assignment Agreement, any Existing Indirect Media Rights Arrangement or any Future Indirect Media Rights Arrangements, except for the Lien granted to secure the Notes or a Lien which is a Permitted Collateral Lien.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary, *provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

    (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(2) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(3) customary provisions in leases, licenses and other similar agreements and instruments entered into in the ordinary course of business;

(4) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(5) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(6) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Original Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than as is customary in comparable financings (as determined in good faith by the Board of Directors of the Issuer) or where the Issuer determines that such encumbrance or restriction will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) constituting an Additional Intercreditor Agreement; or

(7) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "Affiliate Transaction") involving aggregate value in excess of €1.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €2.5 million, the terms of such transaction or series of related transactions have been approved by the Board of Directors of the Issuer (including the independent director of the Issuer) resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €5.0 million, the Issuer has received a written fairness opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Permitted Payment or any Permitted Investment;

(2) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer or any Restricted Subsidiary (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(3) (i) the Original Refinancing Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement, understanding or instrument in effect as of or on the Original Issue Date, including but not limited

to the (1) MediaCo-TeamCo Agreements and (2) the Suning Agreements and associated arrangements or other transactions that are entered into pursuant thereto or described in "*Certain Relationships and Related Party Transactions*" in the Original Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent (x) not more disadvantageous to the Holders in any material respect and (y) such action complies with clause (1) of the preceding paragraph, and (iii) the entry into and performance of any registration rights or other listing agreement;

(4) the execution, delivery and performance of the Tax Consolidation Arrangements;

(5) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(6) (a) issuances or sales of Capital Stock (other than Disqualified Stock) of the Issuer or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding or Tax Consolidation Arrangements in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(7) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent Entity) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €1.0 million per year;

(8) any transactions for which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate; or

(9) any participation in a public tender or exchange offers for securities or debt instruments issued by the Issuer or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer.

Merger and Consolidation

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Issuer and its Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person.

Neither the Parent nor Inter Brand will consolidate with or merge with or into another Person, *provided, however*, that a Permitted Reorganization is permitted.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interests with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interests with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and may effect a Permitted Reorganization and the Collateral may be discharged and released and retaken, if applicable, in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released and retaken, if applicable, or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee and the Security Agent, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee and the Security Agent from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee and the Security Agent, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Intercreditor Agreements

The Indenture provides that, at the request of the Issuer, in connection with the Incurrence by the Issuer of any Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*", the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") or a restatement, amendment or other modification of the Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to priority and release of the Security Interest; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, as applicable, adversely affect the rights, duties, liabilities, protections, indemnities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also provides that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer that is subject to any such agreement, if permitted by the Indenture, (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect their respective rights, duties, liabilities, indemnities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Limitations on Issuer Activities

The Issuer will not acquire any Person or any Capital Stock or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate any Person or otherwise create a Subsidiary or Associate, *provided*, *however*, that the Issuer may acquire or incorporate the Chinese Subsidiary, which shall be wholly owned by the Issuer at all times; *provided, further* that the Issuer will make all required contributions to the registered capital of the Chinese Subsidiary in respect of registered capital it has subscribed to, and such contributed capital will not be unlawfully withdrawn. The Issuer shall ensure that the Chinese Subsidiary will register assets owned by it in its own name to the extent such assets can be registered, and if not registrable, will ensure that the Chinese Subsidiary books assets onto its own accounts. Prior to acquiring or incorporating the Chinese Subsidiary, the Issuer shall have received a Ratings Confirmation Notice for the Notes from the Rating Agency that rates the Notes at such time.

Limitations on Business Activities

The Issuer will not, and will not permit any Subsidiary to, engage in any business other than a Similar Business. The Issuer shall ensure that the Chinese Subsidiary acts solely as the Issuer's agent for the marketing and negotiation of sponsorship and other commercial agreements with third parties in Asia, and shall ensure that the Chinese Subsidiary does not enter into any Future Direct Media Contracts or Future Sponsorship Agreements or other lines of business.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer in its sole discretion determines (acting in good faith) (A) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Financial Covenant

Covenants

The Issuer shall ensure that the:

(1) Debt Service Coverage Ratio in respect of any Relevant Period ending on or after June 30, 2020; and

(2) *Pro Forma* Debt Service Coverage Ratio in respect of any Relevant Period commencing on or after June 30, 2020,

shall not be less than 1.5 to 1.0.

Equity Cure

Pursuant to the Indenture:

(a) if, as at the Semi-Annual Period Date falling at the end of any Relevant Period, the Issuer is in breach of its obligations under this covenant but, within 30 days of the date on which the relevant Issuer Compliance Certificate was delivered (or was due to be delivered) to the Trustee and the Security Agent (or, if the Issuer elects to prevent such a breach, prior to such Semi-Annual Period Date), the Parent may provide New Shareholder Injections by way of cash and the Issuer may designate (by notice to the Trustee) such New Shareholder Injections as being provided pursuant to this provision (*provided*, *however*, that the Issuer must designate such New Shareholder Injections to be provided pursuant to this provision if they have been provided directly or indirectly to cure such a breach), then immediately following the provision of such New Shareholder Injections (or, in the case of a prevention, on the relevant Semi-Annual Period Date):

    (i) the Debt Service Coverage Ratio shall be retested (or, as applicable, tested) as at the relevant Semi-Annual Period Date so that Cash Available for Debt Service will be increased by an amount equal to such New Shareholder Injections, which shall be treated as having been received on the last day of such Semi-Annual Period Date (and such New Shareholder Injections will be included in the calculation of Cash Available for Debt Service for any Relevant Period, which includes the Semi-Annual Period Date on which the breach occurred); and

    (ii) the *Pro Forma* Debt Service Coverage Ratio shall be retested (or, as applicable, tested) as at the relevant Semi-Annual Period Date but on a *pro forma* basis so that Cash Available for Debt Service will be increased by an amount equal to such New Shareholder Injections, which shall be treated as having been received on the first day of the following Relevant Period (and such New Shareholder Injections will be included in the calculation of Cash Available for Debt Service for any Relevant Period which includes the Semi-Annual Period Date on which the breach occurred);

and, in each case, the results of such test or retest shall apply for the purposes of the Indenture and the Issuer shall be deemed to have satisfied the requirements as of the relevant date of determination.

(b) the Issuer may not exercise its rights under paragraph (a) above more than three times over the life of the Notes;

(c) the Issuer may not exercise its rights under paragraph (a) above in consecutive Semi-Annual Periods; and

(d) the Issuer shall not be required to apply an Equity Cure in prepayment of the Notes, unless such Equity Cure is required to fund a scheduled Mandatory Amortization Redemption.

Financial Calculations

The financial covenants set out in this covenant shall be calculated on the same basis as the preparation of the financial statements prepared in accordance with GAAP and tested by reference to each of the financial statements of the Issuer delivered pursuant to the covenant described under "*—Affirmative Covenants—Reports*" and/or each Issuer Compliance Certificate delivered pursuant to the covenant described under "*—Affirmative Covenants—Compliance Certificates—Issuer Compliance Certificates*".

You are advised that Pro Forma Debt Service Coverage Ratio is based in part on contracted revenues at the time of calculation, as well as certain assumptions in respect of renewals of existing agreements, the entry into future agreements and the terms thereof and the Inter Football Team's on-pitch performance. The Issuer is exposed to potential credit related losses in the event of non-performance by counterparties to its agreements and contracts. In the event of non-performance by such a counterparty, actual Debt Service Coverage Ratio may be lower than expected or estimated. See "*Risk Factors—Risks Related to the Issuer—We are exposed to credit related losses in the event of non-performance by counterparties to Serie A media contracts as well as our key sponsorship contracts*". In addition, it is possible that our assumptions in respect of renewals, the entry into future agreements and the terms thereof and the Inter Football Team's on-pitch performance may prove incorrect, and our actual revenues may be lower than what we have assumed, which could make our Pro Forma Debt Service Coverage Ratio higher than the actual Debt Service Coverage Ratio for the same period of time. See "*Risk Factors—Risks Related to the Issuer—It may not be possible to renew or replace key contracts when they expire or are terminated on similar or better terms, or at all, or to attract new sponsors*", "*—Negotiation and pricing of key media contracts are outside our control and those contracts may change in the future due to a variety of external factors, including but not limited to the impact of COVID-19 and/or competition from new leagues or tournaments*", " *—A significant portion of our Cash Inflows is derived from Inter's media rights revenue from Serie A and UEFA competitions, and any reduction in that revenue due to changes in the allocation of media rights or poor on-pitch performance by Inter's first team would have a material adverse effect on our results of operations*", "*—We present certain non-GAAP measures that may not be comparable to similarly-titled measures that are used by other companies, and these measures have limitations as analytical tools*" and "*—We present certain estimates in respect of Pro Forma Estimated Look-Forward Cash Inflows, Pro Forma Estimated Look-Forward Cash Outflows and Pro Forma Estimated Look-Forward Debt Service Coverage Ratio for the twelve months ending March 31, 2021 which are based on assumptions in respect of, among others, the renewals of certain agreements and assumptions and expectations in respect of certain expenses and other Cash Outflows over such period; the accuracy of these estimates depends upon the accuracy of assumptions involving factors that are beyond our control and are subject to known and unknown risks, uncertainties and other factors*".

Affirmative Covenants

Priority of Payments Waterfall

Designation of Accounts

The Issuer must maintain with the Account Bank the following bank accounts in Italy in its name:

(1) a bank account designated its "Cash Inflows Account";

(2) a bank account designated its "Opex Account";

(3) a bank account designated its "Debt Service Account";

(4) a bank account designated its "Tax Account";

(5) a bank account designated its "Debt Service Reserve Account";

(6) a bank account designated its "Risk Reserve Account"; and

(7) a bank account designated its "Distribution Account",

each a "Secured Account" and together the "Secured Accounts".

The Secured Accounts were opened on or about the Original Issue Date. On the Original Issue Date, the Secured Accounts were fully funded with amounts then in the existing secured accounts maintained under the Existing Facility, and any excess amounts on deposit were permitted to be paid to the Parent as part of the Original Refinancing Transactions. The Issuer entered into a new Account Bank Agreement with the Account Bank on or around the Original Issue Date providing for the management of the Secured Accounts. The Indenture provides for restrictions on other accounts that the Issuer may maintain and required each Secured Account to be pledged as Collateral on or about the Original Issue Date. No Secured Account may become overdrawn and to the extent that any withdrawal (if made in full) would cause a Secured Account to become overdrawn, such withdrawal shall be reduced so that it will not result in such Secured Account being overdrawn. The Issuer may pay to the Account Bank such reasonable transaction charges and other fees (in each case, consistent with the Account Bank's usual practice in relation to similar accounts with persons having a similar credit profile to the Issuer) as it may from time to time agree with the Account Bank in respect of the Secured Accounts. Each Secured Account shall earn interest at such rate(s) as the Issuer may from time to time agree with the Account Bank.

Cash Inflows Account

The Security Agent has sole signing rights in relation to the Cash Inflows Account. The Issuer must cause or ensure that any and all revenues, cash or other amounts received or earned by it (including any interest in respect of amounts standing to the credit of any Secured Account (other than the Distribution Account)) are paid into the Cash Inflows Account, and if any payment of any revenues, cash or other amounts received by the Issuer is paid into a bank account other than the Cash Inflows Account, that payment must be paid immediately into the Cash Inflows Account.

Opex Account

Unless an Event of Default is continuing, the Issuer has signing rights in relation to the Opex Account. The Issuer may withdraw amounts from the Opex Account exclusively to pay budgeted operating expenses (including VAT) of the Issuer and IRAP payable by the Issuer, in each case in accordance with the Budget.

At any time when an Event of Default is continuing of which the Trustee informs the Security Agent about in writing, the Security Agent (i) may notify the Issuer that any withdrawal from the Opex Account is subject to the prior written consent of the Security Agent, such notice to take effect in accordance with its terms and (ii) shall notify the Account Bank and operate the Opex Account, withdrawing from, and applying amounts standing to the credit of, the Opex Account in or towards any operating expenses of the Issuer in accordance with the Budget and relevant Secured Accounts Schedules, in each case under instruction from the Issuer, unless the Security Agent receives instruction from the Trustee in accordance with the terms of the Indenture in the event of an acceleration of all amounts due under the Indenture as described under "*—Events of Default*".

Debt Service Account

The Security Agent has sole signing rights in relation to the Debt Service Account. The Security Agent shall, on the date that any amount becomes payable by the Issuer under the Indenture or any Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder, withdraw an amount equal to such amount from the Debt Service Account and pay it to the Principal Paying Agent for application in accordance with the Indenture or the relevant paying agent with respect to any Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder. If amounts in excess of what is needed to pay amounts due under the Indenture or any Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder are deposited in the Debt Service Account, the Security Agent shall (promptly upon request by the Issuer) withdraw these excess amounts standing to the credit of the Debt Service Account and transfer such amounts to the Cash Inflows Account for application in accordance with the process described under "*—Secured Account Waterfall*".

Tax Account

The Security Agent has sole signing rights in relation to the Tax Account. The Security Agent shall, upon receipt from the Issuer of a Tax invoice addressed to the Parent or the Issuer, withdraw an amount standing to the credit of the Tax Account equal to the amount certified by an Officer of the Issuer as being the net Tax liability of the Issuer under such Tax invoice in accordance with the Tax Consolidation Arrangements (or, if less, the aggregate amount standing to the credit of the Tax Account), and transfer such amount to the relevant Tax authorities or to the Parent for payment to the relevant Tax authorities, as applicable. If amounts in excess of what is needed to pay such net Tax liability are deposited in the Tax Account, the Security Agent shall (promptly upon request by the Issuer) withdraw these excess amounts standing to the credit of the Tax Account and transfer such amounts to the Cash Inflows Account for application in accordance with the process described under "*—Secured Account Waterfall*".

Debt Service Reserve Account

The Security Agent has sole signing rights in relation to the Debt Service Reserve Account. The Security Agent shall, on the date on which any amount becomes payable by the Issuer under the Indenture or any Pari Passu Indebtedness and the balance standing to the credit of the Debt Service

Account is not sufficient to meet the due amount (such deficit being the "Shortfall"), withdraw an amount equal to the Shortfall from the Debt Service Reserve Account and pay it to the Principal Paying Agent for application in accordance with the Indenture or the relevant paying agent with respect to any Pari Passu Indebtedness.

Risk Reserve Account

The Security Agent has sole signing rights in relation to the Risk Reserve Account.

The Security Agent will, on or before the date falling 10 days after the date on which an Issuer Compliance Certificate accompanying the audited annual financial statements of the Issuer is delivered to the Trustee and the Security Agent under "*—Reports*":

(1) if such Issuer Compliance Certificate states that a Mandatory Redemption Event is present, withdraw any and all amounts standing to the credit of the Risk Reserve Account and pay them to the Principal Paying Agent for application in accordance with "*—Mandatory Partial Redemption*" and as required by any other Pari Passu Indebtedness; or

(2) if such Issuer Compliance Certificate states that no Mandatory Redemption Event is present, withdraw any and all amounts standing to the credit of the Risk Reserve Account and transfer such amounts to the Cash Inflows Account for application in accordance with the process described under "*—Secured Account Waterfall*".

Any balance standing to the credit of the Risk Reserve Account may only be used in accordance with "*—Mandatory Partial Redemption*" or in accordance with a corresponding provision in any Pari Passu Indebtedness or refinancing or payment of principal and interest at the Stated Final Maturity of the Notes or, if at any time, the Secured Accounts Schedule most recently delivered to the Security Agent confirms that no Risk Event is continuing, the Security Agent shall (promptly upon request by the Issuer) withdraw any amounts standing to the credit of the Risk Reserve Account and transfer such amounts to the Cash Inflows Account for application in accordance with "*—Priority of Payments Waterfall—Secured Account Waterfall*".

Distribution Account

Unless an Event of Default is continuing, the Issuer has signing rights in relation to the Distribution Account.

Subject to compliance with the provisions of the covenant described under "*—Restricted Payments*", the Issuer may withdraw any amounts standing to the credit of the Distribution Account to apply in making a Permitted Distribution or other payment not prohibited by the Indenture, in each case upon delivery to the Security Agent of a certificate from an Officer of the Issuer certifying that (1) all Payment Conditions have been met or (2) if such other payment is not subject to the satisfaction of the Payment Conditions, the Payment Conditions do not have to be met and an explanation as to why the Payment Conditions do not need to be met.

At any time when an Event of Default is continuing of which the Trustee informs the Security Agent about in writing, the Security Agent (i) may notify the Issuer that its rights to operate the Distribution Account are suspended, (ii) shall notify the Account Bank and operate the Distribution Account, and (iii) shall withdraw any and all amounts standing to the credit of the Distribution Account and transfer such amounts to the Cash Inflows Account for application in accordance with the process described under "*—Secured Account Waterfall*".

Secured Account Waterfall

Except as provided below, upon receipt of the Secured Accounts Schedule on or before the third Business Day of each calendar month from and including July 2020 and on any subsequent Business Day in a calendar month in which the applicable Secured Accounts are fully funded as requested by the Issuer (each such date, an "Accounts Payments Date"), the Security Agent must, and is irrevocably authorized by the Issuer to, withdraw from, and apply amounts standing to the credit of, the Cash Inflows Account, in the following order:

(1) first, to the Opex Account, in an amount sufficient to pay the budgeted operating expenses (including VAT) of the Issuer for the period on and from the first Business Day of that calendar month to and including the first Business Day of the following calendar month and any payments in respect of IRAP in that period, in each case as set out in the Budget;

(2) second, to the Debt Service Account, in an amount sufficient to make payments in respect of any Mandatory Amortization Redemption and in respect of a similar provision in respect of Pari Passu Indebtedness and any other Indebtedness (including but not limited to any Hedging Obligations) permitted to be incurred hereunder and any payment of interest in respect of the Notes, Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder, falling due in the period on and from the first Business Day of that calendar month to and including the first Business Day of the following calendar month;

(3) third, to the Opex Account, in an amount sufficient to pay the budgeted operating expenses (including VAT) of the Issuer for the lesser of (i) the following five months (after the first month referred to in clause (1) above) and (ii) the remainder of the current financial year of the Issuer and any payments in respect of IRAP in that period, in each case as set out in the Budget;

(4) fourth, to the Debt Service Account, in an amount sufficient to make payment in respect of any Mandatory Amortization Redemption and in respect of a similar provision in respect of Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder and any payment of interest in respect of the Notes, Pari Passu Indebtedness and any other Indebtedness permitted to be incurred hereunder, falling due in the lesser of (i) the following five months (after the first month referred to in clause (2) above) and (ii) the remainder of the current financial year of the Issuer, as set out in the Budget;

(5) fifth, to the extent that the amount standing to the credit of the Debt Service Reserve Account is less than the DSR Minimum Amount, to the Debt Service Reserve Account up to an amount equal to the amount required for the balance standing to the credit of the Debt Service Reserve Account to be equal to the DSR Minimum Amount;

(6) sixth, to the Tax Account, in an amount certified by an Officer of the Issuer on the basis of reasonable assumptions as the budgeted net Tax liability of the Issuer under the Tax Consolidation Arrangements for the lesser of (i) the following six months and (ii) the remainder of the current financial year of the Issuer, as set out in the Budget; and

(7) seventh, the surplus (if any):

   (a) if the Secured Accounts Schedule most recently delivered to the Security Agent states that a Risk Event is continuing, to the Risk Reserve Account; or

   (b) otherwise, to the Distribution Account.

The Issuer must no later than the second Business Day before the first Business Day of each calendar month from and including July 2020 and no later than the second Business Day before each other Accounts Payments Date, deliver to the Security Agent a schedule (certified by an Officer of the Issuer) (each such schedule, a "Secured Accounts Schedule") setting out:

(1) the amount to be paid under each subparagraph (1) to (7) under the paragraph above, on each Accounts Payments Date;

(2) the details of the Secured Accounts from and to which each such amount is to be paid; and

(3) a declaration of whether or not any Risk Event is continuing (together with supporting calculations),

in each case, in form and substance satisfactory to the Security Agent. Such Secured Accounts Schedules shall not be provided to Holders.

If at any time the Issuer becomes aware that a Risk Event is continuing, it shall promptly notify the Security Agent and the Trustee in writing.

The Security Agent shall have no obligation or responsibility to monitor the Issuer's or Parent's compliance with the affirmative covenants under the Indenture and shall act only in accordance with the instructions and certifications delivered to it as set out in the Indenture. The Security Agent shall be entitled to conclusively rely, without investigation or verification, on the certifications and instructions delivered to it and the contents of any other documents provided to it by the Issuer or the Parent including the accuracy of any mathematical calculations or other facts or statements contained therein. The Security Agent shall not be liable to any Person for any withdrawals from any Secured Account made in accordance with instructions received from the Issuer or the Parent. The Security Agent will not be responsible or liable to any Account Bank for fees, costs and expenses due to such Account Bank in connection with any of the Secured Accounts.

Reports

Issuer Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's financial year beginning with the financial year ended June 30, 2020, annual reports containing, to the extent applicable: (i) an operating and financial review of the audited (both (x) Issuer standalone and (y) consolidated (if the Issuer has any Subsidiaries)) financial statements, including a discussion of the results of operation, financial condition, cash available for debt service (as defined in this Offering Memorandum), adjusted revenue (as defined in this Offering Memorandum) and liquidity and capital resources; (ii) the audited (both (x) Issuer standalone and (y) consolidated (if the Issuer has any Subsidiaries)) balance sheet of the Issuer as at the end of the most recent financial year and audited (both (x) Issuer standalone and (y) consolidated (if the Issuer has any Subsidiaries)) income statements and statements of cash flow of the Issuer for the most recent two financial years, including appropriate footnotes to such financial statements, for and as at the end of such financial years and the report of the independent auditors on the financial statements; (iii) a description of the business, management and shareholders of the Issuer, all material affiliate transactions; and a description of all material debt instruments; and (iv) a description of material operational risk factors and material subsequent events; *provided* that the information described in clauses (iii) and (iv) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three financial quarters in each financial year of the Issuer, beginning with the quarter ending September 30, 2020, quarterly (both (x) Issuer standalone and (y) consolidated (if the Issuer has any Subsidiaries)) financial statements containing the following information: (i) the Issuer's unaudited condensed (both (x) Issuer standalone and (y) consolidated (if the Issuer has any Subsidiaries)) balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, cash available for debt service (as defined in this Offering Memorandum), adjusted revenue (as defined in this Offering Memorandum) and material changes in liquidity and capital resources of the Issuer; (iii) a discussion of material changes in material debt instruments since the most recent report; and (iv) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clauses (iii) and (iv) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of (i) a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, (ii) material league sanctions being placed on the Inter Football Team, (iii) a senior executive officer or director changes at the Issuer, (iv) a change in auditors of the Issuer or (v) a Permitted Reorganization, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective Holders copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, by posting such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

All financial statement information required herein shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in GAAP, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Parent Reports

So long as any Notes are outstanding, the Parent will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Parent's financial year beginning with the financial year ended June 30, 2020, the audited consolidated balance sheet of the Parent as at the end of the most recent financial year and audited consolidated income statements and statements of cash flow of the Parent for the most recent two financial years, including appropriate footnotes to such financial statements, for and as at the end of such financial years and the report of the independent auditors on the financial statements; and

(2) if the Parent delivers any form of operating and financial review of the audited consolidated financial statements to the press or to Italian regulatory authorities, then such operating and financial review shall be delivered to the Trustee.

The Issuer shall also make available to Holders and prospective Holders copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, by posting such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

All financial statement information required herein shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that any report set forth above may, in the event of a change in GAAP, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Parent. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

Budget

The Issuer will supply to the Security Agent an annual Budget for that financial year within 15 days of the beginning of each subsequent financial year (each such budget, a "Budget").

Each Budget will:

(1) include information for each month of the financial year;

(2) include (i) monthly projected operating expenses, (ii) net and gross Tax liabilities of the Issuer under the Tax Consolidation Arrangements and (iii) monthly Debt Service amounts; and

(3) be approved by the board of directors of the Issuer.

The Budget shall not be made available to Holders.

The Issuer may update or change the Budget for a financial year at any time and from time to time, including after New Shareholder Injections.

If the Issuer updates or changes the Budget in accordance with the paragraph above, it shall promptly deliver to the Security Agent such updated or changed Budget together with a written explanation of the main changes in that Budget. On and from the date of such delivery, references to the Budget in the Indenture shall be to such updated Budget.

Delivery of any information, documents and reports to the Trustee and the Security Agent pursuant to this "Reports" section is for informational purposes only and the Trustee's or the Security Agent's receipt of such shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

Compliance Certificates

Issuer Compliance Certificates

The Issuer will deliver an Officer's Certificate to the Trustee and the Security Agent with (1) each set of its audited annual financial statements and (2) each set of its quarterly financial statements for each financial quarter ending December 31 (each such compliance certificate, an "Issuer Compliance Certificate").

Each Issuer Compliance Certificate will:

(1) set out computations as to compliance with the covenant set forth under "—*Financial Covenant*" as of the applicable date of the Relevant Period; *provided*, *however*, that such computations shall only include the following:

   (a) (1) the Debt Service Coverage Ratio for the Relevant Period, (2) the aggregate historical Cash Inflows figure used to calculate the Debt Service Coverage Ratio, (3) the aggregate historical Cash Outflows figure used to calculate the Debt Service Coverage Ratio and (4) the aggregate historical Debt Service figure used to calculate the Debt Service Coverage Ratio; and

   (b) (1) the Pro Forma Debt Service Coverage Ratio for the Relevant Period, (2) (i) the aggregate projected Cash Inflows figure used to calculate the Pro Forma Debt Service Coverage Ratio and (ii) to the extent that such projected Cash Inflows figure includes amounts that are not on the basis of revenues contracted at the time of calculation in compliance with the definition of "Pro Forma Debt Service Coverage Ratio", a breakdown of such aggregate projected Cash Inflows figure including: (x) the aggregate Cash Inflows figure on the basis of then-contracted revenues and (y) the aggregate Cash Inflows figure not on the basis of then contracted revenues, (3) the aggregate projected Cash Outflows figure used to calculate the Pro Forma Debt Service Coverage Ratio and (4) the aggregate projected Debt Service figure used to calculate the Pro Forma Debt Service Coverage Ratio;

(2) indicate whether there is a Risk Event present; and

(3) be signed by an Officer of the Issuer.

In addition, each Issuer Compliance Certificate delivered with the audited annual financial statements will:

(1) include a report by the Issuer's auditors on the Debt Service Coverage Ratio set forth in the Issuer Compliance Certificate;

(2) indicate whether the signers thereof know of any Default or Event of Default that occurred during the previous financial year; and

(3) indicate whether a Mandatory Redemption Event is present and the amounts to be withdrawn from the Risk Reserve Account and the beneficiary of such amounts (including payment instructions).

The Issuer Compliance Certificates shall be made available to Holders on the same basis as the associated financial reporting under "—*Reports—Issuer Reports*".

Parent Compliance Certificate

The Parent will deliver an Officer's Certificate to the Trustee with each set of its audited consolidated financial statements (each such compliance certificate, a "Parent Compliance Certificate").

Each Parent Compliance Certificate will:

(1) confirm the Parent's performance of obligations under "—*Compliance with Agreements*";

(2) provide written notice of any non-compliance by the Parent or Inter Football Team with any material law and regulations of which it is aware (including the Serie A league's bylaws or the bylaws of any other Football Body administering a football league or tournament in respect of which the Inter Football Team is entitled to participate), the status of such non-compliance and what action the Parent and the Inter Football Team are taking or proposing to take in respect thereof;

(3) be signed by an Officer of the Parent.

The Parent will deliver one or more supplements to each Parent Compliance Certificate:

(1) providing notice that the Parent has submitted its calculations under the financial conditions of the UEFA Financial Fair Play Regulations to UEFA and indicating whether such calculations demonstrate either compliance or non-compliance with the financial conditions of the UEFA Financial Fair Play Regulations (subject to audit and approval by UEFA), within ten Business Days of the later of (a) the approval of the consolidated financial statements of the Parent for the prior financial year by the Board of Directors of the Parent and (b) submission of the Parent's calculations under the financial conditions of the UEFA Financial Fair Play Regulations to UEFA;

(2) (a) certifying compliance with the financial conditions of the UEFA Financial Fair Play Regulations, within ten Business Days of UEFA's written acceptance of the Parent's calculations under the financial conditions of the UEFA Financial Fair Play Regulations and (b) providing notice if UEFA has not accepted or has otherwise questioned compliance with the financial conditions of the UEFA Financial Fair Play Regulations, within ten Business Days of UEFA's written notice of such rejection or other action; and

(3) (a) certifying compliance with the financial conditions of the Italian Football Financial Fair Play Regulations, within ten Business Days of FIGC's written acceptance of the Parent's calculations under the financial conditions of the Italian Football Financial Fair Play Regulations, if FIGC provides such written acceptance and (b) providing notice if FIGC has not accepted or has otherwise questioned compliance with the financial conditions of the Italian Financial Fair Play Regulations, within ten Business Days of FIGC's written notice of such rejection or other action.

The Parent Compliance Certificates shall be made available to Holders on the same basis as the associated financial reporting under "*—Reports—Parent Reports*".

Compliance with Agreements

The Issuer and/or the Parent, as specified, are required to take or refrain from taking the following actions:

(1) the Issuer and the Parent will each comply with the material terms of the MediaCo-TeamCo Agreements;

(2) the Issuer will exercise its rights and remedies under the MediaCo-TeamCo Agreements;

(3) the Issuer will not amend, vary, novate, assign, supplement, supersede, waive or terminate any term of any MediaCo-TeamCo Agreement, except to reflect changes of a minor, technical or administrative nature to, or cure a defect or omission in any MediaCo-TeamCo Agreement;

(4) the Issuer will comply with the material terms of each Material Contract;

(5) the Issuer will not amend, vary, novate, assign, supplement, supersede, waive or terminate any term of any Material Contract, except to reflect changes of a minor, technical or administrative nature to, or cure a defect or omission in any Material Contract, *provided*, *however*, that material changes shall be permitted to the extent the economic terms of the applicable Material Contract are the same or improved, and *provided further* that a Material Contract shall be permitted to be terminated by the Issuer if it is thereafter replaced by a contract on the same or improved economic terms within 30 days; and

(6) all Future Direct Media Contracts and Future Sponsorship Agreements shall be entered into directly by the Issuer, and shall not be entered into by any existing or future Subsidiary of the Issuer.

Further Assurances

The Indenture provides that:

(1) promptly upon the entry into effect of any Future Indirect Media Rights Arrangements, the Parent shall enter into a Future Receivables Assignment Agreement in respect of the receivables under such Future Indirect Media Rights Arrangements. The Issuer will then promptly assign its rights under such Future Receivables Assignment Agreement in favor of the Security Agent for the benefit of the Holders;

(2) promptly on entering into any Future Sponsorship Agreement or Future Direct Media Contract, the Issuer shall provide security over its rights under the same in favor of the Security Agent for the benefit of the Holders; *provided*, *however*, that the Issuer will not be required to provide security over (i) a Future Sponsorship Agreement with a total value of less than €150,000 if to do so would be unduly burdensome to the Issuer or (ii) a Future Sponsorship Agreement or Future Direct Media Contract if to do so would be (x) unduly burdensome to the Issuer or (y) the costs of providing security are disproportionate to the benefit obtained by the beneficiaries of that security; *provided*, *further, however*, that the aggregate value of all Future Sponsorship Agreements and Future Direct Media Contracts not subject to security pursuant to this clause (ii) shall not exceed €3.0 million;

(3) promptly on entering into any Future Sponsorship Agreement where the Parent is also a party to such agreement, the Parent shall enter into a Future Receivables Assignment Agreement in respect of any receivables under such Future Sponsorship Agreement. The Issuer will then promptly assign its rights under such Future Receivables Assignment Agreement in favor of the Security Agent for the benefit of the Holders;

(4) promptly on the creation of the Chinese Subsidiary, subject to the Agreed Security Principles, the Issuer shall provide security over all of the Capital Stock of such Subsidiary; and

(5) promptly upon the receipt of any amounts from UEFA, the Parent shall transfer such amounts to the Cash Inflows Account.

Intellectual Property

The Issuer will:

(1) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the Group;

(2) use (or procure that the Parent uses) reasonable endeavors to prevent any infringement in any material respect of its Intellectual Property;

(3) make (or procure that the Parent makes) registrations and pay (or procure that the Parent pays) all registration fees and taxes necessary to maintain its Intellectual Property in full force and effect and record its interest in that Intellectual Property;

(4) not use or permit its Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil its right to use such property;

(5) not discontinue the use of its Intellectual Property; and

(6) not grant any member of the Group or other Affiliate of the Parent any right to its Intellectual Property except under the License Agreement.

Corporate Responsibilities

The Issuer will:

(1) have an independent director at all times and shall ensure that the Chinese Subsidiary has an independent director at all times;

(2) maintain its corporate identity as a special purpose entity;

(3) refrain from amending, waiving, supplementing or otherwise modifying the Constitutional Documents, and will ensure that the corresponding constitutional documents of the Chinese Subsidiary (the “Chinese Subsidiary Constitutional Documents”) are not amended, waived, supplemented or otherwise modified; and

(4) conduct its business and affairs in accordance with and comply with the Constitutional Documents in all respects and will ensure that the Chinese Subsidiary conducts its business and affairs in accordance with and complies with the Chinese Subsidiary Constitutional Documents in all respects.

The Indenture also includes certain covenants to ensure that the Issuer maintains its separateness as an entity.

Certain Reports to Rating Agencies

Upon the request of any Rating Agency, the Issuer shall provide such Rating Agency with the report of an Independent Financial Advisor in respect of any Affiliate Transaction with a value of greater than €1.0 million per annum, with such report to include the information requested by such Rating Agency.

Other Covenants

The Indenture also includes covenants relating to payment of the Notes, payment of taxes, compliance with laws, maintenance of a rating on the Notes (which covenant shall not specify a particular rating that must be maintained) and maintenance of the listing of the Notes.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, unless its failure to pay is caused by administrative or technical error and payment is made within three Business Days of its due date;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Final Maturity, upon optional redemption, upon mandatory redemption (including scheduled amortization), upon required repurchase, upon declaration or otherwise, unless its failure to pay is caused by administrative or technical error and payment is made within three Business Days of its due date;

(3) (a) failure by the Issuer, any of its Restricted Subsidiaries, or, as the case may be, Inter Brand or the Parent to comply for 30 days after written notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with such Person's other agreements (except as described under "*—Financial Covenant*") contained in the Indenture;

(b) failure by the Issuer to comply with the covenant described under "*—Financial Covenant*" (including through the application of the provision described under "*—Financial Covenant—Equity Cure*"), continued for 30 days following the earlier of (i) the last date for which the applicable Issuer Compliance Certificate may be delivered in compliance with the Indenture and (ii) the delivery of an Issuer Compliance Certificate which certifies a lack of compliance with such covenant;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee existed prior to the Original Issue Date, or is created after the Original Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €10.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer (the "bankruptcy provisions");

(6) failure by the Issuer to pay final judgments aggregating in excess of €10.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision"); and

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or the Security Agent) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 30 days.

However, a default under clauses (3)(a), (4) or (6) above will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3)(a), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3)(a), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing of which a Responsible Officer of the Trustee has written notice, the Trustee by notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing of which a Responsible Officer of the Trustee has written notice, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of prefunding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, amounts due pursuant to a

Mandatory Amortization Redemption or Mandatory Partial Redemption or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity (including by way of prefunding) satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity (including by way of prefunding); and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture provides that, in the event an Event of Default has occurred and is continuing of which a Responsible Officer of the Trustee has written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. Prior to the occurrence of an Event of Default, the Trustee will have no obligation to monitor compliance by the Issuer or the Parent with the Indenture. The Indenture provides that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, or amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture provides that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*", "*—Compliance Certificates*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture provides for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Final Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "—*Optional Redemption*";

(5) change the terms of mandatory redemptions of the Notes, in each case as described under "—*Mandatory Amortization Redemption*" and "—*Mandatory Partial Redemption*".

(6) make any Note payable in money other than that stated in the Note;

(7) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, or amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(8) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(9) release all or substantially all security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Intercreditor Agreement, any applicable Additional Intercreditor Agreement, the Indenture or the applicable Security Documents;

(10) waive a Default or Event of Default with respect to the nonpayment of principal, amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency or to make any administrative or other technical change that does not adversely affect any of the Holders in any material respect;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee in the Trustee's opinion or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) add security to or for the benefit of the Holders, or to confirm and evidence the release, termination, discharge or retaking of any Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) conform the text of the Indenture, the Security Documents or the Notes to any provision of the "Description of the Notes" of the Original Offering Memorandum to the extent that such provision in the "Description of the Notes" of the Original Offering Memorandum was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders, in any property which is required by the Security Documents to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with;

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*"; or

(11) to evidence changes to or other modifications of the Security Documents necessary to effect a Permitted Reorganization.

In formulating its decision on such matters, the Trustee and the Security Agent, as applicable, shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Meeting of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "*—Amendments and Waivers*", in accordance with the provisions set forth under the Italian Civil Code, the Indenture includes provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided, however,* that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers*", and to the extent permitted under Italian law, the Indenture contractually increases the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks related to the Notes and the Collateral—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes*". Any resolution duly passed at any such meeting shall be binding on all the Holders, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture provides that the provisions described under this "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*". As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders of Notes*" must also comply with the other provisions described under "*—Amendments and Waivers*".

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Existing Notes on the Original Issue Date, and the issuance and purchase of the New Notes on the Issue Date, shall be deemed to constitute the authorization and agreement on behalf of the Holders of the appointment of The Law Debenture Trust Corporation p.l.c., as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "Security Representative") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture, each Holder from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "Noteholders' Representative") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be subsequently reappointed thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its obligations under the covenants described under "*Certain Covenants*" (other than "*—Certain Covenants—Merger and Consolidation*"), "*Financial Covenant*", "*Affirmative Covenants*" and "*Change of Control*" and the default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions, the judgment default provision and the security default provision described under "*Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5), (6) or (7) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof sufficient for the payment of principal, amounts due pursuant to a Mandatory Amortization Redemption, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents, will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Principal Paying Agent for cancellation; or (b) all Notes not previously delivered to the Principal Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Final Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Principal Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government

Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Principal Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Final Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. has been appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a Responsible Officer of the Trustee has written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs, and shall notify the Security Agent of the existence of such Event of Default. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability, certain taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer for the payment of principal, amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer, under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer will indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof.

Enforceability of Judgments

Since substantially all of the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, amounts due pursuant to a Mandatory Amortization Redemption or Mandatory Partial Redemption, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service of Process

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer in the Indenture has irrevocably submitted to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture provides that the Issuer, the Parent and Inter Brand appoint Law Debenture Corporate Services Inc. as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, are governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement, and the rights and duties of the parties thereunder, are governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

"*Account Bank*" means Unione di Banche Italiane S.p.A. or any successor or replacement institution.

"*Account Bank Agreement*" means the account bank agreement dated on the Original Issue Date and made between, among others, the Issuer and the Account Bank, as may be amended, extended or otherwise modified, and any other account bank agreement in place in the future providing for the management of the Secured Accounts made between the Issuer and an Account Bank.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Intercreditor Agreement, as of the Original Issue Date.

"*Amended Revolving Intercompany Loan*" means the intercompany loan agreement dated May 30, 2014 between the Issuer and the Parent pursuant to which the Issuer agreed to on-lend €300.0 million revolving facility to Parent, as amended and restated as of the Original Issue Date.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), assignment, transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary, property or other assets (including, without limitation, any contracts or agreements or any rights thereunder or any receivable assigned or purported to be assigned to the Issuer) (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposal constituted by a license of Intellectual Property rights to the extent permitted under "*Affirmative Covenants—Intellectual Property*";

(2) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(3) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer to the extent constituting a Permitted Investment;

(4) the making of any Permitted Payment or Permitted Investment;

(5) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(6) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(7) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets; and

(8) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind.

"*Associate*" means any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the Issuer or such corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Borrowings*" means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of the Issuer for or in respect of:

(1) moneys borrowed and debit balances at banks or other financial institutions offset by any credit balances with the same bank or financial institution (excluding any amounts held in the Secured Accounts from time to time);

(2) any acceptances under any acceptance credit or bill discount facility (or dematerialized equivalent);

(3) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes and any Additional Notes;

(4) any Capitalized Lease Obligations;

(5) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis and meet any requirements for de-recognition under GAAP);

(6) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of underlying liability which liability would fall within one of the other paragraphs of this definition;

(7) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Stated Final Maturity of the Notes or are otherwise classified as borrowings under GAAP;

(8) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of supply;

(9) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP; and

(10) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (1) to (9) above.

The term "Borrowings" shall not include (i) Subordinated Shareholder Funding, (ii) Tax Consolidation Indebtedness and (iii) the Receivables Assignment Deferred Consideration.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP (as in effect on the Original Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with GAAP, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Available for Debt Service*" means, in respect of any Relevant Period, Cash Inflows minus Cash Outflows.

"*Cash Equivalents*" means:

(a) securities issued or directly and fully guaranteed or insured by the government of the United States of America, a member state of the European Union on December 31, 2003, Switzerland, Singapore or Canada (including, in each case, any agency or instrumentality thereof), as the case may be the payment of which is backed by the full faith and credit of the United States, the relevant member state of the European Union, Switzerland, Singapore or Canada, as the case may be, having maturities of not more than twelve months from the date of acquisition *provided, however*, that such country has a rating for its long-term unsecured and non-credit enhanced debt obligations of BBB- or higher by S&P;

(b) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than twelve months from the date of acquisition thereof issued by (a) a bank then serving as Security Agent or as Account Bank or (b) any commercial bank which is organized under, or authorized to operate as a commercial bank under, (i) the laws of the United States of America, the relevant member state of the European Union on December 31, 2003, Switzerland, Singapore or Canada the long term foreign currency debt of which is rated at the time of acquisition thereof at least "A+" or the equivalent thereof by S&P, and having combined capital and surplus in excess of €250.0 million (or the foreign currency equivalent thereof as of the date of such investment) or (ii) the laws of Italy the long term foreign currency debt of which is rated at the time of acquisition thereof at least the equivalent to either the sovereign rating of Italy or investment grade by S&P;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraphs (i) and (ii) entered into with any financial institution meeting the qualifications specified in paragraph (ii) above;

(d) commercial paper having at least one of the two highest ratings obtainable from S&P, and in any case maturing within one year after the date of acquisition thereof; and

(e) interests in any investment company or money market fund which invests 95 per cent. or more of its assets in instruments of the type specified in clauses (i) through (iv) above.

"*Cash Inflows*" means, in respect of any Relevant Period, the sum of:

(1) total revenue;

(2) plus the receivables gross of VAT assigned to the Issuer by the Parent with respect to the Parent's revenue from Serie A broadcasting rights;

(3) plus the receivables assigned to the Issuer by the Parent with respect to Parent's revenue from UEFA broadcasting rights;

(4) plus Current Operating Assets on the last day of the Relevant Period that ended on the same date in the previous financial year minus Current Operating Assets on the last day of such Relevant Period;

(5) plus Non-Current Operating Assets on the last day of the Relevant Period that ended on the same date in the previous financial year minus Non-Current Operating Assets on the last day of such Relevant Period; and

(6) plus any other receivables gross of VAT assigned to the Issuer by the Parent.

(7) where the amount referable to each of the items referred to above will be the amount reported in the corresponding line item in the relevant financial statements (to the extent applicable) and such items will (to the extent applicable) be construed in accordance with GAAP.

"*Cash Outflows*" means, in respect of any Relevant Period, the sum of:

(1) personnel costs;

(2) plus cost of services;

(3) plus the other operating costs;

(4) plus income taxes;

(5) minus any non-recurring and non-operating items included in (1) to (4) of this definition;

(6) plus Current Operating Liabilities on the last day of the Relevant Period that ended on the same date in the previous financial year minus Current Operating Liabilities as of the last day of such Relevant Period; and

(7) plus Non-Current Operating Liabilities on the last day of the Relevant Period that ended on the same date in the previous financial year minus Non-Current Operating Liabilities as of the last day of such Relevant Period;

where the amount in respect of each of the items referred to above will be the amount reported in the corresponding line item in the relevant financial statements (to the extent applicable) and such items will (to the extent applicable) be construed in accordance with GAAP.

"*Change of Control*" means the occurrence of any of the following:

(1) the Permitted Holders cease to be the "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the U.S. Exchange Act), directly or indirectly, of at least 35% of the total voting power represented by the outstanding Voting Stock of the Parent;

(2) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Original Issue Date), other than one or more Permitted Holders, becoming the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Original Issue Date), directly or indirectly, of a percentage of the total voting power of the Voting Stock of the Parent that is greater than or equal to the percentage of the total voting power of the Voting Stock of the Parent "beneficially owned" by the Permitted Holders, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Parent becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such "person" or "group" of related persons is the "beneficial owner" (as so defined) unless such "person" or "group" of related persons has greater voting power with respect to that Voting Stock;

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the property and assets of the Group taken as a whole to

a Person (for the avoidance of doubt, transfers or sales of players of the Parent shall not in any circumstances constitute a sale of all or substantially all of the property or assets of the Group); or

(4) the Parent ceasing to own, directly or indirectly, 100% of the Capital Stock of the Issuer.

"*Chinese Subsidiary*" means a future wholly owned Restricted Subsidiary of the Issuer to be incorporated under the laws of the People's Republic of China to act solely as its agent for the marketing and negotiation of sponsorship and other commercial agreements with third parties in Asia, and which will not enter into any Future Direct Media Contracts or Future Sponsorship Agreements.

"*Chinese Subsidiary Agency Fee"* means a fee payable by the Issuer to the Chinese Subsidiary from time to time in an amount not to exceed 3% of annual collected revenues or cash flows of the Issuer generated by or related to the Chinese Subsidiary's operations; *provided*, *however*, that the amount of the fee must comply with clause (1) of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*".

"*Clearstream*" means Clearstream Banking, *société anonyme,* as currently in effect or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on or about the Original Issue Date, the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture and/or the Notes.

"*Constitutional Documents*" means the deed of incorporation (*atto costitutivo*) and by-laws (*statuto*) of the Issuer.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

    (a) for the purchase or payment of any such primary obligation; or

    (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) (3)to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Parent or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Parent Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Parent Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Current Operating Assets*" means the sum of:

(1) current trade receivables;

(2) plus current trade receivables from parent companies and their affiliates;

(3) plus current other receivables;

(4) plus current accrued income; and

(5) minus current deferred income.

"*Current Operating Liabilities*" means the sum of:

(1) trade payables;

(2) plus trade payables to parent companies and their affiliates;

(3) plus tax payables;

(4) plus social security payables;

(5) plus other payables;

(6) minus tax receivables;

(7) minus deferred tax assets;

(8) plus current accrued expenses;

(9) minus accrued interest charges and other financial expenses included in current accrued expenses as included in (8) above;

(10) minus current prepaid expenses;

(11) minus the portion of trade payables to any Parent Entity and their Affiliates generated by the assignment of Serie A and UEFA broadcasting rights receivables by Parent to the Issuer; and

(12) minus the portion of trade payables to any Parent Entity and their Affiliates generated by the assignment other receivables gross of VAT assigned to the Issuer by a Parent Entity.

"*Debt Service*" means, in respect of any Relevant Period, the aggregate of:

(1) Net Finance Charges for such Relevant Period:

  (a) excluding any upfront fees or costs;

  (b) excluding the non-cash element of interest accrued on any Indebtedness permitted to be Incurred under "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*" during that period and other non-cash interest charges;

  (c) including the interest (but not the capital) element of payments in respect of Capitalized Lease Obligations;

  (d) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) the Issuer under any interest rate hedging arrangement; and

  (e) taking no account of any unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis; and

(2) repayments of Borrowings (excluding any repayment of principal under the Notes falling due on the Stated Final Maturity of the Notes or the Stated Final Maturity of any *Pari Passu* Indebtedness and further excluding any repayment of principal and other amounts pursuant to a Mandatory Partial Redemption or any similar redemption in respect of Pari Passu Indebtedness) during such Relevant Period,

so that no amount shall be included more than once and where such items will (to the extent applicable) be construed in accordance with GAAP.

Debt Service shall not include any interest expense in respect of Subordinated Shareholder Funding, Tax Consolidation Indebtedness or Receivables Assignment Deferred Consideration.

"*Debt Service Coverage Ratio*" means, in relation to any Relevant Period, the ratio of Cash Available for Debt Service to Debt Service for such Relevant Period.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Final Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*DSR Minimum Amount*" means at any time, the lesser of (a) Maximum Annual Interest for the Notes and (b) 50% of the Maximum Annual Debt Service for the Notes, *plus*, with respect to any *Pari Passu* Indebtedness, the lesser of (a) Maximum Annual Interest for such *Pari Passu* Indebtedness and (b) 50% of the Maximum Annual Debt Service for such Pari Passu Indebtedness.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or an Officer of the Issuer) on the date of such determination.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004. For the avoidance of doubt, all references to a "member" of the European Union shall include the United Kingdom.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Existing Direct Media Contract*" means a contract of the Issuer in respect of Media Rights which was in existence as of the date of the Indenture, a schedule of which is included in the Indenture.

"*Existing Facility*" means the term loan facility provided to the Issuer under a term loan facility agreement dated May 27, 2014, which was fully repaid and canceled with a portion of the proceeds of the issuance of the Existing Notes.

"*Existing Indirect Media Rights Arrangement*" means the Principal TV Rights Arrangements and any other contract or arrangement in respect of Media Rights to which any Football Body was a party or was otherwise a beneficiary as at the date of the Indenture and in respect of which the Parent may be entitled to receive certain revenues the Football Body receives thereunder.

"*Existing Notes*" refers to the €300,000,000 in aggregate principal amount of the Issuer's 4.875% Senior Secured Notes due 2022 issued on the Original Issue Date.

"*Existing Proceeds Intercompany Loan*" means the existing intercompany loan agreement dated as of the Original Issue Date between the Issuer and the Parent, through which a portion of the proceeds of the issuance of the Existing Notes was on-lent to the Parent.

"*Existing Sponsorship Agreements*" means each contract in relation to any sponsorship of the Parent or the Inter Football Team which was in existence as of the date of the Indenture (with the exception of the Naming Rights and Sponsorship Agreement with Jiangsu Suning Sports Industry Co. Ltd. entered into on December 20, 2016, as amended on June 26, 2017, and as subsequently amended on or around the Original Issue Date, only with respect to the naming rights to the Suning Training Center and the Suning Youth Development Center), a schedule of which is included in the Indenture.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*FIFA*" means the *Fédération Internationale de Football Association*, the world-wide governing body for association football and any successor or replacement body from time to time.

"*FIGC*" means *Federazione Italiana Giuoco Calcio*.

"*Fitch*" means Fitch Ratings Limited or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Finance Charges*" means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings paid or payable by the Issuer in cash in respect of that Relevant Period.

"*Football Body*" means Serie A, Serie B, UEFA, FIFA or any other football league or union administrator or body (whether nationally or internationally).

"*Future Direct Media Contract*" means a contract in respect of Media Rights entered into after the date of the Indenture by the Issuer.

"*Future Indirect Media Rights Arrangements*" means any contract or other arrangements in respect of Media Rights to which any Football Body becomes a party or otherwise becomes a beneficiary after the date of the Indenture and in respect of which the Parent becomes entitled to a distribution of certain revenues the Football Body receives thereunder, together with the contract or other arrangement pursuant to which the Parent becomes so entitled.

"*Future Receivables Assignment Agreement*" means any receivables assignment agreement entered into after the date of the Indenture between the Issuer and the Parent.

"*Future Sponsorship Agreement*" means any contract entered into after the date of the Indenture in relation to any sponsorship of the Parent or the Inter Football Team, with the exception of any sponsorship agreement relating to the San Siro stadium or the training and youth facility.

"*GAAP*" means generally accepted accounting principles in Italy, consistently applied, which are in effect from time to time. At any time after the Original Issue Date, the Issuer may elect to apply IFRS in lieu of GAAP and, upon such election, references herein to GAAP shall thereafter be construed to mean IFRS as in effect from time to time after such election; *provided* that any such election once made shall be irrevocable; *provided further*, that, upon first reporting its financial year results under IFRS, the Issuer shall restate its financial statements on the basis of IFRS for the financial year ending immediately prior to the first financial year for which financial statements have been prepared on the basis of IFRS. The Issuer shall give notice of any such election to the Trustee. In addition, following the election referred to in this definition:

(1) all ratios, computations, and other determinations based on GAAP contained in the Indenture, subject to the last paragraph of this definition, shall be computed in accordance with IFRS with retroactive effect being given thereto assuming that such election had been made on the Original Issue Date;

(2) with respect to the definition of "Indebtedness," any current or future lease, concession or license of property (or Guarantees thereof) which would be considered an operating lease under GAAP as applied by the Issuer as of the Original Issue Date shall always be considered an operating lease under IFRS; and

(3) the Issuer shall provide Holders with each delivery of the first Issuer Compliance Certificate following such election or following the occurrence of any change to GAAP or IFRS to the extent that the covenant calculations described under "*Financial Covenant*" would be calculated in a manner materially different to the prior calculations in applying the changed GAAP or IFRS, (x) a qualitative reconciliation from GAAP to IFRS for the definitions used in calculation of the covenants described under "*Financial Covenant*" and (y) a quantitative reconciliation of the calculations under such covenant to the extent that such calculations are provided to Holders under "*Affirmative Covenants—Issuer Compliance Certificates*".

Notwithstanding the foregoing, with respect to all ratios and calculations based upon GAAP contained in the Indenture, any lease, concession or license of property that would be considered an operating lease under GAAP as applied by the Issuer as of the Original Issue Date and any guarantee given by the Issuer or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be computed in accordance with GAAP as applied by the Issuer as of the Original Issue Date.

"*Group*" means the Parent and each of its Subsidiaries.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of the common depositary for Euroclear or Clearstream, as applicable.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such

Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Original Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business, (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Original Issue Date or in the ordinary course of business or (v) any asset retirement obligations. The term "Indebtedness" as it relates to the Issuer shall also not include (i) the Parent Revolving Credit Facility or any other Indebtedness of Parent and (ii) the Receivables Assignment Deferred Consideration.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such

payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(4) in respect of the Parent, obligations under or in respect of factoring of receivables or securitizations on a non-recourse (*pro soluto*) basis; or

(5) payments or other transactions or obligations pursuant to any Tax Consolidation Arrangements; *provided*, however, that such payments, and the value of such transactions or obligations, shall not exceed the amount of tax that the Issuer or such Restricted Subsidiaries would owe, without taking into account such Tax Consolidation Arrangements.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Indirect Media Rights Event*" means at any time:

(1) in respect of any season to which the Principal TV Rights Arrangements relate:

(a) the Principal TV Rights Arrangements contemplated in paragraph (a) of the definition thereof are terminated (and, after a termination, have not been reinstated) or Serie A otherwise ceases to be entitled to receive or ceases to receive the payments contemplated thereunder as at the date of the Indenture (and, in either case, such cessation has not been reversed); or

(b) the Principal TV Rights Arrangements contemplated in paragraph (b) of the definition thereof are revoked (and, after a revocation, have not been reinstated) or otherwise cease to be in full force and effect (and such cessation has not been reversed) or the Parent otherwise ceases to be entitled to the revenues which were available to it thereunder as at the date of the Indenture (and such cessation has not been reversed); or

(2) in respect of any future season:

(a) Serie A, Serie B or (if different) the league in which the Inter Football Team is eligible to play in that season fails to reach an agreement for the licensing and broadcasting of the national or international Media Rights relating to the relevant league (until such time as such an agreement is reached) or such agreement, if made, is terminated such that the relevant league will no longer be entitled to receive any payments thereunder (and, after a termination, such entitlement has not been reinstated); or

(b) for any reason whatsoever, including the case in which the league in which the Inter Football Team is eligible to play in that season fails to resolve on the distribution of revenues arising from the agreement described in paragraph (b)(i) above, the Parent ceases to be entitled to such revenues (and such entitlement has not been reinstated).

"*Intellectual Property*" means:

(1) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and

(2) the benefit of all applications and rights to use such assets of any member of the Group (which may now or in the future subsist).

"*Inter Brand*" means Inter Brand S.r.l., a limited liability company (*società a responsabilità limitata*) having its legal address at Corso Vittorio Emanuele II no. 9, Milano 20122, enrolled with the Companies' Register of Milan with No. 05034530963, fiscal code and VAT number 05034530963.

"*Inter Football Team*" means the first team of the Parent (composed of professional football players as selected from time to time) which, as at the date of the Indenture, plays in the Serie A league.

"*Intercompany Loan Agreements*" means the Amended Revolving Intercompany Loan, the New Intercompany Loan and the Existing Proceeds Intercompany Loan or other such similar arrangements as may be entered into from time to time in accordance with the provisions of the Indenture.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated on the Original Issue Date, by and among, inter alios, the Issuer, the Parent, Unione di Banche Italiane S.p.A., as the Security Agent and The Law Debenture Trust Corporation p.l.c., as the Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of GAAP; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*IRAP*" means *Imposta Regionale sulle Attività Produttive*.

"*Issue Date*" means , 2020.

"*Issuer*" means Inter Media and Communication S.p.A.

"*Italian Civil Code*" means the Italian civil code, enacted by Italian Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"*Italian Football Financial Fair Play Regulations*" means the rules promulgated by the FIGC and Serie A regarding financial fair play, as in place from time to time.

"*License Agreement*" means the license agreement in relation to Intellectual Property dated June 5, 2014 and entered into between the Parent and the Issuer, as amended and restated on the Original Issue Date.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Material Contracts*" means each Media Contract and each Sponsorship Agreement.

"*Maximum Annual Interest*" means, with respect to specified Indebtedness of the Issuer, the greatest amount of cash interest expense accruing on such Indebtedness in any one financial year of the Issuer, calculated over the life of such Indebtedness and based on the aggregate principal amount of Indebtedness outstanding in respect of such Indebtedness at the time of such calculation.

"*Maximum Annual Debt Service*" means, with respect to specified Indebtedness of the Issuer, the maximum aggregate debt service requirements (including both cash interest expense and required principal payments) in any financial year, calculated over the life of such Indebtedness (and, in respect of cash interest expense only, based on the aggregate principal amount of Indebtedness outstanding in respect of such Indebtedness at the time of such calculation), and excluding the final principal payment upon the Stated Final Maturity of such Indebtedness.

"*Media Contracts*" means all Existing Direct Media Contracts, Future Direct Media Contracts, Existing Indirect Media Rights Arrangements and Future Indirect Media Rights Arrangements.

"*Media Rights*" means any television, digital, radio or any other media rights of any kind, whether now existing or developed in the future.

"*MediaCo-TeamCo Agreements*" means the Playing and Staging Agreement, the Services Agreement, each Receivables Assignment Agreement, each Intercompany Loan Agreement and the License Agreement, each as may be amended, supplemented, replaced, modified or assigned in the future in accordance with the provisions of the Indenture.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"*Net Cash Proceeds",* with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and the Tax Consolidation Arrangements).

"*Net Finance Charges*" means, for any Relevant Period, the Finance Charges for that Relevant Period after deducting any interest payable in that Relevant Period to the Issuer on any cash or Cash Equivalents.

"*New Intercompany Loan*" means the intercompany loan agreement to be dated on or about the Issue Date between the Issuer and the Parent and through which a portion of the proceeds of the issuance of the New Notes will be on-lent to the Parent.

"*New Shareholder Injections*" means the aggregate amount subscribed for by the Parent for Capital Stock (other than Disqualified Stock) in the Issuer or contributed to the Issuer by the Parent in the form of Subordinated Shareholder Funding.

"*Non-Current Operating Assets*" means the sum of:

(1) non-current trade receivables; and

(2) plus non-current accrued income; and

(3) minus non-current deferred income.

"*Non-Current Operating Liabilities*" means the sum of:

(1) deferred tax liabilities;

(2) plus provision for employee severance indemnities;

(3) plus provision for risk and charges;

(4) plus non-current trade payables;

(5) plus accrued expenses; and

(6) minus prepaid expenses.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means this offering memorandum in relation to the New Notes.

"*Officer*" means, with respect to any Person, any member of the board of directors, the chief executive officer, the chief strategy officer or the chief financial officer (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Original Issue Date*" means December 21, 2017.

"*Original Offering Memorandum*" means the offering memorandum dated December 14, 2017, relating to the offering of the Existing Notes.

"*Original Receivables Assignment Agreement*" means the receivables assignment agreement dated the Original Issue Date between the Issuer and the Parent.

"*Original Refinancing Transactions*" shall have the meaning assigned to such term in the Original Offering Memorandum under the caption "*Certain Definitions*".

"*Parachute Payment*" means a payment from Serie A to the Parent that is payable or will be payable as a result of the Inter Football Team having been relegated from Serie A in the most recently completed season.

"*Parent*" means F.C. Internazionale Milano S.p.A and any successor thereof.

"*Parent Entity*" means any holding companies established by any Permitted Holder for purposes of holding its investment in the Parent.

"*Parent Insolvency Event of Default*" means (1) an event or circumstance described in clause (5) under "*—Events of Default*" in respect of the Parent or (2) the Parent suspending or ceasing to carry on (or threatening to suspend or cease to carry on) all or a material part of its business (excluding the sale or transfer of players of the Inter Football Team in the ordinary course of business).

"*Parent Revolving Credit Facility*" means the revolving credit facility established pursuant to the revolving facility agreement to be dated as of the Original Issue Date, among, inter alios, the Parent, the lenders as named therein, Unione di Banche Italiane S.p.A., as agent and security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer which does not constitute Subordinated Indebtedness that is secured by the Collateral.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Payment Conditions*" means:

(1) no Event of Default is continuing or would occur as a result of the relevant Permitted Distribution being made;

(2) (i) the Debt Service Coverage Ratio reported on in the most recently delivered Issuer Compliance Certificate was equal to or greater than 1.5 to 1.0 (or, in each case, if Inter Football Team is not as at that date entitled to play in Serie A, 2.0 to 1.0) and (ii) the Pro Forma Debt Service Coverage Ratio set forth in such Issuer Compliance Certificate would have been equal to or greater than 1.5 to 1.0 (or, if Inter Football Team is not as at that date entitled to play in Serie A, 2.0 to 1.0) if the projected Cash Available for Debt Service number reported therein had been reduced by the amount of the proposed Permitted Distribution;

(3) each of the Secured Accounts are fully funded in accordance with "*—Affirmative Covenants—Priority of Payments Waterfall*";

(4) no Risk Event is continuing;

(5) no Parent Insolvency Event of Default is continuing;

(6) in the case of a Tax Consolidation Repayment, no Receivables Assignment Deferred Consideration is owing by the Issuer to the Parent which would not be settled contemporaneously with such Tax Consolidation Repayment;

(7) in the case of payment of the Services Agreement Fee, no Receivables Assignment Deferred Consideration or Tax Consolidation Indebtedness is owing by the Issuer to the Parent (in each case) which would not be settled contemporaneously with such payment of the Services Agreement Fee;

(8) in the case of any Permitted Distribution other than payment of Receivables Assignment Deferred Consideration, Tax Consolidation Repayment or payment of the Services Agreement Fee, no Receivables Assignment Deferred Consideration, Tax Consolidation Indebtedness or Services Agreement Fee is owing by the Issuer to the Parent (in each case) which would not be settled contemporaneously with such Permitted Distribution; and

(9) there are sufficient funds available for the Permitted Distribution payment in the Distribution Account.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(1) that are described in one or more of clauses (1), (2), (3), (4), (6), (7), (9), (10), (14), (15) and (17) of the definition of "Permitted Liens" and, in each case, arising by law or that would not

materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(2) to secure:

(a) the Existing Notes;

(b) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*";

(c) Indebtedness described under clause (3) of "Permitted Issuer Debt"; and

(d) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a) to (c).

provided, that each of the secured parties to any such Indebtedness set forth in (b) (acting directly or through its Representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, further that such Liens are on a *pari passu* basis with the Liens securing the Notes; *provided,* further that subject to the Agreed Security Principles, all property and assets (including, without limitation, the Collateral) of the Issuer or any Restricted Subsidiary securing such Indebtedness or Refinancing Indebtedness secure the Notes and the Indenture on a *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement).

"*Permitted Holders*" means, collectively, (1) Suning Holdings Group Co., Ltd, (2) Zhang Jindong, (3) any Related Person of any Persons specified in clause (1) or (2), and (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Parent, acting in such capacity.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in cash or Cash Equivalents;

(2) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(3) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(4) (a) Investments in the Chinese Subsidiary in an aggregate amount not to exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance of its Subordinated Shareholder Funding and (b) subject to compliance with the Payment Conditions (such requirements being applied as if a Permitted Investment made in accordance with this clause (4) were a "Permitted Distribution") and *provided* that the Inter Football Team is playing in either Serie A or Serie B, Investments in an amount of up to €3.0 million in the Chinese Subsidiary;

(5) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(6) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Original Issue Date; *provided* that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Original Issue Date or (ii) as otherwise permitted under the Indenture;

(7) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*";

(8) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(9) subject to compliance with the Payment Conditions (such requirements being applied as if a Permitted Investment made in accordance with this clause (9) were a "Permitted Distribution") and *provided* that the Inter Football Team is playing in either Serie A or Serie B, any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (5) and (8) of that paragraph);

(10) any Permitted Distribution made in the form of an Investment;

(11) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(12) Investments in the Notes, any Additional Notes and any Pari Passu Indebtedness.

"*Permitted Liens*" means, with respect to any Person:

(1) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(3) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(4) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(5) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(6) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(7) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(8) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (4) of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*" and (b) any such Lien may not extend to any assets or

property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(9) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(10) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(11) Liens existing on, or provided for or required to be granted under written agreements existing on the Original Issue Date after giving *pro forma* effect to the use of the proceeds of the Existing Notes as described in the Original Offering Memorandum;

(12) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(13) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(14) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(15) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(16) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Issuer or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(17) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(18) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement; and

(19) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof).

"*Permitted Reorganization*" means (i) the consolidation or merger of Inter Brand into the Parent, (ii) the transfer of the Capital Stock of the Issuer held by Inter Brand to the Parent or (iii) the liquidation of Inter Brand, *provided,* that, in each case, (a) the Parent shall hold the entire Capital Stock of the Issuer and (b) the Parent shall succeed to all obligations under any contracts, agreements or other arrangements between the Issuer and the Parent. The Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Permitted Reorganization.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Playing and Staging Agreement*" means the playing and staging agreement dated June 5, 2014 between the Issuer, the Parent and the security agent under the Existing Facility, which was amended and restated and the role of the security agent assigned to the Security Agent on the Original Issue Date.

"*Preferred Stock*", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Principal TV Rights Arrangements*" means:

(1) the invitation to offer (*invito a offrire*) issued by Serie A league in relation to:

  (a) the license for the national broadcasting of the Serie A league's Media Rights, which has been awarded, for the seasons 2015/2016, 2016/2017 and 2017/2018, to SKY Italia S.r.l. and R.T.I. S.p.A. on or about June 27, 2014; and

  (b) the license for the international broadcasting of the Serie A league's Media Rights, which has been awarded, for the seasons 2015/2016, 2016/2017 and 2017/2018, to Media Partners & Silva Ltd on or about October 20, 2014; and

(2) the resolution of the Serie A league assembly entitling the Parent to receive a portion of the revenues arising from the agreements described in paragraph (a) above, for the seasons 2015/2016, 2016/2017 and 2017/2018.

"*Pro Forma Debt Service Coverage Ratio*" means, in relation to any Relevant Period, the ratio of projected Cash Available for Debt Service to projected Debt Service for that Relevant Period (excluding any repayment of principal due at the Stated Final Maturity of the Notes or the Stated Final Maturity of any Pari Passu Indebtedness), calculated on the basis of (a) then-contracted revenues, *provided*, *however*, that if an Existing Direct Media Contract, Existing Indirect Media Rights Arrangement or Existing Sponsorship Agreement is up for renewal or is being negotiated for renewal during a Relevant Period, the Issuer shall be permitted to make assumptions with respect to such renewal or renewals and the terms and conditions with respect thereto and (b) (i) services being provided at such time subject to finalization of contractual arrangements on the terms on which such services are being provided and (ii) the expected entry into contractual arrangements with new counterparties during a Relevant Period subject to finalization of such contractual arrangements and the expected terms and conditions thereof, in each case in order to include revenues and cash flows from such agreements or arrangements or expected arrangements in the calculation of Pro Forma Debt Service Coverage Ratio, *provided* that in each case any assumptions, expectations or estimates are made in good faith by Officer of the Issuer responsible for accounting or financial reporting and such Officer has a reasonable basis for making such assumptions and estimates and for having such expectations. In addition, for purposes of calculating Pro Forma Debt Service Coverage Ratio:

(1) The calculation shall give *pro forma* effect to (1) Future Direct Media Contracts, Future Indirect Media Rights Arrangements or Future Sponsorship Agreements that have been entered into at the time of calculation and (2) any changes to Existing Direct Media Contracts, Existing Indirect Media Rights Arrangements or Existing Sponsorship Agreements that have been effected at the time of calculation, as applicable.

(2) The calculation shall give effect to expense and cost reduction synergies (as determined in good faith by an Officer of the Issuer responsible for accounting or financial reporting) projected to result from actions that have been taken by the Issuer or its Restricted Subsidiaries and that are reasonably expected to be achieved within the Relevant Period, *provided*, *however*, that such synergies shall not exceed €1.0 million in any one Relevant Period and *provided*, *further*, that the Budget shall be updated to reflect any such synergies.

(3) In respect of the calculation of Pro Forma Debt Service Coverage Ratio for purposes of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries,*" (i) any repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness occurring following the commencement of the Relevant Period but on or prior to the determination date and (ii) any Incurrences of Subordinated Shareholder Funding, issuances or sales of Capital Stock of the Issuer or other capital increases or contributions to the equity of the Issuer, including, but not limited, to New Shareholder Injections taking place following the commencement of the Relevant Period but on or prior to the determination date shall, in each case be taken into account as though such actions had occurred at the beginning of the Relevant Period.

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets and acquired through the direct acquisition of such property or assets.

"*Rating Agency*" means Moody's and/or S&P and/or Fitch or any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer.

"*Ratings Confirmation Notice*" means a confirmation from a Rating Agency that the then-current rating of the Notes or Pari Passu Indebtedness, as applicable, will not be lowered or withdrawn (excluding in each case any change in outlook) as a result of the action proposed to be taken.

"*Receivables Assignment Agreements*" means the Original Receivables Assignment Agreement and any Future Receivables Assignment Agreement.

"*Receivables Assignment Deferred Consideration*" means the deferred purchase price owed by the Issuer to the Parent under the Receivables Assignment Agreements.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that, such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith).

Refinancing Indebtedness in respect of any Indebtedness may be Incurred from time to time after the termination, discharge or repayment of such Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Relegation Risk Event*" means, at any time during a football season:

(1) Inter Football Team is not entitled to play in Serie A or Serie B (as applicable); or

(2) on or after the date on which each Serie A or Serie B team (as applicable) has played seven or more Serie A or Serie B matches (as applicable) in that season (as confirmed by a certificate of an Officer of the Issuer delivered to the Trustee and the Security Agent on or promptly after such date), Inter Football Team is not in one of the top 13 positions in the Serie A or Serie B league table (as applicable), *provided* that a Relegation Risk Event shall not be deemed to be occurring under this clause (2) if an Officer of the Issuer certifies in a certificate delivered to the Security Agent that it is mathematically impossible for the Inter Football Team to be relegated in such season.

"*Relevant Period*" means:

(1) in relation to the Debt Service Coverage Ratio, each period of 12 months ending on or about the last day of each Semi-Annual Period. For the avoidance of doubt, the first Relevant Period with respect to the Debt Service Coverage Ratio shall commence July 1, 2020 and the second Relevant Period with respect to the Debt Service Coverage Ratio shall commence January 1, 2021; and

(2) in relation to the Pro Forma Debt Service Coverage Ratio, each period of 12 months commencing on the first day of a Semi-Annual Period;

provided that, with respect to (x) the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness—Restrictions on the Issuer and its Restricted Subsidiaries*", the Relevant Period shall refer to a period of 12 months commencing as of the beginning of the month in which the Indebtedness being Incurred under such paragraph will be Incurred and (y) clause (a) of the definition of "Risk Event", the Relevant Period shall refer to a period of 12 months commencing as of the beginning of each month in which the relevant Relegation Risk Event has occurred or is continuing.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Responsible Officer*" means, when used with respect to the Trustee, any director, associate director or assistant secretary within the debt and agency services department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer.

"*Risk Event*" means:

(1) a Relegation Risk Event occurs and is continuing at a time when (i) the most recently delivered Issuer Compliance Certificate reports that the Debt Service Coverage Ratio is below (x) prior to January 1 in each financial year, 3.0 to 1.0 or (y) on or after January 1 in each financial year, 5.5 to 1.0 or (ii) the Pro Forma Debt Service Coverage Ratio calculated as of the occurrence of such Relegation Risk Event, assuming that the Inter Football Team has been relegated from Serie A or Serie B, as applicable, for the Relevant Period for the calculation of such Pro Forma Debt Service Coverage Ratio, is below (x) prior to January 1 in each financial year, 3.0 to 1.0 or (y) on or after January 1 in each financial year, 5.5 to 1.0. The Pro Forma Debt Service Coverage Ratio shall be calculated assuming that the Inter Football Team has been relegated from Serie A or Serie B, as applicable, for the Relevant Period for the calculation of such Pro Forma Debt Service Coverage Ratio, each month that a Relegation Risk Event has occurred or is continuing; or

(2) an Indirect Media Rights Event occurs and is continuing at a time when the most recently delivered Issuer Compliance Certificate reports that the Debt Service Coverage Ratio or the Pro Forma Debt Service Coverage Ratio is below (i) prior to January 1 in each financial year, 3.0 to 1.0 or (ii) on or after January 1 in each financial year, 5.5 to 1.0.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Security Interests*" means security interests in the Collateral that are created by the Security Documents.

"*Semi-Annual Period*" means the period commencing on the day after one Semi-Annual Period Date and ending on the next Semi-Annual Period Date.

"*Semi-Annual Period Date*" means June 30 and December 31 of each year.

"*Serie A*" means *Lega Nazionale Professionisti Serie A* (and any successors) or any replacement league.

"*Serie B*" means *Lega Nazionale Professionisti Serie B* (and any successors) or any replacement league.

"*Services Agreement*" means the services agreement dated June 5, 2014 between the Issuer and the Parent, as amended and restated on the Original Issue Date.

"*Services Agreement Fee*" means the annual fee payable to the Parent by the Issuer under the Services Agreement; *provided*, *however*, that the amount of the fee must comply with clause (1) of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*".

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer on the Original Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof and are permitted to be undertaken by the Issuer in accordance with the Constitutional Documents.

"*Sponsorship Agreements*" means all Existing Sponsorship Agreements and Future Sponsorship Agreements.

"*Stated Final Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and "*—Mandatory Partial Redemption*", to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Original Issue Date or thereafter Incurred) which is subordinated in right of payment to the Notes, including any Tax Consolidation Indebtedness of the Issuer or any amounts owing in respect of the Receivables Assignment Deferred Consideration.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to (i) the Issuer by the Parent, (ii) the Chinese Subsidiary by any Permitted Holder or any Affiliate or (iii) the Parent by any Permitted Holder or any Affiliate, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Final Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock other than Disqualified Stock of the Issuer, in the case of Subordinated Shareholder Funding provided to the Issuer, or any funding meeting the requirement of this definition) or the making of any such payment prior to the first anniversary of the Stated Final Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Final Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts, or the making of any such payment prior to the first anniversary of the Stated Final Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or accelerate or otherwise require any cash payment or the payment of any amount as a result of any such action or provision or the exercise of any rights, or enforcement action is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not share in any amounts held in the Secured Accounts;

(5) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries;

(6) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Original Issue Date with respect to the "Subordinated Liabilities" (as defined therein); and

(7) in the case of Subordinated Shareholder Funding provided to the Chinese Subsidiary, (x) the aggregate amount of such Subordinated Shareholder Funding shall not exceed €15.0 million and (y) the receivables under such Subordinated Shareholder Funding are granted as Collateral to secure the Notes.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Original Issue Date).

"*Suning Agreements*" means the agreements between the Issuer and an Affiliate of Suning Holdings Group Co., Ltd. in effect on the Original Issue Date, as described under "*Certain Relationships and Related Party Transactions*" in the Original Offering Memorandum.

"*Tax Consolidation Arrangements*" means with respect to the Issuer, arrangements pursuant to which the Issuer and the Parent are part of the same Italian Tax consolidation group and pursuant to which the Parent will be the recipient of any tax credits and liable for any tax liabilities of the Issuer and the Parent or, with respect to the Parent, arrangements pursuant to which the Parent and a Parent Entity incorporated under the laws of Italy are part of the same Italian Tax consolidation group and pursuant to which such Parent Entity will be the recipient of any tax credits and liable for any tax liabilities of the Parent and such Parent Entity.

"*Tax Consolidation Indebtedness*" means with respect to the Issuer, Indebtedness of the Issuer owing to Parent arising as a result of the Issuer benefiting from tax losses of the Parent pursuant to the Tax Consolidation Arrangements, or with respect to the Parent, means Indebtedness of the Parent owing to a Parent Entity incorporated under the laws of Italy arising as a result of the Parent benefiting from tax losses of such Parent Entity pursuant to the Tax Consolidation Arrangements.

"*Tax Consolidation Repayment*" means a repayment by the Issuer of Tax Consolidation Indebtedness.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*UEFA*" means the *Union des Associations Européennes de Football*, the European governing body for association football and any successor or replacement body from time to time.

"*UEFA Financial Fair Play Regulations*" means the UEFA Club Licensing and Financial Fair Play Regulations, as they may be amended, varied or modified from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*VAT*" means:

(1) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(2) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Notes sold to non-U.S. persons outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear or Clearstream, as applicable, will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of the Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the holders of the Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and Clearstream, as applicable, and indirect participants must rely on the procedures of Euroclear and Clearstream, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Registrar, the Paying Agent, the Transfer Agent, and their respective agents, or the Trustee under the Indenture or any of the Issuer's respective agents, will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes (as defined below):

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture; or

(3) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (3), their current procedure is to request that the Issuer issues or causes to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names of holders and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-

Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Definitive Registered Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of one Definitive Registered Note, a new Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note will be issued to the transferor or the holder, as applicable, in respect of the balance of the holding not transferred or redeemed; provided that a Definitive Registered Note will only be issued in denominations of €100,000 or in integral multiples of €1,000 in excess thereof.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken, or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee or an authenticating agent appointed by the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee, the Paying Agent, the Transfer Agent or the Registrar appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer or the Trustee may charge for expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Notice to Investors*".

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar and their respective agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book- Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of less €100,000 principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer, the Trustee, the Paying Agent, Registrar and Transfer Agent will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Transfer Agent, the Registrar, any Paying Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name".

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, Paying Agent, Transfer Agent, Registrar, the Initial Purchaser or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment. Holders may be subject to foreign exchange risks that may have economic and tax consequences to them.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream, as applicable, in euro.

Action by Owners of Book Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors*".

After the expiration of the distribution compliance period (as defined in Regulation S), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Transfer Agent of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act (if available).

Subject to the foregoing, and as set forth in "*Notice to Investors*," Book-Entry Interests may be transferred and exchanged as described under "*Description of the Notes—Transfer and Exchange*". Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book- Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book- Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes. See "*Notice to Investors*".

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Initial Purchaser, the Trustee, the Paying Agent, the Transfer Agent or any of their respective agents are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations, they also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book- entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear and Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear and Clearstream participants.

Global Clearance and Settlement Under the Book Entry System

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange and the Vienna Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange and the Vienna MTF. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchaser, the Trustee, the Registrar, the Listing Agent, the Transfer Agent or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business.

TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, Italian or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date, also on a retroactive basis. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian Tax Considerations

The statements herein regarding Italian taxation are based on the laws in force in the Republic of Italy and on published practices of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. The following is a summary of certain material Italian tax consequences of the purchase, ownership, redemption and disposition of Notes for Italian resident and non-Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Offering Memorandum. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary.

This summary also assumes that each transaction with respect to the Notes is at arm's length. This summary also assumes that the Notes are listed from their issue and traded on a regulated market or on a multi-lateral trading platform of EU Member States or States that are parties to the European Economic Area Agreement ("**EEA States**") which allow a satisfactory exchange of information with Italy, as listed in the Decree of the Minister of Finance of September 4, 1996, as amended and, or once effective in any other decree that will be issued in the future under Article 11 (4)(c) of Decree No. 239 of April 1, 1996 (the "**White List")**. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian law.

The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

Tax Treatment of Interest

Legislative Decree No. 239 of April 1, 1996 as subsequently amended and restated ("**Decree No. 239**") sets forth the Italian tax regime applicable to interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") from notes that are issued, *inter alia*, by:

a) joint-stock corporations that are resident in Italy for tax purposes and whose shares are admitted to trading on a regulated market or on a multilateral trading facility of (i) an EU Member State, or (ii) an EEA State that is included in the White List; or

b) other companies that are resident for tax purposes in Italy if the notes are admitted to trading on a regulated market or on a multilateral trading facility of (i) an EU Member State, or (ii) an EEA State that is included in the White List; or

c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are held by "qualified investors" pursuant to article 100 of Legislative Decree No. 58 of February 24, 1998.

provided that the notes fall within the category of bonds (*obbligazioni*) or bond-like securities (*titoli similari alle obbligazioni*).

For these purposes, under Article 44(2)(c) of Presidential Decree No. 917 of December 22, 1986 ("**Decree No. 917**"), bonds and bond-like securities (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to pay, at maturity (or at any earlier full redemption of the securities), an amount not lower than their nominal/par value/principal and that do not grant the holder any direct or indirect right of participation in (or control on) the management of the Issuer or of the business in connection with which these securities are issued.

Italian resident Noteholders

Noteholders not Engaged in an Entrepreneurial Activity

If an Italian resident beneficial owner of the Notes (a "**Noteholder**") is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-business partnership;

(c) a non-business private or public entity (other than Italian undertakings for collective investment); or

(d) an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*) levied at the rate of 26%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and, if meeting the relevant conditions, has validly opted for the application of the "*Risparmio Gestito*" regime provided for by Article 7 of Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**"). In such latter case the Noteholder is subject to a 26% annual substitute tax on the increase in value of the managed assets accrued at the end of each fiscal year (which increase would include Interest accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorized intermediary. For more information, see also "*—Tax Treatment of Capital Gains*" below.

Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26% *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian tax law.

Noteholders Engaged in an Entrepreneurial Activity

If the Italian resident Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to *imposta sostitutiva* on a provisional basis and will then be included in the relevant beneficial owner's income tax return. As a consequence, Interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due.

If a Noteholder is an Italian resident company or similar business entity, a business partnership, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes, together with the coupons related thereto, are deposited with an authorized intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income tax ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**").

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Under Law Decree No. 351 of September 25, 2001 ("**Decree No. 351**"), converted into law with amendments by Law No. 410 of November 23, 2001, Article 32 of Law Decree No. 78 of May 31, 2010, converted into law with amendments by Law No. 122 of July 30, 2010, and Article 2(1)(c) of Decree No. 239, payments of Interest deriving from the Notes to Italian resident real estate investment funds are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Italian real estate investment fund, provided that the Notes, together with the relevant coupons, are timely deposited with an authorized intermediary. However, a withholding tax or a substitute tax at the rate of 26% will generally apply to income realized by unitholders in the event of distributions, redemption or sale of the units.

Subject to certain conditions, income realized by Italian real estate investment funds is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Under Article 9 of Legislative Decree No. 44 of March 4, 2014 ("**Decree No. 44**"), the above regime applies also to Interest payments made to closed-ended real estate investment companies (*società di investimento a capitale fisso immobiliari*, or "**Real Estate SICAFs**") which meet the requirements expressly provided by applicable law.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

If an Italian resident Noteholder is an open-ended or a closed-ended collective investment fund ("**Fund**") other than a real estate investment fund, a closed-ended investment company (*società di investimento a capitale fisso*, or "**SICAF**") other than a Real Estate SICAF or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAV**") established in Italy and either (i) the Fund, the SICAF or the SICAV or (ii) their manager is subject to supervision by the competent regulatory authority and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the management results of the Fund, the SICAF or the SICAV accrued at the end of each tax period. The Fund, the SICAF or the SICAV will not be subject to *imposta sostitutiva*, but a withholding tax of 26% will be levied, in certain circumstances, on proceeds distributed in favor of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Pension Funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the pension fund as calculated at the end of the tax period, which will be subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian tax law.

Application of Imposta Sostitutiva

Under Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIM**"), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary or an organisation or a company not resident in the Republic of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree No. 239, and

(b) intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary (or permanent establishment in Italy of a non-resident financial intermediary) paying Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

If the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident Noteholder is:

(a) a beneficial owner of the payment of the Interest and resident, for tax purposes, in a country which is included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or

(c) a central bank or an entity which manages, inter alia, official reserves of a foreign State (including sovereign wealth funds); or

(d) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

(a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or brokerage company (SIM), acting as depositary or sub depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

(a) The timely deposit of the Notes, since their issue date, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(b) the submission, at the time or before the deposit of the Notes, to the First Level Bank or the Second Level Bank (as the case may be) of an affidavit by the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

This affidavit, which is required neither for international bodies or entities set up in accordance with international agreements that have entered into force in Italy nor for foreign central banks or entities which manage, inter alia, official reserves of a foreign State, must comply with the requirements set forth by the Italian Ministerial Decree of December 12, 2001 and is valid until withdrawn or revoked (unless some information provided therein has changed). The affidavit need not be submitted if a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point c) above. Additional requirements are provided for "institutional investors" referred to in point d) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The *imposta sostitutiva* will be applicable at the rate of 26% to Interest paid to Noteholders who do not qualify for the exemption or do not timely and properly comply with the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules).

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty between Italy and their country of residence, provided that the relevant conditions are satisfied (including required documentary fulfilments).

Tax Treatment of Capital Gains

Italian Resident (and Italian Permanent Establishment) Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

If an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-business partnership, (iii) a non-business private or public entity, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax ("**CGT**") under Decree No. 461, levied at the rate of 26%. Noteholders may set off any losses against their capital gains subject to certain conditions.

In respect of the application of CGT, taxpayers may opt for any of the three regimes described below.

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given fiscal year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any fiscal year, net of any relevant incurred capital loss, in the annual tax return and pay CGT on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realized in any of the four following fiscal years.

(b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay CGT separately on capital gains realized on each sale or redemption of the Notes (nondiscretionary investment portfolio regime, "*regime del risparmio amministrato*") (optional). Such separate taxation of capital gains is allowed subject to:

    (i) the Notes being deposited with Italian banks, SIMs or certain authorized financial intermediaries (including permanent establishments in Italy of non-resident intermediaries); and

    (ii) an express election for the nondiscretionary investment portfolio regime being timely made in writing by the relevant Noteholder.

    The depository must account for CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the nondiscretionary investment portfolio regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same fiscal year or in the following fiscal years up to the fourth. Under the nondiscretionary investment portfolio regime, the Noteholder is not required to declare the capital gains / losses in the annual tax return.

(c) Under the discretionary investment portfolio regime (*regime del risparmio gestito*) (optional), any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the year-end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following fiscal years. The Noteholder is not required to declare the capital gains realized in the annual tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian tax law.

Noteholders Engaged in an Entrepreneurial Activity

Any gain realized upon the sale or the redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realized by an Italian company, a similar business entity (including the Italian permanent establishment of non-resident entities to which the Notes are connected), a business partnership or an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Any capital gains realized by a Noteholder which is an Italian real estate investment fund or an Italian Real Estate SICAF to which the provisions of Decree No. 351 or Decree No. 44 apply will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF (see "—*Tax Treatment of Interest*"). However a withholding tax or a substitute tax at the rate of 26% will generally apply to income realized by unitholders or shareholders in the event of distributions, redemption or sale of units / shares.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a Real Estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26% (see "—*Tax Treatment of Interest*").

Pension Funds

Any capital gains realized by a Noteholder that is an Italian pension fund (subject to the regime provided for by Article 17 of Decree No. 252 of December 5, 2005) will be included in the result of the pension fund as calculated at the end of the fiscal year, to be subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth under Italian tax law.

Non-Italian Resident Noteholders

Capital gains realized by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and traded on regulated markets are subject neither to CGT nor to any other Italian income tax. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorized financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected.

Capital gains realized by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to CGT, provided that the beneficial owner is:

(a) Resident for tax purposes in a country included in the White List;

(b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;

(c) a central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State (including sovereign wealth funds); or

(d) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment.

To benefit from this exemption, non-Italian resident Noteholders must satisfy procedural conditions similar to those set forth under Decree N. 239. See "*—Tax Treatment of Interest.*"

If none of the conditions above is met, capital gains realized by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to CGT at the current rate of 26%. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realized upon the sale or the redemption of the Notes may be taxed only in the country of residence of the transferor.

Italian Inheritance and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights, including the Notes, (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), but only if the transferred assets are held in Italy.

In such event, Italian inheritance and gift tax applies as follows:

(a) at a rate of 4% in case of transfers in favor of the spouse or relatives in direct line on the portion of the global net value of the transferred assets exceeding, for each beneficiary, €1,000,000;

(b) at a rate of 6% in case of transfers in favor of relatives up to the fourth degree or relatives in-law up to the third degree on the entire value of the transferred assets. Transfers in favor of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the transferred assets exceeding, for each beneficiary, €100,000; and

(c) at a rate of 8% in any other case.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised under Law No. 104 of February 5, 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or the donor and the beneficiary. As of January 1, 2017, assets and rights (i) segregated in a trust, or (ii) allocated to special funds by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-*ter* of the Italian Civil Code, in favor of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set out in Article 6 of Law No. 112 of June 22, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average trading price of the last quarter preceding the date of the succession or of the gift (including any accrued interest).

Transfer Tax

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and private deeds with notarized signatures are subject to mandatory registration;

and (ii) private deeds are subject to registration only in the case of voluntary registration or if the so-called "caso d'uso" occurs.

Stamp Duty

Under Article 13(2bis-2ter) of Presidential Decree No. 642 of October 26, 1972, a 0.20% stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on May 24, 2012, the 0.20% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Wealth Tax on Financial Products Held Abroad

Under Article 19(18) of Law Decree No. 201 of December 6, 2011, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the fiscal year, hold financial products—including the Notes—outside the Republic of Italy are required to pay a wealth tax at the rate of 0.20%. Pursuant to Article 134 of Law Decree No. 34 of 19 May 2020 (which has not been converted into law yet), the wealth tax cannot exceed €14,000.00 per year for Noteholders other than individuals. The tax is determined in proportion to the period of ownership. This tax is calculated on the market value at the end of the relevant year or, in the lack thereof, on the nominal value or redemption value, or in the case when the face or redemption values cannot be determined, on the purchase price of any financial product (including the Notes) held abroad by Italian resident individuals. If the financial products are no longer held on December 31 of the relevant year, reference is made to the value in the period of ownership. A tax credit is generally granted for foreign wealth taxes levied abroad on such financial products. The tax credit cannot be greater than the amount of the Italian tax due. If there is a double tax treaty in force between Italy and the State where the financial products are held that also covers taxes on capital and the treaty provides that only the State of residence should levy taxes on capital on the financial products, no tax credit is granted. In these cases, the taxpayer should request the refund of the wealth taxes paid abroad to the foreign tax authorities.

Certain Reporting Obligations for Italian Resident Noteholders

Under Law Decree No. 167 of June 28, 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the fiscal year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Law Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations related to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. holder (as defined below) except for FATCA (as defined under "*—Foreign Account Tax Compliance Act*"), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances, including the impact of the Medicare tax on net investment income or the alternative minimum tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, U.S. holders that are resident in or have a permanent establishment in a jurisdiction outside the United States (including any U.S. holders who hold the Notes through a foreign branch), persons holding the Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issuance and at their "issue price" (the first price at which a substantial amount of the Notes is sold for money, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, the U.S. federal Medicare tax on net investment income and state, local, non-U.S. or other tax laws.

Characterization of the Notes

In certain circumstances (see "*Description of the Notes—Optional Redemption*", "*Description of the Notes—Optional Redemption upon Certain Tender Offers*", "*Description of the Notes—Mandatory Partial Redemption*" and "*Description of the Notes—Change of Control*"), the Issuer may be obligated to make payments on the Notes in excess of their stated principal amount and stated interest or to redeem the Notes prior to their maturity date. The Issuer intends to take the position, to the extent that it is required to take a position, that the Notes should not be treated as contingent payment debt instruments because of the possibility of these payments or redemptions. If the IRS successfully challenged this position, and the Notes were treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate higher than the stated interest rate on the Note, to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of a Note, and to recognize foreign currency exchange gain or loss with respect to such income. U.S. holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on the Notes (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the euro interest payment (translated at the spot rate of exchange on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time.

A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes (or who otherwise is required to accrue interest prior to receipt) may determine the amount of income recognized with respect to such interest using two methods. Under the first, a U.S. holder will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in euro that has accrued with respect to its Notes during an accrual period. The U.S. dollar value of such euro denominated accrued interest will be determined by translating such amount at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within each taxable year. Under the second method, an accrual basis U.S. holder may elect to translate such accrued interest income into U.S. dollars at the spot rate of exchange on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange on the last day of the taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder that has made the election described in the prior sentence may translate such interest at the spot rate of exchange on the date of receipt of the interest. The above election will apply to other debt instruments held by an electing U.S. holder and may not be changed without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize foreign currency exchange gain or loss with respect to accrued interest income on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the euro payment received (translated at the spot rate of exchange on the date such interest is received) in respect of such accrual period and the U.S. dollar value of the interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Original Issue Discount

The Notes will be issued with original issue discount ("OID") for U.S. federal income tax purposes. Accordingly, U.S. holders generally will be required to include such OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders will generally include such OID in income in advance of the receipt of cash attributable to such income.

The amount of OID with respect to a Note includible in income by a U.S. holder is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds such Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a

Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period.

The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity", determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period.

The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period and reduced by all prior payments on the Notes other than payments of stated interest. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

OID on the Notes will be determined for any accrual period in euro and then translated into U.S. dollars in accordance with either of the two alternative methods described above in the third paragraph under "*—Payments of Stated Interest*".

A U.S. holder will recognize foreign currency exchange gain or loss when OID is paid (including, upon the disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the euro payment received, translated at the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note will be viewed first as payment of stated interest payable on the Note, second, as receipt of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first, and third, as receipt of principal.

The rules governing OID instruments are complex and prospective purchasers should consult their own tax advisors concerning the application of such rules to the Notes as well as the interplay between the application of the OID rules and the currency exchange gain or loss rules. Foreign currency exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Stated interest income and OID on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by (or on behalf of) a U.S. holder at the rate applicable to such holder may be eligible for foreign tax credits (or deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. holder's particular circumstances. U.S. holders should consult their tax advisors regarding the availability of foreign tax credits.

Payments of Principal

Payments on the Notes which are amortization payments will be treated first as a payment of OID on the Notes to the extent of the OID that has accrued as of the date the payment is due and has not been allocated to prior payments, and second as a payment of principal. Except to the extent attributable to fluctuations in currency exchange rates, a U.S. holder generally will not recognize any gain or loss with respect to such payments. Instead, such payment will reduce the U.S. holder's adjusted tax basis in the Notes. A U.S. holder may recognize foreign currency exchange gain or loss upon the receipt of amortization payments equal to the difference, if any, between the U.S. dollar value of the portion of the amortization treated as a payment of principal, translated at the spot rate of exchange on the date the U.S. holder receives the payment, and the U.S. dollar value of the portion of the amortization treated as a payment of principal, translated at the spot rate of exchange on the date the U.S. holder purchased such Note. Any such gain or loss generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. In addition, upon receipt of such amortization payment, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued OID, which will be treated as discussed above under "*—Original Issue Discount*".

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note.

A U.S. holder's adjusted tax basis in a Note will, in general, be the cost of such Note to such U.S. holder, increased by any OID previously accrued by such U.S. holder with respect to such Note and reduced by any payments of principal on the Note. The cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the foreign currency purchase price translated at the spot rate on the date of purchase. If the applicable Note is treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described below, such U.S. holder will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

If a U.S. holder receives foreign currency on a sale, exchange, retirement, redemption or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate of exchange on the date of such taxable disposition. In the case of a Note that is considered to be traded on an established securities market, a cash basis U.S. holder and, if it so elects, an accrual basis U.S. holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate of exchange on the settlement date of the disposition. The special election available to accrual basis U.S. holders in regard to the purchase or disposition of Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. holder from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder that does not make the special election will recognize foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date, and such gain or loss generally will constitute U.S. source ordinary income or loss.

Gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note that is attributable to fluctuations in currency exchange rates with respect to the principal amount of such Note generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Such gain or loss generally will equal the difference, if any, between the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note (reduced by any payments of principal on the Note), translated at the spot rate of exchange on the date the U.S. holder disposes of the Note, and the U.S. dollar value of the U.S. holder's foreign currency purchase price for the Note (reduced by any payments of principal on the Note), translated at the spot rate of exchange on the date the U.S. holder purchased such Note. In addition, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder may recognize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, which will be treated as discussed above under "*—Payments of Stated Interest*" or "*—Original Issue Discount*", as applicable. However, upon a sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder will recognize any foreign currency exchange gain or loss (including with respect to accrued stated interest or accrued OID) only to the extent of total gain or loss realized by such U.S. holder on such disposition.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in excess of foreign currency exchange gain or loss attributable to such disposition generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Note.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of stated interest on the Notes, the accrual of OID, and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless such U.S. holder is an exempt recipient, and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. holder fails to provide a correct taxpayer identification number or a certification that it is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax Return Disclosure Requirements

Treasury Regulations require the reporting to the IRS of certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on or a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

U.S. holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain minimum thresholds at any time during the tax year generally are required to file an information report (IRS Form 8938) with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**"), and subject to the proposed Treasury Regulations discussed below, a "foreign financial institution" may be required to withhold U.S. tax on certain "foreign passthru payments" made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are published in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under recently proposed Treasury Regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement to be dated the date of the final offering memorandum (the "**Purchase Agreement**"), by and among the Issuer, Inter and the Initial Purchaser, we have agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase from us, Notes in certain principal amounts.

The Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 60 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer that are substantially similar to the Notes.

The Initial Purchaser initially proposes to offer the Notes for resale at the issue price that appears on the cover of this Offering Memorandum. After the initial offering of the Notes, the Initial Purchaser may change the prices at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchaser may offer and sell the Notes through certain of their affiliates, including in respect of sales into the United States. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchaser has agreed that it will only offer or sell the Notes (1) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and (2) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

The Issuer has agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

Persons who purchase Notes from the Initial Purchaser may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof. See "*Tax Considerations*".

The Initial Purchaser has advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchaser is not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchaser without notice. In addition, any such market making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

In connection with the offering of the Notes, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchaser expects to make offers and sales both inside and outside the United States through its selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

The Initial Purchaser has also agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, by us or the Initial Purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Group or the Notes in any jurisdiction where action for the purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resales of the Notes. Please see the sections entitled "*Notice to Investors*" and "*Notice to Certain European Investors*".

The Issuer has agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer will pay the Initial Purchaser a commission and pay certain fees and expenses relating to the offering of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified as the Issue Date of this Offering Memorandum, which will be the fifth business day following the date of pricing of the Notes (such settlement being herein referred to as "T+5"). Under Rule 15(c)6-I under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+5 ,to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next succeeding business day should consult their own adviser.

Each of Initial Purchaser and its affiliates is a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

One of our minority shareholders may purchase Notes in the Offering.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons (as defined in Regulation S) in an offshore transaction outside the United States in reliance on Regulation S under the U.S. Securities Act.

The terms "offshore transaction", "U.S. persons" and "United States" are used with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchaser as follows:

(1) The purchaser understands and acknowledges that the Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other state of the United States and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) The purchaser is not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, is not acting on behalf of the Issuer and is either:

   (a) a person in the United States who is a qualified institutional buyer, within the meaning of Rule 144A under the U.S. Securities Act, and aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

   (b) a non-U.S. person (as defined under Regulation S) and is purchasing the Notes in an offshore transaction outside the United States in accordance with Regulation S.

(3) The purchaser acknowledges that none of the Issuer or the Initial Purchaser or any person representing any of them has made any representation to it with respect to the Issuer or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchaser nor any person representing the Initial Purchaser makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchaser.

(4) The purchaser is purchasing these Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is, in the case of the Rule 144A Notes, one year after the later

of the date of the original issue (or, if later, the issue date of any additional notes) and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date (or, if later, the issue date of any additional notes) and the last date on which the Notes were first offered to persons other than distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) to non-U.S. persons (as defined under Regulation S) in an offshore transaction outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO, PRIOR TO (X) THE DATE WHICH IS, IN THE CASE OF THE RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE), IN THE CASE OF THE REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR IF LATER, THE ISSUE DATE OF ANY ADDITIONAL NOTES) AND THE DATE ON WHICH THIS NOTE (OR OF ANY PREDECESSOR OF THIS NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S, AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION

REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

Each Note will contain a legend substantially to the following effect:

THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" ("**OID**") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ANY OID, THE ISSUE PRICE, THE ISSUE DATE, AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE CHIEF FINANCIAL OFFICER OF THE ISSUER VIALE DELLA LIBERAZIONE, NO. 16/18, 20124 MILAN (MI), ITALY.

If the purchaser purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) The purchaser agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes, in substantially the form of the above legend.

(2) The purchaser acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(3) The purchaser acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(4) The purchaser acknowledges that the Issuer, the Initial Purchaser and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchaser. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(5) The purchaser understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchaser that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*" and "*Notice to Certain Investors*".

(6) The purchaser represents that it understands that the Issuer shall not recognize any offer, sale, pledge or other transfer of the Notes made other than in compliance with the above-stated restrictions.

LEGAL MATTERS

Certain legal matters are being passed upon for the Issuer by Latham & Watkins LLP with respect to matters of U.S. federal law, New York State law, English law and Italian law, and by Maisto e Associati with respect to matters of Italian taxation law.

Certain legal matters are being passed upon for the Initial Purchaser by Cravath, Swaine & Moore LLP with respect to matters of U.S. federal and New York State law and by DLA Piper Studio Legale Tributario Associato with respect to matters of Italian law.

INDEPENDENT AUDITORS

The financial statements of the Issuer as of and for the fiscal years ended June 30, 2017, 2018 and 2019, included in this Offering Memorandum, have been prepared in accordance with Italian GAAP and have been audited by Deloitte & Touche S.p.A., whose independent auditors' report appears elsewhere herein.

The financial statements of the Issuer as of and for the nine months ended March 31, 2020, included in this Offering Memorandum, have been prepared in accordance with Italian GAAP and have been reviewed by Deloitte & Touche S.p.A.

The consolidated financial statements of Inter as of and for the three fiscal years ended June 30, 2017, 2018 and 2019, included in this Offering Memorandum, have been prepared in accordance with Italian GAAP and have been audited by Deloitte & Touche S.p.A., whose independent auditors' report appears elsewhere herein.

The consolidated financial statements of Inter as of and for the nine months ended March 31, 2020, included in this Offering Memorandum, have been prepared in accordance with Italian GAAP and have been reviewed by Deloitte & Touche S.p.A.

Deloitte & Touche S.p.A. is registered under number 132587 in the Register of Accountancy Auditors (*Registro dei Revisori Legali*) maintained by the Italian Ministry of Economy and Finance.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchaser or any person affiliated with the Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either the Issuer or the Initial Purchaser.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which it is neither subject to Section 13(a) or 15(d) under the U.S. Exchange Act nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer at Viale della Liberazione, no. 16/18, 20124 Milan, Italy.

The Issuer is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, the Issuer will furnish periodic information to the holders of the Notes. See "*Description of the Notes—Affirmative Covenants—Reports*". Copies of the Indenture (which include the forms of the Notes), the Intercreditor Agreement and the Security Documents may also be obtained by request to the Issuer.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is organized under the laws of the Republic of Italy.

Service of Process

Most of the directors, officers and other executives of the Issuer are residents or citizens of countries other than the United States. Furthermore, significantly all of the assets of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Italy upon those persons or the Issuer, *provided* that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

Enforcement of Judgments in Italy

The Notes offered hereby are governed by New York law. However, the Issuer's creation and issuance of the Notes (i.e. its corporate resolutions) is governed by Italian law.

Recognition and enforcement in Italy of final judgments rendered by U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal or state securities laws, may not require retrial and will be enforceable in Italy, *provided* that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*), among others, the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction upon the relevant matter according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of default by the defendant, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy.

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding must be initiated before the competent Court of Appeal in the Republic of Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above.

In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory, and may refuse to apply U.S. law provisions or grant some of the remedies sought if their application violates any Italian public policies or any mandatory provisions of Italian law.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the security interests and a summary of certain insolvency law considerations in Italy, the jurisdiction where the Issuer is organized. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union and United Kingdom

The Issuer is organized under the laws of a Member State of the European Union (the "**EU**").

Pursuant to Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (which entered into force on June 26, 2017 and applies to insolvency proceedings opened on or after that date) replacing Regulation (EC) 1346/2000 of May 29, 2000, (the "**EU Insolvency Regulation**"), which applies within the EU and in the United Kingdom, other than Denmark, the courts of the member state of the EU in which a company's "*centre of main interests*" (which according to Article 3(1) of the EU Insolvency Regulation is "*the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties*") is situated have jurisdiction to open main insolvency proceedings (subject to certain exceptions). In particular, the Recast Insolvency Regulation will apply to insolvency proceedings opened before the end of the "implementation period" under the terms of the Withdrawal Agreement between the United Kingdom and the European Union. There is therefore no guarantee that, thereafter, United Kingdom insolvency proceedings will be respected elsewhere within the European Union. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a debtor has its "*centre of main interests*" in the EU Member State in which it has its registered office in the absence of proof to the contrary (which presumption shall not apply if the registered office has been moved to another member state of the EU within the three-month period prior to the request for the opening of insolvency proceedings), Article 3(1), second sentence, of the EU Insolvency Regulation states that the centre of main interests "*shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties*". The courts have taken into consideration a number of factors in determining the centre of main interests of a debtor, including, in particular, where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. Recital 30 of the EU Insolvency Regulation states that "*it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State*". The courts have taken into consideration a number of factors in determining the "*centre of main interests*" of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "*centre of main interests*" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition unless (as set forth above) the registered office has been moved within the three-month period prior to the filing of the insolvency petition. If the centre of main interests of a debtor is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be opened in such jurisdiction and accordingly a court in such jurisdiction would be entitled to open the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation.

If the "*centre of main interests*" of a debtor is, at the time an insolvency application is made in one member state of the EU (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another member state of the EU (other than Denmark) have jurisdiction to open (subject to certain exceptions) secondary insolvency proceedings or territorial insolvency proceedings against that company only if such company has an "*establishment*" in the territory of such other member state of the EU. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "*establishment*" is defined to mean a place of operations where a debtor carries out or has carried out in the three month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. Accordingly, the opening of territorial (secondary) insolvency proceedings in another member state of the EU will also be possible if the debtor had an establishment in such member state of the EU in the three-month period prior to the request for commencement of main insolvency proceedings. The effects of those secondary insolvency proceedings or territorial insolvency proceedings opened in that other member state of the EU (other than Denmark) are restricted to the assets of the company situated in such other member state of the EU.

Where main proceedings in the member state of the EU (other than Denmark) in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another member state of the EU (other than Denmark) where the company has an establishment only where either (a) insolvency proceedings cannot be opened in the member state of the EU in which the company's centre of main interests is situated under that member state of the EU law; or (b) the territorial insolvency proceedings are opened at the request of (i) a creditor whose claim arises from or is in connection with the operation of the establishment situated within the territory of the member state of the EU where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the member state of the EU within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings. Irrespective of whether the insolvency proceedings are main or secondary or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the lex fori concursus, i.e., the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the company.

The courts of all member states of the EU (other than Denmark) must recognize the judgment of the court opening the main proceedings (subject to any public policy exceptions), which will be given the same effect in the other member states of the EU (other than Denmark) so long as no secondary proceedings or territorial insolvency proceedings have been opened there and subject to certain other exceptions. The insolvency administrator appointed or confirmed by a court in a member state of the EU which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him by the law of that member state of the EU in another member state of the EU (such as to remove assets of the company from that other member state of the EU) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other member state of the EU or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other member state of the EU where the company has assets. If the company does not have an establishment in any other member state of the EU, the court of the other member state of the EU has jurisdiction to open secondary/territorial proceedings in respect of such company under the EU Insolvency Regulation. The courts of all the member states of the EU (other than Denmark) must recognize the judgment of the court commencing main proceedings, which will be given the same effect in the other member states of the EU so long as no secondary or territorial proceedings have been commenced there. The insolvency practitioner appointed by a court in a member state of the EU which has jurisdiction to commence main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on it by the laws of that member state of the EU in another member state of the EU (such as to remove assets of the company from that other member state of the EU) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other member state of the EU or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other member state of the EU where the company has assets.

The EU Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In addition, the concept of "*group coordination proceedings*" has been introduced in the EU Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the EU Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan however is voluntary.

In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer.

Republic of Italy

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities (except for the description of certain insolvency proceedings to which they may be subject) nor does it provide a comprehensive description of insolvency laws applicable to public companies.

Recently a comprehensive reform of the Italian insolvency laws and of the regulation of over-indebtedness crises has been introduced ("**2019 Reform**"). In particular, on October 19, 2017, the Italian Senate approved Law No. 155, pursuant to which it has authorized the government to carry out a substantial reform of Italian insolvency laws, on the basis of several guidelines. The purpose of the 2019 Reform was mostly (i) to ensure the rationality of the provisions on insolvency, affected over the years by various amendments (especially in the civil sector) which caused a great degree of legal uncertainty, (ii) to allow early awareness of the financial distress of a business and (iii) to safeguard the business' entrepreneurial potential during a crisis. Indeed, the Insolvency Code (as defined below) shall apply both to natural persons (consumers, professionals and entrepreneurs) and to legal persons (including non-profit companies, organizations and groups of companies).

On January 12, 2019, the government enacted a new bankruptcy code implementing the guidelines contained in Law No. 155 dated October 19, 2017, which enacts a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (so called "**Code of Business Crisis and Insolvency**", the "**BCIC**" or "**Insolvency Code**"). The main amendments included: (i) the elimination of the term "bankruptcy" (*fallimento*) due to its negative connotation and its replacement with a reference to a judicial liquidation (*liquidazione giudiziale*), (ii) a new provision defining "state of crisis" (*stato di crisi*), (iii) the adoption of the same procedural framework in order to ascertain that a company is in a state of crisis and to access the different judicial insolvency proceedings provided for by the Insolvency Code, (iv) the adoption of the definition of debtor's COMI (Center of Main Interest) as provided for in the new set of rules concerning group restructurings, (v) the introduction of restrictions relating to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going-concern restructurings, (vi) a new preventive alert and mediation phase to avoid insolvency, (vii) providing for the jurisdiction of specialized courts over proceedings involving large debtors and (viii) amendments to certain provisions of the Italian Civil Code aimed at ensuring the correct implementation of the 2019 Reform. Therefore, the practical consequences of its implementation and its potential impact on the existing insolvency proceedings cannot to date be foreseen and significant amendments are expected in the near future that may impact the provisions set forth therein.

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent reform has been approved by the Italian government on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree No. 83**"). The Decree No. 83 entered into force in June 2015 and has been converted into law by Italian Law No. 132 of August 6, 2015 (the "**Law 132**"). Law 132 entered into force on August 21, 2015.

On February 14, 2019, the Insolvency Code was published in the Official Gazzette. Except for minor changes in some provisions of the Italian Civil Code (and certain express repeals in the criminal sector) which already entered into force on March 16, 2019, according to Article 389 of the Legislative Decree No. 14 of January 12, 2019, the Insolvency Code will enter into force 18 months following its publication in Italy's Official Gazzette (i.e., 15 August 2020). Nevertheless, in response to the COVID-19 pandemic, such entry into force of the Insolvency Code has been currently postponed to September 1, 2021, according to Article 5 of the Law Decree No. 23 of 8 April 2020 ("**Liquidity Decree**"), converted into law on June 5, 2020 no. 40. Until that date, insolvency proceedings will continue to be governed by Italian Royal Decree No. 267 of March 16, 1942 (the "**Italian Bankruptcy Law**"), as in force before.

Certain Italian Insolvency Laws

Leaving aside the 2019 Reform, the Italian Bankruptcy Law was repeatedly amended in the near past. In particular, material innovations regarding pre-bankruptcy composition with creditors and debt restructuring agreements under Article 182-*bis* of the Italian Bankruptcy Law and out-of-court restructuring plans pursuant to Article 67, paragraph 3(d), of the Italian Bankruptcy Law were introduced by Law Decree no. 83 of June 22, 2012, as converted by Law no. 134 of August 3, 2012 (the "**Development Decree**"). The purpose of this reform was to boost the restructuring and reorganization of distressed enterprises in order to cope better with the current financial crisis. To achieve this purpose, the Development Decree has focused mainly on three factors: flexibility of the process, reliability of the restructuring plan and tax appeal.

Amendments to the Italian Bankruptcy Law were also introduced with regard to the pre-bankruptcy composition with creditors by Decree no. 69 of June 21, 2013, which sets out urgent measures aimed at boosting the country's economy (the "**Decreto del Fare**") and includes some important changes to the rules regarding the application introduced by the Development Decree.

A significant reform was approved by the Italian government on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree No. 83**"). The Decree No. 83 ("*Urgent reforms concerning Bankruptcy Law, Civil Law, Civil Procedure Law and Court administration*") first entered into force on an interim basis in June 2015 and was then transposed into its final form by Italian Law No. 132 of August 6, 2015 (the "**Law 132**"). Law 132 entered into force on August 21, 2015.

The primary aim of the Bankruptcy Law used to be to liquidate the debtor's assets (with the continuation of the assets as a going concern where applicable) only if this would satisfy a creditor's claim). These competing aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred with the businesses being sold. However, the Italian Bankruptcy Law has been subsequently amended with a view to promoting rescue procedures rather than liquidation focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, state of insolvency in order for a court to hold that a company is insolvent.

If a company is facing financial difficulties or a temporary cash shortfall or, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition, the following proceedings are available to companies dealing with a crisis and/or facing insolvency under Italian law.

Restructuring outside of a judicial process (concordati stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable to the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are susceptible of being reviewed by a court in the event of a subsequent insolvency, and may be challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible for it to enter into an out-of-court arrangement with its creditors, which may help to preserve the company.

Out-of-court debt restructuring plan pursuant to Article 67, Paragraph 3 (letter d) of the Italian Bankruptcy Law (Piano attestato di risanamento)

Article 67, third paragraph, lett. d) of the Italian Bankruptcy Law provides for an out-of-court restructuring proceeding based on a rescue plan (*piano attestato di risanamento*) and is aimed at restructuring the company's indebtedness and ensuring the stability of its financial condition. An independent expert appointed by the debtor and enrolled in the Register of Auditors and Accounting Experts (*Registro dei Revisori* Contabili) has to verify (i) the financial and commercial feasibility of the restructuring plan and the accuracy of the business and accounting data provided by the company and included in the plan, without the need to obtain court approval to appoint the expert. The expert must have certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code. The expert may be liable for misrepresentation or false certification.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike in-court pre-bankruptcy proceedings and debt restructuring agreements, out-of-court debt restructuring agreements pursuant to Article 67, Paragraph 3, lett. d) of the Italian Bankruptcy Law do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor is subsequently declared bankrupt, the payments and/or acts carried out for the implementation of the debt restructuring agreement, subject to certain conditions: (i) are not subject to claw-back action; and (ii) are exempted from certain potentially applicable criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although publication in the companies' register is possible upon a debtor's request and would allow for certain tax benefits) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of a court supervised pre-bankruptcy agreement or a debt restructuring agreement.

In order to grant protection against claw-back actions and potential civil and criminal responsibilities, out-of-court debt restructuring plans pursuant to Article 67, Paragraph 3, lett. d) of the Italian Bankruptcy Law must be supported by adequate documentation representing the financial and commercial situation of the company. Moreover, they must be suitable for the purpose of assuring the restructuring of the indebtedness of the debtor and the rebalancing of its financial position and, in case of its failure and subsequent challenge before an Italian court, it must not be deemed as unreasonable.

Debt restructuring agreements with creditors (Accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law

Under article 182-*bis* of the Italian Bankruptcy Law, a company that is in financial distress or is insolvent may file before the bankruptcy court an application for the validation (*omologazione*) of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) ("**DRA**") representing at least 60% of its aggregate outstanding debts, pursuing the rebalancing of its financial situation (*e.g.* through refinancing, moratoria, write-offs, waivers or tax settlement).

An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the non-participating creditors can be fully satisfied within a 120-day term from: (i) the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a state of crisis (*i.e.*, facing financial distress which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The DRA must be published in the companies' register to become effective in respect of third parties. Creditors and other interested parties may oppose the agreement within 30 days from such publication. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be challenged within 15 days of its publication.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the DRA. The plan can therefore provide, inter alia, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The Decree No. 83, as amended by Law 132 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

The key features of a DRA

A by-law 60-days moratorium (automatic stay) applies starting from the date of publication of the DRA. During the standstill period creditors cannot initiate or continue any interim proceedings or enforcement over the assets of the debtor. Creditors cannot obtain any security interest (unless it is agreed in the DRA) in relation to pre-existing debts. The moratorium can be requested, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, from the court by the debtor pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. No dispossession of debtor occurs in respect of a DRA. It is a court-supervised procedure, which can take from a few months up to more than a year (the duration of the proceedings are generally influenced by challenges). Creditors entering into the DRA are not required to receive the same treatment (*i.e.* they are free to reject the proposal and to protect their interests otherwise) and no cram-down is applicable to third-party not adhering creditors, who shall be fully re-paid within 120 days from validation of the DRA (if the claims are already due and payable at such date) or within 120 days from the respective maturity date.

The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the debtor to supply to the creditors the relevant documentation in relation to the moratorium. In such hearing, creditors and other interested parties may file an opposition to the DRA and the court assesses whether the conditions for granting the moratorium have been met and, if the court so determines, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the DRA has to be filed. The court order may be challenged within 15 days of its publication. Within the same deadline of 60 days, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, introduced by the Decree No. 83, as amended by Law 132, debtors whose financial indebtedness (*i.e.* debts with banks or other financial intermediaries) is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so called "cram down"), if they (a) hold claims not exceeding 25% of the aggregate value of claims included in a consenting class, (b) have been duly informed of the negotiations relating to the DRA and have been granted the opportunity to participate in good faith, (c) have received complete and updated information on the economic and financial performance of the debtor and (d) are paid an amount at least equal to what would be recoverable according to feasible alternative scenarios. If the abovementioned conditions are met, then the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind the non-participating financial creditors, provided that (i) they have been informed of the ongoing negotiations and have been allowed to participate in such negotiations in good faith; and (ii) an expert meeting the requirements provided under Article 67, Paragraph 3, lett. d) of the Italian Bankruptcy Law certifies that the non-consenting banks and financial intermediaries have legal status and economic interests similar to those of the banks and financial intermediaries which have agreed to the moratorium arrangement. The banks and financial intermediaries which have not agreed to the moratorium arrangement may challenge it (*opposizione*) within 30 days after having been notified of the moratorium arrangement.

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (*e.g.*, trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

In no case may the debt restructuring agreement provided under article 182-*septies* of the Italian Bankruptcy Law or the moratorium arrangement impose on the non-adhering creditors the performance of new obligations, the granting of new over-draft facilities, the maintenance of the possibility to utilize existing facilities or the utilization of new facilities.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, any financing granted to the debtor pursuant to the approved DRA (or a *concordato preventivo*) (*finanza in esecuzione*) enjoys priority status in case of subsequent bankruptcy (such status also applies to financings granted by shareholders, but only up to 80 per cent of such financing). Financing granted "in view of" (*i.e.*, before) presentation of a petition for the sanctioning (*omologazione*) of a debt restructuring agreement or a Composition with Creditors (*finanza ponte*) may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority status is expressly recognized by the court in the context of the sanctioning (*omologazione*) of the debt restructuring agreement or the approval of the concordato preventivo. Same provisions apply to financings granted by shareholders up to 80% of their amount.

Pursuant to the new Article 182-*quinquies*, first paragraph, of the Italian Bankruptcy Law, the court, pending the sanctioning (*omologazione)* of the DRA or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6, of the Italian Bankruptcy Law or of a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (*concordato in bianco*, described below) may authorize the debtor to (i) obtain new interim financings, having super-priority in the event of a subsequent bankruptcy, if an independent expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that such new financing are aimed at greater creditors' satisfaction (*finanziamenti interinali*); and (ii) pay debts deriving from the supply of services or goods, already payable and due, provided that, the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree No. 83, as amended by Law 132, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

Furthermore, according to Article 182-*quinquies,* third paragraph of Italian Bankruptcy Law, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-bis, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new indebtedness, aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*). The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds; and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company. Such indebtedness is treated as super-senior (*crediti prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law.

The provision of Article 182-*quinques* of the Italian Bankruptcy Law applies to both DRA and to the Composition with Creditors (*concordato preventivo*) outlined below.

All the acts, payments and guarantees over assets of the distressed company executed and/or performed according to a validated (*omologato*) DRA are exempt from claw-back actions (*revocatoria fallimentare*) in the event of subsequent Bankruptcy.

The exemptions from certain bankruptcy crimes provided under Articles 216, third paragraph (*preferential bankruptcy*), and 217 (*simple bankruptcy*) of the Italian Bankruptcy Law apply, in relation to acts and payments made in accordance with the validated DRA and/or in relation to finance provided under Article 182-*quinquies* upon judicial authorization (in respect of *concordato preventivo*, see below). Such exemption would not apply in relation to the financings obtained "in view" of a DRA (i.e. in order to file the DRA—so called "*finanza ponte*"), provided under Article 182-*quarter* of the Italian Bankruptcy Law.

Composition with creditors (concordato preventivo)

A company which is insolvent or in a state of crisis (*i.e.*, financial distress which does not yet amount to insolvency) has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings ("**Composition with Creditors**", so called "*concordato preventivo*"). Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition for a *concordato preventivo* with the court based in the location of the company's main office. The debtor shall submit the petition together with, *inter alia*, a restructuring plan containing an analytical description of manner and timing of the fulfillment of the proposal and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company. Plans based on business continuity further require the expert to certify that business continuity would be beneficial for the creditors. The petition for *concordato preventivo* is then published by the debtor in the companies' register and communicated to the public prosecutor.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it shall ensure payment of at least 20% of the unsecured receivables, except for the case of Composition with Creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-bis of the Italian Bankruptcy Law, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes, provided that each class is composed of creditors having homogeneous legal positions and economic interests; and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

In order to strengthen the position of the unsecured creditors, Law no. 132 sets forth that a Composition with Creditors proposal with liquidation purpose (*concordato liquidatorio*) (*i.e.*, a Composition with Creditors proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to Composition with Creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

Under the Composition with Creditors, there is no dispossession of the debtor who accordingly retains management powers under the supervision of a court-appointed official (*commissario giudiziale*) and the delegated judge. From the date of the publication of the petition to the date on which the court sanctions the *concordato preventivo*, the debtor is entitled to operate in the ordinary course of its business, although extraordinary transactions require the prior written approval of the court. During this time, all enforcement actions, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed ("**Automatic Stay**"). The accrual of interests is suspended for the same timeframe, except for claims secured by pledges, liens or mortgages. Pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the companies' register are ineffective against such pre-existing creditors. Any act, payment or security executed or created after the filing of the *concordato preventivo* application and in accordance with its rules and procedures is exempt from claw-back action. The debtor is also exempt from certain bankruptcy crimes provided under Articles 216, third paragraph ("*preferential bankruptcy*"), and 217 ("*simple bankruptcy*") of the Italian Bankruptcy Law, in relation to acts and payments made in execution of the Composition with Creditors and/or in relation to finance provided under Article 182-*quinquies* of the Italian Bankruptcy Law upon judicial authorization. Claims arising from acts lawfully carried out by the distressed company have super priority (*prededucibilità*) in the event of a subsequent bankruptcy (see *Statutory priorities* below). In addition, pursuant to Article 182-*quarter* of Italian Bankruptcy Law, also the claims arising from financing, in any form, granted in execution of the Composition with Creditors (*finanza in esecuzione*) or with the purpose of filing the application for *concordato preventivo* (so called "*finanza ponte*") have legal super priority (*prededucibilità*) in the event of a subsequent bankruptcy, accordingly to Article 111 of Italian Bankruptcy Law. Claims arising from *finanza ponte* have super priority in the event of a subsequent bankruptcy on the condition that the financing is provided by the plan and it is stated in the decree admitting the Composition with Creditors.

The filing of the petition for the concordato preventivo may be preceded by the filing of a preliminary and simplified petition for a concordato preventivo (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Law Decree No. 69 of June 21, 2013, as converted into Italian Law No. 98 of August 9, 2013). The debtor company may file such petition along with: (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension. Nevertheless, in response to the COVID-19 pandemic, Article 9 of the Liquidity Decree, provides that the debtor company which has been granted such extension by the Court, can, before the deadline, request for a further extension up to 90 days, even if it has been filed an appeal for a declaration of bankruptcy. The petition provides for the elements that make it necessary to grant the extension with specific reference to the events that have occurred as a result of the epidemiological emergency COVID-19. The Court, acquired the opinion of the judicial commissioner (if appointed), grants the extension when it considers that the application is based on reasonable grounds. The petition may be filed by the debtor who has been granted the hearing referred to in the Article 182-bis, paragraph 7, of the Italian Bankruptcy Law. The Court in closed session, omitted the obligations provided for in Article 182-bis, paragraph 7, of the Italian Bankruptcy Law, grants the extension when considers that the application is based on reasonable grounds and that the conditions for reaching a debt restructuring agreement with the majorities referred to in the Article 182-bis, paragraph 1, of the Italian Bankruptcy Law are satisfied. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (*e.g.*, concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a concordato preventivo; and (ii) set forth reporting and information duties of the company during the above-mentioned period.

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published, the following day, in the companies' register. Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the petition for *concordato preventivo in bianco* and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent. Claims arising from acts lawfully carried out by the distressed company have super priority (*prededucibilità*) in case of subsequent bankruptcy.

In addition, pursuant to Article 182-*quinquies*, third paragraph, of the Italian Bankruptcy Law, new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*)of the DRA or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business (*finanza d'urgenza*) are treated as super-senior (*crediti prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law. The company shall properly document: (i) the purpose of the financing;

(ii) that required funds cannot be obtained otherwise and; (iii) that the lack of such funds would damage the company (Article 182-*quinquies*, second paragraph).

The super-seniority of the claims, which arises out of loans granted with a view to allowing the filing the petition for *concordato in bianco* (*finanza ponte*), is granted pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition. Super-priority nature shall be expressly provided for by the plan (Article 182-*quarter*, second paragraph, of Italian Bankruptcy Law).

Pursuant to Article 186-*bis* of the Italian Bankruptcy Law, a *concordato preventivo* is based on business continuity (*concordato con continuità aziendale)* if the proposal provides for (i) the continuation of the business by the debtor; (ii) the sale of the business as a going concern; (iii) or the contribution-in-kind of the business as a going concern to one or more companies (even if newly incorporated). In these cases, the petition for the concordato preventivo should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. The plan may provide a moratorium of up to one year from the granting of approval for the payment of creditors secured by pledges, mortgages and liens in relation to pre-existing debts, unless the plan provides for the liquidation of assets secured by pre-emption rights. Existing contracts, even if entered with governmental bodies, are not be terminated by admission to procedure.

Furthermore, the going concern-based arrangements with creditors can provide for, inter alia, the winding-up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Under Article 182-*quinquies*, paragraph 5, of the Italian Bankruptcy Law, a debtor who files for a *concordato preventivo* based on business continuity may request the court to be authorized to pay pre-filing claims relating to the purchase of goods or services if an independent expert certifies that they are essential for business continuity and to ensure the best satisfaction of creditors.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who shall authorize all transactions that exceed the ordinary course of business).

Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree No. 83, as amended by Law 132, provides that, if the Composition with Creditors plan, pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or the sale of a going concern of the debtor to an identified third party, the court shall open a competitive bidding process by decree establishing the terms of participation for the bidders. A bidder's offer is irrevocable. If there is more than one improving offer, the Judge shall open a new competitive bidding process between bidders. The debtor must reform *concordato preventivo* proposal and plan in accordance with results of competitive bidding process.

If the plan filed by the debtor does not ensure the repayment of unsecured claims in an amount at least equal to 40% of their nominal value (if based on liquidation) or 30% (if based on business continuity pursuant to Article 186-*bis*), creditors holding claims representing at least 10% of the aggregate debt (even if the claims have been assigned to the creditors after the filing of the *concordato preventivo* petition) may submit (within 30 days prior to the scheduled hearing) a competing Composition with Creditors proposal (*proposta concorrente*), alternative to the one provided by the debtor. These creditors are entitled to vote on the *proposta concorrente* only if they are located in an independent class. The *proposta concorrente* setting out several classes of creditors shall be submitted to the bankruptcy court in order to verify the accuracy of the criteria used in creating different classes.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of (a) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, and (b) the majority of the classes. The Composition with Creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

After the approval of the *Concordato Preventivo* proposal, dissenting creditors (or creditors belonging to a dissenting class) representing 20% or more of the liabilities may file an opposition (*opposizione*), challenging the economic convenience of the plan. In such case, the court has the authority to "cram-down" dissenting creditors, compelling their acceptance of the plan, if it deems that the proposed treatment of their claims is equivalent to what they would recover in a Bankruptcy *scenario*. After the creditors' approval, the bankruptcy court approves the Composition with Creditors and appoints one or more liquidators in order to execute the approved plan if it has to be realized by way of a transfer of assets. The court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

If the creditors' meeting does not approve the concordato preventivo, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

The terms and the performance of outstanding contracts are not automatically affected by *concordato preventivo*. However, pursuant to article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (*e.g.*, employment agreements (*rapporti di lavoro subordinato*), preliminary sale agreements (*contratti preliminari di vendita*) and real estate lease agreements (*contratti di locazione di immobili*)). The request may be filed with the competent court at the time of the filing of the application for the concordato preventivo or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside of the admission to the pre-bankruptcy composition.

In the event of a breach of the Composition with Creditors plan or fraud, bankruptcy may follow, at the behest of the bankruptcy court. If the Composition with Creditors is implemented, the debts are discharged and the debtor may return to its usual operations (if the assets of the company are still in his possession). Claims (including claims for repayment of loans) arising in the course of the implementation of the plan (whether before or after approval, conditional upon the bankruptcy court confirming such priority in the decree of admission, are granted the highest priority and must be paid in full.

Concordato Preventivo is compulsory for all creditors prior to the publication of the application in the companies' register. However, creditors retain without prejudice their rights against co-debtors, guarantors of the debtor and other joint and severally liable debtors.

In response to the COVID-19 pandemic, according to Article 9 of the Liquidity Decree, the deadlines for the fulfilment of *concordati preventivi* and the ratified debt restructuring agreements (*accordi di* *ristrutturazione omologati*) expiring after February 23, 2020 shall be extended by six months. In the procedures for the validation (*omologazione*) of *concordato preventivo* and of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*), pending on February 23, 2020, the debtor may submit, until the hearing, a petition for the grant of an extension up to 90 days for the deposit of a new plan and a new proposal for a concordato in accordance with Article 161 of the Italian Bankruptcy Law or a new debt restructuring agreement pursuant to Article 182-bis of the Italian Bankruptcy Law. The period starts from the date of the decree by which the court assigns the term, and it shall not be extended. The request is inadmissible if submitted in the context of a concordato preventivo in the course of which it has already been held the meeting of creditors but the majorities were not reached according to Article 177 of the Italian Bankruptcy Law.

Bankruptcy (fallimento)

Bankruptcy (*fallimento*) is a court-supervised procedure for the liquidation of an insolvent company's assets and for the distribution of the proceeds. It results in the company's dissolution.

A company is declared bankrupt when insolvent. Insolvency, as defined under the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. A request to declare a debtor company bankrupt and to commence bankruptcy proceedings and the judicial liquidation of the debtor company's assets can be filed by (i) the debtor company itself, (ii) any of its creditors, provided that the debts which become overdue during the pre-bankruptcy evidential phase of the procedure amount to no less than €30,000, and (iii) in certain cases, by the public prosecutor.

The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million.

Please note that in response to the COVID-19 pandemic, according to Article 10 of the Liquidity Decree, the requests for bankruptcy declaration (*fallimento*) or for insolvency declaration of the entities subject to the compulsory administrative liquidation (*liquidazione coatta amministrativa*) and extraordinary administration pursuant to Legislative Decree no. 270/1999 (*amministrazione straordinaria*) filed between 9 March 2020 and 30 June 2020 are inadmissible. The provision does not apply (i) to application for bankruptcy declaration filed by the bankrupt himself, when the insolvency status is not a result of the COVID-19 pandemic, (ii) to applications for bankruptcy declaration filed by anyone under Articles 162, Paragraph 2, 173, Paragraphs 2 and 3, and Article 180, Paragraph 7, of the Italian Bankruptcy Law, and (iii) to bankruptcy proceedings filed by the Public Prosecutor in which there has been a request for precautionary or conservative measures against the assets or the business, also under Article 15, paragraph 8, of the Italian Bankruptcy Law. Furthermore, when the declaration of inadmissibility of the requests for bankruptcy declarations (*fallimento*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*) or for extraordinary administration (*amministrazione straordinaria*) filed between March 9, 2020 and June 30, 2020 is anyway followed by the bankruptcy declaration no later than September 30, 2020, the aforesaid period between March 9, 2020 and June 30, 2020, shall not be included (i) in the annual term set forth in Article 10 of the Italian Bankruptcy Law for bankruptcy declaration of companies cancelled from the companies' register (*Registro delle Imprese*), (ii) in the terms set forth in Articles 64, 65, 67 Paragraphs 1 and 2, and 69-bis of the Italian Bankruptcy Law referring the clawback actions and (iii) in terms set forth in Article 147 of the Italian Bankruptcy Law.

The provision is aimed to save the business continuity by avoiding the risk of insolvency declaration for the companies which may experience a time period of limited or interrupted operations and, at the same time, to preserve the creditors by ensuring them the whole term for the clawback actions (*azioni revocatorie*) in case bankruptcy is anyway declared at the end of that period.

Upon the commencement of bankruptcy proceedings, amongst other things:

(a) the debtor is dispossessed and the administration of the debtor company and the management of its assets pass from the debtor company to the bankruptcy receiver (*curatore fallimentare*), who manages and disposes of the assets under the direction of the delegated judge. The debtor may no longer validly act in court as claimant or defendant in relation to the assets (Article 43 of the Italian Bankruptcy Law). The bankruptcy receiver is vested with such powers upon the authorization of the delegated judge. However, all pending proceedings in which the debtor is involved are automatically stayed from the date the adjudication is issued and need to be re-initiated by or against the bankruptcy receiver;

(b) the payments of all debts and liabilities of the debtor and all the acts, transactions, payments made or received by the insolvent debtor are immediately suspended and formalities with third parties that have been carried out after the declaration of bankruptcy are not effective as regards the creditors of the debtor (Article 45 of Italian Bankruptcy Law);

(c) subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances, secured creditors may enforce against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank pari passu with all of the bankrupt's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the timing in its decision;

(d) certain payments made, securities given or transactions entered into by the debtor in a certain period before the debtor's submission to a bankruptcy procedure (varying from six months to two years) can be set aside and clawed back if certain conditions are met (Article 67 of Italian Bankruptcy Law);

(e) any act of the debtor company done after the declaration of bankruptcy (including payments made and issuance of guarantees) is ineffective against the creditors;

(f) the beginning of bankruptcy involves the cessation of all the activities of the company with a view to a sale of all assets. However, the bankruptcy court may order that business operations be continued whenever cessation could cause greater damage to the company, provided that the continuation does not adversely affect the creditors of the bankrupt debtor. If the bankruptcy court authorizes the continuation of the business (*esercizio provvisorio dell'impresa del fallito*), the management of the business is entrusted to the bankruptcy receiver (who may in turn avail himself of qualified third parties for this purpose);

(g) the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for the Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee (*comitato dei creditori*). The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. In this respect, Law no. 132 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure, and as a consequence the timing for the liquidation of a debtor is shortened. The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is provided under mandatory provisions of Italian law (and, as a consequence, it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by applicable law).

(a) ***Bankruptcy composition with creditors (concordato fallimentare)***. A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The procedure is aimed at speeding up bankruptcy proceedings and is an alternative to a receiver conducting the liquidation proceedings. Over time it has proved to be more efficient in terms of costs and timing. The relevant proposal can be filed, by one or more creditors or third parties (including a special purpose vehicle formed for that purpose), from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. If the proposal is approved, the delegated judge orders the bankruptcy receiver to immediately notify the advocate of the approval in order to allow him to seek approval of the plan and furthermore to notify the debtor and any dissenting creditors. In the event that opposition is filed, the Bankruptcy Court, after having verified the regularity of the procedure and the outcome of the vote, approves the in-bankruptcy composition proposal by means of a decree which is final and not subject to appeal.

Under Article 124 of the Italian Bankruptcy Law, the proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The Italian Bankruptcy Law does not provide any guidance with respect to the content of a *concordato fallimentare*; thus, it may encompass any kind of transaction to effect the liquidation of the assets of the debtor (e.g. debt-equity swap, sale of assets, business assignments, etc.).

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Once approved, the *concordato fallimentare* is binding against all non-accepting creditors (cram-down).

(b) ***Statutory priorities.*** The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order:

(i) for payments of "claims with super priority" (*crediti prededucibili*). In general, claims are considered to have super priority when they are so qualified by a specific provision of law or when they arise as part of the bankruptcy (*i.e.*, claims originated in the insolvency proceedings, such as costs related to the procedure). These claims are paid for the entire amount and before other claims (secured, preferred, unsecured and postergated). Examples of these claims are bankruptcy receiver's fees and costs; the costs of the sale of the assets; the rent for the debtor's offices after adjudication; employees' salaries and social security payments relating to the period after adjudication; and attorney's and other advisors' fees. Such claims are satisfied in full (including costs and interests) with the proceeds of the liquidation of movable and immovable debtor's assets, according to their rank (preferred, secured, unsecured), with the exclusion of the proceeds of the sale of assets subject to other creditors' security interests (mortgages and pledges), which are directed to payment of secured creditors;

(ii) for payment of claims that benefit from preferential treatment (*crediti privilegiati in senso ampio* or *crediti prelatizi*), which include creditors who hold a security interest (*creditori ipotecari o pignoratizi*) and creditors who have a preference under law (*creditori privilegiati in senso stretto*), such as the claims of the Italian tax authorities and social security administrators, and claims for employee wages. As a general principle, creditors holding a security interest are satisfied from the relevant assets to the exclusion of all other creditors, including secured creditors having a lower rank (e.g. first mortgage over second mortgage). However, the Italian Civil Code contains very detailed rules (Article 2745) regulating priority conflicts between secured and preferred creditors. A mortgagee and a pledgee are entitled to satisfy their claims from the proceeds of the sale of the encumbered assets. Any excess is available for distribution to other creditors (i.e. second mortgages, preferred creditors and unsecured creditors). Where the relevant asset is insufficient to satisfy its claim against the debtor, a creditor will rank as an unsecured creditor for the remainder;

(iii) for the payment of unsecured creditors' claims (*crediti chirografari*). Unsecured creditors have no preference or security and will therefore be paid only if and to the extent any proceeds of the estate remain after all other claims have been satisfied. Unsecured creditors rank *pari passu* among themselves in the estate, in proportion to the size of their claims;

(iv) for the payment of subordinated creditors' claims (*creditori postergati e subordinati*). Subordinated creditors have no preference or security and are subordinated by law or contractual provisions. They shall be paid only if and when all the creditors with a higher rank have been paid in full.

(c) ***Avoidance powers in insolvency.*** A fundamental principle of the Italian Bankruptcy Law is the equal treatment of all creditors ("*par condicio creditorum*"), according to which, absent statutory priorities or security right, no creditor may be paid a higher percentage of his claim than other creditors. A consequence of this principle is not only that the payment of debts by the bankruptcy receiver is strictly regulated, but also that all transactions effected by the debtor over the previous year (or, in certain cases, over the previous six months) are scrutinized and potentially unwound as preferential.

Under Italian law, there are "clawback" or avoidance provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defrauding creditors. Clawback rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy, compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months in certain circumstances (please note that in the context of extraordinary administration procedures—see below—in relation to certain transactions, the clawback period can be extended to five and three years, respectively) and a two-year ineffectiveness period for certain other transactions. The Italian Bankruptcy Law distinguishes between acts or transactions that are ineffective by operation of law and acts or transactions that are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

(a) ***Acts ineffective by operation of law.*** (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions entered into for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without needing to wait until the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge as a violation of law, and (ii) under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective *vis-à-vis* creditors if made by the debtor in the two-year period prior to the insolvency declaration.

(b) ***Acts that could be declared ineffective at the request of the bankruptcy receiver/court commissioner***.

(i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-à-vis* the bankruptcy as provided for by Article 67 of the Italian Bankruptcy Law and be declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

- the onerous transactions entered into in the year preceding the bankruptcy declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;
- payments of debts, due and payable, made by the debtor, which were not paid in cash or by other customary means of payment in the year preceding the insolvency declaration;
- pledges and mortgages granted by the bankrupt entity in the year preceding the bankruptcy declaration in order to secure preexisting debts which have not yet fallen due; and
- pledges and mortgages granted by the bankrupt in the six months preceding the bankruptcy declaration, in order to secure debts which had fallen due.

(ii) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and
- the granting of preferential right for debts simultaneously created (even those of third parties) and made in the six months preceding the insolvency declaration.

The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business and in accordance with market practice;
- a remittance on a bank account, provided that it does not reduce the bankrupt's debt towards the bank in a material and lasting manner;
- a sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, in force as the date of this Offering Memorandum, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a nonresidential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as of the date of the insolvency declaration, such activity is actually exercised or the investments for the start of such activity have been carried out;
- transactions entered into, payments made or guarantees granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "—Out-of-court debt restructuring plan pursuant to Article 67, Paragraph 3 (letter d) of the Italian Bankruptcy Law (*Piano attestato di risanamento*)" above);
- a transaction entered into, payment made or guarantees granted to implement a concordato preventivo (see *"—Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)"* above) or an *accordo di ristrutturazione dei debiti* approved under Article 182-*bis* of the Italian Bankruptcy Law (see "*—Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law*" *(Accordi di ristrutturazione dei debiti)* above) and transactions entered into, payments made and security interests granted after the filing of the application for a concordato preventivo (see above);
- remuneration payments to the bankrupt entity's employees and consultants; and
- a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to concordato preventivo procedures.

The limitation period for initiating claw-back action proceedings is three years from the declaration of bankruptcy or, if earlier, five years from the act or transaction to be clawed back. In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect *vis-à-vis* the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, that such transaction was fraudulently entered into by the debtor in order to cause detriment of such creditor's rights) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, such third party participated in the fraudulent scheme). Burden of proof is entirely with the receiver.

The *Code of Business Crisis and Insolvency* provides special regimes on preferences and avoidances of intra-group transactions. Under Article 290 the limitation period of initiating intra-group clawback actions (referring to acts and transactions entered into by companies belonging to the same group that jeopardize the creditors' interest) is extended to five years from the filing for bankruptcy declaration.

Law 132 also introduced new Article 2929-*bis* to the Italian Civil Code, providing for a "simplified" claw-back action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*e.g.*, gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale*—"family trust"). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third party purchaser.

Please note that under Article 10 of Liquidity Decree, when the declaration of inadmissibility of the bankruptcy proceedings (*fallimento*) or the insolvency proceedings with regard to a compulsory administrative liquidation (*liquidazione coatta amministrativa*) or an extraordinary administration (*amministrazione straordinaria*) pending between March 9, 2020 and June 30, 2020, is anyway followed, in the period between June 30, 2020 and September 30, 2020, by the bankruptcy declaration, the aforesaid period is not included in the terms set forth in Articles 64, 65, 67, Paragraphs 1 and 2, and 69-bis of the Italian Bankruptcy Law referring to the clawback actions.

Extraordinary administration of large insolvent companies pursuant to Prodi-bis Decree (Amministrazione Straordinaria)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the "**Prodi-bis Procedure**" or "**Extraordinary Administration**"). Prodi-*bis* Procedure, which is regulated by Legislative Decree no. 270 of July 8, 1999 ("**Prodi-bis Decree**"), replaces the previous special administration for large companies in a state of crisis (*amministrazione straordinaria delle grandi Imprese in crisi*), introduced by Law no. 95 of April 3, 1979 ("**Prodi Decree**").

The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy with respect to existing contracts and creditors' claims largely apply to Extraordinary Administration.

The procedure is divided into two main phases: a "judicial phase" and an "administrative phase".

(a) ***Judicial Phase***. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiari giudiziali*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Ministry of Economic Development may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

(b) ***Administrative Phase.*** Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Italian Minister of Economic Development. The extraordinary commissioner(s) prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Italian Minister of Economic Development) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Italian Minister of Economic Development) (the "**Recovery Plan**"). The plan may also include an arrangement with creditors (*e.g.*, a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Italian Ministry of Economic Development within 30 days from submission by the extraordinary commissioner. In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Italian Ministry of Economic Development.

The declaration of the state of insolvency produces certain immediate effects, such as the automatic stay of all legal actions by creditors against the debtor's assets and the freezing of the accrual of interest.

The effects of the admission to the Prodi-*bis* Procedure (second phase) are that the stay of actions continues and claw-back actions become possible. Debts incurred in the continuation of the business generally will have super priority over any other secured and unsecured claim (*prededuzione*) pursuant to Article 111 of the Italian Bankruptcy Law.

The unsecured creditors are exclusively represented by one or two members of the surveillance committee, which has consulting duties. Creditors can file their proofs of claim and have a right to the distribution of proceeds. Creditors can also oppose the declaration of the state of insolvency as well as the admission to the second phase. Under Article 53 of Prodi-*bis* Decree, the rules established by the Italian Bankruptcy Law regarding the creditors' proofs of claim also apply to the Prodi-*bis* Procedure.

The Prodi-*bis* Procedure can at any time be converted into bankruptcy upon request by the extraordinary commissioner, or even *ex officio*, if the procedure cannot be positively continued. At the end of the procedure, upon request of the extraordinary commissioner or even *ex officio*, the bankruptcy court will declare the conversion of the procedure into bankruptcy when either the sale of the assets has been not performed within the term stipulated in the program, or the business has not recovered its ability to regularly perform its obligations.

Bankruptcy rules concerning criminal bankruptcy law and bankruptcy claw back law applies to the Prodi-*bis* Procedure. The claw back "avoidance period" is extended up to three to five years for intra group transactions.

Industrial restructuring of large insolvent companies pursuant to Marzano Law (Amministrazione Straordinaria delle Grandi Imprese in Crisi)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the Marzano procedure. It is complementary to the Prodi-*bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the Prodi-*bis* procedure and is aimed at saving and turning around large insolvent companies in order to preserve their value. For example, although a company must be insolvent, the application to the Ministry of Economic Development is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies that, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision of whether to open a Marzano procedure is taken by the Ministry of Economic Development following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry of Economic Development assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

This procedure restructures the company's debts and sells those assets that are not strategic or do not form part of the company's core business.

The debtor must apply to the Minister of Economic Development for immediate admission to the procedure, while at the same time filing a petition with the bankruptcy court in order to confirm its insolvency status. It is the Minister, rather than the bankruptcy court, that has primary responsibility for supervising the procedure; the bankruptcy court is requested only to confirm the company's insolvency status and verify the lawfulness of the proceeding with respect to the verification of claims. If the debtor is admitted to the procedure, other insolvent companies in the same corporate group may also participate, even if they do not satisfy the relevant requirements.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry of Economic Development so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry of Economic Development, the court will declare the company bankrupt and open bankruptcy proceedings. The Recovery Plan can provide for the satisfaction of creditors' claims through a composition, which must specify any conditions of its implementation and describe any offered guarantees.

The extraordinary commissioner may bring claw-back actions for the benefit of creditors during the implementation of a recovery plan.

Bankruptcy rules concerning criminal bankruptcy law and bankruptcy claw back law applies to Marzano procedure. The claw back "avoidance period" is extended up to three to five years for intra-group transactions.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including, *inter alia*, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding provided by the Italian Bankruptcy Law (Articles 194-213 and numerous special laws) in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (*e.g.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions). The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company by the relevant governmental authority (e.g. Bank of Italy, Ministry of the Economic Development).

The debtor, the directors of an insolvent company, or one or more creditor(s) may apply to the bankruptcy court. The bankruptcy court must seek the advice of the government agency responsible for supervising the debtor's business. The judge may initiate proceedings by declaring the debtor insolvent. All legal actions by creditors against the debtor are then stayed, with the exception of those aiming to ascertain the amount of any claim.

The liquidator acts as a public officer and his actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. Unlike other procedures, there is no delegated judge, as the procedure is mainly administrative in nature. The liquidator must review claims and consider whether a composition is feasible. If so, he will prepare with the debtor a plan of repayment, to be submitted to the creditors.

The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

If a composition does not appear feasible, arrangements are made for the disposal of the debtor's assets and the distribution of proceeds among the creditors in the same order of priority as in bankruptcy.

Interim financing

The Decree no. 83, as amended by Law no. 132, introduced the possibility for debtors which have filed a Composition with Creditors (*concordato preventivo*) (even pursuant to Article 161, paragraph 6, of Italian Bankruptcy Law) or a Debt Restructuring Agreement pursuant to Article 182-*bis* of Italian Bankruptcy Law (*accordo di ristrutturazione dei debiti*) to also obtain judicial to also obtain authorization to receive:

- new interim financing with priority status (*prededucibilità*) in case of subsequent bankruptcy if an independent expert certifies that such financings are aimed at greater creditors' satisfaction (*finanziamenti interinali*) (Article 182-*quinquies*, first paragraph, of the Italian Bankruptcy Law);
- urgent finance which is necessary for their business needs (*finanza* d'urgenza) without having to file a certification issued by an independent expert. The relevant claims shall take precedence over the other creditors' claims in case of bankruptcy (*crediti prededucibili*). The debtor must specify the purpose of the requested finance and declare that it is urgently needed and that the inability to access such finance would cause imminent and irreparable damage. The Court shall decide on this request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors. The debtor has also the possibility to obtain authorization to continue to use existing trade receivables credit lines (linee di credito autoliquidanti) (Article 182-quinquies, second paragraph, of the Italian Bankruptcy Law).

Before the entry into force of the Decree No. 83, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Composition with Creditors (concordato preventivo) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Super-priority rights granted pursuant to the above do not jeopardize or overcome the rights in rem (e.g., mortgages) of secured creditors.

Hardening period/clawback and fraudulent transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years ("*revocatoria ordinaria*").

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (*i.e*., to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by a future guarantee granted by a guarantor or the granting of security interests under the Security Documents by a security provider. If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without needing to wait for the ineffectiveness of the transaction to be sanctioned by a court. Any interested person may challenge the registration before the delegated judge as a violation of law; and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the EU Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union, as well as and within the United Kingdom with respect to the insolvency proceedings opened before the end of the "implementation period" under the terms of the Withdrawal Agreement between the United Kingdom and the European Union.

Certain limitations on enforcement

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "suspect period"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "—*Certain Italian Insolvency Laws*". If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

Furthermore, in the event that the limitations on the guarantee issued by an Italian guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, inter alia, the following aspects:

(a) the enforcement of obligations may be limited by the insolvency proceedings listed above relating to or affecting the rights of creditors;

(b) an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Italian court;

(c) with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;

(d) claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni and decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;

(e) pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets and are equally liquid and payable;

(f) where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;

(g) the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the fact that the relevant provisions of laws may be deemed contrary to Italian public policy principles;

(h) there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;

(i) enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);

(j) the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;

(k) any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);

(l) an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;

(m) an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;

(n) in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;

(o) the preemption rights (*prelazione*) granted by a security interest extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;

(p) in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date ("*data certa*"); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document, another way is to have each page of the document stamped by the post office;

(q) there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;

(r) the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;

(s) penalties and liquidated damages (*penali*) may be equitably reduced by a court;

(t) Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;

(u) a security interest does not prevent creditors of the relevant debtor other than such security interest from continuing enforcement or enforcement proceedings on the assets secured by the relevant security interest;

(v) the enforceability of an undertaking to assign future receivables is subject to interpretation of an Italian court. In addition, such an undertaking may not be recognized as enforceable vis-à-vis third parties; and

(w) in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

(a) that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;

(b) that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Limitations on validity and enforceability of security interests under Italian Law

Corporate benefit

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other mandatory provisions. If a guarantee or a security interest is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation and its existence is purely a business decision to the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration.

In relation to security interests or guarantees, while corporate benefit for a downstream security or guarantee (*i.e.*, a security or a guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self evident, the validity and effectiveness of an upstream or cross-stream security or guarantee (*i.e.*, a security interest or a guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive some benefits or advantages from the granting of such guarantee or security. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it. In particular, in case of upstream and cross-stream security interests or guarantees for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of that group.

The concept of real and adequate benefit is not defined in the applicable legislation and is assessed and determined on a case-by-case basis, further its existence is purely a factual analysis made by the company's directors. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although in certain circumstances, and subject to specific strict rules, the interest of the group to which such company belongs may also be taken into consideration. In particular, in case of up-stream and cross-stream guarantees or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian guarantor or grantor of security must not be disproportionate to the direct or indirect economic benefit to it.

In principle, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee) ultra vires and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. As a result, civil liabilities may be imposed on the directors of an Italian guarantor or grantor of security if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian guarantor or grantor of security or having knowingly received an advantage or a profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream and down-stream guarantees granted by Italian companies.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of the Italian Banking Act, whose exercise is exclusively reserved to banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Ministerial Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby “group” includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code as well as companies, which are under the control of the same entity. As a result of the above described rules, subject to the guarantor and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial assistance

In addition, the granting of a guarantee or a security by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to provide financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition, purchase or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for the refinancing of indebtedness originally incurred for the acquisition, purchase or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company may also be construed as a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Trust

The Collateral will be created and perfected in favor of the Trustee acting also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code. Under such Code provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuance can be validly created in favor of the holder of the Notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-bis, paragraph 3 of the Italian civil code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not a direct party to the Indenture, there is the risk that the appointment of the Trustee in its capacity as representative (*rappresentante*) of the holders of the

Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-bis, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, we cannot exclude that an Italian Court may take a different view and interpretation and determine that, where the Collateral is only granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Certain Considerations in Relation to Security Interests

Italian corporate law (Articles 2497-quinquies and 2467 of the Italian Civil Code) provides for rules to protect creditors against “undercapitalized companies” and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a società a responsabilità limitata, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower’s indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan (“undercapitalization”). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders’ loans “made in any form” and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer’s relationship with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer’s ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees granted by such Italian subsidiaries may be impaired or restricted.

However, due to the COVID-19 emergency, the Italian Government issued the so-called “*Decreto liquidità*” (i.e. Law Decree 8 April 2020, no. 23, published in the Gazzetta Ufficiale on April 8, 2020 and converted in law by the Italian Parlament by the Law June 5, 2020, no. 40, published in the Gazzetta Ufficiale on June 6, 2020, the “**COVID-19 Italian Decree**”) according to which the provisions summarized above are temporarily frozen and therefore loans granted by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a società a responsabilità limitata during the period between April 9, 2020 and December 31, 2020 are exempted from the application of the so-called “equitable subordination” rule.

General

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement, in particular in a bankruptcy scenario) in the Republic of Italy are materially complex and time-consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

LISTING AND GENERAL INFORMATION

Admission to Trading and Listing

Application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, in accordance with the rules and regulations of the Luxembourg Stock Exchange. In addition, application will be made to obtain listing of the Notes on the Vienna MTF.

Luxembourg Listing Information

For so long as the Notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the rules and regulations of the Euro MTF Market of the Luxembourg Stock Exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the offices of the Listing Agent during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays):

- the organizational documents of the Issuer;
- the financial statements included in this Offering Memorandum;
- any annual and interim financial statements or accounts of the Issuer published subsequent to the date of this Offering Memorandum;
- the Indenture (which includes provisions related to the appointment of the Trustee); and
- the Security Documents.

The Issuer has retained The Bank of New York Mellon SA/NV, Luxembourg Branch as Registrar, Listing Agent and Transfer Agent, The Bank of New York Mellon, London Branch as Paying Agent and Unione di Banche Italiane S.p.A. as Security Agent. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture.

Approval

The Issuer have obtained or will obtain all necessary consents, approvals, authorizations or other orders for the issuance of the Notes and the other documents to be entered into by the Issuer in connection with the issuance of the Notes in Luxembourg.

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A in this Offering have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream under common codes 221284569 and 221284593, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS2212845692 and the ISIN for the Notes sold pursuant to Rule 144A is XS2212845932.

The Notes will not be fungible with and will have separate ISINs and common codes from the Existing Notes.

Issuer Legal Information

General

The Issuer was converted from a limited liability company (*società a responsibilità limitata*) into a joint stock company (*società per azioni*) under the laws of the Republic of Italy on November 27, 2017, and is registered under number 08651600960 with the Register of Companies of Milan (*Registro delle Imprese di Milano*) with registered office at Viale della Liberazione, no. 16/18, 20124 Milan, Italy, and its telephone number is +39 02 82719080. The Issuer's incorporation will terminate on June 30, 2040, subject to certain amendments being made to its bylaws to extend the period of its incorporation. As of the date of this Offering Memorandum, the Issuer had a fully paid-up share capital of €500,000 indirectly, wholly owned by Inter. See "*Principal Shareholders*".

Pursuant to Article 1.3 of its articles of association, the corporate purposes of the Issuer are the: acquisition and transfer of trademarks and distinctive designs in any form; execution of active and passive licensing agreements; management, use and exploitation, in any form, of trademarks and distinctive signs, including through sponsorship agreements and franchising as well as through the direct management of commercial activities and retail sales; management of the advertising activities;

carrying out of all activities related to sport travelling and tourism; organization and promotion of competition, tournaments and football camps promoting its own images, trademarks and distinctive signs and, in general, the promotion and exploitation by any means of Inter's images in Italy and abroad; acquisition of sporting rights and, in particular, the acquisition and exercise of the economic exploitation rights relating to sport events; and carrying out of the agency activities for the sale of tickets and subscriptions. Furthermore, according to the same Article, the Issuer may carry out all transactions which directly or indirectly serve its purposes, including, *inter alia,* raise funds and, pursuant to Article 2.2, the Issuer may issue debt securities or instruments.

The Issuer's creation and issuance of the Notes has been authorized by the Board of Directors on July 22, 2020. There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

Fiscal Year and Accounts

The Issuer's fiscal year begins on July 1 and ends on June 30 of each year. The Issuer prepares and publishes annual audited financial statements. The Issuer also prepares interim financial statements for the three month period as of September 30, for the six month period as of December 31 and for the nine month period as of March 31. Any future published financial statements prepared by the Issuer will be available, during normal business hours, at the offices of the Listing Agent.

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INTER MEDIA AND COMMUNICATION S.p.A.
Interim Condensed Financial Statements
as of and for the nine-months period ended
March 31, 2020

BALANCE SHEET

As of nine-months period ended March 31, 2020

€ thousand	Notes	As of March 31, 2020	As of June 30, 2019	As of March 31, 2019
Assets				
Non-current assets				
Intangible assets	5	273,386	287,001	291,516
Property, plant and equipment	6	249	211	69
Financial assets	7	10,410	10,410	10,410
Loan to parent company	8	167,938	131,445	113,627
Prepaid expenses	14	7	22	3
Non-current assets		**451,990**	**429,089**	**415,625**
Current assets				
Current financial assets	7	10,410	108	10,395
Trade receivables	9	74,480	79,206	74,052
Trade receivables from parent companies and their affiliates	10	10,510	34,891	32,076
Tax receivables	11	—	27	27
Deferred tax assets	12	544	666	556
Other receivables	13	8	5	4
Prepaid expenses—current portion	14	91	113	107
Cash at bank and on hand	15	34,233	15,664	67,116
Current assets		**130,276**	**130,680**	**184,333**
Total assets		**582,266**	**559,769**	**559,958**

€ thousand	Notes	As of March 31, 2020	As of June 30, 2019	As of March 31, 2019
Liabilities and shareholders' equity				
Shareholders' equity	16			
Share capital		500	500	500
Reserve		105,125	105,097	105,098
Retained earnings		4,087	4,087	4,087
Profit for the period		24,626	72,646	49,780
Shareholders' equity		**134,338**	**182,330**	**159,465**
Non-current liabilities				
Deferred tax liabilities	17	29,602	31,040	31,522
Provisions for employee severance indemnities	18	237	248	232
Provisions for risks and charges	19	247	247	247
Existing Notes	20	278,270	280,794	283,230
Deferred income	26	11,013	11,290	11,395
Non-current liabilities		**319,369**	**323,619**	**326,626**
Current liabilities				
Existing Notes—current portion	20	10,685	6,550	10,428
Trade payables	21	4,341	3,043	3,505
Trade payables to parent companies and their affiliates	22	103,880	42,879	95,000
Tax payables	23	1,169	378	2,769
Social security payables	24	131	186	140
Other payables	25	227	277	251
Accrued expenses	26	132	83	126
Deferred income—current portion	26	7,994	424	1,648
Current liabilities		**128,559**	**53,820**	**113,867**
Total liabilities and shareholders' equity		**582,266**	**559,769**	**599,958**

INCOME STATEMENT

For the nine-months period ended March 31, 2020

€ thousand	Notes	9 month at March 31, 2020	9 month at March 31, 2019
Revenue	27	67,034	101,969
Other Income	28	113	177
Total revenue		**67,147**	**102,146**
Personnel costs	29	2,704	2,486
Cost of services	30	9,104	8,006
Other operating costs	31	452	674
Write-downs of trade receivables		—	2,064
Depreciation and amortization	5-6	13,678	13,636
Total operating costs		**25,938**	**26,866**
Operating profit		**41,209**	**75,280**
Net financial expenses	32	(6,439)	(7,102)
Profit before tax		**34,770**	**68,178**
Income taxes	33	(10,144)	(18,398)
Profit for the period		**24,626**	**49,780**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of nine-months period ended March 31, 2020

€ thousand	Share capital	Share premium reserve	Legal reserve	Reserve on unrealized exchange gains	Retained earnings/ losses	Fiscal year profit	Total
Balance as of June 30, 2018	**500**	**104,997**	**100**	**—**	**4,087**	**65,571**	**175,255**
Allocation of the profit for the period	—	—	—	—	65,571	(65,571)	—
Dividends	—	—	—	—	(65,571)		(65,571)
Nine-months period result as of March 31, 2019	—	—	—	—	—	49,780	49,780
Balance as of March 31, 2019	**500**	**104,997**	**100**	**—**	**4,087**	**49,780**	**159,464**
Balance as of June 30, 2019	**500**	**104,997**	**100**	**—**	**4,087**	**72,646**	**182,330**
Allocation of the profit for the period	—	—	—		72,646	(72,646)	—
Reserve on unrealized exchange gains				28	(28)	—	—
Dividends	—	—	—	—	(72,618)	—	(72,618)
Nine-months period result as of March 31, 2020	—	—	—	—	—	24,626	24,626
Balance as of March 31, 2020	**500**	**104,997**	**100**	**28**	**4,087**	**24,626**	**134,338**

CASH FLOW STATEMENT

As of nine-months period ended March 31, 2020

€ thousand	9 month at March 31, 2020	9 month at March 31, 2019
Cash flow from operating activities		
Profit for the period	**24,626**	**49,780**
Current taxes	11,459	20,195
Net financial expenses	6,427	7,136
1. Profit for the period before taxes and interests	**42,513**	**77,112**
Non cash adjustments		
Depreciation and amortization	13,678	13,636
Write-down/(Release/Uses) of trade receivables	(735)	—
Employee severance indemnities	(11)	60
Deferred tax assets and liabilities	(1,315)	(1,798)
2. Cash flow from operating activities before changes in net working capital	**54,131**	**89,011**
Changes in Net Working Capital		
Increase in trade and other receivables	31,069	11,521
Increase in trade and other payables	27,878	2,454
Other variations in net working capital	7,378	494
3. Cash flow from operating activities after changes in working capital	**120,456**	**103,479**
Other Adjustments		
Taxes paid	(1,741)	(1,844)
Interests and other financial expenses paid	(7,258)	(7,405)
Cash flow from operating activities (A)	**111,456**	**94,230**
Cash flow from investing activities		
Investments in intangible assets	(18)	(28)
Investments in property, plant and equipment	(85)	—
Investments on financial assets	(10,312)	(10,390)
Cash flow for investing activities (B)	**(10,415)**	**(10,418)**
Cash flow from financing activities		
Debt Financing		
Bank Loan security deposit repayments/(integration)	11	38
Repayment of bank loans	(3,250)	(3,100)
Intercompany loans	(30,801)	—
Equity Financing		
Capital/dividends distributions	(48,432)	(22,145)
Cash flow for financing activities (C)	**(82,472)**	**(25,207)**
Increase in cash and cash equivalents (A ± B ± C)	**18,569**	**58,606**
Cash at bank and on hand at the beginning of the period	**15,664**	**8,510**
Cash at bank and on hand at the end of the period	**34,233**	**67,116**
Non monetary transactions during the fiscal year		
Reserve distribution		(36,464)
Intercompany compensation for reserve distribution		36,464

INTER MEDIA AND COMMUNICATION S.p.A.
Explanatory Notes to the Interim Condensed Financial Statements
as of and for the nine-months period ended
March 31, 2020

EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
As of and for the nine-months period ended March 31, 2020

Note 1. General company information

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. (hereinafter "Parent Company", "Inter" , "FC Inter" or "Fc Internazionale" and along with its subsidiaries the "Group")'s media, broadcast and sponsorship business. Inter Media deals with sponsorship and advertising, marketing of the television archive (*library*) and various brand management activities. The Company also manages the revenue from Serie A and UEFA broadcasting rights on behalf of F.C. Internazionale Milano which assigned the related receivables to Inter Media (respectively "Serie A Indirect Media Revenue" and "UEFA Indirect Media Revenue" and together "Indirect Media Revenue").

Note 2. Change in the shareholding of the Parent Company

In February 2019 LionRock Zuqiu Limited ("LionRock")—a subsidiary of LionRock Capital, an institutional investor based in Hong Kong—acquired 4,636,221,998 shares of International Sports Capital S.p.A. ("ISC") from International Sports Capital HK, Ltd. ("ISC HK"), which represents 31.05% of the share capital of F.C. Internazionale Milano S.p.A.

As of June 30, 2019, the shareholding structure of F.C. Internazionale Milano S.p.A. is:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Co, Ltd);
- Lion Rock 31.05%;
- Other minors 0.4%.

Note 3. Basis of presentation

The interim condensed financial statements as of and for the nine-months period ended March 31, 2020 (hereinafter "Interim Condensed Financial Statements") have been prepared solely for the purposes of their inclusion in the offering memorandum to be prepared in connection with the issuance of a Senior Secured Notes by Inter Media and Communication S.p.A. (i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S (and only to investors who, if resident in a member state of the European Economic Area, are qualified investors under Directive 2003/71/EC).

The Interim Condensed Financial Statements include the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the explanatory notes which were approved by the Board of Directors on July 13, 2020. 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.), in particular with reference to OIC 30 on interim financial reporting ("**Italian GAAP**").

In preparing these Financial Statements, however, Inter Media 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.

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

Going concern

The financial statements are prepared on the assumption of Company's ability to continue as a going concern, since it was assessed that there are no significant uncertainties.

Covid-19 is expected to have direct impact on the Company's revenue and cash flow. In particular a portion of recurring revenue recognition from contracts in place and cash flow including Indirect

Note 3. Basis of presentation (Continued)

Media Revenue are expected to be shifted in 2021 period due the postponement of all the main competitions. Furthermore, Sponsorship Revenue as well as Indirect media revenue could be impacted by the restrictions caused by Covid-19, including the closure of the Stadium. Although this could affect the economic and financial performance of the Company, it is not expected it will produce significant uncertainties over the ability of the Company to continue as a going concern. The Company also indirectly benefits from the support of the main Shareholder of the Group (Suning) provided to the Parent Company F.C. Inter.

In this context, the Directors have developed 2 scenarios in order to evaluate the potential impact of COVID-19 for both their going concern assessment and impairment test in note 5: Lockdown Scenario and Recovery Scenario:

- In the Lockdown Scenario, Management assumed, as key factor, that the Serie A 2019-2020 sporting season ("SS19-20") permanently ended after the second week of March suspension, without any other match played . Even though such a scenario no longer seems plausible given the official restart of Serie A from June 20, 2020, the Directors deemed that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A SS19-20 again. For that reason, Directors decided to keep the Lockdown Scenario in the valuation exercise for going concern and impairment test purposes.
- In the Recovery Scenario, Management assumed, as key factor, that the championship would resumed in June and will be regularly ended in July/August 2020. Given the official restart of Serie A from June 20, 2020, such a scenario seems plausible.

In both cases, anyway, the present commitment of Suning grant the going concern of the Parent Company and support the same conclusion also on Inter Media.

Note 4. Significant accounting policies

The Interim Condensed Financial Statements have been prepared in accordance with the OIC 30— Interim Financial Statements; therefore the Interim Condensed Financial Statements do not include all the information required in the annual Financial Statements and must be read in conjunction with the annual Financial Statements prepared for the year ended June 30, 2019. The amounts as of March 31, 2019 have been included in the Balance Sheet for information purposes only, but they are not commented in the Explanatory Notes to the Interim Condensed Financial Statements which compare the amounts as of March 31, 2020 with the amounts as of June 30, 2019.

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

Other information

Use of estimates

In preparing the Interim Consolidated Financial Statements, Management makes estimates and assumptions which have effects on the values of assets and liabilities accounted for the Balance Sheet. The estimates and assumptions used are based on experience and on other relevant factors. For this reason, the actual 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 through the impairment test.

Note 4. Significant accounting policies (Continued)

Regarding the provisions for risks and charges and the write-down of doubtful receivables, the financial statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the state of litigation, using the information provided by the legal and tax advisors, who assist the Company as well as considering outstanding contracts with the counterparts. The estimate of the risks is subject to the risk of uncertainties of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future fiscal years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency. Furthermore the COVID-19 pandemic could have a material impact on the expected credit loss and on the solvency affecting the recoverability of certain account receivables.

With reference to the measurement of the recoverable value of the intangibles assets and property, plant and equipment, the Directors, conducted an impairment test. The Impairment test was made on the basis of economic and financial projections of Inter Media for the period 2021-2025. The forecasts are based on the assumptions characterized by intrinsic uncertainty, both with reference to macroeconomic and sector conditions as well as specific conditions tied to the Company, depending also on the sports results of the FC Inter team and taking into account the current status and knowledge of the pandemic crisis COVID-19 available at the time the estimate was made, which is inherently uncertain. Any change in the estimates and assumptions – currently unpredictable – might result in final results that are different than what is estimated, which might require at the recognition of an impairment loss in the future. Assumptions on Covid-19 potential impacts increase the level of uncertainty of the assumptions and the estimates.

Agreement with Suning

On September 1, 2016, it was signed with Jiangsu Suning Sports Industry Co., Ltd, company belonging to Suning Group, a contract for the transfer of the rights to rename the sports centres and the rights to use the Suning brand in Italy and in Asian territory. The contract expires in June 2020 and has a non-refundable initial signing fee of €25 million an annual fees of €16.5 million up to maturity and €2.6 million represented performance bonuses relating to both Inter's youth team and Inter's first team. 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. With reference to this agreement, during the year ended June 30, 2019 the Company recorded revenues for a total of €18.2 million. Revenues for the nine-months period ended March 31, 2020 total €6.5 million.

On February 8, 2017, a new contract was signed with Beijing Yixinshijie Culture Development Co. Ltd., a Chinese Company, for the exclusive granting of certain media rights and sponsorship of the Fc Inter brand in the Asian region which has foreseen annual fees of €30 million up to maturity (including a one-time upfront fee of €10 million). This annual minimum amount has been decreased from €30 million to €25 million following an amendment providing the re-purchase by the Company of some categories of sponsorship rights for an amount of 5 million previously included in the agreement. With reference to this agreement, during the year ended June 30, 2019 the Company recorded revenues for a total of €25 million. The agreement expired at the end of the fiscal year 2019.

During 2017-2018, the Company has signed an agreement with Beijing iMedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, which expires as of June 30, 2024. In fact, the Company has sold to iMedia the abovementioned part of sponsorship rights which was repurchased as described above. The agreement provided for a non-refundable up-front fee of €23.1 million at the time of the signing and annual payments of €25 million until maturity. With reference to this agreement, during the year ended June 30, 2019 the Company recorded revenues for a total of €25 million. Revenues for the nine-months period ended March 31, 2020 total €16.5 million. For this agreement the Company recognized prudently the revenue accrued up to February aligning with the last match played.

Note 4. Significant accounting policies (Continued)

Sponsorship Revenue

The suspension of the sporting season caused by the worldwide diffusion of the so called Coronavirus involved the Company the temporary inability to fully comply with contractual obligations with the commercial partners. The sporting season has been suspended from the second week of March. At that stage, there were twelve Serie A matches to be played (thirteen for FC Inter, of which seven were home matches). The Company recognized the sponsorship revenues *pro-rata temporis* up to February 29, 2020 (last month with football matches played) with the exception of the revenues arising from the agreement with Jiangsu Suning Sports Industry Co, which have been recognized on a complete nine-month period.

Analysis of balance sheet items

Note 5. Intangible assets

As of March 31, 2020 and June 30, 2019 intangible assets amount to €273.4 million, while accumulated the amortization for the period totalled €13.6 million.

Intangible assets are detailed as follow:

	Historical Cost					Amortization			
€ thousand	**Balance as of June 30, 2019**	**Increase**	**Decrease**	**Recl**	**Balance as of March 31, 2020**	**Balance as of June 30, 2019**	**Amortization for the fiscal year ended March 31, 2020**	**Balance as of March 31, 2020**	**Net book Value**
Trademark	272,437	3	—	10	272,450	(124,312)	(7,453)	(131,765)	140,685
Industrial patent and intellectual property rights	—	1	—		1	—		—	1
Library	64,918	—	(2)	—	64,916	(14,776)	(1,715)	(16,491)	48,425
Goodwill	118,843	—	—	—	118,843	(30,118)	(4,464)	(34,582)	84,261
Construction in progress and advances	10	15	—	(10)	15	(1)	—	(1)	14
TOTAL	**456,208**	**19**	**(2)**	**—**	**456,225**	**(169,207)**	**(13,632)**	**(182,839)**	**273,386**

Movement of intangible assets is mainly due to the amortization recognised through the period presented.

The item "Trademark" includes the "Fc Internazionale" trademark. As of March 31, 2020, the "Fc Internazionale" trademark has a residual net value of €140.7 million.

The item "Library" includes the value of Rai archive (historical library—material and rights) and the share of the archive of self-production for the Inter TV from 2000 to 2008 that in the previous period were contributed to the Company by Fc Internazionale. As of March 31, 2020, the "Library" has a residual net value of €48.4 million.

"Goodwill" refers to the residual amount, after allocation, of the gains which emerged from the contribution in kind.

Impairment test

In accordance with OIC 9, the Directors conducted an impairment test, in order to assess the value of the asset recorded in the Interim Consolidated Financial Statements after considering the Pandemic Covid-19 a potential impairment indicator. The Impairment test was conducted using the Discounted

Note 5. Intangible assets (Continued)

Cash Flow Method based on the forecast business plan 2021-2025 (here follow also the "Plan"), developed under different scenarios of evolution of the pandemic COVID – 19, and discounted using a WACC (Weighted Average Cost of Capital). Impairment test was prepared by the Directors of the Company with the support of an external specialized accounting network and was approved by the Board of Directors together with the multi-scenario Plan on June 22, 2020.

As anticipated, given the clear uncertainty in the last 3 months about the effective recovery of Serie A SS19-20, the impairment test was performed considering two different scenarios: Lockdown Scenario and Recovery Scenario, as explained in Note 3.

The Recovery Scenario, projections were made with the main assumption, that FC Inter's team for the Sporting Season 2020-2021 will not pass the UEFA Champions League ("UCL") group stagesand will be eliminated in the round of 8 of UEFA Europa League ("UEL") and for the Sporting Season 2021-2022 until the end of the Plan, FC Inter's team will pass UCL group stage and will be eliminated in the round of 16.

In the Recovery Scenario, Management expects to recognize €7.8m more of base sponsorship fees for the Sporting Season 2019-2020 than in the Lockdown Scenario because the Recovery Scenario assumes there are still matches to be played. Moreover, in the Recovery Scenario, the expected €6.7m Pirelli performance bonuses of FY20, linked to the final position of the team in the Serie A, is shifted from FY20 to FY21, as, with the restart of the season, this bonus would be achieved in FY21. Therefore, the overall difference between the Lockdown and Recovery scenarios in FY20 amounts to €1.1m on revenues.

The expected negative impact on sponsorship revenue for the sporting season 2020/2021 generated by Covid-19 for both scenarios is a decrease of 20%.

In the Lockdown Scenario, expected negative impact on Indirect Media Revenue due to possible negative outcomes from the renegotiation process with broadcasters represents the 10% of the expected Indirect Media Revenue in the season 2020/2021, while in the Recovery Scenario it represents the 5%.

Other main assumptions in relation to the Plan consider to increase the level of Sponsorship revenue due to a more favourable negotiation of certain main sponsor expiring in the period of projections.

Long term growth rate used in the terminal value has been considered equal to zero as well as the variation of working capital. Depreciation and amortization are set equal to the Capex.

WACC has been determined at 7,98% using as a main components: risk free rate at 1,21%, equity risk premium of 6% and additional risk premium of 3,16%. WACC has been maintained at the same level for both the scenarios.

Result of the test showed recoverable amount which is higher than the carrying amount in both *Lockdown and Recovery Scenarios.*

In order to further stress the impairment test due to potential additional impact of COVID-19 pandemic, Management developed sensitivity analysis on both the level of WACC and other certain assumptions such as reduction in the grow of certain sponsorship revenue including Jersey, Back Sleeve, Training Kit, Technical and Global sponsorship most of which have been maintained steady at a pre-covid level or with little growth for the purpose of his sensitivity. Based on the sensitivity analysis the overall result of the impairment test still show significant headroom. The Wacc level for which the carrying amount is equal to the recoverable amount would be 26,8% for Lockdown scenario and 27,1% for Recovery scenario this confirming the significant coverage presently existing.

Note 6. Property, plant and equipment

As of March 31, 2020 and June 30, 2019 property, plant and equipment amounts to €249 thousand.

Note 6. Property, plant and equipment (Continued)

Property, plant and equipment, are detailed as follow:

	Historical Cost				Accumulated Depreciation			
€ thousand	Balance as of June 30, 2019	Additions	Disposals	Balance as of March 31, 2020	Balance as of June 30, 2019	Depreciation for the period ended March 31, 2020	Depreciation as of March 31, 2020	Net book Value
Equipment	242	84	—	326	(43)	(41)	(84)	242
Electronic machines	23	—	—	23	(19)	(2)	(21)	2
Furniture	4	—	—	4	(1)	(1)	(2)	2
Mobile telephones	17	—	—	17	(12)	(2)	(14)	3
TOTAL	**286**	**84**	**—**	**370**	**(75)**	**(46)**	**(121)**	**249**

The increase of the period equals to €84 thousand and refers mainly to the the purchase of equipment for the new Headquarter.

The depreciation of the period amounts to €46 thousand.

Note 7. Financial assets

Following the details of financial assets:

€ thousand	As of March 31 2020	As of June 30 2019
Financial assets	**20,820**	**10,518**
—*of which within 12 months*	10,410	108
—*of which beyond 12 months*	10,410	10,410
Total financial assets	**20,820**	**10,518**

Financial assets as of March 2020 and June 2019 refers to the escrow deposit paid as collateral for the Existing Notes. The increase of the current portion that amount to €10.3 million fully relates to cash transferred into the Debt Service Accounts to fulfill the obligations of the Bond obligation in the second semester.

Note 8. Loan to parent company

Following the details of loan to parent company:

€ thousand	As of March 31, 2020	As of June 30, 2019
Loan to parent company	**167,938**	**131,445**
—*of which within 12 months*		
—*of which beyond 12 months*	167,938	131,445
Total loan to parent company	**167,938**	**131,445**

Loan to parent company relates to an intercompany loan agreement signed during the 2017 fiscal year with Inter, which accrues interests of 5,5% + 3-month Euribor annually and whose repayment is expected in June 2047.

Note 8. Loan to parent company (Continued)

The increase of the period amount to €36.5 million and it is related for €30.8 million to new Intercompany Loans to FC Inter (TeamCo) provided in the nine months period ended March 31, 2020 and €5.7 million refer to the accrual of interest income.

Note 9. Trade receivables

The breakdown of trade receivables is specified below:

€ thousand	As of March 31, 2020	As of June 30, 2019
Trade Receivables	76,913	82,374
Bad Debt Provisions	(2,433)	(3,168)
Total receivables net of Bad Debt Provisions	**74,480**	**79,206**

Trade Receivables as of March 31, 2020 are mainly related to a Chinese regional sponsor for €59.1 million, Infront for €5.6 million, Nike Italia for €3.1 million.

All trade receivables are collectable within 12 months from the period presented.

Serie A Indirect Media Revenue amounted to €97.0 million for the nine months period ended March 31, 2020 and €85.2 million for the nine months period ended March 31, 2019.

UEFA Indirect Media Revenue amounted to €42.5 million for the nine months period ended March 31, 2020 and €42.5 million for the nine months period ended March 31, 2019.

The movements of the "Bad debt provision" throughout the period is as follows:

Bad debt provision	€ thousand
Balance as of June 30, 2019	**3,168**
(Use for losses on trade receivables)	(735)
Write-downs of trade receivables	—
Balance as of March 31, 2020	**2,433**

The bad debt provision prudently reflects the updated assessment of the risk over collectability of specific credit positions considered doubtful.

Note 10. Trade receivables from parent companies and their affiliates

Trade receivables from parent companies and their affiliates was €10.5 million as of March 31, 2020 and refer for €2.2 million to the receivables from Jiangsu Suning Sports Industry in relation to the contract better described in the preceding paragraph "Agreement with Suning", for €6.6 million to receivables from Inter, for €1.7 to a receivable from Great Mercury Limited for commercial activities. The decrease of trade receivables from parent companies and their affiliates during the 9 months is mainly due to the collection of receivables from Jiangsu Suning Sports Industry for a total of €29.5 million.

Note 11. Tax receivables

Tax receivables as of June 30, 2019 are related to receivables from withholding tax paid on bank interest income.

Note 12. Deferred tax assets

Deferred tax assets are mainly related to provisions accounted in the bad debt provision in excess than the amount deductible according to the current tax regulations and to the exchange losses; such amounts will become deductible in the future. The recoverable amount has been stated considering the Tax Consolidation Agreement and the future profits of the Company.

Note 13. Other receivables

As of March 31, 2020, Other Receivables are mainly related to receivable from INAIL (national institute for insurance against accidents at work) for €8 thousand (€5 thousand for the year ended June 30, 2019).

Note 14. Prepaid expenses

Prepaid expenses of €98 thousand as of March 31, 2020 and includes "Accessory charges on Existing Notes" for €68 thousand.

There are not accrued income or prepaid expenses collectable beyond 5 years throughout the period presented.

Note 15. Cash at bank and on hand

Cash at bank and on hand comprise cash on hand and demand deposits.
They amount at €34.2 million as of March 31, 2020, €15.7 million as of June 30, 2019. For more details, please refer to the Cash Flow Statement.

SHAREHOLDERS' EQUITY AND LIABILITIES

Note 16. Shareholders' equity

Here below the Shareholders' Equity movements as of March 31, 2020:

€ thousand	Share capital	Share premium reserve	Legal reserve	Reserve on unrealized exchange gains	Retained earnings/ losses	Fiscal year profit/loss	Total
Balance as of June 30, 2018	**500**	**104,997**	**100**	**—**	**4,087**	**65,571**	**175,255**
Allocation of the profit for the period	—	—	—	—	65,571	(65,571)	—
Dividends	—	—	—	—	(65,571)		(65,571)
Nine-months period result as of March 31, 2019	—	—	—	—	—	49,780	49,780
Balance as of March 31, 2019	**500**	**104,997**	**100**	**—**	**4,087**	**49,780**	**159,464**
Balance as of June 30, 2019	**500**	**104,997**	**100**	**—**	**4,087**	**72,646**	**182,330**
Allocation of the profit for the period	—	—	—		72,646	(72,646)	—
Reserve on unrealized exchange gains				28	(28)		—
Dividends					(72,618)		(72,618)
Nine-months period result as of March 31, 2020	—	—	—			24,626	24,626
Balance as of March 31, 2020	**500**	**104,997**	**100**	**28**	**4,087**	**24,626**	**134,338**

Shareholders' Equity have been determined as difference between asset and liabilities of Inter Media including the nine-months period.

Note 17. Deferred tax liabilities

Deferred tax liabilities throughout the periods are related to the step-up allocated to the "Library" and the "Fc. Inter" trademark, since the relative amortization is not tax-deductible, as described above in the Note 5. Intangible assets.

Note 18. Provisions for employee severance indemnities

Provisions for employee severance indemnities reflects the amounts accrued at each of the reporting dates in favour of employees, in accordance with contractual and legislative requirements. This liability is subject to indexation.

Note 19. Provision for risk and charges

As of March 31, 2020 and as of June 30, 2019 the provision for risk amounted to €247 thousand and to cover the Company's potential repayment of certain amounts previously collected under a sponsorship agreement, where the counterparty has stated they believe the Company to be in breach of the contract. The provision reflects the Company's best estimate of the possible outflow for this matter.

Note 20. Existing Notes

The breakdown of Existing Notes within and beyond 12 months is detailed in the following table:

€ thousand	As of March 31, 2020	As of June 30, 2019
Existing Notes	**288,955**	**287,344**
—of which within 12 months	*10,685*	*6,550*
—of which beyond 12 months	*278,270*	*280,794*
Total Existing Notes	**288,955**	**287,344**

On December 21, 2017, the Company issued and placed to institutional investors Senior Secured Notes for an amount of €300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875%. The Existing Notes 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

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

The amount is recorded in the balance sheet for €288,955 thousand net of transaction costs of €8,988 thousand according to the amortized cost criterion and net of the repayment of the first three principal instalments on December 31, 2018 and June 30, 2019 and December 31, 2019 respectively. The effective interest rate is equal to 5.5936%, and is defined as the internal rate of return (IRR), constant along the duration of the debt, which makes the current value of the future cash flows deriving from the debt equal to the value at the inception date. As a consequence of this, the interest rate charged to the Income Statement is equal to 5.5936 %.

Note 20. Existing Notes (Continued)

Furthermore, the Existing Notes requires compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In brief, the first represents the ratio between the net cash flows from operations and the sum of the financial charges recorded in the balance sheet and the capital payments made in the 12 months preceding the calculation date, or alternatively, if 12 months have not passed from the date the Existing Notes is drawn up, the period between the stipulation date and the calculation date. The second financial parameter, on the other hand, 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 aforementioned parameters are calculated every six months and must result in values greater than or equal to 1.5 and 1.0 respectively. Both the covenants have been respected with reference to the date of June 30, 2019 and based on projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, also taking into account the commitment of the majority shareholder to support the Parent Company and the Group to which the Company belong.

The non-current portion decreased by €2.5 million as of March 31, 2020 is mainly due as a result of the amortization plan of the Bond. The increase of the current portion refers to the €3.5 million interest accrued and €0.4 million of expenses accrued according to amortized cost criteria for the period January 1, 2020 – March 31, 2020.

Note 21. Trade payables

Trade payables as of March 31, 2020 are mainly related to commercial and marketing consultancy costs and to the “Inter TV” with the program and video production and digitalisation activities.

Note 22. Trade payables to parent companies and their affiliates

Trade payables to parent companies and their affiliates as of March 31, 2020 increased by €61 million mainly due to:

a) The assignment of media rights receivables by FC Inter for €21.2 million, to €32.1 million as of March 31, 2020 from €11.0 million as of June 30, 2019, which were not yet repaid at March 31, 2020 (€30.9 million as of March 31, 2019) as described in the Note 1. “General company information;

b) Dividends for €24.2 million relating to the distribution of the net profit of the fiscal year ended June 30, 2019 that amounted to €72.6 and already paid for €48.4 million as of March 31, 2020.

c) Tax consolidation for €10.7 million, to €13.3 million as of March 31, 2020 from €2.6 million as of June 30, 2019.

As of March 31, 2020 trade payables to parent companies and their affiliates for the Service Agreement amount to €4.9 million while trade payables to parent companies and their affiliates for Tax Consolidation amount to €13.3 million.

Note 23. Tax payables

Tax payables as of March 31, 2020 are mainly related to the IRAP (tax on regional productive activities) tax payable and VAT debt.

Note 24. Social security payables

The social security payables as of March 31, 2020 are mainly referred to the INPS (national social welfare institution), INAIL (national institute for insurance against accidents at work) and ENPALS (entertainment industry employees’ pension organization) payables.

Note 25. Other payables

Other payables include—as of March 31, 2020—amounts to be paid for employee and staff salary.

Note 26. Accrued expenses & deferred income

Accrued expenses refers to Holiday bonus.

Deferred income are composed as follow:

€ thousand	As of March 31 2020	As of June 30 2019
RAI Archive—Regional	**11,396**	**11,714**
—of which within 12 months	423	424
—of which beyond 12 months	10,973	11,290
Sponsorship—Regional	448	—
Sponsorship—Eu in house	958	—
—of which within 12 months	918	—
—of which beyond 12 months	40	—
Sponsorship—Global	1,000	—
Sponsorship—Pirelli	4,108	—
Sponsorship—Nike	1,065	—
Others	32	—
Deferred income	**19,007**	**11,714**

Deferred income, as of March 31, 2020, are mainly related to the RAI Archive for €11.4 million and Pirelli for €4.1

Analysis of income statement items

REVENUE

Note 27. Revenue

Revenue are detailed in the following table:

€ thousand	As of March 31 2020	As of March 31 2019
Sponsorships Revenue	**54,409**	**91,072**
—Shirt	*10,151*	*10,012*
—Technical	*8,310*	*7,500*
—Regional and naming rights	*25,211*	*64,747*
—EU Global in house sponsorship	*10,737*	*8,813*
Direct Media Revenue	**12,625**	**10,897**
—Direct Media Revenue Italy	**12,560**	**10,897**
—Rai Archive—Infront	*7,881*	*7,880*
—Inter Tv	*4,679*	*3,017*
—Direct Media Revenues UEFA	**65**	**—**
Revenue	**67,034**	**101,969**

Sponsorship Revenue

Sponsorship revenue—Shirt, refer to the agreement with the sponsor Pirelli. In March 14, 2016 the agreement have been renegotiated for the fiscal years 2017 to 2021. Prudentially the Company recognized the related revenue pro-rated to February 29 2020, when was played the last match. The

Note 27. Revenue (Continued)

increase in Shirt sponsorship revenue is related to the higher annual contractual base fee (from €10.5 million in the fiscal year ended June 30, 2019 to €12.3 million in the fiscal year ended June 30, 2020).

Sponsorship revenue—Technical refer—throughout the periods presented—to the agreement with Nike. In August, 2013 the agreement has renegotiated for the periods 2014 to 2024. This agreement includes variable components in connection with the participation of the First team of the Parent Company into the UEFA Competition. Prudentially the Company recognized the related revenue pro-rated to February 29, 2020 when to the last match was played. The increase in Technical sponsorship revenue is related to the higher annual contractual base fee (from €10.0 million in the fiscal year ended June 30, 2019 to €12.5 million in the fiscal year ended June 30, 2020) with no reduction in place relating to penalties for past sporting performance (after second consecutive sporting season in UCL).

Sponsorship revenue—Regional and naming rights for the periods presented mainly refer to the agreement with "Jiangsu Suning Sports Industry Co Ltd" for the exclusive concession of rights concerning the Parent Sports center name, players' uniform for training, co-branding and commercial exploitation. Moreover, the amount for the period ended March 31, 2020 accounts sponsorship agreement signed with Beijing iMedia Advertising Co., Ltd, a Chinese Company (€16.5 million).

The decrease of the period is mainly due to the expiration of the agreements with Fullshare Holding Limited and King Dawn and Beijing Yixinshijie. The impact as of March 31, 2020 amount to €33.7 million.

The Reductions above have been partially offset by a €1.1 million increase in other regional sponsorship agreements signed during the period.

Sponsorship revenue—EU Global in house sponsorship refer to directly selling of the promotional and advertising spaces without relying on the collaboration of external intermediaries such as Infront. The increase in EU / Global sponsorship revenue is driven by the signing of new partnerships since July 1, 2019, including Lenovo, Acronis, Hugo Boss, Rinascente, Linkem, A2A and other new contracts.

Direct Media Revenue

Direct Media Revenue Italy—Rai archive—Infront includes the agreement with Rai which cover, among other things, the assignment by RAI of certain ownership rights relating to archival recordings of Inter's home and away matches, the grant to RAI of a non-exclusive license to broadcast and distribute such recordings worldwide (other than in Italy, Vatican City and San Marino). For more details, please refer to the Note 4. Significant accounting Policies, paragraph "Other information—Use of estimates".

Direct Media Revenue Italy—Inter TV refers to the agreement stipulated with Sky Italia for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities, and has been granted the exclusive license to distribute Inter TV via pay-TV in Italy, Vatican City and San Marino.

Direct Media Revenue increased by €1.7 million for the nine months ended March 31, 2020 due to the agreement signed in January 2020, for the distribution in China of the thematic channel Inter TV.

Note 28. Other income

Other income in the period ended March 31, 2020 refers to income from Inter Campus.

TOTAL OPERATING COSTS

Note 29. Personnel costs

Personnel Costs are broken down as follows:

€ thousand	As of March 31 2020	As of March 31 2019
Salaries and wages	1,881	1,663
Social security contributions	510	454
Employee severance indemnity	124	112
Other costs	189	257
Total Personnel Costs	**2,704**	**2,486**

Note 30. Cost of services

The breakdown of cost of services is as follows:

€ thousand	As of March 31 2020	As of March 31 2019
Service Agreement	3,757	3,753
Cost for Inter TV	2,620	2,661
Consultancy expenses	1,264	860
Advertising expenses	873	24
Costs of television archive marketing—Infront	188	188
Player Image Rights	106	38
Cost for organising events	72	72
Entertainment, public relations and gifts	66	133
Insurance and welfare	49	36
Statutory auditors fees	48	48
Auditing firm's fees	34	29
Utilities	18	45
Bank charges	5	6
Shipping and transportation costs	2	6
Billboards	1	107
Sundry costs	1	1
Total cost of services	**9,104**	**8,006**

Cost of services mainly include the Intercompany Service Agreement. The agreement include several services provided by FC Inter as well as administrative and accounting support, legal assistance, logistic and procurement.

Cost of services also include management and production costs for the "Inter TV", represented by the operating and production expenses of the Inter TV; "advertising expenses" which, thought the periods, mainly refer to the reimbursement by Inter for sponsor subscription costs, in terms of season tickets freely issued by sponsors and consulting costs and "consultancy expenses" represented by various consultancy services.

Services Agreement amounted to €3.8 million for both the periods ended March 31, 2019 and 2020. VAT transferred to Inter related to Services Agreement amounted to €0.8 million for both the periods ended March 31, 2019 and 2020.

Note 31. Other operating costs

The breakdown of other operating costs is as follows:

€ thousand	As of March 31 2020	As of March 31 2019
Cost of raw materials, supplies and consumables	62	483
Costs of rents and leases	86	48
Prior year gain or losses	150	81
Sundry taxes and levies	23	22
Catering and stadium preparation	—	38
Various consultancy services	131	2
Total Other Operating Costs	**452**	**674**

Other operating costs for the period ended March 31, 2020 mainly refer to Prior year gain or losses and to cost of raw materials, supplies and consumables and to rents and leases.

Note 32. Net financial expenses

Financial income/(expenses) are detailed below:

€ thousand	As of March 31 2020	As of March 31 2019
Financial Income:	**5,692**	**5,148**
—From parent companies	*5,692*	*5,147*
—Others	*—*	*1*
(Financial expenses):	**(12,143)**	**(12,284)**
—Financial Expenses on Existing Notes	*(12,021)*	*(12,191)*
—Financial Expenses on Existing Notes	*—*	*27*
—Other financing fees	*(112)*	*(109)*
—Others	*(10)*	*(11)*
Gains and losses on foreign currency translation:	**12**	**34**
—income on exchange	*15*	*44*
—losses on exchange	*(3)*	*(10)*
Net financial expenses	**(6,439)**	**(7,102)**

In relation to the “financial income”, the values are mainly related to the *intercompany* loan with the Parent Company.

Financial expenses on Existing Notes refer—throughout the periods presented—to the interest on the Senior Secured Notes 2022 issued on December 21, 2017.

Note 33. Income taxes

Income taxes throughout the periods were calculated in accordance with current regulations and with the assumptions included in the Note 4. Significant Accounting Policies.

Note 33. Income taxes (Continued)

Current taxes, deferred tax assets and deferred tax liabilities are shown in the table below:

€ thousand	As of March 31 2020	2019
IRES (tax consolidation charges)	(9,428)	(16,769)
IRAP	(2,031)	(3,426)
Current Taxes	**(11,459)**	**(20,195)**
Deferred Tax Assets	(123)	356
Deferred Tax Liabilities	1,438	1,441
Total Taxes	**(10,144)**	**(18,398)**

Below the table indicating the reconciliation between the theoretical IRAP tax base and the effective IRAP tax:

€ thousand	As of March 31 2020	2019
Difference between production value and costs	41,209	75,280
IRAP adjustments	2,704	4,550
Difference between value and cost of production	**43,913**	**79,830**
Costs not deductible for IRAP	10,149	9,789
Obligatory accident insurance contributions (Inail)	(4)	(4)
Deduction for long-term employment (tax wedge)	(1,228)	(1,259)
Welfare and social security contributions (tax wedge)	(627)	(575)
Total	**52,203**	**87,780**
Theoretical tax base (3.90%)	**2,036**	**3,423**
IRAP taxable base	52,202	87,780
IRAP for the period (3.90%)	**2,036**	**3,423**

The Company has a tax consolidation agreement with its Parent Company and the affiliates Inter Brand and Inter Futura approved on November 21, 2014 by the Board of Directors.

Tax Consolidation charges to be transferred to the Parent Company as a results of tax consolidation amounted to €16.8 million and €9.4 million respectively for the period ended March 31, 2019 and 2020.

Note 34. Transactions with related parties

All transactions with related parties have occurred at normal market conditions and are detailed as follow:

Company	Nature of relationship	Receivables/ Accruals Assets as of March 31, 2020	Payables/ Deferrals Liabilities as of March 31, 2020	Revenue/ financial income for the period ended March 31, 2020	Costs for the period ended March 31, 2020
F.C. Internazionale Milano S.p.A. (Parent Company)	Commercial/ Services	1,977	5,248	4	3,757
F.C. Internazionale Milano S.p.A. (Parent Company)	Credit Transfer	—	32,139	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Financial	167,938	—	5,692	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Tax consolidation charges	4,595	13,256	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)		—	9,951	—	—
Jiangsu Suning Sports Industry Co	Commercial	2,186	285	6,453	—
Great Mercury Limited	Commercial	1,751	—	1,751	—
Inter Brand S.r.l. Commercial	Commercial	—	43,000	—	—
M-I Stadio S.r.l. Commercial	Commercial	—	11	—	17
Total		**178,447**	**103,890**	**13,900**	**3,774**

All transactions with related parties are conducted in conditions of arm's length.

Note 35. Guarantees, commitments and liabilities arising from the Balance Sheet

The Company, throughout the periods, does not have any guarantee, commitment and liabilities arising from the Balance Sheet.

Note 36. Remuneration of Directors, Statutory Auditors and Independent Auditors

Remuneration of Directors, Statutory Auditors and Audit Firm are detailed below:

€ thousand	As of March 31 2020	2019
Board of Directors	—	—
Board of Statutory Auditors	48	48
Independent Audit Firm for the audit of the financial statement	34	29
Total	**82**	**77**

Note 37. Subsequent events occurred after March 31, 2020

Following the March 31, 2020:

- The Lega Serie A has confirmed the re-start of the National Cup (Serie A) from June 20, 2020, following a meeting between FIGC and the Italian Government. At the date of this Interim Consolidated Financial Statements, Inter played five Serie A matches. Furthermore, on June 13, 2020, the First Team was knocked out by Napoli in the semi-finals of the Tim Cup.

Note 38. Administration and coordination

The Company is subject to administration 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 value of the approved stand-alone Financial Statements throughout the fiscal years of the Parent Company providing administration and coordination:

BALANCE SHEET

€ thousand	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Assets			
Receivables from shareholders for unpaid capital contribution	—	—	—
Fixed assets	478,071	458,111	370,110
Current assets	226,990	300,807	133,110
Prepayment and accrued income	13,690	14,906	7,671
Total assets	**718,751**	**773,824**	**510,891**

€ thousand	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Liabilities and Shareholders' equity			
Shareholders' equity			
Share capital	19,195	19,195	19,195
Reserve	171,943	131,943	109,495
Retained earnings (Losses)	(63,295)		
Loss for the current period	(74,407)	(63,295)	(82,551)
Shareholders' equity	**53,436**	**87,843**	**46,139**
Non-Current Liabilities			
Provisions for risks and charges	27,543	359	1,624
Reserve for employee severance indemnities	482	447	467
Payables	618,167	668,109	453,251
Accruals and deferred income	19,123	17,066	9,410
Total liabilities	**718,751**	**773,824**	**510,891**

INCOME STATEMENT

€ thousand	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Value of production	276,517	212,421	196,181
Production costs	(409,386)	(305,971)	(286,829)
Financial income and expenses	37,094	11,441	(12,419)
Value adjustment to financial assets	871	(177)	(355)
Extraordinary income and expenses	—	—	—
Current and deferred income taxes for the current period	20,497	18,991	20,871
Loss for the current period	**(74,407)**	**(63,295)**	**(82,551)**

Note 38. Administration and coordination (Continued)

CASH FLOW STATEMENT

€ thousand	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Cash flow from operating activities	17,512	(61,961)	(76,393)
Cash flow from investing activities	(56,481)	(163,404)	(144,701)
Cash flow from financing activities	41,408	256,130	195,206
Increase/(Decrease) in cash and cash equivalents	**2,439**	**30,765**	**(25,888)**

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CONSOLIDATED BALANCE SHEET

For the nine-months period ended March 31, 2020

€ thousand	Notes	As of March 31, 2020	As of June 30, 2019	As of March 31, 2019
Assets				
Intangible assets—player registration rights	7	380,887	312,066	272,815
Intangible assets—brand, library and other	7	102,644	104,946	104,703
Property, plant and equipment	8	25,883	21,481	19,507
Financial assets	9	10,410	10,410	10,410
Investments in associated and other companies	10	1,931	1,931	1,060
Receivables from specific sector institutions	16	46,851	66,689	35,244
Trade receivables	12	0	0	712
Prepaid expenses and accrued income	18	5,948	7,827	7,311
Non-current Assets		**574,553**	**525,350**	**451,762**
Financial asset—current portion	9	12,381	2,163	12,373
Inventories	11	0	0	3
Trade receivables—current portion	12	79,901	88,986	81,413
Trade receivables from parents companies and their affiliated	13	16,366	51,143	44,477
Tax receivables	14	1,975	5,709	881
Deferred tax assets	15	985	1,107	997
Receivables from specific sector institutions—current portion	16	76,085	65,096	78,076
Other receivables	17	223	5,058	213
Prepaid expenses and accrued income—current portion	18	11,580	6,022	13,633
Cash at bank and on hand	19	65,823	54,666	74,103
Total current Assets		**265,319**	**279,951**	**306,170**
Total Assets		**839,872**	**805,301**	**757,932**

€ thousand		As of March 31, 2020	As of June 30, 2019	As of March 31, 2019
Liabilities and Shareholders' equity				
Shareholders' equity	20			
Share capital		19,195	19,195	19,195
Reserve		171,103	174,398	134,398
Retained earnings		(134,853)	(149,761)	(149,761)
Profit/(loss) for the period		(103,147)	(48,387)	(31,665)
Total Shareholders' equity		**(47,702)**	**(4,555)**	**(27,833)**
Non-Current Liabilities				
Deferred tax liabilities	21	1	346	357
Provisions for employee severance indemnities	22	827	876	861
Existing Notes	24	278,270	280,794	283,230
Shareholders' Loan	25	80,877	140,877	50,000
Bank Loan	26	50,000	25,000	25,000
Payables to specific sector institutions	28	85,768	56,800	22,948
Trade payables	29	8,967	1,533	1,921
Payables to companies subject to parent companies control	31	46,235	46,235	0
Deferred income	38	12,115	11,581	12,636
Non-current Liabilities		**563,059**	**564,042**	**396,953**
Current Liabilities				
Provisions for risks and charges	23	25,548	28,050	854
Existing Notes —current portion	24	10,685	6,550	10,428
Shareholders' Loan—current portion	25	7,452	8,024	187,597
Bank Loan—current portion	26	378	167	18
Other financing	27	0	0	0
Payables to specific sector institutions—current portion	28	101,204	78,127	76,237
Trade payables—current portion	29	57,126	54,358	50,592
Payables to parent companies	30	285	181	136
Payables to companies subject to parent companies control—current portion	31	4,375	2,699	0
Tax Payables	32	30,341	20,004	17,569
Social security payables	33	1,712	1,535	1,771
Payables to subsidiaries	34	16	16	16
Payables to associated companies	35	1,917	2,084	1,399
Other payables	36	29,809	24,666	15,148
Accrued expenses	37	802	557	767
Deferred income—current portion	38	52,865	18,795	26,278
Current Liabilities		**324,515**	**245,814**	**388,811**
Total Liabilities and Shareholders' equity		**839,872**	**805,301**	**757,932**

CONSOLIDATED INCOME STATEMENT

For the nine-months period ended March 31, 2020

€ thousand	**Notes**	**9 month at March 31, 2020**	**9 month at March 31, 2019**
Revenue:	39		
— *Matchday*		48,746	39,733
— *Media*		114,320	120,417
— *Commercial*		71,325	107,266
— *Other*		6,127	3,603
Total revenue		**240,517**	**271,019**
Personnel costs	40		
— *Playing staff*		141,371	114,787
— *Non-Playing staff*		21,155	21,143
Purchase of goods and changes in inventory	41	2,974	2,087
Cost of services	42	51,878	38,963
Other operating costs	43	16,067	14,310
Capitalization of youth program costs	44	(6,562)	(5,435)
Depreciation and Amortization—player registration rights	45	90,686	65,928
Depreciation and Amortization—other intangibles and property, plant and equipment	45	10,457	8,796
Impairment of assets	46	0	2,064
Write-down of trade receivables	47	1	6
Provisions for risks and charges	48	7,661	0
Total operating costs		**335,689**	**262,649**
Net gain on player sales	49	13,997	6,108
Net loaned player fees	50	1,477	(15,794)
Operating loss		**(79,698)**	**(1,316)**
Net financial expenses	51	(18,580)	(24,126)
Share of loss / profit of the investee	52	0	0
Loss before tax		**(98,277)**	**(25,442)**
Income taxes	53	(4,869)	(6,222)
Loss for the period		**(103,147)**	**(31,665)**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-months period ended March 31, 2020

€ thousand	Share capital	Share premium reserve	Reserve to cover future losses	Reserve for future capital increases	Retained earnings/ losses	Fiscal year profit/loss	Total
Balance as of June 30, 2018	**19,195**	**29,398**	**105,000**	**—**	**(132,007)**	**(17,754)**	**3,833**
Resolution ex Shareholders' meeting October 26, 2018:							
— Retained earnings (losses)	—	—	—	—	(17,754)	17,754	—
Result for the nine-months period ended March 31, 2019	—	—	—	—		(31,665)	(31,665)
Balance as of March 31, 2019	**19,195**	**29,398**	**105,000**	**—**	**(149,761)**	**(31,665)**	**(27,833)**
Balance as of June 30, 2019	**19,195**	**29,398**	**105,000**	**40,000**	**(149,761)**	**(48.387)**	**(4.555)**
Resolution ex Shareholders' meeting October 28, 2019:							
— Retained earnings (losses)	**—**	**—**	(63,295)	**—**	14,908	48.387	**—**
— Reserve for future capital increases	**—**	**—**	**—**	60,000	**—**	**—**	**60.000**
Result for the nine-months period ended March 31, 2020	**—**	**—**	**—**	**—**	**—**	(103,147)	**(103,147)**
Balance as of March 31, 2020	**19,195**	**29,398**	**41,705**	**100,000**	**(134,853)**	**(103,147)**	**(47,702)**

CONSOLIDATED CASH FLOW STATEMENT

For the nine-months period ended March 31, 2020

€ thousand	9 month at March 31, 2020	9 month at March 31, 2019
Cash flow from operating activities		
Loss for the period	**(103,147)**	**(31,665)**
Current Taxes	5,092	6,764
Net financial expenses	18,552	24,044
1. Loss for the year before taxes and interests	**(79,503)**	**(856)**
Non cash adjustments		
Depreciation and Amortization	101,143	74,724
Provision / (use) for Bad debt provision	(734)	2,064
Employee severance indemnities	(49)	105
Provisions/(Uses) for contingencies	(2,847)	70
Gain on disposal of player registration rights	(13,997)	(6,108)
2. Cash flow from operating activities before changes in net working capital	**4,013**	**69,999**
Changes in Net Working Capital		
Increase / (decrease) in trade and other receivables	53,289	(844)
(Decrease)/Increase in trade and other payables	20,658	(6,428)
Other working capital items	31,169	4,034
3. Cash flow from operating activities after changes in working capital	**109,129**	**66,761**
Other Adjustments		
Taxes paid	(3,219)	(2,802)
Interests paid	(8,241)	(7,456)
Cash flow from operating activities (A)	**97,669**	**56,504**
Cash flow from investing activities		
Increase in player registrations rights	(176,080)	(42,306)
Decrease in player registrations rights	30,569	11,972
Changes in receivables from football clubs	61,454	1,462
Increase youth programme costs	(6,562)	(5,435)
Increase other intangible assets—stadium and other	(1,578)	(1,548)
Increase tangible assets	(5,846)	(1,353)
Increase in financial fixed assets	84	(1,812)
Investment in Financial Assets	(10,302)	(10,352)
Disinvestment in Financial Assets	0	0
Cash flow from investing activities (B)	**(108,262)**	**(49,371)**
Cash flow from financing activities		
Debt Financing		
Net Increase in Bank Loan	25,000	25,000
Existing Notes repayment	(3,250)	(3,100)
Equity Financing	0	0
Cash flow from financing activities (C)	**21,750**	**21,900**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**11,157**	**29,032**
Cash at hand and on bank at beginning of the year	**54,666**	**45,071**
Cash at hand and on bank at the end of the year	**65,823**	**74,103**

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EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As of and for the nine-months period ended March 31, 2020

Note 1. General information about the group

F.C. Internazionale Milano S.p.A. (the "Parent Company" or "Inter") is a joint-stock company, incorporated and domiciled in Italy, with registered office in Milan, Viale della Liberazione 16/18, whose controlling shareholder, starting from June 28, 2016, is the company Great Horizon S.à.r.l., entirely controlled by Suning Holdings Co, Ltd , as better discussed below.

F.C. Internazionale Milano S.p.A. and its subsidiaries (the "Group") are one of leading football clubs in Italy and generate different kinds of revenue from its business activities: those revenue derived directly from traditional sporting activities (revenue from matches) and team management activities are combined with revenue generated from the granting of broadcasting rights, sponsorship and the rights for trademark and image.

Note 2. Change in the shareholding of the Parent Company

In February 2019 LionRock Zuqiu Limited ("LionRock")—a subsidiary of LionRock Capital, an institutional investor based in Hong Kong—acquired 4,636,221,998 shares of International Sports Capital S.p.A. ("ISC") from International Sports Capital HK, Ltd. ("ISC HK"), which represents 31.05% of the share capital of F.C. Internazionale Milano S.p.A.

As of June 30, 2019, the shareholding structure of F.C. Internazionale Milano S.p.A. is:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Co, Ltd);
- Lion Rock 31.05%;
- Other minors 0.4%.

Note 3. Basis of Presentation

These special purposes Interim Condensed Consolidated Financial Statements as of and for the nine-months period ended March 31, 2020 (the "Interim Condensed Consolidated Financial Statements") have been prepared solely for the purposes of their inclusion in the offering memorandum to be prepared in connection with the issuance of Senior Secured Notes by Inter Media and Communication S.r.l. (i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S (and only to investors who, if resident in a member state of the European Economic Area, are qualified investors under Directive 2003/71/EC).

The Interim Condensed Consolidated Financial Statements include the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of changes in Shareholders' equity, the Consolidated Cash Flow Statement and the Explanatory Notes which were approved by the Board of Directors on July 13, 2020. The Interim Condensed Consolidated 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), and in particular OIC 30, revised and supplemented by the Italian Accounting Organization (Organismo Italiano di Contabilità, O.I.C.) ("**Italian GAAP**") and with the provisions issued by the FIGC and the Supervisory Commission for Italian Football Clubs (Commissione di Vigilanza per le Società di Calcio) ("Co.Vi.Soc.").

In preparing the Interim Condensed Consolidated Financial Statements, however, Inter reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS.

The items reported in the Interim Condensed Consolidated Financial Statements are stated in accordance with the general principles of prudence and accruals and considering the economic function of the assets and liabilities.

Note 3. (Continued)

The Interim Condensed Consolidated Financial Statements are shown in Euro, which is the presentation currency of the Group and its subsidiaries. All amounts shown in this document are expressed in thousands of Euro, unless otherwise specified.

Going concern

The Interim Condensed Consolidated Financial Statements has been prepared on a going concern basis taking into account the following consideration and uncertainties.

The pandemic COVID-19 is expected to have direct impact on the Group's economic and financial performance. The Group's operations and operating results have been, and continue to be, materially impacted by the COVID-19 pandemic and government and league actions taken in response. Such actions resulted among others in the immediate stop of Serie A season, UEFA and domestic cup competitions and the closure of the San Siro stadium since March 9, 2020, prolonging the 2019/2020 Serie A season through July, the postponement of the summer market player window to August, the postponement of the final phase of the Europa League in August and the start of the new 2020/2021 season in September without fan attendance. This has resulted in the deferral of 4 matches originally expected to be played in the three months ended March 31, 2020 and of 4 home matches originally expected to be played in the last three months ending of the season ended June 30, 2020. This has caused a loss of revenue during the 9 months period ended March 31, 2020 and it is expected to cause an incremental loss of revenue in the near future considering that the present limitation which excludes matchdays attendance can be prolonged by the Government also to a part of the season 2020-2021. Furthermore, a portion of recurring revenue recognition from contracts in place such as sponsorship and media rights and related cash flows are expected to be shifted in 2020-2021 season due the abovementioned postponement of all the main competitions, even if at the moment they are not expected they will suffer significant reduction. The above indicated impact of the COVID-19 pandemic has affected the cash flow generation of the period as well as the cash flow generation expected for the season 2020-2021. On this regard, the Directors have developed different scenarios which foreseen loss both for 2020 and 2021 fiscal years end with consequent impact of cash-flow generated and capitalization.

In this context, the Shareholder (Suning) has re-confirmed its commitment to support the Group from a financial, capital and economic standpoint in the foreseeable future including the following 12 months.

As described above, the Group has been negatively affected by the COVID-19 pandemic and is projected to incur further losses in the years ending June 30, 2020 and 2021. In addition, the Parent Company's separate financial statements could reflect a negative equity position come July 2020, even with the end of June increase in equity of €10 million. The Group has also deployed and will continue to deploy a negative working capital position. Based on the aforementioned support by the Shareholders, however, the Directors have considered the going concern assumptions for the preparation of the Interim Condensed Consolidated Financial Statements to be appropriate.

It should be noted that in case of a relapse of the COVID-19 pandemic, this could generate additional disruptive effects on the Football industry both nationally and internationally and this could limit the ability or the availability of Suning to provide unlimited financial support, affecting Inter's liquidity and ability to continue its business operations; while such occurrences are not considered as probable, putting in discussion the adequacy of the present commitment for support of Suning granting the going concern, their potential occurrence would be surely balanced with reaction of Government and European football system that, while unpredictable at present, would not put in discussion the adequacy for the purpose of granting the going concern of the present commitment of Suning sized on the best knowledge and more realistic expectation of the Lockdown and Recovery scenarios at present predictable and better described below.

Note 3. (Continued)

In this context, as described in the Note 7 to which reference should be made, Directors has developed 2 scenarios in order to evaluate the potential impact of COVID-19 which have been used also to perform impairment test: Lockdown Scenario and Recovery Scenario.

In the Lockdown Scenario, Management assumed, as key factor, that the Season 2019-2020 will be permanently stopped, without any other played match. Even though such a scenario seems no more plausible according to the last events (i.e. official recovery of Serie A from June 20,2020), Directors are not excluding that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A Season 2019-2020 again. For that reason, Directors decided to keep the Lockdown Scenario in the valuation exercise for impairment test purposes.

In the Recovery Scenario, Management assumed, as key factor, that the championship will be resumed in June and will be regularly ended in July/August 2020. According to the last occurrences, such a scenario results as the realistic one. In both cases, anyway, the present commitment of Suning grant the going concern.

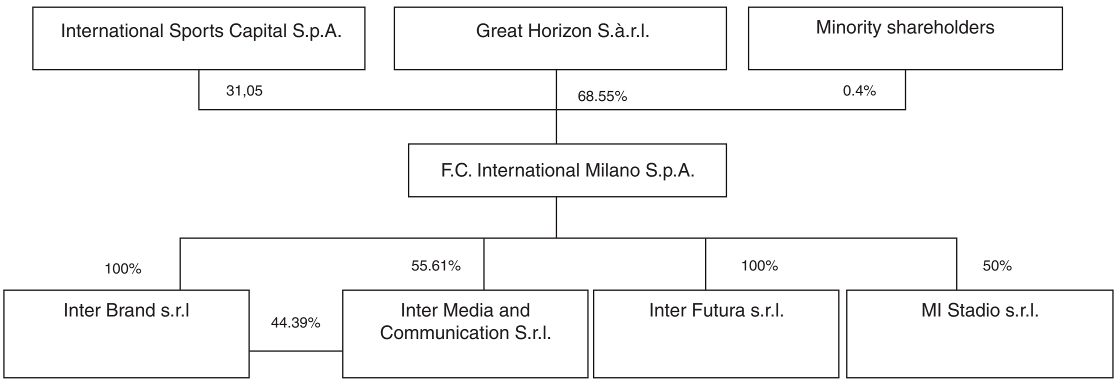
Concerning the minimum capital requirements provided by Italian Law, it should be noted that such requirements are measured with reference to the separate financial statements of F.C. Inter.

On this regards, the projection at June 30, 2020 shows that F.C. Inter will run the business in negative equity due to the significant losses suffered by the Parent during the lockdown period. In order to reestablish a positive equity at June 30, 2020, the main Shareholder (Suning)—confirming its commitment to support the Parent Company and the Group - on June 22, 2020 converted in equity an additional amount of Euro 10 million of shareholder's loan.

Finally, as anticipated, it is expected that in the month of July the equity level will negative again due to the loss accumulated in the first months of the financial year 2020-2021, and such negative equity will persist in the following months. On this regard, management has the intention to apply the provision of the Art. 6 of the so called "*Decreto Liquidità* "(converted into law n. 40 on 5 June 2020), which allow the companies to temporary waive the disposition concerning the minimum capital requirements provided by the art. 2446 and 2447 of Italian Civil code.

Note 4. Scope of consolidation and presentation of the Interim Condensed Consolidated Financial Statements

The scope of consolidation of the Group was determined by referring to the legal control that the Parent Company exercises over its subsidiaries.



The Interim Condensed Consolidated Financial Statements consist of the Financial Statements of the Parent Company F.C. Internazionale Milano S.p.A., and the subsidiaries Inter Media and Communication S.r.l., Inter Brand S.r.l. and Inter Futura S.r.l., in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control. The associated company M-I Stadio S.r.l., in which the Parent Company holds a 50% stake together with

Note 4. Scope of consolidation and presentation of the Interim Condensed Consolidated Financial Statements (Continued)

the company A.C. Milan S.p.A., is accounted for using the equity method, having Inter a significant influence over M-I Stadio, but not the control.

The scope of consolidation at March 31, 2020, unchanged respect to scope of consolidation at June 30, 2019, therefore includes, besides the Parent Company, the following companies:

COMPANY	PERCENTAGE HOLDING
INTER MEDIA AND COMMUNICATION S.R.L.	100%*
INTER BRAND S.R.L.	100%
INTER FUTURA S.R.L.	100%
M-I Stadio S.r.l. (consolidated using "equity method")	50%

* 55.61% held directly by the Parent Company FC Internazionale Milano SpA and 44.39% held indirectly through Inter Brand S.r.l.

The Group also includes two subsidiaries, Shanghai Inter Brand Trading Co. Ltd and Inter Brand China Co. Ltd., in liquidation, indirectly controlled by the Parent Company through Inter Brand S.r.l.. Such subsidiaries, during the nine-months period ended March 31, 2020 and for the fiscal year ended June 30, 2019, have not been consolidated since they are no longer a long-term strategic investment for the Group. Such investments have been accounted for using equity method, having Inter a significant influence over M-I Stadio, but not the control.

Note 5. Consolidation Accounting Principles

The Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree 127/1991 and those of the accounting standard OIC 17 (Italian GAAP principle N.17).

The financials of the subsidiaries are included in the Interim Condensed Consolidated Financial Statements from the date in which the Parent Company acquires control and are no longer consolidated from the date in which the Parent Company loses control.

The interim condensed financial statements of the subsidiaries included in the Interim Condensed Consolidated Financial Statements are consolidated on a line-by line basis. The main consolidation criteria, consistently applied year over year described herein, are as follows:

- the carrying amount of investments in consolidated subsidiaries is eliminated against the corresponding net equity; positive differences are allocated, where possible and gross of the related tax effect, to the subsidiaries' assets. Any non-attributable residual amount calculated at the date of acquisitions, represents goodwill and is recognized as intangible assets and amortized over its estimated useful life;
- all payables, receivables, revenue and costs, including any unrealized profit and losses, deriving from transactions between subsidiaries and the parent company or between subsidiaries are eliminated upon consolidation.

Note 5. Consolidation Accounting Principles (Continued)

Here follow it's reported the reconciliation of net equity and result for the financial year as reported in the separated interim condensed financial statements of F.C. Internazionale and those reported in the Interim Condensed Consolidated Financial Statements as of March 31, 2020 and as of June 30, 2019:

€ thousand	Shareholders' Equity at 31 March 2020	Result for the nine-months period ended 31 March 2020	Shareholders' Equity at 30 June 2019	Result for the fiscal year ended 30 June 2019
F.C. Internazionale Milano S.p.A.	**45,092**	**(68,344)**	**53,437**	**(74,407)**
Effects on Shareholders' Equity deriving from the consolidation of the subsidiaries Inter Brand, Inter Futura and Inter Media:	—	—	—	—
Effect on retained profits (losses) generated by consolidation adjustments of prior years	(57,992)	—	(84,011)	—
Total effects on Shareholders' Equity	**(57,992)**		**(84,011)**	
Effects on operating results:				
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by I.Brand s.r.l.	(27,467)	(27,467)	(20,897)	(20,897)
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by Inter Media and C. s.r.l.	(40,383)	(40,383)	(36,464)	(36,464)
Elimination dividend of Inter Brand s.r.l. Distributed by Inter Media & C. S.r.l.	(31,719)	(31,719)	(29,107)	(29,107)
Elimination of amortization of capital gains from contribution allocated to Inter Media and C. S.r.l. Net of the effect on deferred taxation	8,206	8,206	10,912	10,912
Economic result Inter Brand s.r.l.	31,916	31,916	28,913	28,913
Economic result InterFutura s.r.l.	19	19	16	16
Economic result Inter Media and C. S.r.l.	24,626	24,626	72,646	72,646
Total effects on the operating results	**(34,802)**	**(34,802)**	**26,019**	**26,019**
Consolidated F.C. Internazionale Milano (Note 20)	**(47,701)**	**(103,147)**	**(4,555)**	**(48,387)**

While the Group present a consolidated deficit position mainly connected to the write-down of effect of gains realized from business combinations among companies under common control, F.C. Internazionale equity, determined using Italian GAAP that allow not to write-down the such abovementioned effects.

Note 6. Significant accounting policies

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with the OIC 30—Interim Financial Statements; therefore the Interim Condensed Consolidated Financial Statements do not include all the information required in the annual Financial Statements and must be read in conjunction with the annual Financial Statements prepared for the year ended June 30, 2019, June 30, 2018 and June 30, 2017. The amounts as of March 31, 2019 have been included in the Balance Sheet for information purposes only, but they are not commented in the Explanatory Notes to the Interim Condensed Consolidated Financial Statements which compare the amounts as of March 31, 2020 with the amounts as of June 30, 2019.

Other information

Use of estimates

In preparing the Interim Condensed Consolidated Financial Statements, Management makes estimates and assumptions which have effects on the values of assets and liabilities. The estimates and assumptions are based on experience and on other relevant factors. The actual results could be

Note 6. Significant accounting policies (Continued)

different from these estimates. The estimates and assumptions are reviewed periodically and the effects of each variation are reflected on the Income Statement in the year/period when the estimate is revised. The items that are affected by use of estimate are: i) the revenues for media rights, ii) the bad debt reserve, iii) the provisions for risks and charges and iv) the evaluation of the recoverable value of property, plant and equipment and intangible assets after the execution of the impairment test exercise.

The revenues for media rights in Serie A are allocated among clubs according to performance of each club in the national championship over the last season and the last five seasons the historical results achieved at national and international level since the 1946/1947 season and fan base. The revenues for television rights are estimated in the Interim Condensed Consolidated Financial Statements, on the basis of prior experience and in consideration of the trend of the sports results of F.C. Inter. It cannot be excluded that the actual amount of the revenue which will be allocated at the end of the season—which also depends on the performance of the other teams participating in the championship as well as the future performance of the team and the fan potential related to the team—may result different from the estimate. In addition, the uncertainties created by the COVID-19 global pandemic, including the severity and duration of the outbreak and additional actions that may be taken by governmental authorities, as described above, make it difficult to forecast both Serie A and UEFA's ability to avoid possible discounts on the amounts due under the existing media rights arrangements, in any case at present not predictable.

Regarding the provisions for risks and charges and the write-down of doubtful receivables, the Interim Condensed Consolidated Financial Statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the state of litigation, using the information provided by the legal and tax advisors, who assist the Company as well as considering outstanding contracts with the counterparts. The estimate of the risks is subject to uncertainties and it cannot be excluded that in future fiscal years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency. Furthermore, COVID-19 pandemic could have material impact on the expected credit loss and on the solvency affecting the recoverability of certain account receivables.

With particular reference to Financial Fair Play (FFP), management use the most recent estimates in order to assess the present and future compliance in relation to the FFP rules. The assumptions used in the preparation of economic projections are characterized by intrinsic uncertainty both with reference to macroeconomic conditions of the sector, as well as to specific conditions relating to the Group, which depend in large measure on the sports results and based on the current status and best estimate based on the existing knowledge of the evolution of the pandemic crisis Coronavirus available at the time the estimate was made, which is inherently uncertain, whose change—currently not foreseeable—might lead to final results that are different from what was estimated, which might render it necessary to accrue in the future, in all or in part, the amount related to the above-mentioned penalties. It should be noted that as described in Note 57. *Subsequent events occurred after March 31, 2020*, UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately against the background of the Coronavirus (COVID-19) pandemic.

With reference to the measurement of the recoverable value of the intangibles assets and property, plant and equipment, the Directors, conducted an impairment test. Such impairment test was made on the basis of economic and financial projection of the Group for the period 2021-2025. The forecasts, develop under different alternative scenarios (Lockdown and Recovery Scenarios better detailed at Note 7) of severity of the impact of COVID-19 on the operations, are based on the assumptions characterized in any case by intrinsic uncertainty, both with reference to macroeconomic and sector conditions as well as specific conditions tied to the Group, depending to a large extent on the sports results of the Group and based on the current status and knowledge of the pandemic crisis Coronavirus available at the time the estimate was made, which is inherently uncertain, any change of which—currently unpredictable—might result in final results that are different than what is estimated, which might require at consolidated level an impairment loss.

Note 6. Significant accounting policies (Continued)

Debt refinancing operations

On December 21, 2017, the subsidiary company Inter Media and Communication, 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 €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 €50 million, which has been used for €25 million as of June 30, 2019 and in July 2019 for the remaining amount. This transaction led to i) full repayment of previous financing (with Goldman Sachs / Unicredit) equal to €202 million at the Existing Notes subscription date; ii) generation of new financial resources to be used for the ordinary activities of the Inter Group. The Existing Notes 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 Existing Notes (mainly legal advice and bank fees), equal to €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). The amortization of expenses is added to 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 Existing Notes indenture, Inter Media mortgaged the “FC Inter” trademark and FC Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media.

Agreement with Suning

Please refer to the Annual Consolidated Financial Statements for further information in relation to the Agreement with Suning and its affiliates. Regarding Agreement with Suning, revenues for the nine-months period ended March 31, 2020 amount to €12.4 million.

Sponsorship Revenue

The suspension of the sporting season caused by the worldwide diffusion of the Pandemic COVID-19 involved the Group temporary inability to fully comply with contractual obligations with the commercial partners. The sporting season has been suspended from the second week of March. At that stage, there were twelve Serie A matches to be played (thirteen for FC Inter First Team, of which seven were home matches). The Group recognized the sponsorship revenues pro-rated as of February 29, 2020 with the exception of the revenues arising from the agreement with Jiangsu Suning Sports Industry Co above mentioned, which have been recognized on a complete nine-month period in accordance with the contractual agreement.

Analysis of Balance Sheet items

Note 7. Intangible assets

As of 31 March 2020 and 30 June 2019 Intangible Assets amount respectively to €483.5 million and to €417.0 million.

Intangible assets are detailed as follow:

	Historical cost					Accumulated Depreciation					
€ thousand	Balance as of June 30, 2019	Increase	Decrease	Recl	Balance as of March 31, 2020	Balance as of June 30, 2019	Decreases	Impairment	Amortisation for the nine-months period ended March 31, 2020	Amortization as of March 31, 2020	Assets Intangible Net
Player registration rights	**549,994**	**176,080**	**(59,641)**	**—**	**666,433**	**(237,927)**	**43,069**	**—**	**(90,686)**	**(285,544)**	**380,887**
—Player registration rights	*549,994*	*176,080*	*(59,641)*	—	*666,433*	*(237,927)*	*43,069*	—	*(90,251)*	*(285,544)*	*380,887*
Brand, library and other	**277,174**	**8,140**	**(1,434)**	**—**	**283,880**	**(172,228)**	**1**	**—**	**(9,010)**	**(181,237)**	**102,644**
—Industrial patents and similar intellectual property rights	*412*	*20*	—	—	*432*	*(317)*	—	—	*(15)*	*(332)*	*100*
—Concessions, licenses, trademark and similar rights	*193,180*	*160*	*(3)*	*10*	*193,347*	*(105,286)*	*1*	—	*(4,223)*	*(109,508)*	*83,839*
—Construction in progress	*1,069*	*385*	*(1,431)*	*(10)*	*13*	—	—	—	—	—	*13*
—Capitalised youth programme costs	*66,741*	*6,562*	—	—	*73,303*	*(53,915)*	—	—	*(4,380)*	*(58,295)*	*15,008*
—Finance Fees	*13,757*	—	—	—	*13,757*	*(13,757)*	—	—	—	*(13,757)*	—
—Leasehold improvements	*2,015*	*1,013*	—	—	*3,028*	*1,047*	—	—	*(392)*	*655*	*3,683*
Total Intangible Assets	**827,168**	**184,220**	**(61,075)**	**—**	**950,313**	**(410,155)**	**43,070**	**—**	**(99,696)**	**(466,781)**	**483,531**

Movements of intangible asset are mainly due to investments and disposals in the “Player registration rights”.

Note 7. Intangible assets (Continued)

Player registration rights

With respect to the player registration rights as of March 31, 2020, please find below the main transactions that occurred during the fiscal year:

- Purchases:

Club	Player	Player acquisition price	Actualization Effect	Actualized Value	Age	Contract Expiry
Manchester United	Lukaku Romelu	74,162	(6,877)	67,285	26	2024
Cagliari Calcio	Barella Nicolò	40,500	(450)	40,050	23	2023
Tottenham Hotspur Football Club	Eriksen Christian	27,567	(569)	26,998	28	2024
Genoa C.F.C.	Radu Ionut	10,624	(69)	10,555	22	2024
F.C. Sochaux	Agoumè Lucien	4,512	—	4,512	17	2022
Club Nacional de Football	Satriano Costa Martin Adrian	2,400	—	2,400	19	2024
Manchester United Football Club	Young Ashley	1,729	—	1,729	34	2020
F.C. Empoli	Fontanarosa Alessandro	750	—	750	17	2022
Delfino Pescara 1936	Straccio Leonardo	550	—	550	16	2023
Calcio Catania	Carboni Franco Ezequiel	402	—	402	17	2022
ES Troyes A.C.	Kinkouè Etienne	400	—	400	18	2022
Fussballclub Zürich	Hoti Andi	155	—	155	17	2022
U.S. Pergolettese 1932	Riboli Michele	150	—	150	15	2023
BK Hacken	Lindkvist Elvis Rikard	115	—	115	17	2022
Piacenza Calcio 1919	Semenza Andrea	110	—	110	15	2023
Other "Player Registration Rights" acquired during the fiscal year		19,939	(21)	19,919		
Total		**184,065**		**176,080**		

- Sales:

Club	Player	Historical Cost	Age
Clube de Regatas do Flamengo	Barbosa Almeida Gabriel	33,128	23
Resolution	Miranda De Souza Filho Joao	13,424	35
Parma Calcio 1913	Karamoh Yann	7,032	21
Termination	Bandini Andrea	2,109	25
Reading F.C.	Puscas George	668	23
Termination	Santos de Oliveira Nascimento Italo	477	24
U.C. Sampdoria	D'Amico Felice	402	19
Termination	Di Gennaro Raffaele	301	26
F.C. Eindhoven	Van Den Eynden Flor	235	19

Note 7. Intangible assets (Continued)

Club	Player	Historical Cost	Age
Modena F.C. 2018	Mattioli Alessandro	229	22
Termination	Mitrea Vlad Nicolae	225	18
Termination	Soares da Veiga Fonseca Goncalo	145	19
Aurora Pro Patria 1919	Lombardoni Manuel	130	21
F.C. Empoli	Merola Davide	118	19
Other "Player Registration Rights" sold during the fiscal year		1,018	
Total		**59,641**	

Decrease in amortization represent the release of the accumulated amortization following the disposal of a player registration right.

Brand, library and other

The item "*Concessions, licenses and trademark*" mainly relate to

- "F.C. Inter" brand which is amortized on a period of 20 years;
- Library archive which is amortized over 30 years, starting from July 1, 2011.

"*Constructions in progress*", relates to the costs incurred for improve G. Meazza Stadium and "Giacinto Facchetti Sports center" which are not yet completed.

The line "*Capitalization of youth programme costs*" refers to the investments incurred to manage and develop the youth sector and they are amortized for a period of five years. The recoverability of the recognition value of the costs of Youth program has been assessed by the Directors with reference to the offers systematically received in relation to the young players and to the players that become professional, which as far as now have fully remunerated the capitalized cost.

Leasehold improvements includes costs incurred for improve G. Meazza Stadium and Giacinto Facchetti Sports center". In relation to G. Meazza Stadium as already described in the significant accounting policy Municipality of Milan provides certain government grants allowing the Group to settle the rent payments due for the use of the Stadium against the cost incurred for such improvements. Consequently, the assets that are eligible for government grant are accounted for net of the payables for such rent expenses for an amount equal to €25.6 million as of March 31, 2020 and €24.2 million as of June 30, 2019.

Impairment test

The Directors, in accordance with OIC 9, in order to assess the value of the asset recorded in the Interim Condensed Consolidated Financial Statements conducted an impairment test, having considered the Pandemic COVID-19 a trigger event for potential impairment indicator.

Impairment test was conducted using the Discounted Cash Flow Method based on the forecast business plan 2021-2025 (here follow also the "Plan"), developed under different scenarios of evolution of the pandemic COVID-19, and discounted using a WACC (Weighted Average Cost of Capital). Impairment test was prepared by the Directors of the Group with the support of an external specialized accounting network and was approved by the Board of Directors together with the multi-scenario Plan on June 22, 2020.

As anticipated, given the clear uncertainty in the last 3 months about the effective recovery of Serie A SS19-20, the impairment test was performed considering two different scenarios: Lockdown Scenario and Recovery Scenario.

In the *Lockdown Scenario*, Management assumed, as key factor, that the season 2019-2020 will be permanently over, without any other played match. Even though such a scenario seems no more

Note 7. Intangible assets (Continued)

plausible according to the last events (i.e. official recovery of Serie A from June 20, 2020), Directors deem that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A season 2019-2020 again. For that reason, Directors decided to keep the *Lockdown Scenario* in the valuation exercise for impairment test purposes because in any case significant for sizing the maximum negative impact of the pandemic COVID-19.

In the *Recovery Scenario,* Management assumed, as key factor, that the championship will be resumed in June and will be regularly ended in July/August 2020. According to the last occurrences, such a scenario results as the realistic one.

In relation to Recovery Scenario, projections have been made with the main assumption, the team for Season 2020-2021 will not pass the Uefa Champions League ("UCL") groups and to be eliminated in the round of 8 of Uefa Europa League ("UEL") and from Season 2021-2022 until the end of the Plan, that FC Inter will pass UCL groups and will be eliminated in the round of 16. In relation to Matchdays revenue the Plan assumes a relevant drop in Season 2020-2021 matchday revenues since Management assumed to play the season behind closed doors until December 31st, 2020 and then with a 25% of stadium full capacity starting from January 1st, 2021. From SS21-22 onwards Management expects to reach pre COVID-19 levels.

Expected negative impact on sponsorship revenue related to season 2020/2021 generated by COVID-19 has been expected for both scenarios with a decrease of 20%.

The outcome of the players trading, affecting both the cash inflows and outflows and the level of gain and losses from sales of the players has been estimated in the Lockdown Scenario as affected by a general decrease of the players market value of 24% while in the Recovery Scenario of 15% (source: KPMG document—*Player value not immune to pandemic released on May 6 2020)*.

In the Lockdown Scenario, expected negative impact on Media Revenue due to possible negative outcomes from the renegotiation process with broadcasters that represents the 10% of the expected media rights in FY21, while in the Recovery Scenario it represents the 5% of the revenue stream.

Management assumed a reduction in players' wages and technical staff costs for a 2-month period with reference to Season 2019-2020, while in the Recovery Scenario Management assumed only a 1-month salary reduction for both players and technical staff, that, considering the restart of the season on June 20, 2020 is a realistic outcome of present negotiation of the system with the football players association. After FY 2020, personnel costs are projected in line with the evolution of the roster, growing continuously at the end of the Plan and it is consistent with the sport results of the forecasted evolution of players trading in both scenarios.

Other main assumptions in relation to the Plan consider to increase the level of Sponsorship revenue due to a more favourable negotiation of certain main sponsor expiring in the period of projections,

Long term growth rate used in the terminal value has been considered equal to zero as well as the variation of working capital. Depreciation and amortization are set equal to the Capex. Moreover, the terminal cash flow implicitly considers and projects on perpetuity a negative net balance in terms of players trading (around 20 m), that looks conservative from an impairment stand point.

WACC has been determined at 7.98% using as a main components: risk free rate at 1.21%, equity risk premium of 6% and additional risk premium of 3.16%. Wacc has been maintained at the same level for both the scenarios.

Result of the test showed recoverable amount which is higher than the carrying amount in both *Lockdown and Recovery Scenarios.*

Management in order to further stress the impairment test due to potential additional impact of COVID-19 pandemic, developed sensitivity analysis on both level of WACC and other certain assumptions such as reduction in certain sponsorship revenue, media rights connected to the pitch's

Note 7. Intangible assets (Continued)

performance, matchdays and players trading connected with the expected reduction in the value of the player due to COVID-19 pandemic. Based on the sensitivity analysis the overall result of the impairment test shows no impairment loss arises by the sensitivity applied except for the media rights decrease due to not qualification to the round of 16 in the UCL, which is expected a non-realistic occurrence. In particular, reducing the UEFA prize in FY25 and, consequently, in the Terminal Value, assuming no access of FC Inter in the UCL round of 16, has the worst implications on the impairment test results, leading to an impairment loss of Euro 6,5 million—in any case not significant for the purpose of an impairment exercise that remains subject to estimates and that has to reflect impact only in case of significant and realistic negative trigger events—that could occur but only in the *Lockdown Scenario* while a sufficient headroom remain in relation to *Recovery Scenario*. WACC level for which the carrying amount is equal to the recoverable amount (stress test exercise) is equal to 9,10% for *Lockdown Scenario* and 9,41% for *Recovery Scenario,* this representing an increase of the risk premium that reconfirms that the existence of present indicators of impairment is not present in the circumstances.

Note 8. Property, plant and equipment

As of 31 March 2020 and 30 June 2019 property, plant and equipment amount respectively to €25.9 million and to €21.5 million. Depreciation allocated throughout the nine-months period was calculated on all of the property, plant and equipment depreciated, applying the tax rates representing the technical-economic life, specified in the significant accounting policies.

Note 8. Property, plant and equipment (Continued)

Property, plant and equipment, are detailed as follow:

€ thousand	Historical cost					Accumulated Depreciation				
	Balance as of June 30, 2019	Increase	Decrease	Impairment	Balance as of March 31, 2020	Balance as of June 30, 2019	Disposal	Amortisation for the nine-months ended March 31, 2020	Amortization as of June 30, 2019	Net Book Value
Land and buildings	**23,207**	**451**	**—**	**—**	**23,658**	**(6,191)**	**—**	**(901)**	**(7,092)**	**16,566**
—land and buildings	23,113	395	—	—	23,508	(6,175)	—	(892)	(7,067)	16,441
—light buildings	94	56	—	—	150	(16)	—	(9)	(25)	125
Plant and machinery	**2,246**	**119**	**—**	**—**	**2,365**	**(1,699)**	**—**	**(98)**	**(1,797)**	**568**
—generic systems	753	35	—	—	788	(603)	—	(27)	(630)	158
—specific systems	1,493	84	—	—	1,577	(1,096)	—	(71)	(1,167)	410
Equipment	**1,122**	**101**	**—**	**—**	**1,223**	**(933)**	**—**	**(33)**	**(966)**	**256**
—sports equipment	250	51	—	—	301	(212)	—	(8)	(220)	81
—sanitary equipment	624	36	—	—	660	(533)	—	(22)	(555)	105
—various equipment	248	14	—	—	262	(188)	—	(3)	(191)	71
Other assets	**4,639**	**558**	**(12)**	**—**	**5,185**	**(2,190)**	**4**	**(415)**	**(2,601)**	**2,584**
—motor vehicles	16	—	—	—	16	(14)	—	(2)	(16)	0
—electronic machinery	1,839	300	(12)		2,127	(825)	4	(238)	(1,059)	1,069
—furniture and office machines	2,784	258	—		3,042	(1,352)	—	(175)	(1,527)	1,515
Assets under construction and advances	**1,280**	**4,629**	**—**		**5,909**	**—**	**—**	**—**	**—**	**5,909**
Total Property, Plant and Equipment	**32,495**	**5,858**	**(12)**	**—**	**38,340**	**(11,013)**	**4**	**(1,447)**	**(12,456)**	**25,883**

Land and buildings line item includes the cost of purchase of the "Angelo Moratti Sports Centre" of Appiano Gentile, the Inter's First team's headquarters for training. In particular, throughout the nine-months period, the buildings have been modernized and developed.

Plant and Machinery, throughout the nine-months period, mainly refers to cost incurred for the renewal of the football pitches of the Appiano Sports Center.

Equipments includes the cost of purchase of video facility located at the "Suning Training Centre in memory of Angelo Moratti" for the transmission of the advertising Sponsors.

Note 8. Property, plant and equipment (Continued)

Other Assets throughout the nine-months period are mainly related to the cost incurred for the new headquarter of Viale della Liberazione and to purchase new electronic equipment (notebooks and phones).

Assets under construction and advances, throughout the nine-months period, mainly refers to cost incurred for the construction of the hotel and the new gym at Appiano Sports Center, not yet completed as at March 31, 2020.

Note 9. Financial assets

The financial assets' amounts as of March 31, 2020 and June 30, 2019 are shown in the table below:

€ thousand	As of March 31, 2020	As of June 30, 2019
Financial assets	**22,791**	**12,573**
—within 12 months	12,381	2,163
—beyond 12 months	10,410	10,410
Total financial assets	**22,791**	**12,573**

Financial assets refer to the security deposits on Existing Notes as at March 31, 2020 for €20.8 million and to security deposits related to operating leases for €2.0 million. The increase of the current portion that amount to €10.2 million fully relates to cash transferred into the Debt Service Accounts to fulfill the obligations of the Existing Notes as at June 30, 2020.

Note 10. Investments in associates and other companies

The balance of investments in associated companies represents the equity value of the 50% stake in M-I Stadio S.r.l..

The relevant information referring to the associated companies is set forth below:

€ thousand	M-I Stadio S.r.l. as of March 31, 2020	M-I Stadio S.r.l. as of June 30, 2019
Registered Office	P.zza A.Moratti, s.n.c. Milan	P.zza A.Moratti, s.n.c. Milan
Share capital	1.000	1.000
Shareholders' equity	4,665	3,771
Fiscal year result	883	1,601
Stake held	50%	50%
Value in the financial statement	**1,886**	**1,886**

The associated Company has prepared its Interim Financial Statements as at March 31, 2020 on a going concern basis also considering the commitment from FC Inter and AC Milan to provide financial support in the next 12 months, by signing of a new agreement for the renew of the "Service Contract" with M-I Stadio (with effect from July 1, 2019 and expiring on June 30, 2023).

Investment in other companies €45 thousand corresponds to the investment of 19.5% held in the Consorzio Acquedotto La Pinetina throughout the fiscal years.

Note 11. Inventory

"Inventory" amounts to €0.0 thousand as at March 31, 2020 and June 30, 2019. The line item amounts to €3.0 thousand as at March 31, 2019 and refers to stock of Inter Futura S.r.l..

Note 12. Trade receivables

Trade Receivables are specified below:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Trade Receivables	**93,913**	**103,733**
—of which within 12 months	93,913	103,733
—of which beyond 12 months	—	—
Total trade receivables	**93,913**	**103,733**
Bad debt provision	(14,012)	(14,747)
Total trade receivables net of bad debt provisions	**79,901**	**88,986**

For fiscal year ended March 31, 2020, trade receivables include receivables from a heterogeneous customer base, largely consisting of private companies for commercial transactions and mainly tied to the sale of television rights and sponsorships, such as Chinese regional sponsors for €59.1 million, Infront for €5.6 million, Nike Italia for €3.1 million.

The movements of the "Bad debt provision" for trade receivables throughout nine-months period ended March 31, 2019 are detailed as follows:

€ thousand	
Balance of bad debt provisions trade receivables as of June 30, 2019	**14,747**
Balance of bad debt provisions trade receivables from specific sector institutions as of June 30, 2019	**2,563**
Use for losses on receivables	(736)
Releases	—
Provision	1
Balance of bad debt provisions trade receivables as of March 31, 2020	**14,012**
Balance of bad debt provisions trade receivables from specific sector institutions as of March 31, 2020	**2,563**

The bad debt provision prudently reflects the updated assessment of the risk over collectability of specific credit positions considered doubtful.

Note 13. Trade receivables from parent companies and their affiliated

Trade receivables from parent companies and their affiliated are specified as follows:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Trade receivables from parents companies and their affiliated	**16,366**	**51,143**
—from parent companies	14,615	49,976
—from companies subject to parent companies control	1,751	1,167
Total trade receivables from parents companies and their affiliated	**16,366**	**51,143**

As of March 31, 2020, trade receivables from parent companies relates to receivables from Jiangsu Suning Sports Industry in relation to the contract better described in the preceding paragraph "Agreement with Suning". Trade receivables from parent companies amounts to €14,615 thousands as at March 31, 2020 and €49,976 thousands as at June 30, 2019. The decrease for €35,361 thousands refers to the collections recorded by the Group during the period.

Note 13. Trade receivables from parent companies and their affiliated (Continued)

As of March 31, 2020, trade receivables from companies subject to parent companies control mainly relate to a credit with the company Great Mercury Limited, for the sale of the broadcasting rights of Inter TV in China.

Note 14. Tax receivables

Tax receivables from the Italian Tax Authority mainly relate to the VAT required for reimbursement throughout the nine-months period ended March 31, 2020 and for the fiscal year ended June 30, 2020 by the Parent Company and by the subsidiary Inter Brand for which the reimbursement has been requested.

Note 15. Deferred tax assets

Deferred tax assets are mainly related to the bad debt provision and the provision for risks and charges accounted in excess than the amount deductible according to the current tax regulations and to the exchange losses, but that will became deductible in the future. The recoverable amount has been assessed in connection to the Tax Consolidation Agreement.

Note 16. Receivables from specific sector institutions

Trade receivables from specific sector institutions gross of relative provision for the write-down of receivables throughout the three fiscal years, are the following (€ thousand):

Football Clubs	As of March 31, 2020	As of June 30, 2019
Genoa Cricket & Football Club S.P.A.	26,819	29,529
Atalanta Bergamasca Calcio S.P.A.	8,153	9,538
A.S. Roma S.P.A.	4,973	9,419
U.C. Sampdoria S.P.A.	2,779	7,873
U.S. Sassuolo Calcio S.R.L.	4,238	6,678
Parma Football Club S.P.A.	9,502	3,956
Torino Football Club Spa	1,601	2,272
Benevento Calcio S.R.L.	1,548	2,159
Delfino Pescara 1936 S.P.A.	1,121	1,956
Bologna F.C. S.P.A.	142	1,421
Cagliari Calcio S.P.A.	110	1,067
FROSINONE CALCIO S.R.L.	371	664
SOCIETA' SPORTIVA CALCIO NAPOLI SPA	300	—
EMPOLI F.B.C. S.p.A.	75	—
U.S. Citta' Di Palermo S.P.A.	20	200
A.C. PERUGIA CALCIO S.R.L.	15	150
Novara Calcio S.P.A.	26	5
CALCIO PADOVA SPA	1	5
A.C. Pavia S.R.L.	1	1
Juventus F.C. S.P.A.	4	—
S.S. Sambenedettese Calcio Srl	10	26
Accademia Pavese Asd	5	10
Altovicentino Fcd	9	9
Celano F.C. Olimpia S.P.A.	6	6
A.S. Sestese Calcio A.S.D.	3	3
CLUBE DE REGATAS DO FLAMENGO	11,803	—
THE READING FOOTBALL CLUB LIMITED	4,644	—
F.C. Sion	1,473	2,344

Note 16. Receivables from specific sector institutions (Continued)

Football Clubs	As of March 31, 2020	As of June 30, 2019
Sevilla Futbol Club Sad	1,788	1,680
Galatasaray	1,117	1,646
F.C. LUGANO SA	378	488
CHELSEA FOOTBALL CLUB PLC	364	—
Sporting Club Olhanense	50	50
Estudiantes Da La Plata	27	27
SK Slavia Praha—fotbal a.s.	27	—
JIANGSU SUNING FOOTBALL CLUB CO. LTD.	10	10
Asociatia Fotbal Club Astra	8	8
Grensverleggend Nv	2	2
STANDARD DE LIEGE SA	—	750
Liverpool F.C.	—	108
VALENCIA CLUB DE FUTBOL SAD	—	105
TSG 1899 HOFFENHEIM FUßBALL-SPIELBETRIEBS GMBH	—	16
SA FC NANTES	—	2
Total receivables from national and international football clubs	**83,523**	**84,183**
LEGA C/Championship	**—**	**15**
Other receivables from LEGA	**12,429**	**2,445**
FIGC	**8**	**8**
Invoices to be issued to specific sector entities	**8,916**	**20,617**
U.E.F.A.	**4**	**4**
Future receivables guaranteed by LNP	**20,619**	**27,076**
League/account transfers	**—**	**—**
Bad debt reserve for receivables from specific sector institutions	**(2,563)**	**(2,563)**
Total receivables from specifc sector institutions	**122,936**	**131,785**

The changes occurred in the nine-months period relate to definitive/temporary acquisitions of multi-year rights to the registrations of football players.

Other receivable from LEGA mainly refers for €2.4 million to the VAT payment made, during the fiscal year ended June 30, 2017 and June 30, 2016, by FC Inter on behalf of a football club which went in bankruptcy and for which Director has assessed to occur risk of collectability. Following to this assessment, Directors has provided €0.6 million in the fiscal year ended June 30, 2017 and has reclassified €1.8 million of the bad debt provision originally included in the "Trade receivables" (for which the assessment of the risk of recoverability, duly reassessed for this closing, was modified due to the improvement of the counterparty's merit of credit).

Note 17. Other receivables

Other receivables are composed as follows:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Receivables from subsidiaries	48	48
Other receivables	175	5,010
Total other receivables	**223**	**5,058**

Note 17. Other receivables (Continued)

Receivables from subsidiaries, as of March 31, 2020 and June 30, 2020, regards trade receivables from the non-consolidated subsidiaries Inter Brand China Co., Ltd. (in liquidation) and Shanghai Inter Brand Trading co., Ltd.

Other receivables as of June 30, 2019 mainly refer to receivables for advance payments to employees and commercial supplier, recovered as at March 31, 2020.

Note 18. Prepaid expenses and accrued income

Prepaid expenses and accrued income are as follows:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Prepaid Expense—beyond 12 months	**5,948**	**7,827**
—Prepayment for FIFA Agents	*5,664*	*7,374*
—Prepaid ancillary expenses on loans	*194*	*275*
—Prepaid expenses on factoring expenses	*31*	*99*
—Prepaid insurance premiums	*9*	*33*
—Prepaid expenses for services	*50*	*46*
Prepaid Expense—current portion	**11,580**	**6,018**
—Prepayment for FIFA Agents	*6,481*	*3,353*
—Prepaid expenses for services	*1,912*	*1,156*
—Prepaid for temporary acq. football players	*1,110*	—
—Prepaid expenses for the rental of the Stadium	*626*	*623*
—Prepayments of rent	*498*	*445*
—Prepaid ancillary expenses on loans	*177*	*161*
—Prepaid insurance premiums	*684*	*119*
—Prepaid expenses on Existing Notes	—	*69*
—Prepaid expenses on factoring expenses	*92*	*92*
Total prepaid expenses	**17,528**	**13,845**
Accrued income	—	4
Total prepaid expenses & accrued income	**17,528**	**13,849**

Prepayment for FIFA Agents (current portion as well as beyond 12 months) mainly include acquisition costs for the transfer campaign, which is deferred over the periods based on the contract with the players.

*Prepaid expenses for service*s include part of fees related to future fiscal year/periods that were paid in advance of for which the invoice have been already received mainly in relation to services received by associated companies, costs related to rental cars, restaurant services, costs for Data Service Room, consultancy and advertising costs.

Prepaid for temporary acquisition football players mainly include costs for the temporary acquisition of football players, which is deferred over the period based on the temporary acquisition's contract.

Note 19. Cash at bank and on hand

Cash at bank and on hand comprise cash on hand and demand deposits. The line item amount ro €65.8 million as at March 31, 2020 and to €54.7 million as at June 30, 2019. For more details, please refer to the Cash Flow Statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 20. Shareholders' Equity

€ thousand	Share capital	Share premium reserve	Legal Reserve	Reserve to cover future losses	Reserve for future capital increases	Retained earnings/ losses	Fiscal year profit/loss	Total
Balance as of at June 30, 2018	**19,195**	**29,398**	**—**	**105,000**	**—**	**(132,007)**	**(17,754)**	**3,832**
Resolution ex Shareholders' meeting of October 26,2018								
—Retained earnings (losses)			—		—	(17,754)	17,754	—
—Reserve for future capital increases			—		—			—
Result for the nine-months period ended March 31, 2019			—		—		(31,665)	(31,665)
Balance as of at March 31, 2019	19,195	29,398	—	105,000	—	(149,761)	(31,665)	(27,833)
Balance as of June 30, 2019	19,195	29,398	—	105,000	40,000	(149,761)	(48,387)	(4,555)
Resolution ex Shareholders' meeting of October 28,2019								
—Retained earnings (losses)	—	—	—	(63,295)	—	14,908	48,387	**—**
—Reserve for future capital increases	—	—	—	—	60,000	—	—	60,000
Result for the period ended March 31, 2020	—	—	—	—	—	—	(103,147)	**(102,895)**
Balance as of March 31, 2020	**19,195**	**29,398**	**—**	**41,705**	**100,000**	**(134,853)**	**(103,147)**	**(47,702)**

Share Capital

The share capital subscribed to and paid-in amount to €19.2 million as of March 31, 2020 and June 30, 2019.

Share premium reserve

The share premium reserve amounts to €29.4 million as of March 31, 2020 and June 30, 2019.

The €29.4 million amount as of March 31, 2020, net of the €152.0 million used for covering loss of the previous fiscal years, represents the share premium paid on June 2016 at the time of the subscription to the increase of capital by Suning.

Reserve to cover future losses

The Reserve to cover future losses amount to €41.7 million as of March 31, 2020 and to €105.0 million as of June 30, 2019. The decrease for €63.3 million during the nine-months period ended March 31, 2019 refers to the use of the reverse to partially cover previous year losses.

Reserve for future capital increases

The Reserve for future capital increases amount to €100.0 million as of March 31, 2020 and to €40 million as of June 30, 2019.The increase for €60 million during the nine-months period ended March 31, 2020 refers to the conversion made on March 20, 2020 to equity of the shareholder's loan made by Great Horizon S.à r.l..

Retained earnings (losses)

Retained earnings (losses) is negative for €134.9 million as of March 31, 2020 and €149.8 million as of June 30, 2019.

Note 20. Shareholders' Equity (Continued)

The retained earning refer to the loss accumulated by the Group during previous years.

Note 21. Deferred tax liabilities

The "Deferred tax liabilities" as at March 31, 2020 and June 30, 2019 mainly relates to dividends approved by the associated company Inter Media and Communication but not yet collected by the associated company Inter Brand, which is not taxable until they become realized.

Note 22. Provisions for employee severance indemnities

"Provisions for employee severance indemnities" has changed as follows:

€ thousand	
Balance as of June 30, 2019	**876**
Transfers from subsidiaries	—
Uses	(1,623)
Provision for the period ended March 31, 2020	1,574
Balance as of March 31, 2020	**827**

The amount is calculated in relation to contractual obligations and applicable law.

Note 23. Provisions for risks and charges

The movements of the provisions for risks and charges throughout the three fiscal years are set forth below:

€ thousand	
Balance as of June 30, 2019	**28,050**
Uses	(10,163)
Releases	—
Reclassifications	—
Provision for the fiscal year	7,661
Balance as of March 31, 2020	**25,548**

As of March 31, 2020 provisions for risks and charges mainly relates:

- €7.2 million in order to cover potential liabilities for social security contributions related to players on the FC Inter First team;
- €0.5 million for long incentive plan for Group management;

Utilization of the nine-months period relates:

- for €10.2 million to the use of the previous year provision for salary charges contractually due to FIGC registered personnel no longer employed in the technical project.

Financial Fair Play Penalties

During the fiscal year ended June 30, 2015 the Group was subject to a control ("audit") carried out by the Club Financial Control Body (CFCB), to assess compliance with the parameters provided by the Financial Fair Play rules ("FFP rules").

As a result of the audit, a violation of the "Break-even rule" was assessed by CFBC. The "break even deficit" suffered by Inter in 2014 determined under the criteria of FFP rules (which is determined adjusting the net result and taking out certain types of costs such as costs for development of the stadium, the own youth sector or other costs related to social activities) was determined to be in excess of the requirements.

Note 23. Provisions for risks and charges (Continued)

Following the assessment, Inter signed a Settlement Agreement with CFCB which impose to Inter an economic penalty, restrictions in terms of number of players that can be included in the European competitions, limitations in salaries and wages and restrictions related to amortization/write-downs of the player rights for the 2015/2016 and 2016/2017 sport season. In the case in which the financial obligations and the limitation in salaries and wages and restrictions related to amortization/write-downs of the player rights are not complied with the CFCB agreement the restrictions in terms of number of players that can be included in the European competitions will be extended to the season 2017/2018 and 2018/2019.

With reference to financial constraints, the agreement provided for each financial year, in addition to the Company's ability to operate as a going concern, the achievement of a predetermined "break-even deficit" in accordance with the Financial Fair Play rules. UEFA, through the Club Financial Control Body, has analysed the deficit reached by the Group during the three-year monitoring period ended June 30, 2019, and has decreed compliance with the parameters set out in the Settlement Agreement; the Group has therefore completed the monitoring period and falls within the general rules of the FFP.

Actually, with respect to the application of financial fair play against the background of the Coronavirus (COVID-19) pandemic, the UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately as described in Note 57. *Subsequent events occurred after March 31, 2020*.

Based on the current forecast, Directors believe such result to be achievable and therefore no amount could potentially be suffered by the Group in term of additional penalties in the near future also considering the new amendments above mentioned. However, the assumptions used in the preparation of economic projections are characterized by intrinsic uncertainty both with reference to macroeconomic conditions of the sector, as well as to specific conditions relating to the Group, which depend in large measure on the sports results and based on the current status and best estimate based on the existing knowledge of the evolution of the pandemic crisis Coronavirus available at the time the estimate was made, which is inherently uncertain, whose change—currently not foreseeable—might lead to final results that are different from what was estimated, which might render it necessary to accrue in the future, in all or in part, the amount related to the above-mentioned penalties

In the course of the period, the AGCM (antitrust authority) has started a proceeding against certain football team including FC Inter, in relation to the alleged unlawfulness of certain clauses of the ticketing general terms and conditions which would limit the reimbursement in favor of ticket holders, and which would be burdensome ("Clausole Vessatorie") for Inter's clients. Although Inter has not recorded revenue in relation to the matches that were suspended due to COVID-19 Pandemic and has included such amount as a liability in the Interim Condensed Consolidated Financial Statements—Director cannot exclude that any of these ticket holders including the abovementioned "Clausole Vessatorie" may initiate legal proceedings against Inter. At the moment there are no such legal action in place so no amount have been included in the Interim Condensed Consolidated Financial Statements in addition to the liability mentioned above that represent the maximum direct liability connected to this proceeding.

Note 24. Existing Notes

The breakdown of Existing Notes within and beyond 12 months is detailed in the following table:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Existing Notes	**288,955**	**287,344**
—of which within 12 months	*10,685*	*6,550*
—of which beyond 12 months	*278,270*	*280,794*
Total Existing Notes	**288,955**	**287,344**

Note 24. Existing Notes (Continued)

On December 21, 2017, the subsidiary Inter Media issued and placed to institutional investors Senior Secured Notes for an amount of €300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875%. The Existing Notes is secured by cash flows deriving from sponsorship agreements and media contracts signed by Inter Media 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

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

The amount is recorded in the balance sheet for €287,344 thousand net of transaction costs of €8,988 thousand according to the amortized cost criterion and net of the repayment of the first two principal instalments on December 31, 2018 and June 30, 2019 respectively. The effective interest rate is equal to 5.5936%, and is defined as the internal rate of return (IRR), constant along the duration of the debt, which makes the current value of the future cash flows deriving from the debt equal to the value at the inception date. As a consequence of this, the interest rate charged to the Income Statement is equal to 5.5936%.

Furthermore, the Existing Notes requires compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In brief, the first represents the ratio between the net cash flows from operations and the sum of the financial charges recorded in the balance sheet and the capital payments made in the 12 months preceding the calculation date, or alternatively, if 12 months have not passed from the date the Existing Notes is drawn up, the period between the stipulation date and the calculation date. The second financial parameter, on the other hand, 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 aforementioned parameters are calculated every six months and must result in values greater than or equal to 1.5 and 1.0 respectively. Both the covenants have been respected with reference to the date of June 30, 2019 and based on projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, also taking into account the commitment of the majority shareholder to support the Parent Company and the Group to which Inter Media belong.

Existing Notes—current portion includes €6,700 thousand of principal amount, €445 thousand of expenses accrued according to amortized cost criteria and €3,540 thousand of accrued interest as of March 31, 2020.

The decrease by €2.5 million for the non current portion as of March 31, 2020 is mainly due as a result of the amortization plan of the Existing Notes. The increase of the current portion refers to the €3.5 million interest expense for the period January 01, 2020—March 31, 2020.

Note 25. Shareholders' Loan

Shareholders' Loan amount to €88.3 million as at March 31, 2020 and €148.9 million for the fiscal year ended June 30, 2019 and refer to loans obtained from the majority Shareholder Great Horizon S.à.r.l.. The interest rate is 6.5% and provide the liquidation of the interest quarterly. The amount recorded includes the accrued interest.

Note 25. Shareholders' Loan (Continued)

The decrease for the nine-months period ended March 31, 2020 mainly refers to the conversion of the Shareholder's Loan for €60 million made on March 20, 2020 by Great Horizon S.à r.l. to equity in the *Reserve for future capital increases*.

For further details, please refers to Note 20 Shareholders' Equity.

Note 26. Bank Loan

Borrowing from banks are analysed in the following table:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Bank Loan	**50,378**	**25,167**
—of which within 12 months	378	167
—of which beyond 12 months	50,000	25,000
Total Bank Loan	**50,378**	**25,167**

As at March 31, 2020, Bank Loan amounts to €50,378 thousand and refer to the used of the revolving credit facility, subscribed for a maximum amount of €50 million for capital as part of the debt refinancing operation described in the paragraph "Other Information—Debt refinancing operations". The amount recorded includes also the accrued interest.

Note 27. Other financing

Other financing include financial debt with counterparties who are not banks.

Note 28. Payables to specific sector institutions

"Payables to specific sector institutions" refer to relationships with entities and companies in the sector.

In particular, the amounts due to specific sector institutions, throughout the fiscal years, are as follows:

Football Club	As of March 31, 2020	As of June 30, 2019
Cagliari Calcio S.p.A.	29,943	—
US SASSUOLO CALCIO SRL	21,812	23,246
AS Roma S.p.A.	13,328	25,781
Genoa cricket & football club S.p.A.	13,151	7,900
Atalanta Bergamasca Calcio S.p.A-	5,296	6,481
PARMA CALCIO 1913 SRL	4,258	6,652
Delfino Pescara 1936 S.p.A.	2,666	5,712
Società Sportiva Lazio S.p.A.	1,300	5,837
U.C. Sampdoria S.p.a.	1,150	11,461
Cremonese S.p.A.	251	311
ACF Fiorentina S.p.A.	240	2,393
S.S.C. NAPOLI S.P.A.	167	—
VIRTUS ENTELLA SRL	104	270
FUSSBALL CLUB SUDTIROL S.r.l.	95	74
U.S. PERGOLETTESE 1932	90	300
EMPOLI FOOTBALL CLUB S.P.A.	81	19
S.S.D. Group C. di Castello S.r.l.	73	73
C.S.D. SARNICO UESSE VILONGO SARNICO	62	—
Piacenza Calcio 1919 SSDRL	60	—

Note 28. Payables to specific sector institutions (Continued)

Football Club	As of March 31, 2020	As of June 30, 2019
CALCIO CATANIA SPA	60	—
PORDENONE CALCIO S.R.L.	60	—
VICENZA CALCIO SPA	43	42
ASD VOLUNTAS MONTICHIARI	37	—
S.S. Arezzo Srl	34	104
A.S. VIS NOVA GIUSSANO	29	—
A.C. RENATE S.R.L.	29	36
ACC COMO CITTA BREGNANO S.S.D. A.R.L.	28	—
A.S.D. SIMBA	25	—
VARESINA SPORT CV SSDARL	24	—
ASD Club Napoli	22	22
SPAL 2013 S.r.l.	15	150
SSD PRO SESTO SRL	15	—
FC Cassano	12	12
Scuola Calcio Reggio 2000	12	12
ASSOCIAZIONE S DILETTANTISTICA REAL LENO CALCIO	12	—
Feralpisalò S.r.l.	12	—
Calcio Padova S.p.A.	12	85
OLBIA CALCIO 1905 SRL	10	—
Urbs Reggina 1914 S.r.l.	10	—
ASD Junior Movil	10	10
ASD 1924 Suno	8	(2)
CLUB MILANO S.S.D. A R.L.	8	—
IMOLESE CALCIO 1919	7	—
RAVENNA FOOTBALL CLUB 1913 S.P.A.	6	—
A.S.D. UNIVERSAL SOLARO	5	—
GIOVANILE GIALLOBLU ASD	5	—
A.S.D. FUTURA CALCIO	5	—
AC Monza Brianza 1912 S.p.A.	5	5
SOCIETA' CALCISTICA CARONNESE	5	—
UNIONE SPORTIVA ALFONSO CASATI A.S.D.	5	—
FC Cassina De' Pecchi	4	4
FCD San Giuseppe Calcio	4	4
CARPI F.C. 1909 S.R.L.	3	—
AC Pinzolo-Campiglio	3	3
ASCOLI CALCIO 1898 F.C. S.P.A.	3	8
Ternana Calcio S.p.A.	2	20
A.C. GOZZANO SRL	2	—
NOVARA CALCIO SPA	1	10
U.S. PISTOIESE 1921 SRL	1	10
RIMINI FOOTBALL CLUB SRL	1	8
CUNEO 1905 SRL	1	1
AURORA PRO PATRIA SRL	1	—
Spezia Calcio S.p.A.	—	797
AC Prato S.p.A.	—	50
S.S. MONOPOLI 1966 S.r.l.	—	30
U.S.D. CISERANO	—	10
PRO PATRIA MILANO S.r.l.	—	6
UNIO ESPORTIVA CORNELLA S.A.D.	—	4
Brescia Calcio S.p.A.	—	4

Note 28. Payables to specific sector institutions (Continued)

Football Club	As of March 31, 2020	As of June 30, 2019
FOOTBALL CLUB CERNUSCO	—	3
MANCHESTER UTD F.C. LTD	49,536	—
TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LTD	18,614	—
HERTHA BSC GMBH & CO.	13,191	—
ANDERLECHT	1,136	—
CHELSEA FOOTBALL CLUB	821	—
EVERTON FOOTBALL CLUB CO LTD	519	—
AFC AJAX NV	463	—
FC Red Bull Salzburg GmbH	455	—
LYNGBY BOLDKLUB A/S	302	380
Odense Sport & Events A/S	266	—
ASS ESPERANCE SPORTIVE TROYES AUBE CHAMP	200	—
Steirischer Fußballverband (StFV)	135	—
GNK Dinamo	48	48
Nogometni Klub Zagreb	30	30
MIDDELFART GYMNASTIK & BOLDKLUB	29	—
PFC LUDOGORETS 1945 AD	21	—
VITORIA SPORT CLUBE, FUTEBOL SAD	21	—
CLUB ATLETICO BOCA JUNIORS	—	1,500
FC Bayern Munchen AG	—	1,451
RACING CLUB ASOCIACION CIVIL	—	622
ATLETICO DE RAFAELA	—	9
FC BARCELONA	—	6
Total payables to national and international football clubs	**180,510**	**102,004**
LEGA C/Championship	**907**	**—**
UEFA	**10**	**1**
FIGC	**(3)**	**(3)**
Foreign Solidarity contributions	**738**	**1,342**
Invoices to be received from specific sector institutions	**4,810**	**31,583**
Total payables to specifc sector institutions	**186,972**	**134,927**

Note 29. Trade payables

The following table shows the breakdown trade payables throughout the three fiscal years:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Trade payables	**66,093**	**55,891**
- of which within 12 months	*57,126*	*54,358*
- of which beyond 12 months	*8,967*	*1,533*
Total trade payables	**66,093**	**55,891**

As at March 31, 2020 and June 30, 2019 trade payables include payables mainly to FIFA Agents and to other suppliers.

Note 29. Trade payables (Continued)

As of March 31, 2020, trade payables include, among others, payables to FIFA Agents for 30.5 million and payables to other suppliers accounted for 35.6 million. As of June 30, 2019, trade payables include, among others, payables to FIFA Agents for €25.2 million and payables to other suppliers accounted for €30.7 million.

The part due beyond 12 months mainly refers, throughout the nine-months period, to payables to some FIFA Agents, in accordance with certain transaction provided agreed payments with reference to payable generated before July 1, 2016.

Note 30. Payables to parent companies

Payables to parent companies amounts to €285 thousand as at March 31, 2020 and €181 thousand as at June 30, 2019 and mainly refers to payables due to Jiangsu Suning Sports Industry Co., Ltd..

Note 31. Payables to companies subject to parent companies control

Payables to companies subject to parent companies control amounts to €50,610 thousand as at March 31, 2020 and €48,934 thousand as at June 30, 2019 and refers to the Shareholders' loan provided by Great Horizon S.à.r.l.. and assigned, on April 15, 2019, for €48.5 million to the company Grand Flagship Limited. The amount recorded includes the accrued interest. For more details, please refer to the Note 25 "Shareholders' loan".

Note 32. Tax payables

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Payables for IRPEF (income tax) for employees, self-employed and registered personnel	21,041	13,249
Payables for IRAP (tax on regional productive activities)	2,538	2,053
Payables for VAT related to the month of June	612	91
Payables for withholding tax	6,131	4,588
Other	19	23
Total tax payables	**30,341**	**20,004**

"Payables for IRPEF (income tax) for employees, self-employed and registered personnel" refer to contributions related to the registered personnel paid by the Group during the months of April and May for the nine-months period ended March 31, 2020.

"Payables for withholding tax", throughout the periods, relate to accrued interest expense on loans granted by the parent company Great Horizon S.à.r.l. and by the company subjected to the parent company control Grand Flagship Limited that will be paid according to the deadlines indicated in the Note 25 "Shareholders' loan".

Note 33. Social Security payables

This amount, related to contributions for the month of June of each fiscal year, can be broken-down as follows:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Payables to INPS (national social welfare institution)	274	250
Payables to INAIL (national institute for insurance against accidents at work)	72	39
Payables to PREVINDAI (pension fund for directors)	81	78
Payables to ENPALS (entertainment industry employees' pension organization)	838	693
Expenses for vacations matured but not taken	420	450
Payables to other entities	27	25
Total Payables to social security	**1,712**	**1,535**

The variations throughout the periods are in line with the personnel costs.

Note 34. Payables to subsidiaries

Payables to subsidiaries, which amount at €16 thousand throughout the periods, include trade payables to the subsidiary Inter Brand China Co., Ltd. (in liquidation).

Note 35. Payables to associated companies

Payables to associated companies, amounting to €1.9 million as of March 31, 2020 and €2.1 million as of June 30, 2019, refer, throughout the periods, to activities and services required for the operational management of the M-I Stadio S.r.l..

Note 36. Other payables

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Payables to employees and contractors for remuneration accrued but not yet paid	28,646	23,486
Miscellaneous other payables	1,163	1,180
Total other payables	**29,809**	**24,666**

"Payables to employees and contractors for remuneration accrued but not yet paid" include, throughout the periods, payables related to the allocation of the bonuses matured by registered personnel and linked to the seasonal objectives achieved.

"Miscellaneous other payables" is mainly related to contractual terminations signed throughout the periods, according to the Group's organizational structure.

Note 37. Accrued expenses

These provisions consist of allocations mainly relate to accrued expenses throughout the fiscal years:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Accrued salary expenses	802	557
Total accrued expenses	**802**	**557**

Note 37. Accrued expenses (Continued)

The line item accrued salary expenses refers to salary expenses matured within the date of the end of each of the periods but whose payments have been deferred.

Note 38. Deferred income

These provisions consist of allocations related to income realized throughout the fiscal years but referable to fiscal years following March 31, 2020:

€ thousand	Balance as of March 31, 2020	Balance as of June 30, 2019
Deferred income—beyod 12 months	**12,115**	**11,581**
- RAI—Infront Library	10,973	11,290
- Others	1,142	291
Deferred income—current portion	**52,865**	**18,795**
- Revenue Radio—Tv	26,862	—
- Revenue for season tickets	8,483	15,700
- Sponsorship—Pirelli	4,108	—
- Revenue from temporary loans of players	3,948	—
- Sponsorship- Regional	2,626	—
- Inter Academies	1,981	938
- Sponsorship—Global	1,000	—
- Sponsorship—Nike	1,065	—
- Other deferred income	699	719
- Sponsorship—Eu in house	918	—
- Inter Club	752	—
- RAI—Infront Library	423	133
- Friendly matches	—	1,305
Total deferred income	**64,980**	**30,376**

As indicated in the paragraph “Other Information”, the portion of deferred income for the “RAI—Infront Library” represents the income already cash settled to be realized in future fiscal years for marketing rights to use the historical library.

The line item “Revenue Radio-Tv” refers to revenues for television rights, estimated using the criteria as reported in the note “Use of estimates” and deferred to the last quarter of the fiscal year ended June 30, 2020.

The line item “Revenue for season ticket” refers to seasons tickets subscribed in advance for the seasons 2019/2020 and related to matches that will be played in the last quarter of the fiscal year ended June 30, 2020.

Analysis of Income Statement items

REVENUE

Note 39. Revenue

Revenue are detailed in the following table:

€ thousand	As of March 31 2020	2019
Matchday revenue	48,746	39,733
Media revenue	114,320	120,417
Commercial revenue	71,325	107,266
Other revenue	6,127	3,603
Total revenue	**240,517**	**271,019**

Matchday

The revenue from Matchday can be analysed as follows:

€ thousand	As of March 31 2020	2019
Revenue from home matches	27,562	19,496
Revenue from away matches	—	—
Season tickets	16,810	15,213
Interclub	1,668	1,655
Skybox	2,706	3,369
Total matchday revenue	**48,746**	**39,733**

Revenue from matchday comprise income receivable from all matchday activities, such as revenue from FC Inter home matches, away matches, season tickets, Interclub and Skyboxes (promotions and advertising for boxes and sky boxes).

Media

Revenue from media represents income receivables from Italian and foreign broadcasting rights. Moreover, media revenue includes the income received by the exploitation of FC Inter media library.

Media revenue, which mainly derives from the sale of television rights, are detailed below:

€ thousand	As of March 31 2020	2019
Serie A Media Revenue	**57,091**	**64,686**
UEFA Media Revenue	**42,103**	**44,139**
Media library	**12,498**	**10,841**
- Archivio Rai/Infront	7,332	7,336
- Inter TV	4,679	3,017
- Infront—IM&C	487	488
Other media revenue	**2,627**	**751**
Total media revenue	**114,320**	**120,417**

"Serie A media revenue" derive from the assignment of filming rights and television broadcasting rights for the matches of the Inter's First Team.

Note 39. Revenue (Continued)

The participation in the UEFA Champions League of the Inter's First Team during the football season ended March 31, 2020 and June 30, 2019, generated income for participation, performance bonuses and market pool paid by UEFA classified as "UEFA media revenue".

"Media library" include fees deriving from Rai / Infront archive, Inter TV and Infront (IM&C).The line item "Rai Archive—Infront" includes the agreement with Rai which cover, among other things, the assignment by RAI of certain ownership rights relating to archival recordings of Inter's home and away matches, the grant to RAI of a non-exclusive license to broadcast and distribute such recordings worldwide (other than in Italy, Vatican City and San Marino). For more details, please refer to the preceding paragraph "Other information".

The line item "Inter TV" refers to the agreement stipulated with Sky Italia for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities, and has been granted the exclusive license to distribute Inter TV via pay-TV in Italy, Vatican City and San Marino.

The item "Other media revenue" mainly includes media rights for TIM Cup.

Sponsorship

Sponsorship revenue comprise income receivables from the exploitation of the FC Inter brand through sponsorship and other commercial agreements. In addition, commercial turnover includes fees receivables for the team undertaking friendly matches and tours.

The table below shows the breakdown of sponsorship revenue:

	As of March 31	
€ thousand	**2020**	**2019**
Sponsorship revenue	**60,236**	**96,893**
—Shirt	*10,151*	*10,012*
—Technical	*8,310*	*7,500*
—EU Global in house sponsorship	*10,737*	*8,813*
—Regional and naming rights	*31,038*	*70,568*
Inter Accademies	**5,974**	**5,863**
Other sponsorship	**5,115**	**4,510**
Total commercial revenue	**71,325**	**107,266**

"Sponsorship revenue—Shirt", refer to the agreement with the sponsor Pirelli. In March 14, 2016, the agreement has renegotiated for the fiscal years 2017 to 2021. Prudentially the Group recognized the related revenue pro-rated to February 29, 2020 when was played the last match. The increase in Shirt sponsorship revenue is related to the higher annual contractual base fee (from €10.5 million in the fiscal year ended June 30, 2019 to €12.3 million in the current fiscal year ended June 30, 2020).

"Sponsorship revenue—Technical" mainly relates to the agreement with Nike. In August, 2013 the agreement have been renegotiated for the fiscal years 2014 to 2024. This agreement includes variable components in connection with the participation of the First team of the Parent Company into the UEFA Competition. Prudentially the Group recognized the related revenue pro-rated to February 29, 2020 when the last match was played. The increase in Technical sponsorship revenue is related to the higher annual contractual base fee (from €10.0 million in the fiscal year ended June 30, 2019 to €12.5 million in the current fiscal year ended June 30, 2020) with no reduction in place relating to penalties for past sporting performance (after second consecutive sporting season in UCL).

"Sponsorship revenue—EU Global in house sponsorship" refer to directly selling of the promotional and advertising spaces without relying on the collaboration of external intermediaries such as Infront.

Note 39. Revenue (Continued)

The increase in EU / Global sponsorship revenue is driven by the signing of new partnerships since July 1, 2019, including Lenovo, Acronis, Hugo Boss, Rinascente, Linkem, A2A and other new contracts.

"Sponsorship revenue—Regional and naming rights"—throughout the periods presented—mainly refer to the agreement with "Jiangsu Suning Sports Industry Co Ltd" for the exclusive concession of rights concerning the Parent Sports center name, players' uniform for training, co-branding and commercial exploitation. Moreover, the amount for the period ended March 31, 2020 accounts sponsorship agreement signed with Beijing iMedia Advertising Co., Ltd, a Chinese Company (€16,5 million), as described above in the "Other information".

The decrease of the period is mainly due to the expiration of the agreements with Fullshare Holding Limited and King Dawn and Beijing Yixinshijie. The impact as of March 31, 2020 amount to €39.5 million.

"Inter Academies", throughout for the periods, amounts to €5,974 thousand and to €5,863 thousand and refer, among others, to income from Inter Academies.

"Other sponsorship", thousand for the periods, amounts to €5,115 thousand and to €4,510 thousand and refer, among others, to income from royalties.

TOTAL OPERATING COSTS

Note 40. Personnel costs

These are broken down as follows:

€ thousand	9 months at March 31, 2020 Players/ coaches	9 months at March 31, 2020 Other Employees	9 months at March 31, 2019 Players/ coaches	9 months at March 31, 2019 Other Employees
Salaries and wages	134,708	14,077	108,938	13,947
Social security contributions	3,168	3,586	2,647	3,522
Employee severance indemnities	485	1,089	412	1,058
Other personnel costs	3,010	2,403	2,790	2,616
Total Personnel Costs	**141,371**	**21,155**	**114,787**	**21,143**

Salary and wages for players and coaches are detailed below:

€ thousand	As of March 31 2020	As of March 31 2019
Contractual remuneration players	91,972	87,310
Contractual remuneration coaches and technical staff	19,737	12,474
Performance bonuses	19,210	4,580
Image rights	3,789	4,574
Total Personnel Costs	**134,708**	**108,938**

The potential positive result of negotiation in course with players and coaches for a reduction of salary for 1 to 2 months has not been reflected because not finally agreed with the counterparties while the negotiations are a positive well advanced stage.

The variation of line item "Contractual remuneration players" throughout the periods is linked to the dynamics deriving from the transfer campaign, characterized by the purchase both definitively as well as temporarily of high profile football players.

Note 40. Personnel costs (Continued)

"Other personnel costs" relate to settlements stipulated by the Group during each period with former employees in the context of the operational reorganization and expenses incurred for salary differences relating to players loaned by the Group.

The average number of people employed by the Group is composed as follows:

€ thousand	As of March 31 2020	2019
Players first team and youth teams	82	28
Coaches	115	33
Other technical staff	94	83
Executives	17	20
Managers	29	25
Clerical employees	179	174
Blue collar workers	14	11
Total average workforce	**530**	**374**

Note 41. Purchase of goods and changes in inventory

Purchase of goods and changes in inventory comprise costs of raw materials, supplies and consumables as explicited below:

€ thousand	As of March 31 2020	2019
Technical material	*985*	*639*
Consumables	*1,628*	*1,259*
Goods purchased for resale	*195*	*153*
Other	*166*	*36*
Total Purchase of goods and change in inventory	**2,974**	**2,087**

Note 42. Costs of services

Costs of services consist of the following:

€ thousand	As of March 31 2020	2019
Costs for sports activities	*4,934*	*4,926*
Specific technical costs	*7,753*	*6,172*
Costs for accommodation, food, transport	*2,692*	*1,971*
Ticketing service, ground admission security control	*4,625*	*3,406*
Insurance and pension	*1,256*	*996*
Intercampus Costs	*323*	*393*
Administrative, advertising and general	*30,295*	*21,099*
Total Cost of Services	**51,878**	**38,963**

Costs for sport activities, specific technical costs and administrative, advertising and general are better described in the tables below.

"Costs for accommodation, food and transport" are relate to the summer *tournée* of the Inter's First Team.

The line item "Ticketing service, ground admission and security control" show an increase throughout the periods due to the higher attendance at the Stadium.

Note 42. Costs of services (Continued)

Specifically, costs for sports activities include:

€ thousand	As of March 31 2020	As of March 31 2019
—Costs for training sessions and camps	*1,746*	*1,528*
—Health expenses	*228*	*275*
—Fees for self-employed contractors	*1,514*	*1,855*
—Retirement costs	*695*	*655*
—Expenses for maintenance of sport pitches	*506*	*317*
—Sundry	*245*	*296*
Total costs for sports activities	**4,934**	**4,926**

In particular, specific technical costs include:

€ thousand	As of March 31 2020	As of March 31 2019
—Transfer campaign agents fees	*6,766*	*5,460*
—Player scouting and trials	*766*	*526*
—Sundry	*19*	—
—Subsidized teams	*202*	*186*
Total specific technical costs	**7,753**	**6,172**

The amount of the line item "Transfer campaign agent fee" is linked to the costs of settlements, consulting and commissions relating to FIFA agents.

Administrative, advertising and general expenses include among others:

€ thousand	As of March 31 2020	As of March 31 2019
Buyback cost for licencing and retails activities	*6,000*	—
External consultants	*5,174*	*2,873*
Services from associates	*3,747*	*3,293*
Inter TV Services	*2,808*	*2,849*
Players Image Rights	*1,492*	*3,336*
Advertising costs	*1,411*	*334*
Legal and notary fees	*1,214*	*1,448*
Giveaways, promotional and representation gifts	*1,089*	*881*
External events	*964*	*1,421*
Postal and telephone expenses	*948*	*1,057*
Ordinary maintenance and repairs	*828*	*513*
Factoring costs	*759*	*50*
Supervisory and cleaning expenses	*723*	*578*
Other utilities	*608*	*836*
Director's fees	*1,315*	*471*
Bank charges	*88*	*277*
Statutory Auditors' fees	*134*	*134*
Auditors' fees	*91*	*118*
Sundry	*902*	*630*
Total Administrative, advertising and general	**30,295**	**21,099**

Note 42. Costs of services (Continued)

"Buyback cost for licencing and retails activities" are related to fees paid by the Group to re-acquire from a commercial sponsor the licencing rights.

"External consultant" are related to fees paid to professional advisory services provided on behalf of the Group.

"Services from associates" refer to the contract with M-I Stadio S.r.l., which provides for the charge to the Group of operating services for the Stadium.

"Inter TV Service" include costs for Inter TV and refers to the costs for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities.

"Advertising costs" include costs in exchange for merchandise for spot advertising related to the season ticket campaign, as well as events and new promotional and commercial initiatives during each of the three fiscal years.

The total administrative, advertising and general costs also include fees to the Statutory Auditors and to the Independent Auditing Firm ("auditors' fees") and fees to the Directors calculated on the basis of the resolution determining the fees for the office of the Directors, also considering the benefits and indemnities in the case of the early termination of the mandate.

Note 43. Other operating costs

Other operating expenses consist of:

€ thousand	As of March 31 2020	As of March 31 2019
Various costs of organizing competitions	***2,880***	***2,918***
Competition registration fees	***11***	***3***
Specific expenses paid to away team	***819***	***693***
—Percentage revenue games visiting teams	*277*	*80*
—Other expenses from player management	*542*	*613*
Other operating expenses	***3,449***	***3,811***
—costs, fines and penalties	*99*	*106*
—indirect tax expenses	*355*	*570*
—contributions from Football League	*912*	*806*
—settlements and compensations	*13*	*44*
—sundry costs	*2,070*	*2,285*
Other rent	***8,908***	***6,885***
—License to use Meazza Stadium	*3,524*	*3,505*
—Rental expenses	*1,499*	*1,276*
—Various rental fees	*1,597*	*1,220*
—Concession sport facilities	*465*	*221*
—Other user license fees	*1,820*	*646*
—Operating lease payments	*3*	*17*
Total Other operating costs	**16,067**	**14,310**

"Various costs of organization competitions"
Various costs of organization competitions are derived from miscellaneous expenses to organize matches and maintenance of the Meazza Stadium.

Note 43. Other operating costs (Continued)

"Specific expenses paid to away team"
This item includes costs related to player management and to the percentage revenue games visiting teams. The line item costs related to player management are mainly related throughout the periods to the solidarity contributions accrued during each period linked to market operations with international clubs.

"Other operating expenses"
These item includes, throughout the periods, fines and penalties for matches, indirect tax expenses, contributions from Football League, settlements and compensations and sundry costs.

"Rent"
This item mainly includes, throughout the periods, costs for the license to use Meazza Stadium. The rental expenses under the lease is €9.2 million a year, borne equally between Inter and A.C. Milan (4.6M€ for each company).

Note 44. Capitalization of youth programme costs

Capitalization of youth programme costs related to each period refer to the following structural and operating costs referring and attributable to the training camp:

	As of March 31	
€ thousand	**2020**	**2019**
Coaches compensation and bonuses	*(3,331)*	*(2,847)*
INPS ENPALS—costs for coaches	*(913)*	*(810)*
Coaches end of career allowances	*(169)*	*(157)*
Health care costs	*(1)*	*(2)*
Retirement management	*(670)*	*(601)*
Sport Facilities	*(1,270)*	*(856)*
Room and Board for the matches	*(208)*	*(162)*
Total Capitalization of youth program costs	**(6,562)**	**(5,435)**

The capitalized amount is consistent with the capitalization provisions as best described under "Intangible assets".

Note 45. Depreciation and amortization

Please refer to Note 7. Intangible assets and Note 8. Property, plant and equipment for more details.

Note 46. Impairment of assets

No Impairment of assets were made during the period ended March 31, 2020 (€2,064 thousand for the period ended March 31, 2019).

For more details, please refer to Note 7. Intangible Assets and Note 8. Property, plant and equipment.

Note 47. Write-down of trade receivables

The write-down of doubtful account receivables included in current assets reflect the prudential write-downs of some receivables. For more details, please refer to Note 12 "Trade receivables".

Note 48. Provision for risks and charges

For details, please refer to the Note 23 "Provisions for risks and charges".

Note 49. Net gain on player sales

"Net gain on player sale" realised throughout the periods are listed below with an indication of the name of the football player and the transferee club (€ thousand).

As of March 31, 2020, the net gain amounted to €14.0 million as detailed:

Football player	Transferor	Net Book Value	Value of the transfer	Actualization	Gains
Puscas George	The Reading Football Club Limited	116	7,482	(403)	6,963
Karamoh Yann	Parma Calcio 1913 S.r.l.	3,662	7,210	(169)	3,379
Barbosa Almeida Gabriel	Clube de Regatas do Flamengo	12,424	16,500	(1,801)	2,275
Merola Davide	Empoli F.B.C. S.p.A.	21	750	—	729
Rizzo Nicholas	Genoa Cricket & Football Club S.p.A.	18	500	—	482
D'Amico Felice	U.C. Sampdoria S.p.A.	289	400	—	111
Radaelli Nicolò	Delfino Pescara 1936 S.p.A.	6	100	—	94
Total gain					**14,033**
Total losses					**(36)**
Net gain on player sales as of March 31, 2020					**13,997**

Note 50. Net loaned player fees

This amount is calculated as revenue from temporary loan of players net of costs for temporary acquisition of players.

As of March 31, 2020, the loaned player fees is positive for €1.5 million as detailed:

Football player	Club	Amount
Stefano Sensi	Sassuolo	(2,254)
Victor Moses	Chelsea	(216)
Other costs for the temporary acquisition of players		(100)
Costs for the temporary acquisition of players		**(2,570)**
Ivan Perisic	FC Bayern	3,236
Valentino Lazaro	Newcastle	428
Matteo Politano	Napoli	369
Other revenue from temporary loan of players		14
Revenue from temporary loan of players		**4,047**
Net loan player fee as of March 31, 2020		**1,477**

Note 50. Net loaned player fees (Continued)

As of March 31, 2019, the loaned player fees is negative for €15.8 million as detailed:

Football player	Club	Amount
Sime Vrsaljko	Club Atletico de Madrid	(6,500)
Keita Baldè	Monaco	(4,304)
Matteo Politano	US SASSUOLO CALCIO SRL	(3,754)
Salcedo Mora	Genoa	(1,480)
Laurens Serpe	Genoa	(1,113)
Cedric Soares	Southampton	(390)
Costs for the temporary acquisition of players		**(17,541)**
Ansaldi Cristian	Torino	819
Barbosa Almeida Gabriel	Santos FC	917
Other revenue from temporary loan of players		11
Revenue from temporary loan of players		**1,747**
Net loan player fee as of March 31, 2019		**(15,794)**

Note 51. Net financial expenses

Financial income and expenses are detailed below:

€ thousand	As of March 31 2020	2019
Financial Income	**5,542**	**4,876**
—From receivables recognized among fixed assets	*2,039*	*4,876*
—From banks	*0*	*0*
—Other Financial Income	*3,503*	*—*
(Financial Expenses)	**(24,094)**	**(28,921)**
—Financial Expenses on Existing Notes	*(12,021)*	*(12,191)*
—To parent companies	*(4,705)*	*(11,082)*
—To companies subject to parent companies control	*(2,264)*	*—*
—To factoring	*—*	*(2,475)*
—Discounting effect on non-current payables and receivables	*(3,131)*	*(1,969)*
—Financial Expenses on Banks Loans	*(1,809)*	*(990)*
—Other financing fees	*(117)*	*(87)*
—Financial Expenses on late payments	*(11)*	*(110)*
—Financial Expenses and bank commissions	*(36)*	*(17)*
Gain and losses on foreign currency translation	**(28)**	**(81)**
—Profit on exchange rates	*375*	*54*
—Losses on exchange rates	*(403)*	*(135)*
Net financial expenses	**(18,580)**	**(24,126)**

Financial income

The financial income for the period ended as of March 31, 2020 and March 31, 2019 mainly consists of interest income on the discounting of receivables made during the periods as required by the amendments, additions and novelties introduced in the Civil Code of Legislative Decree no. 139/2015. As at March 31, 2020, the line item "Other Financial Income" refers to the interest accrued during previous year and waived for the nine months period ended March 31, 2020 by the majority shareholder Great Horizon S.à.r.l..on the Shareholders' loan provided.

Note 51. Net financial expenses (Continued)

Financial expenses

"Financial expenses on Existing Notes" refer—throughout the periods presented—to the interest on the Senior Secured Notes 2022 issued on December 21, 2017.

Financial expenses "to parent companies" and "to companies subject to parent companies control" refer to interest on the loan granted to the Group respectively by the majority shareholder Great Horizon S.à.r.l. and by the company subject to parent companies control Grand Flagship Limited.

The financial expenses "To factoring" refers to the costs applied by the factor throughout the periods presented.

The financial expenses "Discounting effect on non-current payables and receivables"—throughout the periods presented—relate to the discounting of payables carried out in the nine months period as required by the amendments, additions and changes introduced to the rules of the civil code by the Legislative Decree. 139/2015.

"Financial Expenses on Banks Loans" refer, throughout the periods presented, to the interest on the revolving credit facility.

Gains and losses on exchange

These expenses have been calculated considering the exchange rate as of March 31 of each nine months period.

Note 52. Share of (loss) / profit of the investee

It refers to the share of loss or profit of M-I Stadio according to the equity method as discussed in the significant accounting policies.

Note 53. Income Taxes

Starting from fiscal year ended June 30, 2015, the Group companies exercised the option to adhere to the Tax Consolidation set forth in Articles 117-129 of D.P.R. 917/86 as consolidated parties, with FC Inter as the Parent Company.

Due to the effect of the joint fiscal year of such option by the Parent Company and its subsidiaries, the former as the consolidating company, it is noted that the relative option was exercised within December 16, 2013 for the three-year period 2013-2016, renewed for other three years.

The allocation for each fiscal year income taxes for the consolidated companies was made on the basis of the presumable tax burden according to outstanding law.

Income taxes throughout the periods are calculated as follows:

	As of March 31	
€ thousand	**2020**	**2019**
Current Taxes	(5,092)	(6,764)
Deferred Taxes Assets	(122)	628
Deferred Taxes Liabilities	345	(86)
Income Taxes	**(4,869)**	**(6,222)**

Litigation and tax assessments

The Group is involved with various tax litigation, mainly related to two cases that are specific to the football industry.

Note 53. Income Taxes (Continued)

One case regards the relevancy for purposes of IRAP of capital gains from the transfer of football players. The Tax Authority ("Agenzia delle Entrate") contested the exclusion from the IRAP taxable base of capital gains from the transfer of football players, since the Group considered this to be extraordinary and therefore not subject to IRAP taxation (the "Capital Gains" case).

The second case regards the relationships between the Group, its registered personnel and sports agents. Specifically, the Tax Authority contested that the costs for services provided by "Sports Agents" are incurred by the Company in the primary interests of the football players, (fringe benefit). Therefore such costs should have been subject to withholding tax, not deducted for Value Added Tax and for purposes of IRAP tax and IRES tax calculation ("Sports Agents" case).

In relation to the "Capital Gains" case, the Group has received multiple tax assessments starting from fiscal year ended June 30, 2002, specifically:

- with reference to the tax assessments received for fiscal years ended June 30, 2002, June 30, 2003 and June 30, 2004, the Group filed appeals in the various levels of the proceedings, in which favorable judgments (generally in the first degree court) alternated with adverse judgments. Currently the appeals related to the above assessments are all pending in front of the Court of Cassation (last degree of judgement). The amounts assesses included interests and penalties have all been paid in previous years, consistently with the regulations and charged to the Income Statements. The appeals related to the above assessments were rejected in 2019. The "Court of Cassation" (i) rejected the appeals presented by Agenzia delle Entrate, recognizing that sanctions are not applicable because at the time of the facts there were jurisprudential disagreements on the point, as underlined with the Council of State legitimacy sentence of 11/12/2012 (Cass. Civ. 2015 n. 24588) and (ii) rejected the appeals presented by the Group recognizing the taxability of gains on the sale of players for IRAP purposes, being the sale of a player an action part of the management of a football team related to the ordinary activities of a sports club, as clarified by the above mentioned sentence. Gains deriving from the alienation of assets, when the asset sale is an ordinary event in the company management, like football players in a football club, are part of the gains and losses of the day-to-day management. In November 2019, the Group received from the Tax Authority a tax assessment of Euro 1.5 million, relating to the tax period 2001 and falling within the case of "Capital Gains", following the sentence issued by the Court of Cassation; the amount due was fully paid in January 2020 and recorded in the income statement.
- with respect to fiscal year ended June 30, 2005, the assessment received only resulted in the variation of the IRAP taxable income base, which remains negative, and therefore no amount have been requested to be paid to Inter;
- with reference to fiscal years ended June 30, 2006 and June 30, 2007, on December 12, 2011 the Group received two tax assessments, and filed an appeal in front of the first degree court. It is noted that the Tax Authority included comments with respect to the "Sports Agents" in the above notices of tax assessment, just with respect to the IRAP component. The Group, in accordance with legislation on appeals, paid the amount of €654 thousand in fiscal year ended June 30, 2013, which was entirely charged to the Income Statement. On March 13, 2014, the Group received notice from the Provincial Tax Commission of Milan related to the judgment in which the appeal has been won for both tax assessment mentioned, both with reference to the "Capital Gains" case as well as with reference to the "Sports Agents" case. Consequently, during the month of July 2014, the Group received reimbursement of what it had paid to be able to file the first level appeal. Such amount, from a prudential standpoint, was recognized in the Financial Statements in the line item "miscellaneous payables", while waiting for the final conclusion of the litigation in the residual levels of judgment. In November 2015, the Group received a notice of payment for €2.1 million related to the above mentioned notices of tax assessments for fiscal years June 30, 2006 and June 30, 2007 consequent to the unfavorable judgment on the second degree court. The above tax notice, which will be paid in accordance with an agreed-upon

Note 53. Income Taxes (Continued)

instalment plan, resulted in the use of the "Provision for risk and charges" in the amount of €1.4 million, as better described in the Note 23 "Provisions for risk and charges", while for the remaining portion already entered into debt, during the year has been pre-paid. For completeness, it is noted that the Group has appealed in the month of March 2016.

With reference to the "Capital Gains" case in the month of December 2012 the *Consiglio di Stato* (which is the maximum administrative authority provided an opinion favorable to the taxation of the capital gains for the purposes of IRAP, on the contrary of the opinion of Inter). As far as now no further amount could be at risk in relation to the "Capital Gain" case.

With reference to the "Sports Agents" case, the Group has received multiple notices of tax assessments starting from fiscal year ended June 30, 2005, whose description is relevant for purposes of the information regarding these consolidated Financial Statements, specifically:

- with reference to fiscal years ended June 30, 2005, June 30, 2006, June 30, 2007 and June 30, 2012 Group agreed to settle the tax assessments ("Settlement") received related to the above fiscal years that contested non-deductible costs for purposes of IRAP in relation to the fiscal year ended June 30, 2005, as well as more VAT and withholding tax for the fiscal years ended June 30, 2005, June 30, 2006 and June 30, 2007. The overall cost, inclusive of penalties and interest, was approximately €7.7 million;
- with respect to the fiscal year ended June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, in March 2018 Group received a tax transaction proposal from the Tax Authority ("Agenzia delle Entrate") in order to avoid the tax litigation; Group subscribed the aforementioned transaction which provided an outcome in line with that recorded under the item "Provisions for risks and charges" which took place entirely in the fiscal year ended June 30, 2019. Specifically, with reference to the settlement agreement relating to the "Sports Agents" case, the transactions were carried out by the Group with a cost / benefit view, assessing on one hand the residual duration of disputes which, more likely, would have been prolonged up to the third degree of judgment with related consultancy costs, and on the other hand the positive effects deriving from the elimination of a tax slope. However, the Management of the Group believes, with the support of its legal counsel, that the choice of settlement definition is not linked to legal assessments and that therefore to date the potential liability in relation to the tax-cleared financial years and the current litigation, both still opposable in any degree of judgment as well as at the moment not quantifiable;
- with respect to the fiscal year ended June 30, 2013 and June 30, 2014, in December 2018 Group received from the Tax Authority the findings of the assessments relating to the aforementioned financial years that contested non-deductible costs for IRAP purposes in relation to the financial year ended June 30, 2013, higher withholding tax not applied as a withholding agent in relation to the financial year ended June 30, 2013, as well as higher VAT tax in relation to the financial years ended June 30, 2013 and June 30, 2014. The total charge including ancillary sanctions and interest amounts to approximately Euro 0.25 million, providing for a disbursement in February and April 2019 through the use of Provisions for risks and charges of previous years. For more information, refer to Note 23 "Provisions for risks and charges";
- in relation to the years ended June 30, 2014 and June 30, 2015, in July 2019 Group received from the Tax Authority an act that contests higher VAT tax during those years for €17 thousand, paid during August 2019.

Note 54. Transactions with related parties

The following table shows the main related party transaction entered by the Group throughout the nine months period ended March 31, 2020:

Company	Nature of relationship	Receivables/ Accruals Assets as of March 31, 2020	Payables/ Deferrals Liabilities as of March 31, 2020	Revenue for the period ended March 31, 2020	Costs for the period ended March 31, 2020
Great Horizon S.à.r.l.	Financial	—	88,329	—	2,931
Grand Flagship Ltd.	Financial	—	50,610	—	1,676
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	5,550	285	11,536	—
Suning Sports International Ltd.	Commercial	8,625	—	7,133	—
Jiangsu Family Sports & Culture Development Co., Ltd.	Commercial	220	—	—	—
Jiangsu Suning Football Club Co., Ltd.	Commercial	10	—	—	—
Suning Appliance Group Co., Ltd.	Commercial	218	—	—	—
Great Mercury Limited	Commercial	1,751	—	1,751	—
Inter Brand China Co., Ltd. in liquidation	Commercial / Financial	16	16	—	—
Shanghai I.Brand Trading Co., Ltd.	Commercial	32	—	—	—
M-I Stadio S.r.l.	Commercial	—	1,917	544	3,433
Total related parties as of March 31, 2020		**16,422**	**141,157**	**20,964**	**8,040**

Grand Flagship LTD is a company subject to parent companies control.

Great Mercury Limited is a company subject to parent companies control.

M-I Stadio S.r.l. is an associated company of Inter, holding this latter 50% stake.

All transactions with related parties are conducted in conditions of arm's length.

Note 55. Guarantees, commitments and liabilities arising from the Balance Sheet

The table below gives details of the commitments, guarantees and contingent liabilities not disclosed in the Interim Condensed Consolidated Financial Statements at 31 March 2020:

€ thousand	As of March 31, 2020
Pledge on the shares of the equity investment in the subsidiary Inter Media	**105,597**
Pledge on Inter Media brands in favor of Existing Notes investors	**272,450**
Guarantees	**4,369**
to associated companies	*106*
to third parties	*4,263*
Commitments	**506**
Operating leasing fees	*506*

The pledge on the shares of the equity investment in the subsidiary Inter Media and the pledge on Inter Media brands has been granted to the banks according to the Existing Notes.

The main guarantees, as shown in the table, are in favor of third parties for €4.3 million and refers to the use of the San Siro Stadium. The guarantees to associated companies refers entirely to the associate M-I Stadio S.r.l..

Note 55. Guarantees, commitments and liabilities arising from the Balance Sheet (Continued)

The commitments for operating lease payments not yet due amount to €0.5 million and represent the total value of future lease payments to be paid to the leasing company under the contracts and excluding installments already paid.

Note 56. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors and Audit Firm are detailed below:

	As of March 31	
€ thousand	**2020**	**2019**
Board of Directors	1,315	471
Board of Statutory Auditors	134	134
Independent Audit Firm for the audit of the financial statement	91	118
Total	**1,540**	**723**

Note 57. Subsequent events occurred after March 31, 2020.

- The Lega Serie A has confirmed the re-start of the National Cup (Serie A) from June 20, 2020, following a meeting between FIGC and the Italian Government. At the date of this Interim Consolidated Financial Statements, Inter played five Serie A matches. Furthermore, on June 13, 2020 the First Team was knocked out by Napoli in the semi-finals of the Tim Cup.
- UEFA has confirmed to re-start the UEFA Cup from August 5, 2020;
- as at the date of this Interim Consolidated Financial Statements, the striker of the Inter's first team Mauro Icardi has been sold to Paris Saint Germain;
- as at the date of this Interim Consolidated Financial Statements, Inter acquired Achraf Hakimi from Real Madrid;
- the main Shareholder (Suning) – confirming its commitment to support the Parent Company and the Group - converted to equity an addition amount of Euro 10 million of shareholder's loan on June 22, 2020. For more details please refer to paragraph "*Going Concern*".
- UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately against the background of the Coronavirus (COVID-19) pandemic. Such amendments provides exclusions of the results of season 2019/2020 from the computation to assess the compliance to financial fair play rule in relation to the financial statements for the season 2019/2020 that will be measure only considering financial statements for the season 2017/2018 and 2018/2019.

  In relation to the following measurement period, for the computation to assess the compliance to financial fair play rule in relation to the financial statements for the season 2020/2021 four consecutive reporting periods should be considered instead of 3 (2017/2018, 2018/2019, 2019/2020 and 2020/2021). The periods 2019/2020 and 2020/2021 for the purpose of calculation are considered one single period in order to include the effect of postponement of certain revenue caused by COVID-19 pandemic. In addition, new amendments allow for the following: i) if aggregated period 2019/2020 and 2020/2021 will result in a loss, this loss will be halved for the purpose of the computation of the financial fair play result and ii) appropriate adjustments to address the adverse financial impact generated by COVID-19, defined as the loss of revenues between the average revenues relevant for the calculation of the break-even result recognized in the reporting periods 2019/2020 and 2020/2021 and the corresponding revenues relevant for the calculation of the break-even result recognized in the reporting period ending in 2018/2019.

INTER MEDIA AND COMMUNICATION S.p.A.
Financial Statements
as of and for the fiscal years ended
June 30, 2019, June 30, 2018 and June 30, 2017

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: + 39 02 83322111
Fax: + 39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS AS AT JUNE 30, 2019, 2018 and 2017

To the Board of Directors of
Inter Media & Communication S.p.A.

Opinion

We have audited the accompanying financial statements of Inter Media and Communication S.p.A. (the "Company"), which comprise the balance sheet as at June 30, 2019, 2018 and 2017, the statement of income, the statement of changes of shareholders' equity and the statement of cash flows for the year then ended and the explanatory notes. The financial statements have been prepared solely for inclusion in the offering memorandum prepared in connection with the proposed issuance of senior security notes by the Company.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2019, 2018 and 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Italian GAAP.

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.

Other matter

The Company has prepared for statutory purpose a separate set of statutory financial statements for the year ended June 30, 2019, 2018 and 2017 in accordance with the Italian law governing financial statements at each reference date on which we issued a separate independent auditor's reports to the shareholders of the Company dated October 11, 2019, October 10, 2018 and October 12, 2017 respectively.

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

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian GAAP, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of the 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.

Deloitte.

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 scepticism 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.

DELOITTE & TOUCHE S.p.A.

Davide Bertoia
Partner

Milan, Italy
July 13, 2020

BALANCE SHEET

As of and for June 30, 2019, June 30, 2017 and June 30, 2016

€ thousand	Notes	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Assets				
Non-current assets				
Intangible assets	5	287,001	305,107	328,610
Property, plant and equipment	6	211	87	47
Financial assets	7	10,410	10,410	15,501
Loan to parent company	8	131,445	144,944	27,209
Prepaid expenses	14	22	9	112
Non-current assets		**429,089**	**460,557**	**371,479**
Current assets				
Current financial assets	7	108	43	6,372
Loan to parent company—current portion	8	—	—	221
Trade receivables—current portion	9	79,206	76,208	32,971
Trade receivables from parent companies and their affiliated	10	34,891	39,126	29,977
Tax receivables	11	27	—	—
Deferred tax assets	12	666	200	154
Other receivables	13	5	4	138
Prepaid expenses—current portion	14	113	245	674
Cash at bank and on hand	15	15,664	8,510	8,982
Current assets		**130,680**	**124,336**	**79,489**
Total assets		**559,769**	**584,893**	**450,968**

€ thousand		As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Liabilities and shareholders' equity				
Shareholders' equity	16			
Share capital		500	500	500
Reserve		105,097	105,097	105,097
Retained earnings		4,087	4,087	4,087
Profit for the fiscal year		72,646	65,571	50,904
Shareholders' equity		**182,330**	**175,255**	**160,588**
Non-current liabilities				
Deferred tax liabilities	17	31,040	32,963	34,886
Provisions for employee severance indemnities	18	248	172	131
Provisions for risks and charges	19	247	247	—
Existing Notes	20	280,794	285,630	—
Bank loans	21	—	—	196,000
Deferred income	27	11,290	11,714	12,137
Non-current liabilities		**323,619**	**330,726**	**243,154**
Current liabilities				
Existing Notes—current portion	20	6,550	6,250	—
Bank loans—current portion	21	—	—	12,000
Trade payables	22	3,043	3,073	2,698
Trade payables to parent companies and their affiliated	23	42,879	67,286	22,772
Tax payables	24	378	830	2,840
Social security payables	25	186	146	135
Other payables	26	277	221	235
Accrued expenses	27	83	72	3,123
Deferred income – current portion	27	424	1,034	3,423
Current liabilities		**53,820**	**78,912**	**47,226**
Total liabilities and shareholders' equity		**559,769**	**584,893**	**450,968**

INCOME STATEMENT

As of and for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousand	Notes	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Revenue	28	144,941	136,852	123,000
Other income	29	193	553	95
Total revenue		**145,134**	**137,405**	**123,095**
Personnel costs	30	3,372	2,865	2,674
Cost of services	31	11,082	9,628	6,854
Other operating costs	32	1,001	915	1,298
Write-downs of trade receivables	33	2,542	—	—
Depreciation and amortization	34	18,183	18,157	18,149
Provisions for risks for charges	19	—	247	—
Total operating costs		**36,180**	**31,812**	**28,975**
Operating profit		**108,954**	**105,593**	**94,120**
Net financial expenses	35	(9,822)	(15,640)	(16,339)
Profit before tax		**99,132**	**89,953**	**77,781**
Income taxes	36	(26,486)	(24,382)	(26,877)
Profit for the fiscal year		**72,646**	**65,571**	**50,904**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of and for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousand	Share capital	Share premium reserve	Legal reserve	Retained earnings	Profit for the fiscal year	Total
Balance as of June 30, 2016	**500**	**104,997**	**100**	**—**	**9,250**	**114,847**
Allocation of profit	—	—	—	9,250	(9,250)	—
Dividends	—	—	—	(5,163)	—	(5,163)
Result for the fiscal year ended June 30, 2017	—	—	—	—	50,904	50,904
Balance as of June 30, 2017	**500**	**104,997**	**100**	**4,087**	**50,904**	**160,588**
Allocation of profit	—	—	—	50,904	(50,904)	—
Dividends				(50,904)		(50,904)
Result for the fiscal year ended June 30, 2018					65,571	65,571
Balance as of June 30, 2018	**500**	**104,997**	**100**	**4,087**	**65,571**	**175,255**
Allocation of profit	—	—	—	65,571	(65,571)	—
Dividends				(65,571)		(65,571)
Result for the fiscal year ended June 30, 2019					72,646	72,646
Balance as of June 30, 2019	**500**	**104,997**	**100**	**4,087**	**72,646**	**182,330**

CASH FLOW STATEMENT

As of and for the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	From May 6, 2014 to June 30, 2017
Cash flow from operating activities			
Profit for the fiscal year	**72,646**	**65,571**	**50,904**
Current taxes	28,876	26,351	27,256
Net financial expenses	9,837	11,473	16,339
1. Profit for the fiscal year before taxes and interests	**111,359**	**103,395**	**94,499**
Non cash adjustments			
Depreciation and amortization	18,183	18,157	18,149
Write-down/(Release/Uses) of fixed assets	1		
Write-down/(Release/Uses) of trade receivables	2,542	—	—
Write-down of ancillary costs on Bank Loan		4,137	
Employee severance indemnities	76	41	43
Other provisions		247	
Deferred tax assets and liabilities	(2,390)	(1,969)	(379)
2. Cash flow from operating activities before changes in net working capital	**129,771**	**124,008**	**112,312**
Changes in net working capital			
Increase in trade and other receivables	2,033	(49,348)	(44,773)
Increase/(Decrease) in trade and other payables	(58,125)	(2,288)	2,484
Other variations in net working capital	(905)	(2,283)	(852)
3. Cash flow from operating activities after changes in working capital	**72,774**	**70,089**	**69,171**
Other adjustments			
Taxes paid	(5,106)	(6,685)	(1,778)
Interests and other financial expenses paid	(14,652)	(17,385)	(14,240)
Cash flow from operating activities (A)	**53,016**	**46,019**	**53,153**
Cash flow from investing activities			
Investments in intangible assets	(39)	(68)	(78)
Investments in property, plant and equipment	(162)	(58)	(27)
Investment on financial assets	(65)	(10,453)	(306)
Disinvestment on financial assets		21,873	
Cash flow from investing activities (B)	**(266)**	**11.294**	**(411)**
Cash flow from financing activities			
Debt Financing			
Repayments of bank loans	—	(208,000)	(12,000)
Repayments of bond loan	(6,250)	—	—
Bond Loan	—	291,012	—
Intercompany loans	(16,408)	(140,796)	(27,209)
Equity Financing			
Capital/dividends distributions	(22,938)	—	(5,163)
Cash flow from financing activities (C)	**(45,596)**	**(57,784)**	**(44,372)**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**7,154**	**(471)**	**8,370**
Cash at bank and on hand at the beginning of the fiscal year	**8,510**	**8,982**	**612**
Cash at bank and on hand at the end of the fiscal year	**15,664**	**8,510**	**8,982**

INTER MEDIA AND COMMUNICATION S.p.A.
Explanatory Notes to the Financial Statements
as of and for the fiscal years ended
June 30, 2019, June 30, 2018 and June 30, 2017

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
For the fiscal years ended June 30, 2019, June 30, 2018 and June 30, 2017

Note 1. General company information

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. (hereinafter "Parent Company", "Inter", "FC Inter" or "Fc Internazionale" and along with its subsidiaries the "Group")'s media, broadcast and sponsorship business. Inter Media was formed in 2014 in connection with the contribution to the Company by Inter and Inter Brand S.r.l. (hereinafter "BrandCo") of their portion of business as a going concern (*ramo di azienda*) relating to media, broadcast and sponsorship rights, Inter's historical media archives, the intellectual property rights relating to the Inter brand as well as certain employees (hereinafter the "Contribution") occurred on June 5, 2014 (hereinafter the "Contribution date"). All contracts and licenses pertaining to these rights were transferred to, and are directly held by, Inter Media except the contracts related to the broadcast and media rights to Serie A and European competitions as only Inter, as the football team entity, is entitled to hold such rights pursuant to relevant Italian and European regulations. However, Inter has assigned to the Company the rights to all existing and future receivables for Serie A and UEFA broadcasting rights under such contracts (respectively "Serie A Indirect Media Revenue" and "UEFA Indirect Media Revenue" and together "Indirect Media Revenue"). Inter has also entered into several agreements with Inter Media that require Inter to carry out its obligations to the Company as well as to sponsors and broadcasters.

As allowed by Italian GAAP, the Contribution has been accounted for as business combination under common control had occurred with third parties based on the principle of the alterity of the entities involved with the recognition of the fair value of the assets and the liabilities contributed and goodwill.

Note 2. Change in the shareholding of the Parent Company

In February 2019 LionRock Zuqiu Limited ("LionRock")—a subsidiary of LionRock Capital, an institutional investor based in Hong Kong—acquired 4,636,221,998 shares of International Sports Capital S.p.A. ("ISC") from International Sports Capital HK, Ltd. ("ISC HK"), which represents 31.05% of the share capital of F.C. Internazionale Milano S.p.A.

As of June 30, 2019, the shareholding structure of F.C. Internazionale Milano S.p.A. is:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Co, Ltd);
- Lion Rock 31.05%;
- Other minors 0.4%.

Note 3. Basis of presentation

These financial statements ("Financial Statement") have been prepared solely for the purposes of their inclusion in the offering memorandum to be prepared in connection with the issuance of a Senior Secured Notes by Inter Media and Communication S.p.A. (i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S (and only to investors who, if resident in a member state of the European Economic Area, are qualified investors under Directive 2003/71/EC).

These Financial Statements include the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the explanatory notes which were approved by the Board of Directors on July 13, 2020. 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**").

In preparing these Financial Statements, however, Inter Media 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.

Note 3. Basis of presentation (Continued)

The Company is required to make security deposits in connection with the issuance of some of its bonds (see note 20). In prior years, the Company inadvertently classified these cashflows as part of its financing activities in the statement of cashflows. In the current year, the Company restated the statement of cashflows to change the presentation of these deposits as an investing activity, resulting in the following reclassifications:

Reclass to Cash Flow from investing activities:	2018	2017
Investment in Financial Assets	(10,454)	(306)
Disinvestment in Financial Assets	21,873	0

Reclass from Cash Flow from financing activities:	2018	2017
Debt service account	0	(306)
Restricted cash used as collateral	0	0
Repayments/(Increases) on security deposits related to bank loans	21,873	0
Security deposits on bank loans	(10,453)	0

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

Going concern

The financial statements are prepared on the assumption of Company's ability to continue as a going concern, since it was assessed that there are no significant uncertainties.

Covid-19 is expected to have direct impact on the Company's revenue and cash flow. In particular a portion of recurring revenue recognition from contracts in place and cash flow including Indirect Media Revenue are expected to be shifted in 2021 period due the postponement of all the main competitions. Furthermore, Sponsorship Revenue as well as Indirect media revenue could be impacted by the restrictions caused by Covid-19, including the closure of the Stadium. Although this could affect the economic and financial performance of the Company, it is not expected it will produce significant uncertainties over the ability of the Company to continue as a going concern. The Company also indirectly benefits from the support of the main Shareholder of the Group (Suning) provided to the Parent Company F.C. Inter.

In this context, the Directors have developed 2 scenarios in order to evaluate the potential impact of COVID-19 for both their going concern assessment and impairment test in note 5: Lockdown Scenario and Recovery Scenario:

- In the Lockdown Scenario, Management assumed, as key factor, that the Serie A 2019-2020 sporting season ("SS19-20") permanently ended after the second week of March suspension, without any other match played. Even though such a scenario no longer seems plausible given the official restart of Serie A from June 20, 2020, the Directors deemed that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A SS19-20 again. For that reason, Directors decided to keep the Lockdown Scenario in the valuation exercise for going concern and impairment test purposes.
- In the Recovery Scenario, Management assumed, as key factor, that the championship would resumed in June and will be regularly ended in July/August 2020. Given the official restart of Serie A from June 20, 2020, such a scenario seems plausible.

In both cases, anyway, the present commitment of Suning grant the going concern of the Parent Company and support the same conclusion also on Inter Media.

Note 4. Significant accounting policies

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs and amortised over their expected useful life. In accordance with OIC 9, and in order to support the valuation of the intangible assets on the Balance Sheet of the Company, the directors performed the impairment test at each fiscal year end. Where the value of intangible assets, independent of the amortization already recorded, 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, with the reversal of an impairment loss recognized through the income statement. Intangible assets include, among others, the value of the "Inter" Brand and of the "Library".

Intangible assets—Trademark

"Inter" brand, a "century-old" brand of great tradition, is amortised on a straight-line basis over 20 years, period considered representative of the useful lives of such asset.

Intangible assets—Library

"Library", related to the purchase of the RAI television archive (a historical library of images, materials and rights relating to Inter), as described in more detail below in paragraph "Other information". The amortising period was originally defined in 30 years and after the Contribution is amortised on a straight-line basis over the remaining 22 years.

Intangible assets—Goodwill

Goodwill represents the excess of cost of combination over fair value of the identification of the net asset. Has been accounted under assets on the Balance Sheet in view of its long-term utility. Amortization is calculated on a straight-line basis among 20 years from the Contribution, period considered representative of the useful life of such asset.

Intangible assets—Other

Other intangible assets include financing fees originally paid in connection with the Goldman Sachs/ Unicredit loan (hereinafter the "GS Loan", for more details, please refer to Note 21 Bank Loans) which have been originally deferred over the duration of the loan and charged to the Income Statement on a straight line basis within the financial expenses. Retrospective application of the Italian GAAP amended in 2015 have not been applied to GS Loan and to the related finance fees due to the exception providing by Italian GAAP by which amortizing cost criteria shall be applied only to loans (and consequently to the finance fees) incurred after July 1, 2016.

Intangible assets—Construction in progress and advances

The costs capitalised in "Construction in progress and advances" mainly refers to the cost for the renewing of the INTER mark's registration which will take effect upon acceptance of the application.

Property, plant and equipment

Property, plant and equipment include equipment, mainly related to electronic machines and a video facility at the "Suning Training Centre in memory of Angelo Moratti" for the transmission of advertising pages to the contracted Sponsors.

Property, plant and equipment are recognised at cost of purchase inclusive of directly attributable acquisition costs.

Note 4. Significant accounting policies (Continued)

The values of property, plant and equipment are adjusted directly by the annual depreciation calculated on a straight-line basis, reduced for the assets acquired in the year by 50%. The depreciation rate is representative of the estimated economic-technical useful life of the assets.

Assets	Depreciation rate
Equipment	20%
Electronic machines	20%
Furniture	12%
Mobile telephones	20%

Where at the end of the fiscal year, the value of intangible assets, independent of the amortization already recorded, reports a permanent impairment, a write-down is recognized through the income statement; when an impairment loss no longer applies the carrying amount is increased to its new estimated recoverable amount, which may not exceed the initial cost after amortization, with the reversal of an impairment loss recognized through the income statement.

Financial assets

Financial assets refers to the debt service account used as a guarantee on the GS Loan and on Bond Loan according to the existing facility agreements.

Loan receivables

Loan receivables are recognised to the Financial Statements according to the amortised cost criteria, taking account of their timing and the expected realisable value. The amortized cost is not applied when the transaction costs, commissions paid between contracting parties and any other difference between initial value and final value, are not significant and the contractual interest rate is considered at market value.

Trade and other receivables

Receivables are recognised to the Financial Statements according to the amortised cost criteria, taking account of their timing and the expected realisable value. The amortised cost criteria is not applied where the effects are insignificant or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is insignificant or where the receivables are short-term (i.e. with maturity of less than 12 months).

The value of receivables, established as above, is adjusted where necessary by a write-down provision, presented as a direct reduction of the value of the receivables to their expected realisable value. The write-down to the Financial Statements is equal to the difference between the book value and the value of estimated future cash flows, less amounts which are not expected to be received. The write-down is recognised to the income statement.

According to the exemption provided by the Italian GAAP, the amortised cost criteria has not been applied to receivables generated before July 1, 2016.

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 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.

Note 4. Significant accounting policies (Continued)

Accruals and deferrals

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.

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 notes.

Provisions for employee severance indemnities

The provision reflects the amounts accrued at the reporting date in favour of employees, in accordance with contractual and legislative requirements. This liability is subject to indexation. It shall be noted that as of 1 January 2007, the Finance Law and related implementing decrees introduced significant changes in the regulation of provisions for employment termination benefits, including the employee's choice concerning the allocation of severance indemnities accruing (to the supplementary pension funds or the "Treasury Fund" managed by INPS). The amount recorded in the Financial Statements is therefore net of payments to the funds mentioned.

Loans, trade and other payables

Loans, trade and other payables are recognised according to the amortised cost criterion, taking account of their timing. The amortised cost criterion is not applied to loans and payables where the effects are insignificant. Effects are considered insignificant for short-term loans and payables (i.e. with maturity of less than 12 months). For the amortised cost criterion, reference should be made to loans and payables.

According to the exemption provided by the Italian GAAP, the amortised cost criteria has not been applied to loans and payables generated before July 1, 2016.

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 for the year. The net profit is set apart in a specific reserve, which may be distributed only upon realization.

Recognition of revenue and costs

Sponsorships revenue and media direct revenue are recognised progressively in relation to contracts providing services throughout the entire period/year or upon full delivery of the service at a pointed time. Non-refundable up-front fees are fully recognized in the income statement as occurred, usually at the execution of the contract.

Costs and Financial income and expenses are recognised to the Income Statement on an accrual basis.

Note 4. Significant accounting policies (Continued)

Income taxes

Taxes are provided for in accordance with the accruals principle; they therefore represent the amount for taxes paid or payable for the financial year, determined in accordance with the rates and regulations in force.

The Company also has a tax consolidation agreement with its parent company.

Deferred tax assets and liabilities

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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. Deferred income tax assets 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. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividends payable by the Company are reported as movements in shareholders' equity in the period in which they are approved by the shareholders in general meeting and recognized as liabilities when the declaration of such dividends is approved.

Derivative contracts

The Company has signed a derivative contract in order to hedge the interest rate fluctuation risk. This is qualified as an "Interest Rate Cap" and provides a cap of 2% on the Euribor for half of the total loan granted (€115 million). For this contract, a fee of €600 thousand was paid and this value has been deferred along its duration. The commission paid at the date of the signing of the contract represents the *fair value* of the financial instrument.

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. Regarding the provisions for risks and charges and the write-down of doubtful receivables, the financial statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the state of litigation, using the information provided by the legal and tax advisors,

Note 4. Significant accounting policies (Continued)

who assist the Company as well as considering outstanding contracts with the counterparts. The estimate of risks is subject to the risk of uncertainty of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future fiscal years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency. In the case of evaluation of the recoverable value of property, plant and equipment and intangible assets, the Directors performed an impairment test to check the recoverability of the values of assets when preparing the Financial Statements at 30 June 2019, 2018 and 2017.

This impairment test was performed based on the economic and financial forecasts of Inter Media pertaining to each fiscal year presented (for the fiscal year June 30, 2017 it was performed using economic and financials forecast of Inter Media for the period 2018-2022). These forecasts are based on assumptions characterized by an intrinsic uncertainty both over macroeconomic and sector conditions and the specific conditions connected to the Company, which also depend on the sporting results obtained by the Parent Company, in which any change cannot currently be assumed to lead to different results to the estimate which could imply to write down the intangible assets (including goodwill) and the property, plant and equipment accounted on the Balance Sheet.

Agreements with the Rai Group and Infront

On June 2011, the Parent Company acquired the Library from Rai and subsequently such asset was contributed to the Company at the Contribution date.

Library include the Rai archive of images and videos of the football team (historical archive—material and rights) and the archive of broadcasts on Inter TV 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, and also (iii) the right to renew the contract from 30 June 2041 to 30 June 2071.

On May 2011, the Parent Company entered an agreement with Infront Italy S.r.l. ("Infront"), a global sports marketing agency, with respect to the digitalization and marketing in Italy of the archive content of matches played in Serie A (after the first 48 hours after the match has been played), as well as TIM Cup and Supercoppa TIM matches.

Infront digitizes and markets the archived content and has provided a guarantee under this agreement that Inter Media will receive €10 million, plus VAT, per season through the 2020/2021 season.

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 €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 €50 million, which has been used for €25 million as of June 30, 2019 and in July 2019 for the remaining amount. This transaction led to i) full repayment of previous financing (with Goldman Sachs/Unicredit) equal to €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 €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). The amortization of expenses is added to 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 indenture, the Company mortgaged the "FC Inter" trademark and FC Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media.

Note 4. Significant accounting policies (Continued)

Agreement with Suning

On September 1, 2016, it was signed with Jiangsu Suning Sports Industry Co., Ltd, company belonging to Suning Group, a contract for the transfer of the rights to rename the sports centres and the rights to use the Suning brand in Italy and in Asian territory. The contract expires in June 2020 and has a non-refundable initial signing fee of €25 million an annual fees of €16.5 million up to maturity and €2.6 million represented performance bonuses relating to both Inter's youth team and Inter's first team. 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. With reference to this agreement, during the year the Company recorded revenues for a total of €18.2 million, including the variable portion linked to bonuses of €9.6 million.

With reference to this contract, the Group accounted revenue during the fiscal years 2017, 2018 and 2019, for a total of €85.7 million.

On February 8, 2017, a new contract was signed with Beijing Yixinshijie Culture Development Co. Ltd., a Chinese Company, for the exclusive granting of certain media rights and sponsorship of the Fc Inter brand in the Asian region which has foreseen annual fees of €30 million up to maturity (including a one-time upfront fee of €10.0 million). This annual minimum amount has been decreased from €30 million to €25 million following an amendment providing the re-purchase by the Company of some categories of sponsorship rights for an amount of 5 million previously included in the agreement. With reference to this contract, the Group recorded revenue during the fiscal years 2017, 2018 and 2019, including the initial signing fee, for a total of €80 million.

During 2017-2018, the Company has signed an agreement with Beijing iMedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, which expires as of June 30, 2024. In fact, the Company has sold to iMedia the abovementioned part of sponsorship rights which was repurchased as described above. The agreement provided for a non-refundable up-front fee of €23,1 million at the time of the signing and annual payments of €25 million until maturity. During the fiscal years 2017, 2018 and 2019, the Company has recorded €52.3 million of revenue.

Furthermore, during the same period two multiannual contracts were signed with the Chinese companies Fullshare Holding Ltd. (active in the services sector for tourism and childcare) and King Down Investments Ltd. (an online travel agency, better known as Lvmama), both expiring on June 30, 2020. Such agreements provided a non-refundable up-front fees of €3.25 million each at the time of the signing and total annual fees of €10 million. It should be noted that both of them have been terminated in advance in May 2019. With reference to these contracts, during the fiscal years 2017, 2018 and 2019 the Company recorded revenue for an amount of €29.8 million.

Analysis of balance sheet items

Note 5. Intangible assets

As of 30 June 2019, 2018, 2017 Intangible Assets amount respectively to €287.0 million, to €305.1 million and to €328.6 million.

Intangible assets are detailed as follow:

	Historical Cost					Amortization					
€ thousand	Balance as of June 30, 2018	Increase	Decrease	Recl	Balance as of June 30, 2019	Balance as of June 30, 2018	Write downs	Release	Amortization for the fiscal year ended June 30, 2019	Amortization as of June 30, 2019	Net book Value
Trademark	272,354	2	—	81	272,437	(114,395)			(9,917)	(124,312)	148,125
Library	64,918	—	—		64,918	(12,493)			(2,283)	(14,776)	50,142
Goodwill	118,843	—	—		118,843	(24,175)			(5,943)	(30,118)	88,725
Construction in progress and advances	55	36		(81)	10	—	(1)			(1)	9
Other intangible assets	—	—	—	—	—	—				—	—
TOTAL	**456,170**	**38**	**—**	**—**	**456,208**	**(151,063)**	**(1)**	**—**	**(18,143)**	**(169,207)**	**287,001**

	Historical Cost					Amortization					
€ thousand	Balance as of June 30, 2017	Increase	Decrease	Recl	Balance as of June 30, 2018	Balance as of June 30, 2017	Write downs	Release	Amortization for the fiscal year ended June 30, 2018	Amortization as of June 30, 2018	Net book Value
Trademark	272,341	10	(6)	9	272,354	(104,480)	—		(9,915)	(114,395)	157,959
Library	64,918	—	—	—	64,918	(10,210)	—	—	(2,283)	(12,493)	52,425
Goodwill	118,843	—	—	—	118,843	(18,233)	—	—	(5,942)	(24,175)	94,668
Construction in progress and advances	—	64	—	(9)	55	—	—	—	—	—	55
Other intangible assets	13,757	—	(13,757)	—	—	(8,326)	(4,136)	13,757	(1,295)	—	—
TOTAL	**469,859**	**74**	**(13,763)**	**—**	**456,170**	**(141,249)**	**(4,136)**	**13,757**	**(19,435)**	**(151,063)**	**305,107**

Note 5. Intangible assets (Continued)

	Historical Cost					Amortization					
€ thousand	**Balance as of June 30, 2016**	**Increase**	**Decrease**	**Recl**	**Balance as of June 30, 2017**	**Balance as of June 30, 2016**	**Write downs**	**Release**	**Amortization for the fiscal year ended June 30, 2017**	**Amortization as of June 30, 2017**	**Net book Value**
Trademark	272,263	78	—	—	272,341	(94,566)	—	—	(9,914)	(104,480)	167,861
Library	64,918	—	—	—	64,918	(7,927)	—	—	(2,283)	(10,210)	54,708
Goodwill	118,843	—	—	—	118,843	(12,291)	—	—	(5,942)	(18,233)	100,610
Construction in progress and advances	—	—	—	—	—	—	—	—	—	—	—
Other intangible assets	13,757	—	—	—	13,757	(5,610)	—	—	(2,716)	(8,326)	5,431
TOTAL	**469,781**	**78**	**—**	**—**	**469,859**	**(120,394)**	**—**	**—**	**(20,855)**	**(141,249)**	**328,610**

Note 5. Intangible assets (Continued)

Movement of intangible asset is mainly due to the amortization recognised through the fiscal year presented.

"Other intangible assets", refers to costs incurred by the Company in relation to previous financing, as previously described at the Note 4 Significant accounting policies—*Intangible assets—Other*. The decrease during the fiscal year ended June 30, 2018 refers to the write-down for €4,136 thousand of the residual costs capitalized on such financing, extinguished in December 2017 following the new debt refinancing operation. With reference to these charges, it should also be noted that the aforementioned write-down and the related amortization accrued up to the date of extinguishment of the previous Loan equal to €1,295 thousand was classified in the Income Statement under item " Net financial expenses".

"Construction in progress and advances" refers to the cost incurred for renewing the INTER marks' recorded as construction in progress and advances since the registration was not effective yet at the financial statements date.

In accordance with OIC 9, and in order to support the valuation of the intangible assets on the Balance Sheet of the Company, the directors performed the impairment test at 30 June 2019, 2018 and 2017.

The impairment tests were run as of all the fiscal years presented, through the use of the "Discounted Cash Flow Analysis", measuring the value of the business through the discounting of cash flows originating from the financial-economic forecasts, discounted by the WACC rate (Weighted Average Cost of Capital) of 8.37% as of June 30, 2019, 8.76% in 2018 and 8.51% in 2017.

The assumptions used to forecast revenue and the related cash flows, considered the revenue forecasts of the sports results of the Parent Company which have a direct influence on the result of operation of the Company and its cash flow and for the fiscal years ended June 30, 2019, 2018 and 2017 have taken into account also the influence of the Parent Company's Majority Shareholders with the new contracts indicated above.

The result of the impairment test and the sensitivity analysis on the forecast data and to the WACC, with the objective of making a control "stress test" of the sensitivity of the "recoverable amount" of the asset upon the variation of the forecast assumptions and WACC, did not reveal any impairment losses on the values of Inter Media's assets because the recoverable value is greater than the book value in the Financial Statements.

Note 6. Property, plant and equipment

As of 30 June 2019, 2018, 2017 property, plant and equipment amount respectively to €211 thousand, to €87 thousand and to €47 thousand.

Property, plant and equipment, are detailed as follow:

	Historical Cost					Accumulated Depreciation			
€ thousand	Balance as of June 30, 2018	Additions	Disposals	Impairment	Balance as of June 30, 2019	Balance as of June 30, 2018	Depreciation	Depreciation as of June 30, 2019	Net book Value
Equipment	80	162	—	—	242	(13)	(30)	(43)	199
Electronic machines	23	—	—	—	23	(15)	(4)	(19)	4
Furniture	4	—	—	—	4	—	(1)	(1)	3
Mobile telephones	17	—	—	—	17	(9)	(3)	(12)	5
TOTAL	**124**	**162**	**—**	**—**	**286**	**(37)**	**(38)**	**(75)**	**211**

	Historical Cost					Accumulated Depreciation			
€ thousand	Balance as of June 30, 2017	Additions	Disposals	Impairment	Balance as of June 30, 2018	Balance as of June 30, 2017	Depreciation	Depreciation as of June 30, 2018	Net book Value
Equipment	26	54	—	—	80	(2)	(11)	(13)	67
Electronic machines	23		—	—	23	(11)	(4)	(15)	8
Furniture	—	4			4			—	4
Mobile telephones	17		—	—	17	(6)	(3)	(9)	8
TOTAL	**66**	**58**	**—**	**—**	**124**	**(19)**	**(18)**	**(37)**	**87**

	Historical Cost					Accumulated Depreciation			
€ thousand	Balance as of June 30, 2016	Additions	Disposals	Impairment	Balance as of June 30, 2017	Balance as of June 30, 2016	Depreciation	Depreciation as of June 30, 2017	Net book Value
Equipment	—	26	—	—	26	—	(2)	(2)	24
Electronic machines	23	—	—	—	23	(6)	(5)	(11)	12
Furniture	—	—	—	—	—	—	—	—	—
Mobile telephones	16	1	—	—	17	(3)	(3)	(6)	11
TOTAL	**39**	**27**	**—**	**—**	**66**	**(9)**	**(10)**	**(19)**	**47**

Note 7. Financial assets

Following the details of financial assets:

€ thousand	As of June 30 2019	2018	2017
Financial assets	**10,518**	**10,453**	**21,873**
—of which within 12 months	*108*	*43*	*6,372*
—of which beyond 12 months	*10,410*	*10,410*	*15,501*
Total financial assets	**10,518**	**10,453**	**21,873**

Financial assets as of June 2019 and June 2018 refers to the escrow deposit paid as collateral for the bond loan. Financial assets as of June 2017 refers to the debt service account which is a restricted account used as a guarantee for the previous financing.

Note 8. Loan to parent company

€ thousand	As of June 30 2019	2018	2017
Loan to parent company	**131,445**	**144,944**	**27,430**
—of which within 12 months		—	*221*
—of which beyond 12 months	*131,445*	*144,944*	*27,209*
Total loan to parent company	**131,445**	**144,944**	**27,430**

Loan to parent company relates to an intercompany loan agreement signed during the 2017 fiscal year with Inter, which accrues interests of 5,5% + 3-month Euribor annually and whose repayment is expected in June 2047.

Note 9. Trade receivables

The breakdown of trade receivables is specified below:

€ thousand	As of June 30 2019	2018	2017
Trade receivables	**82,374**	**76,834**	**33,597**
—of which within 12 months	*82,374*	*76,834*	*33,597*
—of which beyond 12 months			
Total trade receivables	**82,374**	**76,834**	**33,597**
Bad debt provision	(3,168)	(626)	(626)
Total trade receivables net of bad debt provisions	**79,206**	**76,208**	**32,971**

Trade receivables for fiscal year ended June 30, 2019 are mainly composed of receivables from private companies, connected to the sale of television rights and sponsor agreements, such as regional sponsors (which has determined the major part of the increase of the fiscal year) for an amount of €69.9 million (which include Beijing Yixinshijie Culture Development for €25 million, Beijing iMedia Advertising for €24.9 million, King Down Investments Limited for €10 million and Fullshare Holding Limited for €10 million), Infront for an amount of €3 million, LNP Serie A for an amount of 1.4 million, Sky Italia for an amount of €568 thousand (of which invoices to be issued for €256 thousand), Lyoness Italia for an amount of €488 thousand.

Trade receivables for fiscal year ended June 30, 2018 are mainly related to Beijing iMedia Advertising Co. for €27.2 million and the new Chinese regional sponsor (which has determined the major part of the increase of the fiscal year) Beijing Yixinshijie Culture Development for €25 million, King Down Investments Limited for €4.9 million Fullshare Holding Limited for €4.5 million, Nike for €3.4 million,

Note 9. Trade receivables (Continued)

Infront for €5.3 million (of which invoices to be issued total €2,568 thousand), Media Partner & Silva Limiter for €1.6 million, Telecom Italia S.P.A. for €1.1 million, Sky Italia for €898 thousand Pirelli for €610 thousand.

Trade Receivables for fiscal year ended June 30, 2017 are mainly related to Beijing Yixinshijie Culture Development Co., a new Chinese regional sponsor for €12.3 million (which has determined the major part of the increase of the fiscal year), Infront for €8.5 million (of which invoices to be issued total €5.3 million), Telecom Italia for €1.3 million, Sky for €1.3 million (of which invoices to be issued for €260 thousand), Brilliance SWM Sales for €1.2 million (of which €600 thousand for invoice to be issued), Trenitalia for €744 thousand and Acqua Lete for €695 thousand.

Serie A Indirect Media Revenue amounted to €90.0 million for the fiscal year ended June 30, 2019, €100.7 million for the fiscal year ended June 30, 2018 and €89.9 million for the fiscal year ended June 30, 2017.

UEFA Indirect Media Revenue amounted to €51.0 million for the fiscal year ended June 30, 2019, €539 thousand for the fiscal year ended June 30, 2018, and €7.6 million for the fiscal year ended June 30, 2017.

The movements of the "Bad debt provision" throughout the fiscal years are as follows:

Bad debt provision	€ thousand
Balance as of June 30, 2016	***626***
(Use for losses on trade receivables)	—
Write-downs of trade receivables	—
Balance as of June 30, 2017	***626***
(Use for losses on trade receivables)	—
Write-downs of trade receivables	—
Balance as of June 30, 2018	***626***
(Use for losses on trade receivables)	—
Write-downs of trade receivables	2,542
Balance as of June 30, 2019	***3,168***

The provision accrued in the fiscal year June 30, 2019 of €2.5 million prudently reflects the updated assessment of the risk of uncollectability of specific credit positions considered doubtful.

Note 10. Trade receivables from parent companies and their affiliated

Trade receivables from parent companies and their affiliated was €30.0 million for the fiscal year ended June 30, 2017 and mainly refer for €27.6 million to receivables (which also include €25 million of up-front fee) from Jiangsu Suning Sports Industry in relation to the contract better described in the preceding paragraph "Agreement with Suning" and for €1.9 million to a receivable from Inter related to Vip hospitality and dedicated tickets for home matches.

Trade receivables from parent companies and their affiliated was €39.1 million for the fiscal year ended June 30, 2018 and mainly refer to receivables for a total of €33,600 thousand (of which invoices to be issued for €2,000 thousand) to Jiangsu Suning Sports Industry; €1.1 million relates to receivables from Suning Group Company PPLIVE Corporation for the transfer of Inter Tv's broadcasting rights in China.

Trade receivables from parent companies and their affiliated was €34.9 million for the fiscal year ended June 30, 2019 mainly refer to €29.5 million to Jiangsu Suning Sports Industry (of which invoices to be issued for €35 million), €4.2 million against FC Inter which include commercial credits; €1.2 million relates to receivables from PPLIVE Corporation for the transfer of Inter TV's broadcasting rights in China.

Note 11. Tax receivables

Tax receivables are related to receivables from withholding tax paid on bank interest income.

Note 12. Deferred tax assets

Deferred tax assets" are mainly related to provisions accounted in the bad debt provision in excess than the amount deductible according to the current tax regulations and to the exchange losses, but that will became deductible in the future. The recoverable amount has been established in connection to the Tax Consolidation Agreement and to the future profits of the Company.

Note 13. Other receivables

For the fiscal year ended June 30, 2017, other receivables are related to the payment in advance of the Withholding Tax thousand that was collected on July 2017 from lenders participating in the loan.

For the fiscal years ended June 30, 2018 and 2019 other receivables amount to €4 thousand and €5 thousand and are related principally to refunds of advance payments to INAIL (national institute for insurance against accidents at work).

Note 14. Accrued income and prepaid expenses

For the fiscal year ended June 30, 2017 prepaid expenses amount to €254 thousand and mainly includes the fee paid in advance for the "Interest rate cap" and also the part relating to the Annual Agency Fee on GS Loan, which are spread over the duration of the GS Loan agreement.

For the fiscal year ended June 30, 2018 prepaid expenses amount to €255 thousand. The prepaid expenses related to the "Interest rate cap" and also the part relating to the Annual Agency Fee on GS Loan mentioned above was devaluated and charged to the Income Statement in relation to the aforementioned new debt refinancing operation that resulted in the termination of the previous Goldman Sachs / Unicredit Loan.

The caption include also "Accessory charges on Bond Loan" for €70 that refers to the costs incurred annually for the fees linked to the Bond Loan which has been fully paid within the fiscal year ended June 30, 2020 but part of that is related to the currrent fiscal year.

For the fiscal year ended June 30, 2019 prepaid expenses amount to €135 thousand. The caption include "Accessory charges on Bond Loan" for € 69 thousand.

There is not accrued income or prepaid expenses collectable beyond 5 years throughout the fiscal years presented.

Note 15. Cash at bank and on hand

Cash at bank and on hand comprise cash on hand and demand deposits.

They amount to €15.7 million in 2019, €8.5 million in 2018 and €9.0 million in 2017. For more details, please refer to the Cash Flow Statement.

SHAREHOLDERS' EQUITY AND LIABILITIES

Note 16. Shareholders' equity

Here below the Shareholders' Equity movements for the fiscal year ending in June 30, 2017, June 30, 2018 and June 30, 2019:

€ thousand	Share capital	Share premium reserve	Legal reserve	Retained earnings	Profit for the fiscal year	Total
Balance as of June 30, 2016	**500**	**104,997**	**100**	**—**	**9,250**	**114,847**
Allocation of profit	—	—	—	9,250	(9,250)	**—**
Dividends	—	—	—	(5,163)	—	**(5,163)**

Note 16. Shareholders' equity (Continued)

€ thousand	Share capital	Share premium reserve	Legal reserve	Retained earnings	Profit for the fiscal year	Total
Result for the fiscal year ended June 30, 2017	—	—	—	—	50,904	50,904
Balance as of June 30, 2017	**500**	**104,997**	**100**	**4,087**	**50,904**	**160,588**
Allocation of profit	—	—	—	50,904	(50,904)	**—**
Dividends	—	—	—	(50,904)	—	**(50,904)**
Result for the fiscal year ended June 30, 2018	—	—	—	—	65,571	65,571
Balance as of June 30, 2018	**500**	**104,997**	**100**	**4,087**	**65,571**	**175,255**
Allocation of profit	—	—	—	65,571	(65,571)	**—**
Dividends	—	—	—	(65,571)	—	**(65,571)**
Result for the fiscal year ended June 30, 2019	—	—	—	—	72,646	72,646
Balance as of June 30, 2019	**500**	**104,997**	**100**	**4,087**	**72,646**	**182,330**

Shareholders' Equity have been determined as difference between asset and liabilities of Inter Media including the fiscal year result and the yearly distribution of dividends as shown in the above table.

Note 17. Deferred tax liabilities

Deferred tax liabilities throughout the fiscal years are related to the step-up value allocated to the "Library" and the "Fc. Inter" trademark, as described above in the Note 5. Intangible assets, since the relative amortization is not tax-deductible.

Note 18. Provisions for employee severance indemnities

Provisions for employee severance indemnities reflects the amounts accrued at each of the reporting dates in favour of employees, in accordance with contractual and legislative requirements. This liability is subject to indexation.

Note 19. Provision for risk for charges

At June 30, 2019 and 2018 the provision for risk amounted to € 247 thousand and to cover the Company's potential repayment of certain amounts previously collected under a sponsorship agreement, where the counterparty has stated they believe the Company to be in breach of the contract. The provision reflects the Company's best estimate of the possible outflow for this matter.

Note 20. Existing Notes

The breakdown of Bond loan within and beyond 12 months is detailed in the following table:

€ thousand	As of June 30 2019	2018	2017
Existing Notes	**287,344**	**291,880**	**—**
—of which within 12 months	*6,550*	*6,250*	—
—of which beyond 12 months	*280,794*	*285,630*	—
Existing Notes	**287,344**	**291,880**	**—**

On December 21, 2017, the Company issued and placed to institutional investors Senior Secured Notes for an amount of € 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.

Note 20. Existing Notes (Continued)

The Mandatory Amortization Redemption and Principal Repayment Date is shown below

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

The amount is recorded in the balance sheet for € 287,344 thousand net of transaction costs of € 8,988 thousand according to the amortized cost criterion and net of the repayment of the first two principal instalments on December 31, 2018 and June 30, 2019 respectively. The effective interest rate is equal to 5.5936%, and is defined as the internal rate of return (IRR), constant along the duration of the debt, which makes the current value of the future cash flows deriving from the debt equal to the value at the inception date. As a consequence of this, the interest rate charged to the Income Statement is equal to 5.5936 %.

Furthermore, the Bond loan requires compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In brief, the first represents the ratio between the net cash flows from operations and the sum of the financial charges recorded in the balance sheet and the capital payments made in the 12 months preceding the calculation date, or alternatively, if 12 months have not passed from the date the Bond Loan is drawn up, the period between the stipulation date and the calculation date. The second financial parameter, on the other hand, 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 aforementioned parameters are calculated every six months and must result in values greater than or equal to 1.5 and 1.0 respectively. Both the covenants have been respected with reference to the date of June 30, 2019 and based on projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, also taking into account the commitment of the majority shareholder to support the Parent Company and the Group to which the Company belong.

Instalments due in this fiscal year as well as the interests has been regularly paid.

Note 21. Bank loans

The breakdown of bank loans within and beyond 12 months is detailed in the following table:

€ thousand	As of June 30 2019	2018	2017
Bank loans	**0**	**0**	**208,000**
—of which within 12 months	*0*	*0*	*12,000*
—of which beyond 12 months	*0*	*0*	*196,000*
Total bank loans	**0**	**0**	**208,000**

For the fiscal year ended June 30, 2017 Bank loans refer to the GS Loan for which more details are provide as follow. Inter Media, on May 27, 2014, stipulated an agreement with Goldman Sachs International and Unicredit (the "GS Loan") for a loan of €230 million, of which €200 million is a senior line of credit to refinance previous indebtedness and €30 million for financing working capital. In particular, the cash flows obtained from the GS Loan, net of the finance fees, were used for: i) the amount of €39.4 million to reimburse the previous existing loan from the Monte dei Paschi di Siena, contributed by Inter Brand, ii) the amount of €3.3 million to fund Inter Media's operations, and iii) the

Note 21. Bank loans (Continued)

amount of €15.5 million to fill the debt service reserve account at Unicredit as a guarantee as provided by the loan agreement. The residual amount was transferred to Inter, in part directly and in part through the subsidiary Inter Brand, by means of the partial distribution of the share premium reserve.

The GS Loan accrues interest at a variable rate of 3-month Euribor + 5.5% spread and has the following repayment plan:

- 1 instalment of €1 million by 1 July 2015, regularly paid;
- 15 quarterly instalments of €3 million each from 1 October 2015 to 1 April 2019, for a total of € 45 million (the instalments due in the period have been duly paid);
- 1 final instalment of €184 million by 1 July 2019.

The decrease during the year 2018 refers to full repayment of the G.S. Loans following the new debt refinancing operation as described above "Other Information—Debt refinancing operations".

Note 22. Trade payables

Trade payables throughout the fiscal years are mainly related to commercial and marketing consultancy costs and to the "Inter TV" with the program and video production and digitalisation activities.

Note 23. Trade payables to parent companies and their affiliated

Trade payables to parent companies and their affiliated throughout the fiscal years are mainly related to trade payables for the assignment of Serie A and UEFA rights by Inter to Inter Media as described in the Note 1 which amounted to €6.0 million, €12.8 million and €11.0 million respectively as of June 30, 2017, 2018 and 2019.

The caption also include taxable income (Tax Consolidation charges) to be transferred to the Parent Company as a results of tax consolidation and amount to € 16.0 million, €26.0 million and €2.6 million respectively as of June 30, 2017 2018 and 2019.

The total outstanding related to Services Agreement as of June 30, 2017, 2018 and 2019 amounts to zero.

The breakdown of Trade payables to parent companies and their affiliated is detailed in the following table:

	For the fiscal year ended June 30		
€ thousand	**2019**	**2018**	**2017**
Serie A and UEFA rights	10,983	12,823	6,000
Tax Consolidation charges	2,627	26,007	16,039
Dividend	28,765	22,597	—
Other trade payables	504	5,860	733
Total Trade payables to parent companies and their affiliated	**42,879**	**67,286**	**22,772**

The decrease of Trade payables to parent companies and their affiliated is mainly due to the decrease occurred to the line item Tax Consolidation charges during the fiscal year ended June 30, 2019, mainly due to the advanced payment of € 23.8 million occurred during the fiscal year.

Note 24. Tax payables

Tax payables throughout the fiscal years are mainly related to the withholding tax paid by the Company and to the IRAP (tax on regional productive activities) tax debts. Tax payables decreased during the fiscal year due to higher receivables (for advances) paid by the Company, which were offset with the tax payable accrued for the year.

Note 25. Social security payables

The social security payables throughout the fiscal years are mainly referred to the INPS (national social welfare institution), INAIL (national institute for insurance against accidents at work) and ENPALS (entertainment industry employees' pension organization) payables.

Note 26. Other payables

Other payables include—throughout the fiscal years presented—amounts to be paid for employee and staff salary.

Note 27. Accrued expenses and deferred income

Accrued expenses and deferred income are composed as follow:

	As of June 30		
€ thousand	**2019**	**2018**	**2017**
Accrued interest charges & other financial expenses		—	3,050
Holiday Bonus	83	72	73
Accrued expenses	**83**	**72**	**3,123**

Accrued expenses—For the fiscal year June 30, 2017 the accrued interest charges and other financial expenses mainly included the interest charged on the GS Loan which resulted unpaid at the end of fiscal year June 30, 2017. For more details, please refer to Note 21. Bank Loans.

	As of June 30		
€ thousand	**2019**	**2018**	**2017**
RAI Archive—Regional	11,714	12,138	14,159
—of which within 12 months	*424*	*424*	*2,022*
—of which beyond 12 months	*11,290*	*11,714*	*12,137*
Sponsorship—Regional		600	1,311
Sponsorship—Infront			90
Others		10	
Deferred income	**11,714**	**12,748**	**15,560**

Deferred income – RAI Archive – Regional relates to RAI Archive for which invoice and payments have been already anticipated and regulated but the revenue resulted unearned at the end of each period presented. For more details on RAI archive, please refer to Note 4. Significant Accounting Policies, paragraph "Other information".

Deferred income – Sponsorship – Regional relates to a sponsorship agreement for which the Company has already invoiced but the related revenue resulted un-earned at the end of June 30, 2017 and 2018.

Analysis of income statement items

REVENUE

Note 28. Revenue

Revenue are detailed in the following table:

€ thousand	For the fiscal year ended June 30 2019	2018	2017
Sponsorship Revenue	**130,457**	**122,499**	**108,312**
—Shirt	*19,108*	*16,293*	*9,167*
—Technical	*10,000*	*4,250*	*9,375*
—Infront	*—*	*14,327*	*14,962*
—EU Global in house sponsorship	*12,254*		
—Regional and naming rights	*89,095*	*87,629*	*74,808*
Direct Media Revenue	**14,484**	**14,353**	**14,688**
—Direct Media Revenue Italy	**14,484**	**14,353**	**14,688**
—Rai Archive—Infront	*10,492*	*10,432*	*10,579*
—Inter TV	*3,992*	*3,921*	*4,109*
—Direct Media Revenue UEFA	**—**	**—**	**—**
Revenue	**144,941**	**136,852**	**123,000**

Sponsorship Revenue

Sponsorship revenue—Shirt, refer to the agreement with the sponsor Pirelli. In March 14, 2016 the agreement have been renegotiated for the fiscal years 2017 to 2021 and includes a signing fee of €4 million entirely accounted for in the fiscal year ended June 30, 2016.

Sponsorship revenue—Technical refer—throughout the fiscal years presented—to the agreement with Nike. In August, 2013 the agreement have been renegotiated for the fiscal years 2014 to 2024. This agreement includes variable components in connection with the participation of the First team of the Parent Company into the UEFA Competitions.

Sponsorship revenue—Infront refer—for the fiscal year June 30, 2017 and 2018—to the agreement for the digitalization and marketing in Italy of the archive content of matches played in Serie A. These activity has been internalized by the Company in the fiscal year June 30, 2019 and led to the direct signing of new sponsorship agreements (EU Global in house sponsorship), mainly including Credit Agricole, Trenitalia, Bwin, Lete, Brooks Brothers, Volvo, Lyonnes, Locauto, Pepsi, ePrice, Manpower and finally RCS Mediagroup.

Sponsorship revenue—Regional and naming rights—throughout the fiscal years presented—mainly refer to the agreement with "Jiangsu Suning Sports Industry Co Ltd" for the exclusive concession of rights concerning the Parent Sports center name, players' uniform for training, co-branding and commercial exploitation. Moreover, the amount for the fiscal year ended June 30, 2018 and 2019 accounts new sponsorship agreements signed with Beijing iMedia Advertising, Fullshare and King Down Investments a Chinese Companies, as described above in the "Other information".

Direct Media Revenue

Direct Media Revenue Italy—Rai archive—Infront includes the agreement with Rai which cover, among other things, the assignment by RAI of certain ownership rights relating to archival recordings of Inter's home and away matches, the grant to RAI of a non-exclusive license to broadcast and distribute such recordings worldwide (other than in Italy, Vatican City and San Marino). For more details, please refer to the Note 4. Significant accounting Policies, paragraph "Other information—Use of estimate".

Note 28. Revenue (Continued)

Direct Media Revenue Italy—Inter TV refers to the agreement stipulated with Sky Italia for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities, and has been granted the exclusive license to distribute Inter TV via pay-TV in Italy, Vatican City and San Marino.

Note 29. Other income

For the fiscal year ended June 30, 2019, 2018 and 2017 other income refers to previous year income.

TOTAL OPERATING COSTS

Note 30. Personnel costs

Personnel Costs are broken down as follows:

	For the fiscal year ended June 30		
€ thousand	2019	2018	2017
Salaries and wages	2,266	1,964	1,825
Social security contributions	633	527	471
Employee severance indemnity	154	126	123
Other costs	319	238	255
Total Personnel Costs	**3,372**	**2,855**	**2,674**

Note 31. Cost of services

The breakdown of cost of services is as follows:

	For the fiscal year ended June 30		
€ thousand	2019	2018	2017
Service Agreement	5,000	2,619	5
Cost for Inter TV	3,517	3,651	3,262
Consultancy expenses	1,546	1,276	1,080
Costs of television archive marketing—Infront	250	250	250
Entertainment, public relations and gifts	183	183	141
Billboards	133	100	78
Cost for organising events	114	402	237
Statutory auditors fees	65	60	57
Advertising expenses	61	881	1,594
Commission	56	8	2
Utilities	55	58	30
Insurance and welfare	51	56	18
Auditing firm's fees	29	29	37
Shipping and transportation costs	13	8	7
Bank charges	6	11	25
Sundry costs	3	36	31
Total cost of services	**11,082**	**9,628**	**6,854**

Cost of services mainly include management and production costs for the "Inter TV", represented, throughout the fiscal years, by the operating and production expenses of the Inter TV; "advertising expenses" which, thought the fiscal years, mainly refer to the reimbursement by Inter for sponsor subscription costs, in terms of season tickets freely issued by sponsors and consulting costs and "consultancy expenses" represented by various consultancy services, in particular, the increase in the fiscal year ended June 30, 2019, was related to the "Intercompany Service Agreement"

Note 31. Cost of services (Continued)

In relation to the Intercompany Service Agreement an amendment was signed between the Company and FC Inter, which extended the duration of the contract to June 30, 2047, with a corresponding increase in the fees that amount to € 5 million per year. This amendment was effective from December, 2017 and for this reason it impacted only for a half of the total value for the fiscal year June 30, 2018. The agreement include several services provided by FC Inter as well as administrative and accounting support, legal assistance, logistic and procurement. Services Agreement amounted to €2.6 million for the fiscal year ended June 30, 2018 and €5.0 million for the fiscal year ended June 30, 2019. VAT transferred to Inter related to Services Agreement amounted to €0.6 million for the fiscal year ended June 30, 2018 and €1.1 million for the fiscal year ended June 30, 2019.

Note 32. Other operating costs

The breakdown of other operating costs is as follows:

€ thousand	For the fiscal year ended June 30		
	2019	2018	2017
Waiver fees			—
Prior year gain or losses	147	164	765
Cost of raw materials, supplies and consumables	640	488	182
Costs of rents and leases	117	214	203
Sundry taxes and levies	33	30	32
Catering and stadium preparation	52	5	114
Donation	10		
Various consultancy services	2	14	2
Total other operating costs	**1,001**	**915**	**1,298**

Prior year gain or losses, which amounts to €0.8 million for the fiscal year ended June 30, 2017 represent for €0.5 million the costs referred to the reduction of the minimum guaranteed for the fiscal year ended in June 30, 2016, for €0.2 million to costs related to fiscal year ended June 30, 2016 charged by Inter in 2017 and for €0.1 million to penalties charged by a supplier in connection to the 2016 summer training session in Brunico.

Note 33. Write-downs of trade receivables

Write-downs of trade receivables for the fiscal year ended June 30, 2019 reflects the expected recoverable amount of trade receivables.

Note 34. Depreciation and amortization

See Note 5. "Intangible assets" and Note 6. "Property, plant and equipment" for more details.

Note 35. Net financial expenses

Financial income/(expenses) are detailed below:

€ thousand	For the fiscal year ended June 30		
	2019	2018	2017
Financial income:	**6,559**	**5,028**	**223**
—From parent companies	*6,558*	*5,025*	*221*
—Others	*1*	*3*	*2*
(Financial expenses):	**(16,397)**	**(20,637)**	**(16,525)**
—Financial expenses on bond loan	*(16,264)*	*(8,546)*	—
—Financial expenses on bank loan	*27*	*(5,761)*	*(12,525)*
—Financing fees amortization		*(1,295)*	*(2,716)*
—Other financing fees	*(147)*	*(5,014)*	*(1,278)*
—Others	*(13)*	*(21)*	*(6)*

Note 35. Net financial expenses (Continued)

€ thousand	For the fiscal year ended June 30 2019	2018	2017
Gains and losses on foreign currency translation:	**16**	**(31)**	**(37)**
—Income on exchange	*29*	*5*	*3*
—Losses on exchange	*(13)*	*(36)*	*(40)*
Net financial expenses	**(9,822)**	**(15,640)**	**(16,339)**

In relation to the "financial income", the values are mainly related to the *intercompany* loan with the Parent Company.

Financial expenses on bank loan refer to the interest on GS Loan repaid during the fiscal year then ended on June 30, 2017.

Financial expenses on bond loan refer – throughout the fiscal years presented—to the interest on the Senior Secured Notes 2022 issued on December 21, 2017.

Financing fees amortization refers to the front-fees paid in relation to the GS Loan, included in the intangible assets and amortised on a straight line basis on the duration of the GS Loan.

For the fiscal year June 30, 2018 the caption "other financing fees" includes the fee paid for the Senior Secured Notes 2022" amortised on a straight line basis on the duration of the Bond Loan.

Note 36. Income taxes

Income taxes throughout the fiscal years were calculated in accordance with current regulations and with the assumptions included in the Note 4. Significant Accounting Policies.

Current taxes, deferred tax assets and deferred tax liabilities are shown in the table below:

€ thousands	For the fiscal year ended June 30 2019	2018	2017
IRES (tax consolidation charges)	(23,979)	(21,685)	(23,026)
IRAP	(4,897)	(4,666)	(4,230)
Current Taxes	**(28,876)**	**(26,351)**	**(27,256)**
Deferred Tax Assets	467	46	(1,785)
Deferred Tax Liabilities	1,923	1,923	2,164
Total Income Taxes	**(26,486)**	**(24,382)**	**(26,877)**

Below the table indicating the reconciliation between the theoretical IRAP tax base and the effective IRAP tax:

€ thousand	For the fiscal year ended June 30 2019	2018	2017
Difference between production value and costs	108,954	105,593	94,120
IRAP adjustments	5,915	3,114	2,674
Difference between value and cost of production	**114,869**	**108,707**	**96,794**
Costs not deductible for IRAP	13,093	12,983	13,439
Obligatory accident insurance contributions (Inail)	(6)	(4)	(4)
Deduction for long-term employment (tax wedge)	(1,975)	(1,643)	(1,435)
Welfare and social security contributions (tax wedge)	(499)	(406)	(343)
Total	**125,482**	**119,637**	**108,451**
Theoretical tax base (3.90%)	**4,894**	**4,666**	**4,230**
IRAP taxable base	125,482	119,637	108,451
IRAP for the period (3.90%)	**4,894**	**4,666**	**4,230**

Note 36. Income taxes (Continued)

The Company has a tax consolidation agreement with its Parent Company. On 21 November 2014, the Board of Directors of the Company resolved to join the national tax consolidation system, jointly with FC Internazionale Milano S.p.A., Inter Brand and Inter Futura, starting from fiscal year ended June 30, 2015 and until fiscal year ended June 30, 2017 and renewed for a further three years.

Tax Consolidation charges to be transferred to the Parent Company as a results of tax consolidation amounted to €23.0 million, €21.7 million and €24.0 million respectively for the fiscal year ended June 30, 2017 2018 and 2019.

Note 37. Transactions with related parties

All transactions with related parties have occurred at normal market conditions and are detailed as follow:

Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2019	Payables/ Deferrals Liabilities as of June 30, 2019	Revenue for the fiscal year ended June 30, 2019	Costs for the fiscal year ended June 30, 2019
F.C. Internazionale Milano S.p.A. (Parent Company)	Commercial/ Services	837	324	5	5,000
F.C. Internazionale Milano S.p.A. (Parent Company)	Credit Assignment	—	10,983	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Financial	131,445	—	6,558	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Tax consolidation charges	3,393	2,627	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Dividends	—	—	—	—
Jiangsu Suning Sports Industry Co	Commercial	29,485	180	18,215	—
PPLIVE Corporation Limited	Commercial	1,167	—	—	—
Inter Brand S.r.l.	Dividends	—	28,765	—	—
M-I Stadio S.r.l.	Commercial	—	27	—	39
Total		**166,327**	**42,906**	**24,778**	**5,039**

Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2018	Payables/ Deferrals Liabilities as of June 30, 2018	Revenue for the fiscal year ended June 30, 2018	Costs for the fiscal year ended June 30, 2018
F.C. Internazionale Milano S.p.A. (Parent Company)	Commercial/ Services	1,484	5,859	79	3,215
F.C. Internazionale Milano S.p.A. (Parent Company)	Credit Assignment	—	12,823	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Financial	144,944	—	5,025	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Tax consolidation charges	2,903	26,007	—	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Dividends	—	—	—	—
Jiangsu Suning Sports Industry Co	Commercial	33,600	—	23,542	—
PPLIVE Corporation Limited	Commercial	1,139	—	605	—
Inter Brand S.r.l.	Dividends	—	22,596	—	—
M-I Stadio S.r.l.	Commercial	—	4	—	12
D.C. Soccer L.L.C.	Commercial	—	122	—	237
Total		**184,070**	**67,411**	**29,251**	**3,464**

Note 37. Transactions with related parties (Continued)

€ thousand Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2017	Payables/ Deferrals Liabilities as of June 30, 2017	Revenue/ financial income for the fiscal year ended June 30, 2017	Costs for the fiscal year ended June 30, 2017
F.C. Internazionale Milano S.p.A. (Parent Company)	Commercial/ Services	1,869	6,729	5	1,533
F.C. Internazionale Milano S.p.A. (Parent Company)	Financial	27,430	—	221	—
F.C. Internazionale Milano S.p.A. (Parent Company)	Tax consolidation charges	—	16,040	—	—
Jiangsu Suning Sports Industry Co	Commercial	27,550	—	44,100	—
PPLIVE Corporation Limited Commercial	Commercial	558	—	597	—
Inter Brand S.r.l. Commercial	Commercial	—	—	—	—
M-I Stadio S.r.l. Commercial	Commercial	2	20	—	24
D.C. Soccer L.L.C. Commercial	Commercial	62	63	—	264
Pirelli	Commercial	—	—	9,167	—
Total		**57,471**	**22,852**	**54,090**	**1,821**

PPLIVE Corporation Limited Commercial, is a company included within Suning Group.

M-I Stadio S.r.l. is an associated company of Inter, holding this latter 50% stake.

D.C. Soccer L.L.C. Commercial, is a company included within International Sports Capital Group, minority shareholder of the Company.

Pirelli is a minority shareholder of Inter.

All transactions with related parties are conducted in conditions of arm's length.

Note 38. Guarantees, commitments and liabilities arising from the Balance Sheet

The Company, throughout the fiscal years, does not have any guarantee, commitment and liabilities arising from the Balance Sheet.

Note 39. Remuneration of Directors, Statutory Auditors and Independent Auditors

Remuneration of Directors, Statutory Auditors and Audit Firm are detailed below:

€ thousand	For the fiscal year ended June 30		
	2019	2018	2017
Board of Directors	—	—	—
Board of Statutory Auditors	65	60	57
Independent Audit Firm for the audit of the financial statement	29	29	37
Total	**94**	**89**	**94**

Note 40. Subsequent events occurred after June 30, 2019

Following June 30, 2019:

- Inter Media repaid €3.25 million on maturity on December 2019 for the principal amount of the Bond Loan, whose outstanding debt to date amount to €288 million.

Note 40. Subsequent events occurred after June 30, 2019 (Continued)

- As of March 20, 2020, Suning has waived the repayment of a €60 million portion of the principal outstanding under the Shareholder Loans and attributed it to equity reserve to cover future capital increases. It shall be used only to increase the participation of Great Horizon S.a.r.l. in FC Inter and never to increase the participation of International Sports Capital S.p.A.
- The beginning of 2020 was affected by the worldwide diffusion of the Coronavirus pandemic (COVID-19) and the consequent restrictive measures for its containment, put in place by the public authorities of the countries concerned. These circumstances, extraordinary in nature and extent, have direct and indirect repercussions on economic activity and have created a context of general uncertainty. Starting from February 2020, the cases of contagion in Italy have reached a level that forced the Italian government and the Healthcare authorities to adopt drastic safeguard measures, including varying degrees of lockdowns and closures of non-essential businesses, including sporting events: these limitations determined that Serie A, Coppa Italia and UEFA matches' suspension. The COVID-19 pandemic presents an unprecedented disruption to the business of the Company, and the wide variations in potential outcomes present a material challenge to Parent's and Company's business and industry. The Parent Company took action early in response to the crisis as COVID-19 was emerging in Asia (including the suspension of women's football and youth sector activities, the use of remote working for Group's entire personnel and the supply of health equipment to Group's staff since February 2020) and is continuing to take all actions that it believes are prudent to protect players, employees and fans, protect and manage the business, reduce Group's cost base and protect Group's operating cash flows. The COVID-19 pandemic may negatively impact Indirect Media Revenue for the fiscal year ended June 30, 2020 and for the following fiscal year as a direct consequence of actions taken by broadcasters SKY, DAZN and IMG, which respectively hold national and international distribution rights to Serie A matches, which halted the payment of the 2019/2020 final instalment to Serie A teams due in May 2020. Even though Serie A has now resumed matches behind closed doors on June 20, 2020, there can be no assurance either on the timing of this payment or on the number of games that will actually be played before the end of the fiscal year ended June 30, 2020, which, in turn, could have an impact cash flow of the Company in the fiscal year ended June 30, 2020. A further impact on the cash flow in relation to the Indirect media revenue for the fiscal year ended June 30, 2020 may arise from the timing of collection of the final balance of the UEFA market pool distribution. Although, as of the date of these Financial Statements, Company has received all amounts due in respect of Parent Company's participation in the group stage of the UEFA Champions League and Group's progression to the round of 16 of the UEFA Europa League, Group have not yet received the amount relating to the final balance of the market pool, which is typically paid in June.

  Moreover, the Company's operations and operating results may be materially impacted by the COVID-19 pandemic and government and league actions taken in response. Such actions resulted in the postponement of the 2019/2020 Serie A season, UEFA and domestic cup competitions and the closure of the San Siro stadium since March 9, 2020. The postponement has resulted in the deferral of 4 matches originally expected to be played in the three months ended March 31, 2020 and of 4 home matches originally expected to be played in the last three months ended June 30, 2020. The impact of such deferral has contributed to an estimated reduction in Parent Company's matchday revenue plus a reduction relating to season ticket revenue. Even though Serie A matches have now resumed, the remaining portion of the 2019/2020 season will be played behind closed doors and no assurance can be given that any portion of the 2020/2021 season matches will be played with spectators. In addition, following the suspension of Inter's matches due to COVID-19, Inter received requests for refunds from certain ticket holders. Inter is currently evaluating the approach to be taken with respect to these requests for refund (considering also the Italian legislation entered into force during the COVID-19 pandemic).

Note 40. Subsequent events occurred after June 30, 2019 (Continued)

Finally, the Company may not be able to secure equally, or more, lucrative sponsorship contracts due to potential reductions made by sponsors to their respective marketing budgets given corresponding uncertainties in their own industries due to COVID-19. The Company could also be exposed to a loss in its Sponsorship Revenue in connection with a renegotiation of the terms of its sponsorship arrangements, or any withdrawal or other termination rights exercised by sponsors due to the operating disruption caused by COVID-19, as well as due to temporary inability to fulfil its obligations under the sponsorship arrangements currently in place, particularly in the event of a definitive cancellation of the 2019/2020 season or future seasons such as in the case of future resurgence of COVID-19 following its initial containment, thus potentially resulting in a prolonged negative impact on Parent Company's and Company results of operations and on liquidity position. In this context, given the clear uncertainty in the last 3 months about the effective recovery of Serie A Season 2019-2020 Management developed two different scenarios in relation to the possible effect of Covid-19 pandemic: Lockdown Scenario and Recovery Scenario.

In the Lockdown Scenario, Management assumed, as key factor, that the Serie A 2019-2020 sporting season ("SS19-20") permanently ended after the second week of March suspension, without any other match played . Even though such a scenario no longer seems plausible given the official restart of Serie A from June 20, 2020, the Directors deemed that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A SS19-20 again.. For that reason, Directors decided to keep the Lockdown Scenario in order to size the maximum negative impact of the pandemic COVID-19.

In the Recovery Scenario, Management assumed, as key factor, that the championship would resumed in June and will be regularly ended in July/August 2020. Given the official restart of Serie A from June 20, 2020, such a scenario seems plausible.

Management expects:

- a negative impact on sponsorship revenue related to season 2020/2021 generated by Covid-19 for both scenarios to be a decrease of 20%;
- a negative impact on Indirect Media Revenue in the Lockdown Scenario due to possible negative outcomes from the renegotiation process with broadcasters is 10% of the expected media rights in FY21;
- a negative impact on Indirect Media Revenue in the Recovery Scenario is 5%.

Note 41. Administration and coordination

The Company is subject to administration 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 values of the approved stand-alone Financial Statements throughout the fiscal years of the Parent Company providing administration and coordination:

BALANCE SHEET

€ thousand	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Assets			
Receivables from shareholders for unpaid capital contribution	—	—	—
Fixed assets	478,071	458,111	370,110
Current assets	226,990	300,807	133,110
Prepayment and accrued income	13,690	14,906	7,671
Total assets	**718,751**	**773,824**	**510,891**

Note 41. Administration and coordination (Continued)

€ thousand	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Liabilities and Shareholders' equity			
Shareholders' equity			
Share capital	19,195	19,195	19,195
Reserve	171,943	131,943	109,495
Retained earnings (Losses)	(63,295)		
Loss for the current period	(74,407)	(63,295)	(82,551)
Shareholders' equity	**53,436**	**87,843**	**46,139**
Non-Current Liabilities			
Provisions for risks and charges	27,543	359	1,624
Reserve for employee severance indemnities	482	447	467
Payables	618,167	668,109	453,251
Accruals and deferred income	19,123	17,066	9,410
Total liabilities	**718,751**	**773,824**	**510,891**

INCOME STATEMENT

€ thousand	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Value of production	276,517	212,421	196,181
Production costs	(409,386)	(305,971)	(286,829)
Financial income and expenses	37,094	11,441	(12,419)
Value adjustment to financial assets	871	(177)	(355)
Extraordinary income and expenses	—	—	—
Current and deferred income taxes for the current period	20,497	18,991	20,871
Loss for the current period	**(74,407)**	**(63,295)**	**(82,551)**

CASH FLOW STATEMENT

€ thousand	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Cash flow from operating activities	17,512	(61,961)	(76,393)
Cash flow from investing activities	(56,481)	(163,404)	(144,701)
Cash flow from financing activities	41,408	256,130	195,206
Increase/(Decrease) in cash and cash equivalents	**2,439**	**30,765**	**(25,888)**

F.C. INTERNAZIONALE MILANO GROUP
Consolidated Financial Statements
as of and for the fiscal years ended
June 30, 2019, June 30, 2018 and June 30, 2017

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: + 39 02 83322111
Fax: + 39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019, 2018 and 2017

To the Board of Directors of
F.C. Internazionale Milano S.p.A.

Opinion

We have audited the accompanying consolidated financial statements of F.C. Internazionale Milano S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at June 30, 2019, 2018 and 2017, the consolidated statement of income, the consolidated statement of changes of shareholders' equity and the consolidated statement of cash flows for the year then ended and the explanatory notes. The consolidated financial statements have been prepared solely for inclusion in the offering memorandum prepared in connection with the proposed issuance of senior security notes by Inter Media and Communication S.p.A., a subsidiary of F.C. Internazionale Milano S.p.A. (the "Company").

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, 2018 and 2017, and of its consolidated financial performance and its cash flows for the year then ended in accordance with the Italian GAAP.

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 F.C. Internazionale Milano S.p.A. 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.

Other matter

The Company has prepared for statutory purpose a separate set of statutory consolidated financial statements for the year ended June 30, 2019, 2018 and 2017 in accordance with the Italian law governing financial statements at each reference date on which we issued separate independent auditor's reports to the shareholders of the Company dated October 11, 2019, October 10, 2018 and October 12, 2017 respectively.

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

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

DELOITTE & TOUCHE S.p.A.

Davide Bertoia
Partner

Milan, Italy
July 13, 2020

CONSOLIDATED BALANCE SHEET

For the fiscal year ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousand	Notes	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Assets				
Intangible assets—player registration rights	7	312,066	302,301	219,283
Intangible assets—brand, library and other	7	104,946	107,308	116,175
Property, plant and equipment	8	21,481	19,007	18,234
Financial assets	9	10,410	10,410	15,501
Investments in associated and other companies	10	1,931	1,060	737
Receivables from specific sector institutions	16	66,689	83,947	34,157
Trade receivables	12	0	876	1,095
Prepaid expenses and accrued income	18	7,827	4,962	2,813
Non-current Assets		**525,350**	**529,871**	**407,995**
Current financial asset	9	2,163	209	6,557
Inventories	11	0	3	3
Trade receivables—current portion	12	88,986	85,783	39,946
Trade receivables from parents companies and their affiliated	13	51,143	43,917	28,117
Tax receivables	14	5,709	526	493
Deferred tax assets	15	1,107	369	630
Receivables from specific sector institutions—current portion	16	65,096	110,666	57,235
Other receivables	17	5,058	1,665	3,602
Prepaid expenses and accrued income—current portion	18	6,022	10,222	5,655
Cash at bank and on hand	19	54,666	45,071	14,758
Total current Assets		**279,951**	**298,429**	**156,996**
Total Assets		**805,301**	**828,300**	**564,991**

€ thousand		As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Liabilities and Shareholders' equity				
Shareholders' equity	20			
Share capital		19,195	19,195	19,195
Reserve		174,398	134,398	111,949
Retained earnings		(149,761)	(132,007)	(189,982)
Profit/(loss) for the year		(48,387)	(17,754)	(24,576)
Total Shareholders' equity		**(4,555)**	**3,832**	**(83,414)**
Non-Current Liabilities				
Deferred tax liabilities	21	346	271	29
Provisions for employee severance indemnities	22	876	756	705
Existing Notes	24	280,794	285,630	0
Shareholders' Loan	25	140,877	50,000	217,000
Bank Loan	26	25,000	0	196,000
Payables to specific sector institutions	28	56,800	60,386	19,854
Trade payables	29	1,533	6,118	6,870
Payables to companies subject to parent companies control	31	46,235	0	0
Deferred income	38	11,581	12,847	13,350
Non-current Liabilities		**564,042**	**416,008**	**453,808**
Current Liabilities				
Provisions for risks and charges	23	28,050	870	1,887
Existing Notes —current portion	24	6,550	6,250	0
Shareholders' Loan—current portion	25	8,024	179,447	4,078
Bank Loan—current portion	26	167	1	12,000
Other financing	27	0	0	0
Payables to specific sector institutions—current portion	28	78,127	117,476	92,714
Trade payables—current portion	29	54,358	47,916	38,118
Payables to parent companies	30	181	1	0
Payables to companies subject to parent companies control — current portion	31	2,699	0	0
Tax Payables	32	20,004	13,007	14,762
Social security payables	33	1,535	1,393	1,641
Payables to subsidiaries	34	16	16	16
Payables to associated companies	35	2,084	940	1,984
Other payables	36	24,666	24,103	12,648
Accrued expenses	37	557	521	3,499
Deferred income—current portion	38	18,795	16,519	11,250
Current Liabilities		**245,814**	**408,460**	**194,597**
Total Liabilities and Shareholders' equity		**805,301**	**828,300**	**564,991**

CONSOLIDATED INCOME STATEMENT

For the fiscal year ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousand	Notes	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Revenue:	39			
— *Matchday*		51.477	37.285	31.086
— *Media*		158.309	97.820	104.201
— *Commercial*		151.699	141.032	124.221
— *Other*		5.783	9.652	7.107
Total revenue		**367.269**	**285.788**	**266.615**
Personnel costs	40			
— *Playing staff*		163.100	132.255	129.422
— *Non-Playing staff*		29.496	23.737	21.842
Purchase of goods and changes in inventory	41	3.227	1.601	1.629
Cost of services	42	56.054	51.977	45.986
Other operating costs	43	20.430	16.929	16.469
Capitalization of youth program costs	44	(7.147)	(7.526)	(4.998)
Depreciation and Amortization—player registration rights	45	84.738	78.114	74.091
Depreciation and Amortization—other intangibles and property, plant and equipment	45	12.935	11.096	10.090
Impairment of assets	46	3.568	2.135	794
Write-down of trade receivables	47	4.993	0	660
Provisions for risks and charges	48	27.363	248	588
Total operating costs		**398.758**	**310.565**	**296.573**
Net gain on player sales	49	39.473	49.132	44.290
Net loaned player fees	50	(19.086)	484	1.730
Operating profit		**(11.102)**	**24.839**	**16.062**
Net financial expenses	51	(30.090)	(34.549)	(32.215)
Share of loss / profit of the investee	52	871	(177)	(355)
Profit before tax		**(40.321)**	**(9.888)**	**(16.508)**
Income taxes	53	(8.066)	(7.866)	(8.068)
Loss for the year		**(48.387)**	**(17.754)**	**(24.576)**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousands	Share capital	Share premium reserve	Reserve to cover future losses	Reserve for future capital increases	Retained earnings/ losses	Fiscal year profit/loss	Total
Balance as of June 30, 2016	**19.195**	**181.385**	**—**	**—**	**(199.746)**	**(59.672)**	**(58.837)**
Resolution extraordinary shareholder' meeting of October 28,2016							
— Share premium reserve		(69.436)				69.436	—
— Coverage of loss at June 30,2016					9.764	(9.764)	—
Result for the fiscal year ended June 30, 2017						(24.576)	(24.576)
Balance as of June 30, 2017	**19.195**	**111.949**	**—**	**—**	**(189.982)**	**(24.576)**	**(83.414)**
Resolution ex Shareholders' meeting October 27, 2017:							
— Share premium reserve		(82.551)			57.975	24.576	—
— Reserve to cover future losses			105.000				105.000
Result for the fiscal year ended June 30, 2018						(17.754)	(17.754)
Balance as of June 30, 2018	**19.195**	**29.398**	**105.000**	**—**	**(132.007)**	**(17.754)**	**3.832**
Resolution ex Shareholders' meeting October 26, 2018:							
— Retained earnings (losses)					(17.754)	17.754	—
— Reserve for future capital increases				40.000			40.000
Result for the fiscal year ended June 30, 2019						(48.387)	(48.387)
Balance as of June 30, 2019	**19.195**	**29.398**	**105.000**	**40.000**	**(149.761)**	**(48.387)**	**(4.555)**

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended June 30, 2019, June 30, 2018 and June 30, 2017

€ thousands	12 month at June 30, 2019	12 month at June 30, 2018	12 month at June 30, 2017
Cash flow from operating activities			
Loss for the year	(48.387)	(17.754)	(24.576)
Current Taxes	8.730	7.362	6.392
Net financial expenses	30.134	30.498	32.215
1. Loss for the year before taxes and interests	**(9.524)**	**20.107**	**14.031**
Non cash adjustments			
Depreciation and Amortization	97.673	89.210	84.181
Provision for Bad debt provision	4.993	0	0
Write-down (investments, player registrations, inventory)	3.568	2.313	1.149
Write-down on ancillary costs on bank loan	0	4.137	0
Employee severance indemnities	120	51	(28)
Provisions/(Uses) for contingencies	27.254	(775)	(57)
Revaluation (investments)	(871)	0	0
Gain on disposal of player registration rights and co-ownership	(39.473)	(49.132)	(44.290)
2. Cash flow from operating activities before changes in net working capital	**83.741**	**65.910**	**54.986**
Changes in Net Working Capital			
Decrease in trade	3	0	0
Increase in trade and other receivables	(24.442)	(60.250)	(33.775)
(Decrease)/Increase in trade and other payables	12.147	18.360	(13.899)
Other working capital items	2.381	(903)	(6.207)
3. Cash flow from operating activities after changes in working capital	**73.830**	**23.117**	**1.105**
Other Adjustments			
Taxes paid	(7.528)	(9.014)	(3.836)
Interests paid	(18.662)	(29.491)	(25.516)
Cash flow from operating activities (A)	**47.640**	**(15.388)**	**(28.247)**
Cash flow from investing activities			
Increase in player registrations rights	(107.213)	(210.637)	(144.695)
Decrease in player registrations rights	48.762	96.501	55.872
Changes in receivables from football clubs	18.994	(39.148)	(41.214)
Increase youth programme costs	(7.147)	(7.526)	(4.998)
Increase other intangible assets—stadium and other	(3.809)	(1.196)	(2.621)
Increase tangible assets	(4.428)	(1.857)	(957)
Increase in financial fixed assets	(1.890)	0	(6.100)
Investment in Financial Assets	(65)	(10,619)	(372)
Disinvestment in Financial Assets	0	22,059	0
Cash flow from investing activities (B)	**(56,795)**	**(152,423)**	**(145,085)**
Cash flow from financing activities			
Debt Financing			
Net Increase in Bank Loan	25.000	0	0
Bank Loan repayment	0	(208.000)	(12.000)
Shareholder Loan repayment	0	(3.765)	0
New Shareholder Loan	0	118.877	177.000
Repayments of other financing loans	0	0	(9.224)
Increase in Notes	0	291.012	0
Notes repayment	(6.250)	0	0
Equity Financing	0	0	0
Cash flow from financing activities (C)	**18,750**	**198,124**	**155,776**
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	**9.595**	**30.313**	**(17.556)**
Cash at hand and on bank at beginning of the year	**45.071**	**14.758**	**32.314**
Cash at hand and on bank at the end of the year	**54.666**	**45.071**	**14.758**

F.C. INTERNAZIONALE MILANO GROUP
Explanatory Notes
to the Consolidated Financial Statements
as of and for the financial year ended
June 30, 2019, June 30, 2018 and June 30, 2017

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of and for the financial year ended June 30, 2019, June 30, 2018 and June 30, 2017

Note 1. General information about the group

F.C. Internazionale Milano S.p.A. (the "Parent Company" or "Inter") is a joint-stock company, incorporated and domiciled in Italy, with registered office in Milan, Viale della Liberazione 16/18, whose controlling shareholder, starting from June 28, 2016, is the company Great Horizon S.à.r.l., entirely controlled by Suning Holdings Co, Ltd , as better discussed below.

F.C. Internazionale Milano S.p.A. and its subsidiaries (the "Group") are one of leading football clubs in Italy and generate different kinds of revenue from its business activities: those revenue derived directly from traditional sporting activities (revenue from matches) and team management activities are combined with revenue generated from the granting of broadcasting rights, sponsorship and the rights for trademark and image.

Note 2. Change in the shareholding of the Parent Company

In February 2019 LionRock Zuqiu Limited ("LionRock")—a subsidiary of LionRock Capital, an institutional investor based in Hong Kong – acquired 4,636,221,998 shares of International Sports Capital S.p.A. ("ISC") from International Sports Capital HK, Ltd. ("ISC HK"), which represents 31.05% of the share capital of F.C. Internazionale Milano S.p.A.

As of June 30, 2019, the shareholding structure of F.C. Internazionale Milano S.p.A. is:

- Great Horizon S.à.r.l. 68.55% (entirely controlled by Suning Holdings Co, Ltd);
- Lion Rock 31.05%;
- Other minors 0.4%.

Note 3. Basis of presentation

These special purposes consolidated Financial Statements (the "Consolidated Financial Statements") have been prepared solely for the purposes of their inclusion in the offering memorandum to be prepared in connection with the issuance of Senior Secured Notes by Inter Media and Communication S.r.l. (i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S (and only to investors who, if resident in a member state of the European Economic Area, are qualified investors under Directive 2003/71/EC).

The Consolidated Financial Statements include the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of changes in Shareholders' equity, the Consolidated Cash Flow Statement and the Explanatory Notes which were approved by the Board of Directors on July 13, 2020. The Consolidated 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**") and with the provisions issued by the FIGC and the Supervisory Commission for Italian Football Clubs (Commissione di Vigilanza per le Società di Calcio) ("Co.Vi.Soc.").

In preparing the Consolidated Financial Statements, however, Inter reclassified and renamed certain Italian GAAP line items in a manner that makes them more easily comparable to the financial information of businesses that apply IFRS.

The items reported in the Consolidated Financial Statements are stated in accordance with the general principles of prudence and accruals and considering the economic function of the assets and liabilities.

The Company is required to make security deposits in connection with the issuance of some of its bonds (see note 24). In prior years, the Company inadvertently classified these cashflows as part of its

Note 3. Basis of presentation (Continued)

financing activities in the statement of cashflows. In the current year, the Company restated the statement of cashflows to change the presentation of these deposits as an investing activity, resulting in the following reclassifications:

Reclass to Cash Flow from investing activities:	**2018**	**2017**
Investment in Financial Assets	(10,619)	(372)
Disinvestment in Financial Assets	22,059	0
Reclass from Cash Flow from financing activities:	**2018**	**2017**
Debt service account	0	(306)
Restricted cash used as collateral	0	(66)
Repayments/(Increases) on security deposits related to bank loans	22.059	0
Security deposits on bank loans	(10.619)	0

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

Going concern

The Consolidated Financial Statements has been prepared on a going concern basis taking into account the following consideration and uncertainties, enhanced by COVID-19 pandemic which, as described at *Note 57 Subsequent events occurred after June 30, 2019*, has been considered a non-adjusting events.

The pandemic COVID -19 is expected to have direct impact on the Group's economic and financial performance. Group's operations and operating results will be materially impacted by the COVID-19 pandemic and government and league actions taken in response. Such actions resulted among others in the immediate stop of Serie A season, UEFA and domestic cup competitions and the closure of the San Siro stadium since March 9, 2020 the prolongment till July of the 2019/2020 Serie A season, the postponement of the summer market player window to August, the postponement of the final phase of the Europa League in August and the start of the new 2020/2021 season in September with exclusion of the match days attendance, this affecting as well the result of the next season. In particular, the stop of the Serie A season and the prolongment after June 30, 2020 has resulted in the deferral of 4 matches originally expected to be played in the three months ended March 31, 2020 and of 4 home matches originally expected to be played in the last three months ending of the season ended June 30, 2020. This is causing a loss of revenue during the 9 months period ended March 31, 2020 and it is expected to cause an incremental loss of revenue in the near future considering that the present limitation, which exclude matchdays attendance, can be prolonged by the Government also to a part of the season 2020-2021. Furthermore a portion of recurring revenue recognition from contracts in place such as sponsorship and media rights and related cash flows are expected to be shifted in 2020-2021 season due the abovementioned postponement of all the main competitions, even if at the moment they are not expected they will suffer significant reduction. The above indicated impact of the COVID-19 pandemic has affected the cash flow generation expected for the season 2020-2021. On this regard, Directors has developed different scenarios which foreseen loss both for 2020 and 2021 fiscal years end with consequent impact of cash-flow generated and capitalization.

In this context, the Shareholder (Suning) has re-confirmed its commitment to support the Group from a financial, capital and economic standpoint in the foreseeable future including the following 12 months.

As described above, the Group has been negatively affected by the COVID-19 pandemic and is projected to incur further losses in the years ending June 30, 2020 and 2021. In addition, the Parent Company's separate financial statements could reflect a negative equity position come July 2020, even with the end of June increase in equity of €10 million. The Group has also deployed and will

Note 3. Basis of presentation (Continued)

continue to deploy a negative working capital position. Based on the aforementioned support by the Shareholders, however, the Directors have considered the going concern assumptions for the preparation of the Interim Condensed Consolidated Financial Statements to be appropriate.

It should be noted that in case of a relapse of the COVID-19 pandemic, this could generate additional disruptive effects on the Football industry both nationally and internationally and this could limit the ability or the availability of Suning to provide unlimited financial support, affecting Inter's liquidity and ability to continue its business operations; while such occurrences are not considered as probable, putting in discussion the adequacy of the present commitment for support of Suning granting the going concern, their potential occurrence would be surely balanced with reaction of Government and European football system that, while unpredictable at present, would not put in discussion the adequacy for the purpose of granting the going concern of the present commitment of Suning sized on the best knowledge and more realistic expectation of the Lockdown and Recovery scenarios at present predictable and better described below.

In this context, Directors has developed 2 scenarios in order to evaluate the potential impact of COVID-19: Lockdown Scenario and Recovery Scenario.

In the Lockdown Scenario, Management assumed, as key factor, that the Season 2019-2020 will be permanently stopped, without any other played match. Even though such a scenario seems no more plausible according to the last events (i.e. official recovery of Serie A from June 20,2020), Directors are not excluding that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A Season 2019-2020 again.

In the Recovery Scenario, Management assumed, as key factor, that the championship will be resumed in June and will be regularly ended in July/August 2020. According to the last occurrences, such a scenario results as the realistic one. In both cases, anyway, the present commitment of Suning grant the going concern.

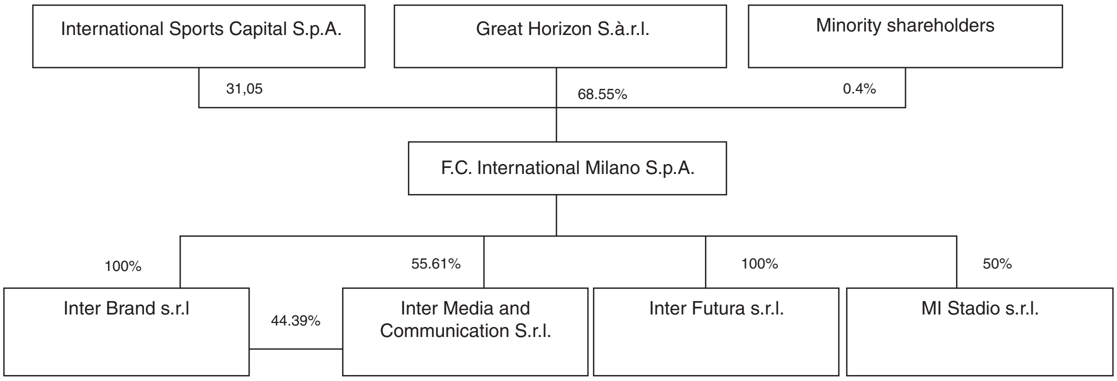
Concerning the minimum capital requirements provided by Italian Law, it should be noted that such requirements are measured with reference to the separate financial statements of F.C. Inter.

On this regards, the projection at June 30, 2020 shows that F.C. Inter will run the business in negative equity due to the significant losses suffered by the Parent during the lockdown period. In order to reestablish a positive equity at June 30, 2020, the main Shareholder (Suning) – confirming its commitment to support the Parent Company and the Group - on June 22, 2020 converted in equity an additional amount of Euro 10 million of shareholder's loan.

Finally, as anticipated, it is expected that in the month of July the equity level will negative again due to the loss accumulated in the first months of the financial year 2020-2021, and such negative equity will persist in the following months considering that it is expected to apply the provision of the Art. 6 of the so called "*Decreto Liquidità*" (converted into law n. 40 on 5 June 2020), which allow the companies to temporary waive the disposition concerning the minimum capital requirements provided by the art. 2446 and 2447 of Italian Civil code.

Note 4. Scope of consolidation and presentation of the consolidated Financial Statements

The scope of consolidation of the Group was determined by referring to the legal control that the Parent Company exercises over its subsidiaries.



The Consolidated Financial Statements consist of the Financial Statements of the Parent Company F.C. Internazionale Milano S.p.A., and the subsidiaries Inter Media and Communication S.r.l., Inter Brand S.r.l. and Inter Futura S.r.l., in which the Parent Company directly and indirectly holds the majority of voting rights and over whose activities it exercises control. The associated company M-I Stadio S.r.l., in which the Parent Company holds a 50% stake together with the company A.C. Milan S.p.A., is accounted for using the equity method, having Inter a significant influence over M-I Stadio, but not the control.

The scope of consolidation at 30 June 2019, unchanged respect to scope of consolidation at June 30, 2018 and 2017, therefore includes, besides the Parent Company, the following companies:

COMPANY	PERCENTAGE HOLDING
INTER MEDIA AND COMMUNICATION S.R.L.	100%*
INTER BRAND S.R.L.	100%
INTER FUTURA S.R.L.	100%
M-I Stadio S.r.l. (consolidated using “equity method”)	50%

* 55.61% held directly by the Parent Company FC Internazionale Milano SpA and 44.39% held indirectly through Inter Brand S.r.l.

The Group also includes also two subsidiaries, Shanghai Inter Brand Trading Co. Ltd and Inter Brand China Co. Ltd., in liquidation, indirectly controlled by the Parent Company through Inter Brand S.r.l.. Such subsidiaries, during the three-years periods at June 30, 2019, 2018 and 2017, have not been consolidated since they are no longer a long-term strategic investment for the Group. Such investments have been accounted for using equity method, having Inter a significant influence over M-I Stadio, but not the control.

Note 5. Consolidation Accounting Principles

The Consolidated Financial Statements are prepared in accordance with the provisions of the Italian Legislative Decree 127/1991 and those of the accounting standard OIC 17 (Italian GAAP principle N.17).

The subsidiaries are included in the Consolidated Financial Statements from the date in which the Parent Company acquires control and are no longer consolidated from the date in which the Parent Company loses control.

Note 5. Consolidation Accounting Principles (Continued)

The Financial Statements of companies included in the Consolidated Financial Statements are consolidated on a line-by line basis. The main consolidation criteria, consistently applied year over year described herein, are as follows:

- the carrying amount of investments in consolidated subsidiaries is eliminated against the corresponding net equity; positive differences are allocated, where possible and gross of the related tax effect, to the subsidiaries' assets. Any non-attributable residual amount calculated at the date of acquisitions, represents goodwill and is recognized as intangible assets and amortized over its estimated useful life;
- all payables, receivables, revenue and costs, including any unrealized profit and losses, deriving from transactions between subsidiaries and the parent company or between subsidiaries are eliminated upon consolidation.

Reconciliation of net equity and result for the financial year as reported in the Financial Statements of F.C. Internazionale and those reported in the Consolidated Financial Statements as of June 30, 2019, June 30, 2018 and June 30, 2017:

€ thousand	Shareholders' Equity at 30 June 2019	Result for the fiscal year ended 30 June 2019	Shareholders' Equity as of 30 June 2018	Result for the fiscal year ended 30 June 2018	Shareholders' Equity as of 30 June 2017	Result for the fiscal year ended 30 June 2017
F.C. Internazionale Milano S.p.A.	**53.437**	**(74.407)**	**87.843**	**(63.295)**	**46.139**	**(82.551)**
Effects on Shareholders' Equity deriving from the consolidation of the subsidiaries Inter Brand, Inter Futura and Inter Media:	—	—	—	—	—	—
Effect on retained profits (losses) generated by consolidation adjustments of prior years	(84.011)	—	(129.553)	—	(187.528)	—
Total effects on Shareholders' Equity	**(84.011)**	**—**	**(129.553)**	**—**	**(187.528)**	**—**
Effects on operating results:						
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by I.Brand s.r.l.	(20.897)	(20.897)	(2.041)	(2.041)	(592)	(592)
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by Inter Media and C. s.r.l.	(36.464)	(36.464)	(28.308)	(28.308)	(2.871)	(2.871)
Elimination dividend of Inter Brand s.r.l. Distributed by Inter Media & C. S.r.l.	(29.107)	(29.107)	(22.596)	(22.596)	(2.292)	(2.292)
Elimination of amortization of capital gains from contribution allocated to Inter Media and C. S.r.l. Net of the effect on deferred taxation	10.912	10.912	10.912	10.912	10.672	10.672

Note 5. Consolidation Accounting Principles (Continued)

€ thousand	Shareholders' Equity at 30 June 2019	Result for the fiscal year ended 30 June 2019	Shareholders' Equity as of 30 June 2018	Result for the fiscal year ended 30 June 2018	Shareholders' Equity as of 30 June 2017	Result for the fiscal year ended 30 June 2017
Economic result Inter Brand s.r.l.	28.913	28.913	21.997	21.997	2.149	2.149
Economic result InterFutura s.r.l.	16	16	6	6	5	5
Economic result Inter Media and C. S.r.l.	72.646	72.646	65.571	65.571	50.904	50.904
Total effects on the operating results	**26.019**	**26.019**	**45.542**	**45.542**	**57.975**	**57.975**
Consolidated F.C. Internazionale Milano (Note 20)	**(4.555)**	**(48.387)**	**3.832**	**(17.754)**	**(83.414)**	**(24.576)**

While the Group present a consolidated deficit position mainly connected to the write-down of effect of gains realized from business combinations among companies under common control, F.C. Internazionale equity, determined using Italian GAAP that allow not to write-down the such abovementioned effects, was positive as at June 30, 2019.

Note 6. Significant accounting policies

The most significant accounting policies adopted in the preparation of the Consolidated Financial Statements, in accordance with legislative requirements, are the following:

Intangible assets

Intangible assets are recorded at the cost of purchase, including acquisition costs and amortised over their expected useful life. In accordance with OIC 9, and in order to support the valuation of the intangible assets on the Balance Sheet of the Group, the Directors performed impairment test at each fiscal year end or every time there is an impairment indicator. Where the value of intangible assets, net of the amortization already recorded, reports a permanent impairment, a write-down is recognized through the Income Statement.

Intangible assets—Player registration rights

Player registration rights are recorded at the cost of purchase including any directly attributable acquisition costs and the cost for training indemnities due to the teams who, based on certain UEFA and Italian Rules, have participated to the training of the players in the youth sector or in the first years he played as professional. The amount recorded is adjusted by the relative amortization calculated on a straight-line basis, based on the length of the contracts with the player.

Amortization begins in the year the player is signed. For registration rights acquired during the year amortisation begins on the date the player becomes available using a pro-rata method. If a contract is renewed before its expiration date, the original amortization schedule is extended starting from the season when the renewal starts.

In the event that the payment for the acquisition of rights is deferred with respect to normal market conditions (generally over 12 months from the date of purchase), the player registration rights is measured at corresponding discounted value of the payables determined in accordance with OIC 19 "Payables". According to the exemption provided by the Italian GAAP, player registration rights acquired before July 1, 2016 have not been accounted for taking into account discounted value.

The player registration rights are recognized (in case of purchase) or are eliminated from the Financial Statements (in case of sale) at the date the contract with other team is signed irrespective of the date

Note 6. Significant accounting policies (Continued)

of the certificate of enforceability placed on the contracts by the Serie A National League of Professionals for domestic transfers or on the date of the international transfer certificate issued by FIGC for international transfers which is only a formal permission required by the regulation. If the contract date is unknown, the transfer of the player is accounted for on the date of such certificates.

With specific reference to player loan contracts with an obligation to purchase upon certain specific conditions, the player registration rights (corresponding to the overall amount of the consideration provided for the redemption, increased by the consideration due for the loan) as well as the relative payable are recognized in the intangible assets starting from the season in which the realization of such conditions become more likely than not to occur because it is in that season that, pursuant to the OIC 24, "control" is manifested over the player's performance, which determines the need to enter all the variable and/or conditional payments (these last ones only when determinable and highly probable). Such rights are amortized using the same criteria previously described with reference to the multi-year rights to the registrations of the football players.

Likewise, in the case of player loan contracts with an obligation to sell upon specific conditions, the Balance Sheet and the Income Statements effects (adjustment the value of the fixed asset to the sell price—which includes the amount of the fees together with the redemption value—and consequent depreciation or revaluation of the player within the limits of the historical cost) are recognized at the time the condition become probable. The receivables is instead accounted for only when the transfer of the player is fully executed.

It is also noted that if the specific condition related to player loan contracts with an obligation to sale or purchase occurs or become more likely than not between the year-end date and the date of the financial statement approval, the effect of such contract are accounted for in accordance to OIC 29 as adjusting events.

If a player is not confirmed at the end of or during a season, by means of the termination of the contract, the residual net accounting value is charged to the Income Statement in the fiscal year, even if the termination of the contract after the year/period end date of the Financial Statements but before the approval of Financial Statements being such event an adjusting events according with OIC 29.

Intangible assets—Industrial patent and similar intellectual property rights

Industrial patent and similar intellectual property rights are amortized based on their estimated useful life, which has been assessed in a three-year basis starting from the fiscal year in which the process of economic utility initiated.

Intangible assets—Concessions, licenses, trademark and similar rights

Trademark are amortized on a straight line basis over a period of 20 years. The period is considered to be representative of their estimated residual useful life, also in consideration of the fact that INTER trademark, a "hundred year old" trademark having a great tradition and which based on polls and market analysis conducted even by third parties continues to be a guarantee of importance, strength and prestige, both in Italy as well as throughout the rest of the world. The recognition value of the trademark is annually subject to impairment test.

The line item includes "Library archive", related to the purchase of the RAI television archive (a historical library of images, materials and rights relating to Inter), as described in more detail below in paragraph "Other information". The amortization period was defined as 30 years.

Intangible assets—Capitalization of youth programme costs

The "Capitalized youth programme costs" include the costs incurred for the promotion and the organization of youth programme. This item should also include training indemnities paid, pursuant to article 96 NOIF, to amateur/ professional clubs in relation to training activities carried out by clubs for players of Inter youth's sector. Such costs are considered as internally generated assets producing long term benefits and are deferred without any reference to individual players. Such costs are deferred using the separate Income Statement line item "Capitalisation of youth programme costs" as required by the Italian GAAP and amortized over a period of 5 years.

Note 6. Significant accounting policies (Continued)

Intangible assets—Leasehold improvements

In relation of the leasehold improvement of the G. Meazza Stadium, Municipality of Milan provides certain grants allowing the Group to settle the rent payments due for the use of the Stadium against the cost incurred for such improvements. Consequently, the assets that are eligible for government grant are accounted for net of the payables for such rent.

The line item also includes the work for the requalification of the areas inside of the G. Meazza stadium that are not qualified for offsetting the rent and investments made to the "Giacinto Facchetti" Sports Centre.

The amortization rates were calculated on a constant rate basis in relation to the residual possibility of use which usually corresponds to the duration of the rent or concession contract.

Intangible assets—Finance Fees

The item relates to financing fees originally paid in connection with the Goldman Sachs / Unicredit Loan (hereinafter the "GS Loan" and, for more details, please refer to Note 26 Bank Loan) which have been originally deferred over the duration of the loan and charged to the Income Statement on a straight line basis within the financial expenses. Retrospective application of the Italian GAAP amended in 2015 have not been applied to GS Loan and to the related finance fees due to the exception providing by Italian GAAP by which amortizing cost criteria shall be applied only to the loan (and consequently to the finance fees) incurred after July 1, 2016. As at June 30, 2018, the net book of such financing fees for €4.1 million has been written off after the repayment of the GS Loan occurred (for more details, please refer to Note 26 Bank Loan).

Intangible assets—Constructions in progress

The costs capitalised in "Construction in progress and advances" include mainly leasehold improvements made to the G. Meazza Stadium and to the sporting centre Giacinto Facchetti which at the date of the Financial Statements are not yet completed. Such asset are not amortised until the improvements are completed.

Property, plant and equipment

Property, plant and equipment are recognized at cost of purchase, inclusive of directly attributable acquisition costs, and increased cost occurred for improvements of the asset. Property, plant and equipment under construction and advances are recognized at cost of purchase and are not depreciated until their construction has been completed. The values of property, plant and equipment are depreciated on a straight line basis. Purchases of assets with a value of less than €516.46 are expenses through the Income Statement.

The annual rates used for depreciation are indicated in the following table:

Asset	Depreciation rate
Buildings	3%
Light buildings	10%
Sports and various equipment	15.5%
Sanitary equipment	12.5%
Generic Systems	10%
Specific Systems	19%
Electronic machinery	10%-15%-20%
Furniture and Office machines	12%
Motor Vehicles	25%

Land is not subject to depreciation.

Note 6. Significant accounting policies (Continued)

Impairment of intangibles assets and property, plant and equipment

At the end of each reporting period, intangibles assets and property, plant and equipment are analysed in order to determine whether there are any indicators of impairment. If such indicators are found, an impairment test is performed allocating any write-down to the Income Statement. The recoverable value of an asset is the greater or its fair value or its value in use, when the latter is the current value of the estimated future financial cash flows for such asset. In calculating 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, the period when the investment was made and the specific risks related to the asset.

A reduction of value is recognized in the Income Statement when the recognition value of the asset is greater than the recoverable value. If the reason for a write-down previously made no longer apply, the carrying value of the asset, with the exception of Goodwill, is restored and allocated to the Income Statement, up to the amount of the net carrying value that the asset in object would have had if the write-down had not been made and if it had been amortized.

Financial assets

Financial assets refers to the debt service account used as a guarantee on the previous financing (GS Loan) as at June 30, 2017 and on the Existing Notes for the period ended June 30, 2018 and June 30, 2019, according to the facility agreements and certain other restricted cash deposit using as collateral.

Investments in associates and other companies

Investments in associates are accounted for using equity method, which implies the value of the investment to be adjusted by the share of loss / profit of the investee (which is accounted for in the line item “Share of (loss) / profit of the investee”) and/or other movement in the equity such as capital contribution or dividends distribution.

Investments in other companies are accounted for at cost.

Inventory

Inventory is recognized at the lower of cost—calculated with the configuration of the weighted cost average—and the net realizable value derived from the market trend.

Trade receivables

Receivables are recognised to the Financial Statements according to the amortised cost criteria, taking account of their timing and the expected realisable value. The amortised cost criteria is not applied where the effects are insignificant or where the settlement costs, commissions paid between the parties and any other difference between the initial value and the value on maturity is insignificant or where the receivables are short-term (i.e. with maturity of less than 12 months).

The value of receivables, established as above, is adjusted where necessary by a write-down provision, presented as a direct reduction of the value of the receivables to their expected realisable value. The write-down to the Financial Statements is equal to the difference between the book value and the value of estimated future cash flows, less amounts which are not expected to be received. The write-down is recognised in the Income Statement.

According to the exemption provided by the Italian GAAP, the amortised cost criteria has not been applied to receivables generated before July 1, 2016.

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 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.

Note 6. Significant accounting policies (Continued)

Accruals and deferrals

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 years for which invoices and the related receivables have been already received/paid.

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 notes.

Provisions for employee severance indemnities

The provision reflects the amounts accrued at the reporting date in favour of employees, in accordance with contractual and legislative requirements. This liability is subject to indexation. It shall be noted that as of 1 January 2007, the Finance Law and related implementing decrees introduced significant changes in the regulation of provisions for employment termination benefits, including the employee's choice concerning the allocation of severance indemnities accruing (to the supplementary pension funds or the "Treasury Fund" managed by INPS—national social welfare institution). The amount recorded in the Financial Statements is therefore net of payments to the funds mentioned.

Loans, trade and other payables

Loans, trade and other payables are recognised according to the amortised cost criterion, taking account of their timing. The amortised cost criterion is not applied to loans and payables where the effects are insignificant. Effects are considered insignificant for short-term loans and payables (i.e. with maturity of less than 12 months). For the amortised cost criterion, reference should be made to loans and payables.

According to the exemption provided by the Italian GAAP, the amortised cost criteria has not been applied to loans and payables generated before July 1, 2016.

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 for the year. The net profit is set apart in a specific reserve, which may be distributed only upon realization.

Other financing

Other financing include financial debt with counterparties who are not banks and are stated at nominal value.

Payables and receivables to/from specific sector institutions

These items relate to payables and receivables generated by transactions with player registration rights. They are classified respectively under the items "Payables to specific sector institutions" and "Receivables from specific sector institutions". In particular, if the origin or destination club belongs to

Note 6. Significant accounting policies (Continued)

a foreign federation the counterparty is directly buying or selling club and the transaction is settled directly with such club. If the player's origin or destination club belongs to the Italian Football Federation and if the contract is subject to the National Professional League, the settlement of payment for the period shall be made through the League/transfers account, which acts as a "clearing house" for all transfers between Italian football clubs.

Payables and receivables to/from specific sector institutions are recognised according to the amortised cost criterion, taking account of their timing. The amortised cost criterion is not applied to loans and payables where the effects are insignificant. Effects are considered insignificant for short-term loans and payables (i.e. with maturity of less than 12 months). For the amortised cost criterion, reference should be made to loans and payables.

According to the exemption provided by the Italian GAAP, the amortised cost criteria has not been applied to payables and receivables to/from specific sector institutions generated before July 1, 2016.

Recognition of revenue and costs

Matchday revenue are recorded when the match has been played and mainly include the revenue earned for tickets sold for the matches.

Sponsorships revenue and media revenue are recognised progressively in relation to contract providing services throughout the entire year or upon full delivery of the service at a point in time. Non-refundable up-front fees are fully recognized in the Income Statement as occurred, usually at the execution of the contract.

Other revenue include mainly release of provision, revenues from services to the associated companies and revenues from previous years.

Net gains and losses deriving from the transfer of the multi-year rights to the registrations of players are calculated as the difference between the agreed-upon price and the net accounting value on the transfer date. Net gains and losses deriving from the transfer of player registration rights are recognized on the date of the contract or, if the contract date is unknown, on the date of certificate of enforceability placed on the contracts by the Serie A National League of Professionals for domestic transfers or on the date of the international transfer certificate issued by FIGC for international transfers. In relation to player loan contracts with an obligation to purchase, the value of the multi-year rights to the registration of the player is adjusted to the agreed price for the sale (including the amount of the redemption and loan fees) at the time at which the condition for redemption is realized or becomes probable.

Costs and Financial income and expenses are recognised to the Income Statement on an accrual basis.

Income taxes

Taxes are provided for in accordance with the accruals principle; they therefore represent the amount for taxes paid or payable for the financial year, determined in accordance with the rates and regulations in force.

Inter also has a tax consolidation agreement with its subsidiaries.

Deferred tax assets and liabilities

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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

Note 6. Significant accounting policies (Continued)

deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets 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. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividend income is recognized when the investor's right to receive payment is established, following the declaration of a dividend by the investee's shareholders in general meeting.

Derivative contracts

The Company has signed a derivative contract in relation to a financing in place until 2017 in order to hedge the interest rate fluctuation risk. This is qualified as an "Interest Rate Cap" and provides a cap of 2% on the Euribor for half of the total loan granted (€115 million). For this contract, a fee of €600 thousand was paid and this value has been deferred along its duration. The commission paid at the date of the signing of the contract represents the *fair value* of the financial instrument. As at June 30, 2018, the net book of such financing commission has been written off after the repayment of the GS Loan occurred (for more details, please refer to Note 26 Bank Loan).

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 actual results could be different from these estimates. The estimates and assumptions are reviewed periodically and the effects of each variation are reflected on the Income Statement in the year when the estimate is revised. The Balance Sheet items that are affected by use of estimate 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.

Regarding the provisions for risks and charges and the write-down of doubtful receivables, the Financial Statements reflects the estimate of liabilities based on the best knowledge of solvency of the counterparts and the state of litigation, using the information provided by the legal and tax advisors, who assist the Company as well as considering outstanding contracts with the counterparts. The estimate of risks is subject to the risk of uncertainty of any estimate of a future event and the outcome of litigation, and it cannot be excluded that in future fiscal years, costs which cannot currently be estimated, might arise due to a worsening of the state of litigation and the level of counterparts' solvency.

With particular reference to Financial Fair Play (FFP)—the Directors based on the results showed in the Financial Statements at June 30, 2019, 2018 and 2017 and on the economic and financial projections concerning 2020-2024 years, and taking into account the economic support of the majority shareholder's with arms-length based transactions—confirmed the Group's ability to reach the requirements of FFP rules and in this way avoid potential further penalties. However, the assumptions used in the preparation of economic projections are characterized by intrinsic uncertainty both with reference to macroeconomic conditions of the sector, as well as to specific conditions relating to the Group, which depend in large measure on the sports results, whose change—currently not foreseeable—might lead to final results that are different from what was estimated, which might render it necessary to accrue in the future, in all or in part, the amount related to the above-mentioned penalties. It should be noted that, as described in Note 57. *Subsequent*

Note 6. Significant accounting policies (Continued)

events occurred after June 30, 2019, UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately against the background of the Coronavirus (COVID-19) pandemic.

With reference to the measurement of the recoverable value of the intangibles assets and property, plant and equipment, the Directors, conducted an impairment test in order to verify the recoverability of the values of Inter Media's assets that indirectly supported the value of the consolidated assets. Such impairment test was made on the basis of economic and financial projection of Inter Media updated at the end of each year of the period 2017-2019 and at present referred to the period 2020-2024. The above forecasts are based on the assumptions characterized by intrinsic uncertainty, both with reference to macroeconomic and sector conditions as well as specific conditions tied to the Group, depending to a large extent on the sports results of the Group, any change of which—currently unpredictable—might result in final results that are different than what is estimated, which might require at consolidated level the write-down of the equity investments accounted in the consolidated financial statement.

Agreements with the Rai Group and Infront

On June 2011, Inter acquired the Library from Rai and subsequently such asset was contributed to the Company at the Contribution date. Library include the Rai archive of images and videos of the football team (historical archive—material and rights) and the archive of broadcasts on Inter TV 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, and also (iii) the right to renew the contract from 30 June 2041 to 30 June 2071.

On May 2011, Inter entered an agreement with Infront Italy S.r.l. ("Infront"), a global sports marketing agency, with respect to the digitalization and marketing in Italy of the archive content of matches played in Serie A (after the first 48 hours after the match has been played), as well as TIM Cup and Supercoppa TIM matches.

Infront digitizes and markets the archived content and has provided a guarantee under this agreement that Inter Media will receive €10 million, plus VAT, per season through the 2020/2021 season.

Debt refinancing operations

On December 21, 2017, the subsidiary company Inter Media and Communication, 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 €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 €50 million, which has been used for €25 million as of June 30, 2019 and in July 2019 for the remaining amount. This transaction led to i) full repayment of previous financing (with Goldman Sachs / Unicredit) equal to €202 million at the Existing notes subscription date; ii) generation of new financial resources to be used for the ordinary activities of the Inter Group. The Existing notes 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 Existing notes (mainly legal advice and bank fees), equal to €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). The amortization of expenses is added to 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 Existing notes indenture, Inter Media mortgaged the "FC Inter" trademark and FC Inter and Inter Brand pledged the shares relating to the share capital held in Inter Media.

Note 6. Significant accounting policies (Continued)

Agreement with Suning

On September 1, 2016, it was signed with Jiangsu Suning Sports Industry Co., Ltd, company belonging to Suning Group, a contract for the transfer of the rights to rename the sports centres and the rights to use the Suning brand in Italy and in Asian territory. The contract expires in June 2020 and has a non-refundable initial signing fee of €25 million an annual fees of €16.5 million up to maturity and €2.6 million represented performance bonuses relating to both Inter's youth team and Inter's first team. On December 21, 2017, at the time of Existing notes 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. With reference to this agreement, during the year the Group recorded revenues for a total of €26.1 million, including the variable portion linked to bonuses of €9.6 million.

With reference to this contract, the Group accounted revenue during the fiscal years 2017, 2018 and 2019, for a total of €85.7 million.

Other Commercial Agreement

On February 8, 2017, a new contract was signed with Beijing Yixinshijie Culture Development Co. Ltd., a Chinese Company, for the exclusive granting of certain media rights and sponsorship of the Fc Inter brand in the Asian region which has foreseen annual fees of €30 million up to maturity (including a one-time upfront fee of €10.0 million). This annual minimum amount has been decreased from €30 million to €25 million following an amendment providing the re-purchase by the Group of some categories of sponsorship rights for an amount of 5 million previously included in the agreement.

With reference to this contract, the Group recorded revenue during the fiscal years 2017, 2018 and 2019, including the initial signing fee, for a total of €80 million.

During 2017-2018, the Group has signed an agreement with Beijing iMedia Advertising Co., Ltd. (better known as iMedia), a Chinese sports marketing agency, which expires as of June 30, 2024. In fact, the Group has sold to iMedia the abovementioned part of sponsorship rights which was repurchased as described above. The agreement provided for a non-refundable up-front fee of €23.1 million at the time of the signing and annual payments of €25 million until maturity. During the fiscal years 2017, 2018 and 2019, the Group has recorded €52.3 million of revenue.

Furthermore, during the same period, two multiannual contracts were signed with the Chinese companies Fullshare Holding Ltd. (active in the services sector for tourism and childcare) and King Down Investments Ltd. (an online travel agency, better known as Lvmama), both expiring on June 30, 2020. Such agreements provided a non-refundable up-front fees of €3.25 million each at the time of the signing and total annual fees of €10 million. It should be noted that both of them have been terminated in advance in May 2019. With reference to these contracts, during the fiscal years 2017, 2018 and 2019 the Group recorded revenue for an amount of €29.8 million.

Analysis of Balance Sheet items

Note 7. Intangible assets

As of 30 June 2019, 2018, 2017 Intangible Assets amount respectively to €417.0 million, to €409.6 million and to €335.5 million. Amortization of finance fees have been classified throughout the fiscal years presented within the line item "Net financial expenses" (Note 51).

Intangible assets are detailed as follow:

	Historical cost					Accumulated Depreciation					
€ thousand	Balance as of June 30, 2018	Increase	Decrease	Recl	Balance as of June 30, 2019	Balance as of June 30, 2018	Decreases	Impairment	Amortisation for the fiscal year ended June 30, 2019	Amortization as of June 30, 2019	Assets Intangible Net
Player registration rights	**470,948**	**107,213**	**(28,167)**	**—**	**549,994**	**(168,646)**	**18,879**	**(3,422)**	**(84,738)**	**(237,927)**	**312,066**
—Player registration rights	470,948	107,213	(28,167)	—	549,994	(168,646)	18,879	(3,422)	(84,738)	(237,927)	312,066
Brand, library and other	**269,075**	**10,810**	**(2,711)**	**—**	**277,174**	**(161,767)**	**666**	**(146)**	**(10,981)**	**(172,228)**	**104,946**
—Industrial patents and similar intellectual property rights	387	25	—	—	412	(295)	—	—	(22)	(317)	95
—Concessions, licenses, trademark and similar rights	192,578	521	—	81	193,180	(99,712)	—	—	(5,574)	(105,286)	87,894
—Construction in progress	2,418	922	(2,190)	(81)	1,069	—		—		—	1,069
—Capitalised youth programme costs	59,594	7,147	—	—	66,741	(48,850)	—	—	(5,065)	(53,915)	12,826
—Finance Fees	13,757	—	—	—	13,757	(13,757)	—	—	—	(13,757)	—
—Leasehold improvements	341	2,195	(521)		2,015	847	666	(146)	(320)	1,047	3,062
Total Intangible Assets	**740,023**	**118,023**	**(30,878)**	**—**	**827,168**	**(330,413)**	**19,545**	**(3,568)**	**(95,719)**	**(410,155)**	**417,012**

Note 7. Intangible assets (Continued)

	Historical cost					Accumulated Depreciation					
€ thousand	**Balance as of June 30, 2017**	**Increase**	**Decrease**	**Recl**	**Balance as of June 30, 2018**	**Balance as of June 30, 2017**	**Decreases**	**Impairment**	**Amortisation for the fiscal year ended June 30, 2018**	**Amortization as of June 30, 2018**	**Assets Intangible Net**
Player registration rights	**394,198**	**210,637**	**(133,887)**	**—**	**470,948**	**(174,915)**	**86,518**	**(2,135)**	**(78,114)**	**(168,646)**	**302,301**
—Player registration rights	394,198	210,637	(133,887)	—	470,948	(174,915)	86,518	(2,135)	(78,114)	(168,646)	302,301
Brand, library and other	**276,256**	**8,856**	**(16,037)**	**—**	**269,075**	**(160,081)**	**13,758**	**(4,136)**	**(11,307)**	**(161,767)**	**107,308**
—Industrial patents and similar intellectual property rights	363	24	—	—	387	(275)	—	—	(20)	(295)	92
—Concessions, licenses, trademark and similar rights	192,393	183	(7)	9	192,578	(94,206)	1	—	(5,507)	(99,712)	92,866
—Construction in progress	4,308	392	(2,273)	(9)	2,418	—	—	—	—	—	2,418
—Capitalised youth programme costs	52,068	7,526	—	—	59,594	(44,692)	—	—	(4,158)	(48,850)	10,744
—Finance Fees	13,757	—	—	—	13,757	(8,341)	—	(4,136)	(1,280)	(13,757)	—
—Leasehold improvements	13,367	731	(13,757)	—	341	(12,567)	13,757	—	(342)	847	1,188
Total Intangible Assets	**670,454**	**219,493**	**(149,924)**	**—**	**740,023**	**(334,996)**	**100,276**	**(6,271)**	**(89,421)**	**(330,413)**	**409,609**

Note 7. Intangible assets (Continued)

	Historical cost					Accumulated Depreciation					
€ thousand	Balance as of June 30, 2016	Increase	Decrease	Recl	Balance as of June 30, 2017	Balance as of June 30, 2016	Decreases	Impairment	Amortisation for the fiscal year ended June 30, 2017	Amortization as of June 30, 2017	Assets Intangible Net
Player registration rights	**272,168**	**144,695**	**(22,665)**	**—**	**394,198**	**(111,113)**	**11,566**	**(1,277)**	**(74,091)**	**(174,915)**	**219,283**
—Player registration rights	272,168	144,695	(22,665)	—	394,198	(111,113)	11,566	(1,277)	(74,091)	(174,915)	219,283
Brand, library and other	**269,641**	**6,651**	**(36)**	**—**	**276,256**	**(148,252)**	**13**	**—**	**(11,842)**	**(160,081)**	**116,175**
—Industrial patents and similar intellectual property rights	339	24	—	—	363	(195)	—	—	(80)	(275)	88
—Concessions, licenses, trademark and similar rights	191,657	772	(36)	—	192,393	(88,735)	13	—	(5,484)	(94,206)	98,187
—Construction in progress	3,588	720	—	—	4,308	—	—	—	—	—	4,308
—Capitalised youth programme costs	47,070	4,998	—	—	52,068	(41,517)	—	—	(3,175)	(44,692)	7,376
—Finance Fees	13,757				13,757	(5,625)			(2,716)	(8,341)	5,416
—Leasehold improvements	13,230	137	—	—	13,367	(12,180)	—	—	(387)	(12,567)	800
Total Intangible Assets	**541,809**	**151,346**	**(22,701)**	**—**	**670,454**	**(259,365)**	**11,579**	**(1,277)**	**(85,933)**	**(334,996)**	**335,458**

Movements of intangible asset are mainly due to investments and disposals in the “Player registration rights”.

Note 7. Intangible assets (Continued)

Player registration rights

With respect to the player registration rights as of June 30, 2019, please find below the main transactions that occurred during the fiscal year:

- Purchases:

Club	Player	Player acquisition price	Actualization Effect	Actualized Value	Age	Contract Expiry
Racing Club de Avellaneda	Martinez Lautaro Javier	25,080	—	25,080	22	2023
Hertha BSC GmbH & Co.KGaA	Lazaro Valentino	22,406	(1,387)	21,019	23	2023
U.S. Sassuolo	Politano Matteo	21,171	(465)	20,706	26	2023
Genoa Cricket and F.C.	Salcedo Mora Eddy	8,579	(104)	8,475	18	2021
Parma Calcio 1913	Nascimento Resende Gabriel—Brazao	6,270	(78)	6,192	18	2024
U.S. Sassuolo	Gravillon Andreaw Rayan	6,125	(44)	6,081	21	2023
Registration	Godin Leal Diego Roberto	3,500	—	3,500	33	2022
Spezia Calcio Srl	Mulattieri Samuele	1,694	(11)	1,683	19	2023
U.S. Pergolettese 1932	Tosi Mirco	300	—	300	17	2021
Registration	Persyn Tibo	195	—	195	17	2021
Calcio Padova	Fabbian Giovanni	190	—	190	16	2022
Calcio Padova	Bailo Federico	70	—	70	15	2023
F.C. Sudtirol	Gambato Kifle	70	—	70	15	2023
Other "Player Registration Rights" acquired during the fiscal year		*13,664*	*(12)*	*13,652*		
Total		**109,314**		**107,213**		

- Sales:

Club	Player	Historical Cost	Age
Jiangsu Suning Football Club	Citadin Martins Eder	12,038	33
Torino F.C.	Ansaldi Cristian	9,504	33
Parma Calcio 1913	Biabiany Jonathan Ludovic	1,100	31
Standard de Liege	Vanheusden Zinho	1,000	20
Genoa Cricket	Pinamonti Andrea	875	20
Spezia Calcio	Forte Francesco	538	26
Termination	Camara Gaston	491	23
C.A. Newells Old Boys	Correia José	320	23
Prato	Bonetto Mattia	206	22
Brescia	Belkheir Mouhamed Menaou	160	20
Resolution	Gnoukouri Assane Demoia	150	23
Rimini	Danso Stephen	150	21
Bologna FC 1909	Mutton Cristian	140	20
Termination	Gaiola Riccardo	111	23
Resolution	Eboko Cordoba Moises	100	19
Bologna FC 1909	Visconti Elia	85	19
Other "Player Registration Rights" sold during the fiscal year		1,199	
Total		**28,167**	

Note 7. Intangible assets (Continued)

With respect to the player registration rights as of June 30, 2018, please find below the main transactions that occurred during the fiscal year:

- Purchases:

Club	Player	Player acquisition price	Actualization Effect	Actualized Value	Age	Contract Expiry
A.S. Roma	Nainggolan Radja	39,200	(582)	38,618	30	2022
Sampdoria	Skriniar Milan	33,956	(413)	33,543	23	2022
Atalanta	Bastoni Alessandro	31,100	(183)	30,917	19	2023
Fiorentina	Vecino Falero Matias	25,248	(201)	25,047	27	2022
O.G.C. Nice Cote D'Azur	Chagas Estevao Dalbert Enrique	21,716	(70)	21,646	25	2023
C.A. Boca Juniors	Colidio Facundo	9,599	(147)	9,452	18	2023
S.S. Lazio	De Vrij Stefan	7,500	(177)	7,323	26	2023
S.M. Caen	Karamoh Yann	6,814	(284)	6,530	20	2021
Fiorentina	Borja Valero Iglesias	6,400	(69)	6,331	33	2020
Sion	Dimarco Federico	5,000	(208)	4,792	21	2023
Delfino Pescara 1936 SpA	Zugaro De Matteis Davide	4,800	(33)	4,767	18	2023
Delfino Pescara 1936 SpA	Pompetti Marco	4,000	(27)	3,973	18	2023
Juventus FC	Asamoah Kwadwo	2,400	(39)	2,361	30	2021
Virtus Entella	Zaniolo Nicolò	1,913	(12)	1,901	19	2022
Lyngby BK	Odgaard Jens	1,320	—	1,320	19	2021
Delfino Pescara 1936 SpA	Peschetola Lorenzo	800	(9)	791	15	2022
US Città di Palermo	D'Amico Felice	402	—	402	18	2020
Prato	Rivas Vindel Rigoberto Manuel	280	—	280	20	2022
Yellow Red K.V. Mechelen	Van Den Eynden	235	—	235	18	2020
Cremonese	Gianelli Jacopo	200	—	200	17	2020
F.C. Sudtirol Srl	Wieser David	150	—	150	16	2020
Other "Player Registration Rights" acquired during the fiscal year		*10,057*	—	*10,057*		
Total		**213,092**		**210,637**		

- Sales:

Club	Player	Historical Cost	Age
Valencia	Kondogbia Geoffrey	40,901	25
Monaco	Jovetic Stevan	16,436	29
Galatasaray	Nagatomo Yuto	10,950	32
Free Transfer	Palacio Alcade Rodrigo Sebastian	10,825	36
Besiktas	Medel Soto Gary Alexis	9,678	31
UC Sampdoria	Pires Ribeiro José Rodolfo	9,500	26
Valencia	Murillo Ceron Jeison	8,858	26
Free Transfer	Melo de Carvalho Felipe	5,398	35
A.S. Roma	Santon Davide	4,943	27
Frosinone Calcio	Bardi Francesco	3,125	26
Free Transfer	Yao Guy Eloge Koffi	2,070	22
A.S. Roma	Zaniolo Nicolò	1,901	19

Note 7. Intangible assets (Continued)

Club	Player	Historical Cost	Age
Sassuolo	Odgaard Jens	1,320	19
Albacete Balompie S.A.D.	Manaj Rei	680	21
Free Transfer	Knudsen Morten Brander	579	23
Atalanta	Carraro Marco	531	20
Genoa	Radu Ionut Andrei	441	21
Free Transfer	Smekal Dominik	306	20
Free Transfer	Carrizo Juan Pablo	300	34
Free Transfer	Andreolli Marco	208	32
Bassano Virtus	Zonta Loris	160	21
Olbia	Ogunseye Ibukun Roberto	144	23
Atalanta B.C. S.p.A.	Bettella Davide	140	18
Free Transfer	Gaydu Thomas Leon	121	20
Free Transfer	Kerin Luka	120	19
Other "Player Registration Rights" sold during the fiscal year		4,252	
Total		**133,887**	

With respect to the player registration rights as of June 30, 2017, please find below the main transactions that occurred during the fiscal year:

- Purchases:

Club	Player	Player acquisition price	Actualization Effect	Value of the right	Age	Contract Expiry
Sporting C.P.	Joao Mario	44,000	(225)	43,775	24	2021
Santos FC	Barbosa Almeida Gabriel	33,500	(372)	33,128	20	2021
Atalanta	Gagliardini Roberto	24,100	(1,771)	22,329	23	2022
Lazio	Candreva Antonio	23,600	(2,830)	20,770	30	2020
Genoa	Ansaldi Cristian	10,000	(496)	9,504	30	2020
Delfino Pescara	Caprari Gianluca	5,660	(280)	5,380	23	2021
Fenerbahce	Erkin Caner	1,500	(151)	1,349	29	2019
Dinamo	Mitrea Vlad Nicolae	225	—	225	16	2019
Domzale	Roric Maj	222	—	222	17	2019
Hellas Verona	Belkheir Mouhamed Menaou	160	—	160	18	2019
Registration	Danso Stephen	150	—	150	19	2019
Calcio Como	Mutton Cristian	140	—	140	18	2018
Nogometno Drustvo Bilje	Demorovic Elian	130	—	130	17	2019
Torino	Padelli Daniele	130	—	130	32	2019
Frejus St Raphael	Gaydu Thomas Leon	121	—	121	18	2019
Valencia	Eboko Cordoba Moises	100	—	100	17	2019
Other "Player Registration Rights" acquired during the fiscal year		7,082	—	7,082		
Total		**150,820**		**144,695**		

Note 7. Intangible assets (Continued)

- Sales:

Club	Player	Historical Cost	Age
Sampdoria	Caprari Gianluca	5,380	24
Roma	Nunes Jesus Juan Guilherme	5,121	26
Sevilla C.F.	Benega Ever Maximiliano David	4,500	29
Genoa	Laxalt Diego	2,337	24
Besiktas	Erkin Caner	1,349	29
Delfino Pescara	Biraghi Cristiano	1,220	24
Hellas Verona	Bessa Daniel	774	24
Atalanta	Eguelfi Fabio	356	22
Real Zaragoza	Popa Stefan Razvan	300	20
Cagliari	Miangue Senna	233	20
Benevento Calcio	Donnarumma Alessio	180	19
Benevento Calcio	Gyamfi Bright	150	21
Benevento Calcio	Gravillon Andreaw Rayan	91	19
Other "Player Registration Rights" sold during the fiscal year		674	
Total		**22,665**	

As shown above, impairment has been accounted relating to player registration rights for €3.4 million as of June 30, 2019, €2.1 million as of June 30, 2018 and €1.3 as of June 30, 2017.

Impairments relates throughout the fiscal years to certain players not included in the roster and for which the Director assess the value recorded in the Financial Statements was only partially recoverable through sales.

Decrease in amortization represent the release of the accumulated amortization following the disposal of a player registration right.

Brand, library and other

The net book value of the item "*Industrial patents and similar intellectual property rights*" mainly refers, throughout the fiscal years, to rights to the images (photos and video) of the Intercampus projects throughout the world and to the cost incurred for the production of a documentary on the career of the former captain of Inter's First Team, Javier Zanetti.

The line "*Concessions, licenses and trademark*" mainly relate, throughout the fiscal years to

- "F.C. Inter" brand which is amortized on a period of 20 years;
- Library archive which is amortized over 30 years, starting from July 1, 2011.

The Directors, in accordance with OIC 9, in order to assess the value of intangible assets recorded in Inter Media's Financial Statements conducted an impairment test as of 30 June 2017, June 30, 2018 and June 30, 2019 that was used also to support the values of the trademark and library, recorded in the Consolidated Financial Statements. It is noted in such regard that after the write-down of the Contribution that resulted in the reversal of the effects of the allocation of the step-up value realized in this business combination, the value of the trademark and library is significantly lower with respect to their value recognized in Inter Media. Impairment test was conducted using the Discounted Cash Flow analysis, i.e. the company's value was measured discounting the cash flows originating from the above financial economic forecasts, discounted using a WACC (Weighted Average Cost of Capital) of 8.5% for the fiscal year ended June 30, 2017, 8.8% for the fiscal year ended June 30, 2018 and 8.4% for the fiscal year ended June 30, 2019.

The assumptions used to forecast income and the relative cash flows consider the current state of the negotiations of sponsorships, consistently with prudent forecasts of sports results (participation to UEFA Champions League for the sport season 2019/2020 and participation in UEFA Europa League

Note 7. Intangible assets (Continued)

during the entire period of the plan), developments of prudently estimated merchandising although with the influence of the new majority shareholder and operating cost trends estimated consistently with the Group's current organizational logic.

As a result of the work done, and also considering the worsening scenario from the sensitivity analysis applied to the forecast data and WACC, with the objective of conducting "stress tests" on the "recoverable amount" of the asset if there is a change of the forecast assumptions, no need to recognize any impairment.

"*Constructions in progress*", relates to the costs incurred for improve G. Meazza Stadium and "Giacinto Facchetti Sports center" which are not yet completed.

The line "*Capitalization of youth programme costs*" refers to the investments incurred to manage and develop the youth sector and they are amortized for a period of five years. The recoverability of the recognition value of the costs of Youth program has been assessed by the Directors with reference to the offers systematically received in relation to the young players and to the players that become professional, which as far as now have fully remunerated the capitalized cost.

Finance Fees relates to the agency and other fee paid in connection with the GS Loan which is amortized over the duration of the loan. The amortization of each fiscal year has been classified in the Income Statement in the line item "Net financial expenses". As at June 30, 2018, the net book of such financing fees for €4.1 million has been written off after the repayment of the GS Loan occurred and recorded in the Income Statement in the line item "Net financial expenses".

Leashold improvements includes costs incurred for improve G. Meazza Stadium and Giacinto Facchetti Sports center". In relation to G. Meazza Stadium as already described in the significant accounting policy Municipality of Milan provides certain grants allowing the Group to settle the rent payments due for the use of the Stadium against the cost incurred for such improvements. Consequently, the assets that are eligible for government grant are accounted for net of the payables for such rent expenses which has been equal to €24.2 million as of June 30, 2019, €22.0 million as of June 30, 2018 and €19.9 million as of June 30, 2017.

Note 8. Property, plant and equipment

As of 30 June 2019, 2018, 2017 property, plant and equipment amount respectively to €21.5 million, to €19.0 million and to €18.2 million.

Depreciation allocated throughout the fiscal years was calculated on all of the property, plant and equipment depreciated, applying the tax rates representing the technical-economic life, specified in the significant accounting policies.

Note 8. Property, plant and equipment (Continued)

Property, plant and equipment, are detailed as follow:

	Historical cost					Accumulated Depreciation				
€ thousand	Balance as of June 30, 2018	Increase	Disposal	Impairment	Balance as of June 30, 2019	Balance as of June 30, 2018	Disposal	Amortisation for the fiscal year ended June 30, 2019	Amortization as of June 30, 2019	Net Book Value
Land and buildings	**22,388**	**1,285**	**(466)**	**—**	**23,207**	**(4,781)**	**—**	**(1,410)**	**(6,191)**	**17,016**
—land and buildings	22,349	1,230	(466)	—	23,113	(4,772)	—	(1,403)	(6,175)	16,938
—light buildings	39	55	—	—	94	(9)	—	(7)	(16)	78
Plant and machinery	**1,858**	**388**	**—**	**—**	**2,246**	**(1,606)**	**—**	**(93)**	**(1,699)**	**547**
—generic systems	685	68	—	—	753	(577)	—	(26)	(603)	150
—specific systems	1,173	320	—	—	1,493	(1,029)	—	(67)	(1,096)	397
Equipment	**1,055**	**67**	**—**	**—**	**1,122**	**(886)**	**—**	**(47)**	**(933)**	**189**
—sports equipment	238	12	—	—	250	(204)	—	(8)	(212)	38
—sanitary equipment	621	3	—	—	624	(496)	—	(37)	(533)	91
—various equipment	196	52	—	—	248	(186)	—	(2)	(188)	60
Other assets	**2,780**	**1,884**	**(25)**	**—**	**4,639**	**(1,803)**	**16**	**(403)**	**(2,190)**	**2,449**
—motor vehicles	16	—	—	—	16	(10)	—	(4)	(14)	2
—electronic machinery	1,220	644	(25)	—	1,839	(595)	16	(246)	(825)	1,015
—furniture and office machines	1,544	1,240	—	—	2,784	(1,199)	—	(153)	(1,352)	1,432
Assets under construction and advances	**2**	**1,280**	**(2)**	**—**	**1,280**	**—**	**—**	**—**	**—**	**1,280**
Total Property, Plant and Equipment	**28,084**	**4,904**	**(493)**	**—**	**32,495**	**(9,076)**	**16**	**(1,953)**	**(11,013)**	**21,481**

Note 8. Property, plant and equipment (Continued)

€ thousand	Historical cost					Accumulated Depreciation				
	Balance as of June 30, 2017	Increase	Disposal	Impairment	Balance as of June 30, 2018	Balance as of June 30, 2017	Disposal	Amortisation for the fiscal year ended June 30, 2018	Amortization as of June 30, 2018	Net Book Value
Land and buildings	**20,892**	**1,496**	**—**	**—**	**22,388**	**(4,094)**	**—**	**(687)**	**(4,781)**	**17,607**
—land and buildings	20,863	1,486	—	—	22,349	(4,089)	—	(683)	(4,772)	17,577
—light buildings	29	10	—	—	39	(5)	—	(4)	(9)	30
Plant and machinery	**1,796**	**62**	**—**	**—**	**1,858**	**(1,550)**	**—**	**(56)**	**(1,606)**	**252**
—generic systems	682	3	—	—	685	(559)	—	(18)	(577)	108
—specific systems	1,114	59	—	—	1,173	(991)	—	(38)	(1,029)	144
Equipment	**945**	**110**	**—**	**—**	**1,055**	**(827)**	**—**	**(59)**	**(886)**	**169**
—sports equipment	225	13	—	—	238	(187)	—	(17)	(204)	34
—sanitary equipment	530	91	—	—	621	(456)	—	(40)	(496)	125
—various equipment	190	6	—	—	196	(184)	—	(2)	(186)	10
Other assets	**2,527**	**267**	**(14)**	**—**	**2,780**	**(1,527)**	**6**	**(282)**	**(1,803)**	**977**
—motor vehicles	16	—	—	—	16	(6)	—	(4)	(10)	6
—electronic machinery	1,007	227	(14)	—	1,220	(434)	6	(167)	(595)	626
—furniture and office machines	1,504	40	—	—	1,544	(1,087)	—	(111)	(1,199)	345
Assets under construction and advances	**72**	**164**	**(234)**	**—**	**2**	**—**	**—**	**—**	**—**	**2**
Total Property, Plant and Equipment	**26,232**	**2,099**	**(248)**	**—**	**28,084**	**(7,998)**	**6**	**(1,084)**	**(9,077)**	**19,007**

Note 8. Property, plant and equipment (Continued)

€ thousand	Historical cost					Accumulated Depreciation				
	Balance as of June 30, 2016	Increase	Disposal	Impairment	Balance as of June 30, 2017	Balance as of June 30, 2016	Disposal	Amortization for the fiscal year ended June 30, 2017	Accumulated amortization as of June 30, 2017	Net Book Value
Land and buildings	**20,318**	**306**	**268**	**—**	**20,892**	**(3,467)**	**—**	**(627)**	**(4,094)**	**16,798**
—land and buildings	20,301	294	268	—	20,863	(3,465)	—	(624)	(4,089)	16,774
—light buildings	17	12	—	—	29	(2)	—	(3)	(5)	24
Plant and machinery	**1,749**	**47**	**—**	**—**	**1,796**	**(1,503)**	**—**	**(47)**	**(1,550)**	**246**
—generic systems	682	—	—	—	682	(480)	(60)	(19)	(559)	123
—specific systems	1,067	47	—	—	1,114	(1,023)	60	(28)	(991)	123
Equipment	**1,942**	**28**	**(1,025)**	**—**	**945**	**(1,793)**	**1,024**	**(58)**	**(827)**	**118**
—sports equipment	652	22	(449)	—	225	(618)	448	(17)	(187)	38
—sanitary equipment	1,106	—	(576)	—	530	(996)	580	(40)	(456)	74
—various equipment	184	6	—	—	190	(179)	(4)	(1)	(184)	6
Other assets	**4,838**	**540**	**(2,851)**	**—**	**2,527**	**(4,111)**	**2,816**	**(232)**	**(1,527)**	**1,000**
—motor vehicles	—	16	—	—	16	—	(2)	(4)	(6)	10
—electronic machinery	2,539	436	(1,968)	—	1,007	(2,271)	1,950	(113)	(434)	573
—furniture and office machines	2,299	88	(883)	—	1,504	(1,840)	868	(115)	(1,087)	417
Assets under construction and advances	**268**	**72**	**(268)**	**—**	**72**	**—**	**—**	**—**	—	**72**
Total Property, Plant and Equipment	**29,115**	**993**	**(3,876)**	**—**	**26,232**	**(10,874)**	**3,840**	**(964)**	**(7,998)**	**18,234**

Land and buildings line item includes the cost of purchase of the "Angelo Moratti Sports Centre" of Appiano Gentile, the Inter's First team's headquarters for training. In particular, throughout the fiscal years, the buildings have been modernized and developed.

Plant and Machinery throughout the fiscal years, mainly refers to cost incurred for the construction of the hotel and the renewal of the football pitches of the Appiano Sports Center.

Equipments includes the cost of purchase of video facility located at the "Suning Training Centre in memory of Angelo Moratti" for the transmission of the advertising Sponsors.

Other Assets throughout the fiscal years are mainly related to the cost incurred for the new headquarter of Viale della Liberazione and to purchase new electronic equipment (notebooks and phones).

Note 9. Financial assets

The financial assets' amounts as of June 30, 2019, 2018 and 2017 are shown in the table below:

€ thousand	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Financial assets	12,573	10,619	22,058
—*within 12 months*	2,163	209	6,557
—*beyond 12 months*	10,410	10,410	15,501
Total financial assets	**12,573**	**10,619**	**22,058**

Financial assets mainly refer to the debts service account paid as a guarantee for the GS loan as at June 30, 2017 and as a guarantee for Existing notes as at June 30, 2018 and as at June 30, 2019. It's also noted that financial assets as at June 30, 2017, June 30, 2018 and June 30, 2019 includes also security deposits related to operating leases respectively for € 186 thousands, € 166 thousands and €2,055 thousands.

Note 10. Investments in associates and other companies

The balance of investments in associated companies represents the equity value of the 50% stake in M-I Stadio S.r.l..

The relevant information referring to the associated companies is set forth below:

€ thousand	M-I Stadio S.r.l. 2019	M-I Stadio S.r.l. 2018	M-I Stadio S.r.l. 2017
Registered Office	P.zza A.Moratti, s.n.c. Milan	P.zza A.Moratti, s.n.c. Milan	P.zza A.Moratti, s.n.c. Milan
Share capital	1.000	1.000	1.000
Shareholders' equity	3,771	2,029	1,384
Fiscal year result	1,601	(355)	(783)
Stake held	50%	50%	50%
Value in the financial statement	**1,886**	**1,015**	**692**

For the fiscal year ended June 30, 2018 and 2017 Inter and A.C. Milan provided for a capital contribution for a total amount €2.0 million (€1.0 million each) and €12.2 million (€6.1 million each), respectively.

The associated Company has prepared the Financial Statements at June 30, 2019 on a going concern basis also considering the commitment from FC Inter and AC Milan to provide financial support in the next 12 months, by signing of a new agreement for the renew of the "Service Contract" with M-I Stadio (with effect from July 1, 2019 and expiring on June 30, 2023).

Investment in other companies €45 thousand corresponds to the investment of 19.5% held in the Consorzio Acquedotto La Pinetina throughout the fiscal years.

Note 11. Inventory

Inventory amounts to €0.0 thousand as at June 30, 2019. The line item amounts to €3.0 thousand as at June 30, 2018 and as at June 30, 2017 and refers to stock of Inter Futura S.r.l..

Note 12. Trade receivables

Trade Receivables are specified below:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Trade Receivables	**103,733**	**96,525**	**50,977**
— of which within 12 months	103,733	95,649	49,882
— of which beyond 12 months	—	876	1,095
Total trade receivables	**103,733**	**96,525**	**50,977**
Bad debt provision	(14,747)	(9,866)	(9,936)
Total trade receivables net of bad debt provisions	**88,986**	**86,659**	**41,041**

For fiscal year ended June 30, 2019, trade receivables include receivables from a heterogeneous customer base, largely consisting of private companies for commercial transactions and mainly tied to the sale of television rights and sponsorships, such as regional sponsors for €61,992 thousand (which include Beijing Yixinshijie Culture Development for €25 million, Beijing iMedia Advertising for €24.9 million, King Down Investments Limited for €10 million and Fullshare Holding Limited for €10 million), Infront for €3 million, LNP Serie A for €1.4 million, Sky Italia for €568 thousand (of which invoices to be issued for €256 thousand), Lyoness Italia for €488 thousand, Acque Minerali Italia for €454 thousand, IMG Media for €412 thousand, Trenitalia for €306 thousand, Salumificio Fratelli Beretta for €226 thousand and RCS Mediagroup for €181 thousand.

For fiscal year ended June 30, 2018, trade receivables include receivables from a heterogeneous customer base, largely consisting of private companies for commercial transactions and mainly tied to the sale of television rights and sponsorships, such as regional sponsors for €61,766 thousand (which include Beijing iMedia Advertising for €27.2 million, Beijing Yixinshijie Culture Development for €25 million, King Down Investments Limited for €4.9 million and Fullshare Holding Limited for €4.5 million), Nike for € 3.4 million, Infront for € 5.3 million (of which invoices to be issued total € 2,6 million), Media Partner & Silva Limiter for € 1.6 million, Telecom Italia S.P.A. for € 1.1 million, Sky Italia for € 898 thousand Pirelli for € 610 thousand.

For fiscal year ended June 30, 2017, trade receivables mainly related to commercial transactions and to the sale of television rights and sponsorships, with Beijing Yixinshijie Culture Development Co. Ltd. (€12.3 million—which resulted in an increase in this fiscal year), Infront (€8.5 million), Telecom Italia (€1.3 million), Sky (€1.3 million), Brilliance SWM Sales (€1.2 million), Trenitalia (€0.7 million) and Acqua Lete (€0.7 million).

The movements of the “Bad debt provision” for trade receivables throughout the fiscal years are detailed as follows:

€ thousand	
Balance of bad debt provisions trade receivables as of June 30, 2016	**13,554**
Balance of bad debt provisions trade receivables from specific sector institutions as of June 30, 2016	**40**
Use for losses on receivables	(1,867)
Releases	—
Provision	660
Balance of bad debt provisions trade receivables as of June 30, 2017	**9,936**
Balance of bad debt provisions trade receivables from specific sector institutions as of June 30, 2017	**2,451**
Use for losses on receivables	(70)
Releases	—
Provision	—
Balance of bad debt provisions trade receivables as of June 30, 2018	**9,866**
Balance of bad debt provisions trade receivables from specific sector institutions as of June 30, 2018	**2,451**

Note 12. Trade receivables (Continued)

€ thousand	
Use for losses on receivables	—
Releases	—
Provision	4,993
Balance of bad debt provisions trade receivables as of June 30, 2019	**14,747**
Balance of bad debt provisions trade receivables from specific sector institutions as of June 30, 2019	**2,563**

The provision accrued in the fiscal year ended June 30, 2019 of €5.0 million prudently reflects the updated assessment of the risk of uncollectability of specific credit positions considered doubtful.

Note 13. Trade receivables from parent companies and their affiliated

Trade receivables from parent companies and their affiliated are specified as follows:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Trade receivables from parents companies and their affiliated	**51,143**	**43,917**	**28,117**
—from parent companies	49,976	42,778	27,559
—from companies subject to parent companies control	1,167	1,139	558
Total trade receivables from parents companies and their affiliated	**51,143**	**43,917**	**28,117**

Trade receivables from parent companies relates to receivables from Jiangsu Suning Sports Industry in relation to the contract better described in the preceding paragraph "Agreement with Suning". Trade receivables from parent companies amounts to €49,976 thousands as at June 30, 2019 and has been collected during July and August 2019 for €39,850 thousand.

Trade receivables from companies subject to parent companies control relate to a credit with the company PPLIVE Corporation Ltd., for the sale of the broadcasting rights of Inter TV in China.

Note 14. Tax receivables

Tax receivables from the Italian Tax Authority mainly relate to the VAT required for reimbursement throughout the three fiscal years by the Parent Company and by the subsidiary Inter Brand for which the reimbursement has been requested.

Note 15. Deferred tax assets

Deferred tax assets are mainly related to the bad debt provision and the provision for risks and charges accounted in excess than the amount deductible according to the current tax regulations and to the exchange losses, but that will became deductible in the future. The recoverable amount has been assessed in connection to the Tax Consolidation Agreement.

Note 16. Receivables from specific sector institutions

Trade receivables from specific sector institutions gross of relative provision for the write-down of receivables throughout the three fiscal years, are the following (€ thousand):

Football Clubs	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Genoa Cricket & Football Club S.P.A.	29,529	15,719	3,834
Atalanta Bergamasca Calcio S.P.A.	9,538	16,224	5,034
A.S. Roma S.P.A.	9,419	17,707	8,591
U.C. Sampdoria S.P.A.	7,873	13,627	16,803
U.S. Sassuolo Calcio S.R.L.	6,678	4,912	—
Parma Football Club S.P.A.	3,956	—	—
Torino Football Club Spa	2,272	987	—
Benevento Calcio S.R.L.	2,159	2,774	3,596
Delfino Pescara 1936 S.P.A.	1,956	—	2,620
Bologna F.C. S.P.A.	1,421	1,710	5,565
Cagliari Calcio S.P.A.	1,067	2,007	2,907
FROSINONE CALCIO S.R.L.	664	996	—
U.S. Citta' Di Palermo S.P.A.	200	—	—
A.C. PERUGIA CALCIO S.R.L.	150	300	—
Novara Calcio S.P.A.	5	5	5
CALCIO PADOVA SPA	5	—	—
A.C. Pavia S.R.L.	1	1	1
Juventus F.C. S.P.A.	—	—	3,500
Hellas Verona F.C. S.P.A.	—	400	800
A.C. Chievoverona S.R.L.	—	—	250
A.S. Pro Piacenza 1919 S.R.L.	—	—	20
OLBIA CALCIO 1905 s.r.l.	—	20	—
ASSOCIAZIONE CALCIO RENATE s.r.l.	—	9	—
S.S. Sambenedettese Calcio Srl	26	26	26
Accademia Pavese Asd	10	23	10
Altovicentino Fcd	9	9	9
Celano F.C. Olimpia S.P.A.	6	6	6
A.S. Sestese Calcio A.S.D.	3	3	3
F.C. Sion	2,344	3,589	3,339
Sevilla Futbol Club Sad	1,680	1,412	6,519
Galatasaray	1,646	2,520	—
STANDARD DE LIEGE SA	750	—	—
F.C. LUGANO SA	488	50	—
Liverpool F.C.	108	758	—
VALENCIA CLUB DE FUTBOL SAD	105	22,443	—
Sporting Club Olhanense	50	—	—
Estudiantes Da La Plata	27	770	1,404
TSG 1899 HOFFENHEIM FUßBALL-SPIELBETRIEBS GMBH	16	—	—
JIANGSU SUNING FOOTBALL CLUB CO. LTD.	10	—	0
Asociatia Fotbal Club Astra	8	8	8
SA FC NANTES	2	—	—
Grensverleggend Nv	2	2	2
AS MONACO FOOTBALL CLUB SA	—	4,939	—
Sunderland Afc, Ltd	—	3,000	10,758
Besiktas Futbol Yat. San. Tic. A.S.	—	2,308	750
SANTOS F.C.	—	1,133	—
WEST HAM UNITED FOOTBALL CLUB	—	713	—

Note 16. Receivables from specific sector institutions (Continued)

Football Clubs	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Sporting Club Olhanense Futebol Sad	—	50	50
ALBACETE BALOMPIE S.A.D.	—	48	—
Real Zaragoza S.A.D.	—	30	60
F.C. Twente	—	—	200
Girona Futbol Club Sad	—	—	100
Total receivables from national and international football clubs	**84,183**	**121,233**	**76,770**
LEGA C/Championship	**15**	**1,141**	**29**
Other receivables from LEGA	**2,445**	**8,533**	**2,411**
FIGC	**8**	**5**	**5**
Solidarity Contributions Italy	**—**		**61**
Invoices to be issued to specific sector entities	**20,617**	**13,634**	**1,277**
U.E.F.A.	**4**	**4**	**4**
Future receivables guaranteed by LNP	**27,076**	**52,509**	**13,286**
League/account transfers	**—**	**—**	**—**
Bad debt reserve for receivables from specific sector institutions	**(2,563)**	**(2,451)**	**(2,451)**
Total receivables from specifc sector institutions	**131,785**	**194,613**	**91,392**

The changes occurred in the three-years period relate to definitive/temporary acquisitions of multi-year rights to the registrations of football players.

Other receivable from LEGA mainly refers for € 2.4 million to the VAT payment made, during the fiscal year ended June 30, 2017 and June 30, 2016, by FC Inter on behalf of a football club which went in bankruptcy and for which Director has assessed to occur risk of collectability. Following to this assessment, Directors has provided €0.6 million in the fiscal year ended June 30, 2017 and has reclassified €1.8 million of the bad debt provision originally included in the “Trade receivables” (for which the assessment of the risk of recoverability was modified due to the improvement of the counterparty’s merit of credit).

Note 17. Other receivables

Other receivables are composed as follows:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Receivables from associated companies	—	—	1,071
Receivables from subsidiaries	48	48	48
Other receivables	5,010	1,617	2,483
Total other receivables	**5,058**	**1,665**	**3,602**

Receivables from associated companies for the fiscal year ended June 30, 2017 mainly include trade receivables from M-I Stadio S.r.l.

Receivables from subsidiaries, throughout the three years, regards trade receivables from the non-consolidated subsidiaries Inter Brand China Co., Ltd. (in liquidation) and Shanghai Inter Brand Trading co., Ltd.

Note 17. Other receivables (Continued)

Other receivables as of June 30, 2019 and June 30, 2018 mainly refer to receivables for advance payments to employees and commercial supplier. The fiscal year ended June 30, 2019 includes also advance payments made to commercial supplier for the summer tournée for the sport season 2019/2020.

Other receivables as of June 30, 2017 mainly refer to advance payments to INAIL (National Institute for Insurance against Accidents at Work) made in the previous fiscal year.

Note 18. Prepaid expenses and accrued income

Prepaid expenses and accrued income are as follows:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Prepaid Expense—beyond 12 months	**7,827**	**4,962**	**2,813**
—Prepaid fees for the "Interest rate cap" contract	*—*	*—*	*112*
—Prepayment for FIFA Agents	*7,374*	*4,566*	*2,701*
—Prepaid ancillary expenses on loans	*275*	*386*	*—*
—Prepaid expenses on factoring expenses	*99*	*—*	*—*
—Prepaid insurance premiums	*33*	*—*	*—*
—Prepaid expenses for services	*46*	*10*	*—*
Prepaid Expense—current portion	**6,018**	**10,216**	**5,655**
—Prepayment for FIFA Agents	*3,353*	*2,718*	*2,063*
—Prepaid expenses for services	*1,156*	*934*	*923*
—Prepaid expenses for the rental of the Stadium	*623*	*615*	*609*
—Prepayments of rent	*445*	*301*	*315*
—Prepaid ancillary expenses on loans	*161*	*109*	*—*
—Prepaid insurance premiums	*119*	*138*	*214*
—Prepaid expenses on Existing notes	*69*	*70*	*—*
—Prepaid expenses on factoring expenses	*92*	*126*	*—*
—Prepaid for temporary acq. football players	*—*	*5,000*	*—*
—Prepayment for Summer Tour	*—*	*205*	*1,063*
—Prepaid annual finance fees on the G.S. Loan	*—*	*—*	*348*
—Prepaid fees for the "Interest rate cap" contract	*—*	*—*	*120*
Total prepaid expenses	**13,845**	**15,178**	**8,468**
Accrued income	4	6	0
Total prepaid expenses & accrued income	**13,849**	**15,184**	**8,468**

Prepayment for FIFA Agents (current portion as well as beyond 12 months) mainly include acquisition costs for the transfer campaign, which is deferred over the periods based on the contract with the players.

*Prepaid expenses for service*s include part of fees related to future fiscal year/periods that were paid in advance of for which the invoice have been already received mainly in relation to services received by associated companies, costs related to rental cars, restaurant services, costs for Data Service Room, consultancy and advertising costs.

Prepaid expenses for the Summer Tour as at June 30, 2017 refer to the costs incurred in advance respect to the tour in Asia, which was made in July 2017 by the Inter's First Team.

Note 19. Cash at bank and on hand

Cash at bank and on hand comprise cash on hand and demand deposits. The line item amount to €54.7 million in 2019, €45.1 million in 2018 and €14.8 million in 2017. For more details, please refer to the Cash Flow Statement.

Note 19. Cash at bank and on hand (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

Note 20. Shareholders' Equity

€ thousand	Share capital	Share premium reserve	Legal Reserve	Reserve to cover future losses	Reserve for future capital increases	Retained earnings/ losses	Fiscal year profit/loss	Total
Balance as of June 30, 2016	**19,195**	**181,385**	**—**	**—**	**—**	**(199,746)**	**(59,672)**	**(58,838)**
Resolution extraordinary shareholder' meeting of October 28, 2016								
—Share premium reserve	—	(69,436)	—	—	—	—	69,436	**—**
—Coverage of loss at June 30, 2016	—	—	—	—	—	9,764	(9,764)	**—**
Result for the fiscal year ended June 30, 2017	—	—	—	—	—	—	(24,576)	**(24,576)**
Balance as of June 30, 2017	**19,195**	**111,949**	**—**	**—**	**—**	**(189,982)**	**(24,576)**	**(83,414)**
Resolution ex Shareholders' meeting of October 27, 2017								
—Share premium reserve	—	(82,551)	—	—	—	57,975	24,576	**—**
—Reserve to cover future losses	—	—	—	105,000	—	—	—	**105,000**
Result for the fiscal year ended June 30, 2018	—	—	—	—	—	—	(17,754)	**(17,754)**
Balance as of June 30, 2018	**19,195**	**29,398**	**—**	**105,000**	**—**	**(132,007)**	**(17,754)**	**3,832**
Resolution ex Shareholders' meeting of October 26, 2018								
—Retained earnings (losses)	—	—	—	—	—	(17,754)	17,754	**—**
—Reserve for future capital increases	—	—	—	—	40,000	—	—	**40,000**
Result for the fiscal year ended June 30, 2019	—	—	—	—	—	—	(48,387)	**(48,387)**
Balance as of June 30, 2019	**19,195**	**29,398**	**—**	**105,000**	**40,000**	**(149,761)**	**(48,387)**	**(4,555)**

Despite the net consolidated deficit incurred for the fiscal years ended June 30, 2019 and June 30, 2017, the Group was in compliance with the minimum capital requirement provided by the Italian Civil Code, being such minimum requirements measured with reference to Inter's stand alone Financial Statements (that shows an amount compliant with the Italian Civil Code requirements) and not with reference to the Consolidated Financial Statements.

During the three fiscal years, Suning provided additional tranches of shareholder financing, supporting the going concern assumption also from a financial point of view.

In this context, Suning has re-confirmed its commitment to support the Group from a financial, capital and economic standpoint in the foreseeable future represented by the following 12 months, also through the proceed provided under certain sponsorships agreements signed with the Group throughout the three fiscal years presented.

Consequently, the Directors considered appropriate to prepare the Financial Statements on a going concern basis despite of the loss suffered by the Group for the fiscal year ended June 30, 2019 that was also affected by the significant investments made in the last transfer campaign. The going concern consideration have been updated also considering the potential impact of COVID-19 that as said in the *Note 57. Subsequent events occurred after June 30, 2019* has been considered a subsequent non-adjusting event. Please refer to the previous paragraph "*Going concern*".

Share Capital

The share capital subscribed to and paid-in amount to €19.2 million as of June 30, 2019, to €19.2 million as of June 30, 2018 and to €19.2 million as of June 30, 2017.

Note 20. Shareholders' Equity (Continued)

Share premium reserve

The share premium reserve amount to €29.4 million as of June 30, 2019, to €29.4 million as of June 30, 2018 and to €111.9 million as of June 30, 2017.

The €29.4 million amount as of June 30, 2019, net of the €152.0 million used for covering loss of the previous fiscal years, represents the share premium paid on June 2016 at the time of the subscription to the increase of capital by Suning.

Reserve to cover future losses

The Reserve to cover future losses amount to €105.0 million as of June 30, 2019, to €105.0 million as of June 30, 2018 and to €0 million as of June 30, 2017.

The increase for €105 million during the fiscal year ended June 30, 2018 refers to the conversion made on September 29, 2017 for €20 million and on November 24, 2017 for €85 million to equity of the shareholder's loan made by Great Horizon S.à.r.l.. The amount of €85 million can also be used for a future capital increase for the participation of Great Horizon S.à.r.l..

Reserve for future capital increases

The Reserve for future capital increases amount to €40.0 million as of June 30, 2019, to €0 million as of June 30, 2018 and to €0 million as of June 30, 2017.

The increase for €40 million during the fiscal year ended June 30, 2019 refers to the conversion made on June 26, 2019 to equity of the shareholder's loan made by Great Horizon S.à.r.l..

Retained earnings (losses)

Retained earnings (losses) is negative for €149.8 million as of June 30, 2019, to €132.0 million as of June 30, 2018 and to €190.0 million as of June 30, 2017.

The retained earning refer to the loss accumulated by the Group during each of the three fiscal years.

Note 21. Deferred tax liabilities

The "Deferred tax liabilities" throughout the fiscal years mainly relates to dividends approved by the associated company Inter Media and Communication but not yet collected by the associated company Inter Brand, which is not taxable until they become realized.

Note 22. Provisions for employee severance indemnities

"Provisions for employee severance indemnities" has changed as follows:

€ thousand	
Balance as of June 30, 2016	**733**
Transfers from subsidiaries	24
Uses	(1,659)
Provision for the fiscal year ended June 30, 2017	1,607
Balance as of June 30, 2017	**705**
Transfers from subsidiaries	—
Uses	(1,589)
Provision for the fiscal year ended June 30, 2018	1,640
Balance as of June 30, 2018	**756**
Transfers from subsidiaries	—
Uses	(1,821)
Provision for the fiscal year ended June 30, 2019	1,941
Balance as of June 30, 2019	**876**

Note 22. Provisions for employee severance indemnities (Continued)

The amount is calculated in relation to contractual obligations and applicable law.

Note 23. Provisions for risks and charges

The movements of the provisions for risks and charges throughout the three fiscal years are set forth below:

€ thousand	
Balance as of June 30, 2016	**7,047**
Uses	(6,048)
Releases	—
Reclassifications	—
Provision for the fiscal year	888
Balance as of June 30, 2017	**1,887**
Uses	(1,265)
Releases	—
Reclassifications	—
Provision for the fiscal year	248
Balance as of June 30, 2018	**870**
Uses	(183)
Releases	(3)
Reclassifications	—
Provision for the fiscal year	27,366
Balance as of June 30, 2019	**28,050**

As of June 30, 2017 provisions for risks and charges relates:

- €0.6 million for tax assessments provisions, as better described in the paragraph “Litigation and tax assessments”.
- €0.3 million of the estimated costs for liquidation of the not-consolidated subsidiary Shanghai Inter Brans Trading Co., Ltd.

Utilization of the year relates:

- to utilization of €5.1 million of the previously accrued provision related to the associate company M-I Stadio following the capital contribution from Inter to M-I Stadio (please refer to Note. 10 “Investment in associated and other companies”).
- to payments of €0.9 million of salary payments due to certain players, coaches or other professional staff which has been provisioned in previous years.

As of June 30, 2018 provisions for risks and charges relates:

- €0.2 million in order to cover potential probable risk that could arise in liabilities related to the risk of pay back certain amount previously collected in relation to a sponsorship agreement, resolved for which the Company could be in breach of the contract based on what stated by the counterparty.

Utilization of the year relates:

- to utilization of € 0.2 million for redundancy provision accrued in previous years;
- to utilization of €0.3 million relating to the integration of the financial contribution for the sickness benefit payable by the Group and due to Inps;
- to utilization €0.8 million for the payment of tax assessments for which further details are provided in the section “Litigation and tax assessments”.

Note 23. Provisions for risks and charges (Continued)

As of June 30, 2019 provisions for risks and charges mainly relates:

- €0.2 million in order to cover potential liabilities related to the risk of tax matters resulting from the receipt of notices of tax assessments for which further details are provided in the section “Litigation and tax assessments”;
- €0.3 million relating to the estimated costs incurred by the Group to put into liquidation the subsidiary company, Shanghai Inter Brand Traiding Co., Ltd .;
- €0.2 million in order to cover potential probable risk that could arise in liabilities related to the risk of pay back certain amount previously collected in relation to a sponsorship agreement, resolved for which the Company could be in breach of the contract based on what stated by the counterparty
- €25.8 million related to the provision for salary charges contractually due to FIGC registered personnel no longer employed in the technical project as at June 30, 2019. The provision covers the amounts due for the period from July 01, 2019 to June 30, 2021, the date of the natural conclusion of individual contracts. If during following season these personnel take up new positions in other clubs, the residual value of the fund not yet used at that date for the remuneration paid would be released to the income statement;

Utilization of the year relates:

- to utilization €0.2 million for the payment of tax assessments for which further details are provided in the section “Litigation and tax assessments”.

Financial Fair Play Penalties

During the fiscal year ended June 30, 2015 the Group was subject to a control (“audit”) carried out by the Club Financial Control Body (CFCB), to assess compliance with the parameters provided by the Financial Fair Play rules (“FFP rules”).

As a result of the audit, a violation of the “Break-even rule” was assessed by CFBC. The “break even deficit” suffered by Inter in 2014 determined under the criteria of FFP rules (which is determined adjusting the net result and taking out certain types of costs such as costs for development of the stadium, the own youth sector or other costs related to social activities) was determined to be in excess of the requirements.

Following the assessment, Inter signed a Settlement Agreement with CFCB which impose to Inter an economic penalty, restrictions in terms of number of players that can be included in the European competitions, limitations in salaries and wages and restrictions related to amortization/write-downs of the player rights for the 2015/2016 and 2016/2017 sport season. In the case in which the financial obligations and the limitation in salaries and wages and restrictions related to amortization/write-downs of the player rights are not complied with the CFCB agreement the restrictions in terms of number of players that can be included in the European competitions will be extended to the season 2017/2018 and 2018/2019.

With reference to financial constraints, the agreement provided for each financial year, in addition to the Company’s ability to operate as a going concern, the achievement of a predetermined “break-even deficit” in accordance with the Financial Fair Play rules. UEFA, through the Club Financial Control Body, has analyzed the deficit reached by the Group during the three-year monitoring period, and has decreed compliance with the parameters set out in the Settlement Agreement; the Group has therefore completed the monitoring period and falls within the general rules of the FFP.

Actually, with respect to the application of financial fair play against the background of the Coronavirus (COVID-19) pandemic, the UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately as described in Note 57. *Subsequent events occurred after June 30, 2019*.

Note 23. Provisions for risks and charges (Continued)

Based on the current forecast, Directors believe such result to be achievable and therefore no amount could potentially be suffered by the Group in term of additional penalties in the near future also considering the new amendments above mentioned. However, the assumptions used in the preparation of economic projections are characterized by intrinsic uncertainty both with reference to macroeconomic conditions of the sector, as well as to specific conditions relating to the Group, which depend in large measure on the sports results and based on the current status and best estimate based on the existing knowledge of the evolution of the epidemic crisis Coronavirus available at the time the estimate was made, which is inherently uncertain, whose change—currently not foreseeable—might lead to final results that are different from what was estimated, which might render it necessary to accrue in the future, in all or in part, the amount related to the above-mentioned penalties

Note 24. Existing Notes

The breakdown of Existing notes within and beyond 12 months is detailed in the following table:

€ thousand	As of June 30 2019	As of June 30 2018	As of June 30 2017
Existing Notes	**287.344**	**291.880**	**0**
—of which within 12 months	6.550	6.250	0
—of which beyond 12 months	280.794	285.630	0
Existing Notes	**287.344**	**291.880**	**0**

On December 21, 2017, the Company issued and placed to institutional investors Senior Secured Notes for an amount of € 300 million, expiring on December 31, 2022 at a nominal fixed rate of 4.875%. The Notes 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

—€ 3.1 million on December 31, 2018;

—€ 3.15 million on June 30, 2019;

—€ 3.25 million on December 31, 2019;

—€ 3.3 million on June 30, 2020;

—€ 3.4 million on December 31, 2020;

—€ 3.5 million on June 30, 2021;

—€ 3.55 million on December 31, 2021;

—€ 3.65 million on 30 June 2022;

—€ 273.1 million within December 31, 2022.

The amount is recorded in the balance sheet for € 287,344 thousand net of transaction costs of € 8,988 thousand according to the amortized cost criterion and net of the repayment of the first two principal instalments on December 31, 2018 and June 30, 2019 respectively. The effective interest rate is equal to 5.5936%, and is defined as the internal rate of return (IRR), constant along the duration of the debt, which makes the current value of the future cash flows deriving from the debt equal to the value at the inception date. As a consequence of this, the interest rate charged to the Income Statement is equal to 5.5936 %.

Furthermore, the Notes requires compliance with two financial parameters (covenants), respectively, the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In brief, the first

Note 24. Existing Notes (Continued)

represents the ratio between the net cash flows from operations and the sum of the financial charges recorded in the balance sheet and the capital payments made in the 12 months preceding the calculation date, or alternatively, if 12 months have not passed from the date the Existing notes is drawn up, the period between the stipulation date and the calculation date. The second financial parameter, on the other hand, 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 aforementioned parameters are calculated every six months and must result in values greater than or equal to 1.5 and 1.0 respectively. Both the covenants have been respected with reference to the date of June 30, 2019 and based on projections available to date, it is estimated that they will be respected with reference to the next deadlines over the next 12 months, also taking into account the commitment of the majority shareholder to support the Parent Company and the Group to which the Company belong.

Instalments due in this fiscal year as well as the interests has been regularly paid.

Note 25. Shareholders' Loan

Shareholders' Loan amount to €148.9 million for the fiscal years ended June 30, 2019, to € 229.4 million for the fiscal years ended June 30, 2018 and to € 221.1 million for the fiscal years ended June 30, 2017 and refer to loans obtained from the majority shareholder Great Horizon S.à.r.l.. The interest rate is 6.5% and provide the liquidation of the interest quarterly. The amount recorded includes the accrued interest.

As at June 30, 2018 the Group received additional loans by Great Horizon S.à.r.l. for a total amount of €119 million. The aforementioned loans were subsequently converted for €105 million in "Reserve to cover future losses", specifically €20 million on September 29, 2017 and €85 million on November 24, 2017 as described in the paragraph "Shareholders' equity". In addition, on April 2018 the Group paid interest for €11.2 million and repaid part of the capital received for €3.8 million. As at June 30, 2018, the Shareholders' Loan has been revised in order to postpone one tranche of €50 million: the new expiration date has been postpone from June 28, 2019 to October 1, 2020.

On April 15, 2019, the Shareholders' Loan provided by Suning Sports International Limited and equal to €48.5 million was assigned to the company subject to parent companies control Grand Flagship Limited, with extension of the maturity date to December 31, 2020. In addition, the Shareholders' loan were subsequently converted for €40 million into a "Reserve for future capital increases" on June 26, 2019 for future capital increase reserved exclusively for the shareholder Great Horizon S.à.r.l.. As at June 30, 2019, the Shareholders' loan has been revised in order to postpone the remaining tranche of €130.9 million: the new expiration date has been postpone from June 28, 2019 to October 1, 2020.

Note 26. Bank Loan

Borrowing from banks are analysed in the following table:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Bank loans	**25,167**	**1**	**208,000**
—of which within 12 months	167	1	12,000
—of which beyond 12 months	25,000	—	196,000
Total Bank Loans	**25,167**	**1**	**208,000**

For the fiscal year ended June 30, 2017 Bank Loan refer to the GS Loan for which more details are provide as follow. The subsidiary Inter Media, on May 27, 2014, stipulated an agreement with Goldman Sachs International and Unicredit (the "GS Loan") for a loan of €230 million, of which €200 million is a senior line of credit to refinance previous indebtedness and €30 million for financing

Note 26. Bank Loan (Continued)

working capital. In particular, the cash flows obtained from the GS Loan, net of the finance fees, were used for: i) the amount of €39.4 million to reimburse the previous existing loan from the Monte dei Paschi di Siena, contributed by Inter Brand, ii) the amount of €3.3 million to fund Inter Media's operations, and iii) the amount of €15.5 million to fill the debt service reserve account at Unicredit as a guarantee as provided by the loan agreement. The residual amount was transferred to Inter, in part directly and in part through the subsidiary Inter Brand, by means of the partial distribution of the share premium reserve.

The GS Loan accrues interest at a variable rate of 3-month Euribor + 5.5% spread and has the following repayment plan:

- 1 instalment of €1 million by 1 July 2015, regularly paid;
- 15 quarterly instalments of €3 million each from 1 October 2015 to 1 April 2019, for a total of € 45 million (the instalments due in the period have been duly paid);
- 1 final instalment of €184 million by 1 July 2019.

The decrease during the year ended June 30, 2018 refers to full repayment of the G.S. Loans following the new debt refinancing operation as described above "Other Information—Debt refinancing operations".

As at June 30, 2019, Bank Loan amounts to €25,167 thousand and refer to the use of the revolving credit facility, subscribed for a maximum amount of €50 million as part of the debt refinancing operation described in the paragraph "Other Information—Debt refinancing operations". The amount recorded includes the accrued interest.

Note 27. Other financing

Other financing include financial debt with different subjects than banks.

Note 28. Payables to specific sector institutions

"Payables to specific sector institutions" refer to relationships with entities and companies in the sector.

In particular, the amounts due to specific sector institutions, throughout the fiscal years, are as follows:

Football Club	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
AS Roma S.p.A.	25,781	40,126	5,200
US SASSUOLO CALCIO SRL	23,246	4,913	—
U.C. Sampdoria S.p.a.	11,461	22,332	6,000
Genoa cricket & football clu S.p.A.	7,900	1,359	3,106
PARMA CALCIO 1913 SRL	6,651	—	—
Atalanta Bergamasca Calcio S.p.A-	6,481	38,904	19,318
Società Sportiva Lazio S.p.A.	5,837	11,275	15,335
Delfino Pescara 1936 S.p.A.	5,712	6,464	2,669
ACF Fiorentina S.p.A.	2,393	16,232	235
Spezia Calcio S.p.A.	797	140	113
Cremonese S.p.A.	311	325	50
U.S. PERGOLETTESE 1932	300	—	—
VIRTUS ENTELLA SRL	270	1,166	—
SPAL 2013 S.r.l.	150	65	29
S.S. Arezzo Srl	104	90	—
Calcio Padova S.p.A.	85	—	20
FUSSBALL CLUB SUDTIROL S.r.l.	74	68	—

Note 28. Payables to specific sector institutions (Continued)

Football Club	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
S.S.D. Group C. di Castello S.r.l.	73	73	73
AC Prato S.p.A.	50	20	60
VICENZA CALCIO SPA	42	42	—
A.C. RENATE S.R.L.	36	94	—
S.S. MONOPOLI 1966 S.r.l.	30	12	—
ASD Club Napoli	22	22	22
Ternana Calcio S.p.A.	20	—	100
EMPOLI FOOTBALL CLUB S.P.A.	19	—	—
FC Cassano	12	12	12
Scuola Calcio Reggio 2000	12	12	12
NOVARA CALCIO SPA	10	80	—
U.S. PISTOIESE 1921 SRL	10	—	—
U.S.D. CISERANO	10	—	—
ASD Junior Movil	10	10	10
RIMINI FOOTBALL CLUB SRL	8	—	—
ASCOLI CALCIO 1898 F.C. S.P.A.	8	—	—
PRO PATRIA MILANO S.r.l.	6	—	—
AC Monza Brianza 1912 S.p.A.	5	5	5
UNIO ESPORTIVA CORNELLA S.A.D.	4	—	—
FC Cassina De' Pecchi	4	4	4
FCD San Giuseppe Calcio	4	4	4
Brescia Calcio S.p.A.	4	18	150
AC Pinzolo-Campiglio	3	3	3
FOOTBALL CLUB CERNUSCO	3	—	—
CUNEO 1905 SRL	1	—	—
U.S. CITTA' DI PALERMO S.p.A.	—	400	—
BENEVENTO CALCIO S.p.A.	—	100	—
SANTARCANGELO CALCIO s.r.l.	—	54	—
MONTEGRANARO CALCIO FERMANA FC s.r.l.	—	24	—
AS GIANA ERMINIO s.r.l.	—	20	—
A.S. VIS NOVA GIUSSANO	—	15	—
ARZACHENA COSTA SMERALDA CALCIO s.r.l.	—	15	—
ACCADEMIA PAVESE A.S.D.	—	15	—
AS GUBBIO 1910 s.r.l.	—	10	—
L.R. VICENZA VIRTUS S.p.A.	—	9	—
A.C. PERUGIA s.r.l.	—	1	—
A.S.D. SPORTING 3 PLATANI	—	4	—
Virtus Bergamo 1909 S.r.l.	—	13	50
AC Pisa 1909 S.r.l.	—	13	10
USD Olginatese	—	10	50
FC Pro Vercelli 1892 S.r.L.	—	—	540
Venezia FC S.r.l.	—	—	61
Cagliari Calcio S.p.A.	—	—	50
Trapani Calcio S.r.l.	—	—	37
Urbs Reggina 1914 S.r.l.	—	—	22
Vritus Francavilla Calcio S.r.l.	—	—	20
Mantova FC S.r.l.	—	—	20
Piacenza Calcio 1919 SSDRL	—	—	20
Associazione Calcio Reggiana 1919 S.p.A.	—	—	20
Feralpisalò S.r.l.	—	—	10
AC Cesena S.p.A.	—	—	3

Note 28. Payables to specific sector institutions (Continued)

Football Club	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Accademia Internazionale Calcio	—	—	12
US Frutteti ASD	—	—	5
Accademia Calcio Como	—	—	2
ASD Gorla Maggiore	—	—	2
USD Scanzorosciate Calcio	—	—	2
ASD 1924 Suno	(2)	(2)	(2)
CLUB ATLETICO BOCA JUNIORS	1,500	2,000	—
FC Bayern Munchen AG	1,451	1,451	5,321
RACING CLUB ASOCIACION CIVIL	622	—	—
LYNGBY BOLDKLUB A/S	380	—	—
GNK Dinamo	48	48	2,017
Nogometni Klub Zagreb	30	30	30
ATLETICO DE RAFAELA	9	20	—
FC BARCELONA	6	—	—
Manchester City Football Club Ltd	—	4,388	9,263
Wolfsburg	—	1,500	5,000
OGC NICE	—	9,775	—
STADE MALHERBE CAEN	—	1,500	—
BARRA MANSA FUTEBOL CLUB	—	127	—
VITORIA SPORT CLUBE, FUTEBOL SAD	—	52	—
FUDBALSKI KLUB TELEOPTIK	—	4	—
Club Atletico de Madrid	—	—	5,363
Granada Club de Futbol SAD	—	—	2,910
New Castle United Football Company	—	—	1,137
Football Club Sochaux- Montbeliard	—	—	57
Club Brugge	—	—	46
Borussia Dortmund	—	—	25
NK Hrvatski Dragovoljac	—	—	12
KSV Roeselare	—	—	12
NK Lokomotiva Zagreb	—	—	12
Total payables to national and international football clubs	**102,003**	**165,466**	**84,669**
UEFA	**1**	**—**	**6,000**
FIGC	**(3)**	**(3)**	**20**
Foreign Solidarity contributions	**1,343**	**461**	**1,400**
Invoices to be received from specific sector institutions	**31,583**	**11,938**	**20,479**
Total payables to specific sector institutions	**134,927**	**177,862**	**112,568**

The changes occurred in the three-years period relate to definitive / temporary sales of multi-year rights to the registrations of football players.

Note 29. Trade payables

The following table shows the breakdown trade payables throughout the three fiscal years:

€ thousand	Balance as of June 30, 2019		Balance as of June 30, 2018		Balance as of June 30, 2017	
Trade Payables	**55,891**		**54,034**		**44,988**	
—*of which within 12 months*		54,358		47,916		38,118
—*of which beyond 12 months*		1,533		6,118		6,870
Total trade payables	**55,891**		**54,034**		**44,988**	

Throughout the three fiscal years trade payables include payables mainly to FIFA Agents and to other suppliers.

As of June 30, 2019, trade payables include, among others, payables to FIFA Agents for €25.2 million and payables to other suppliers accounted for €30.6 million. As of June 30, 2018, trade payables were mainly related to FIFA Agents for €32.0 million and to other suppliers for €18.5 million. As of June 30, 2017, trade payables mainly included payables to FIFA Agents for €24.7 million and to other suppliers for €19.9 million.

The part due beyond 12 months mainly refers, throughout the fiscal years, to payables to some FIFA Agents, in accordance with certain transaction provided agreed payments with reference to payable generated before July 1, 2016.

Note 30. Payables to parent companies

Payables to parent companies amounts to €181 thousand as at June 30, 2019, to €1.0 thousand as at June 30, 2018 and €0 thousands as at June 30, 2017 and mainly refers to payables due to Jiangsu Suning Sports Industry Co., Ltd..

Note 31. Payables to companies subject to parent companies control

Payables to companies subject to parent companies control amounts to €48,934 thousand as at June 30, 2019, to €0 thousand as at June 30, 2018 and as at June 30, 2017 and refers to the Shareholders' Loan provided by Suning Sports International Limited and assigned for €48.5 million to the company Grand Flagship Limited occurred on April 15, 2019.

For more details, please refer to the Note 25 "Shareholders' Loan".

Note 32. Tax payables

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Payables for IRPEF (income tax) for employees, self-employed and registered personnel related to the months of May and June	13,249	9,689	9,406
Payables for IRAP (tax on regional productive activities)	2,053	1,089	2,738
Payables for VAT related to the month of June	91	1,387	361
Payables for withholding tax	4,588	820	2,235
Other	23	22	22
Total tax payables	**20,004**	**13,007**	**14,762**

"Payables for IRPEF (income tax) for employees, self-employed and registered personnel related to the months of May and June" refer to contributions related to the registered personnel paid by the Group during the months of July and August throughout each of the three fiscal years.

Note 32. Tax payables (Continued)

"Payables for withholding tax", throughout the fiscal years, relate to accrued interest expense on loans granted by the parent company Great Horizon S.à.r.l. and by the company subjected to the parent company control Grand Flagship Limited that will be paid according to the deadlines indicated in the Note 25 "Shareholders' Loan".

Note 33. Social Security payables

This amount, related to contributions for the month of June of each fiscal year, can be broken-down as follows:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Payables to INPS (national social welfare institution)	250	266	169
Payables to INAIL (national institute for insurance against accidents at work)	39	25	513
Payables to PREVINDAI (pension fund for directors)	78	39	46
Payables to ENPALS (entertainment industry employees' pension organization)	693	635	580
Expenses for vacations matured but not taken	450	387	305
Payables to other entities	25	41	28
Total Payables to social security	**1,535**	**1,393**	**1,641**

The variations throughout the fiscal years are in line with the personnel costs.

Note 34. Payables to subsidiaries

Payables to subsidiaries, which amount at €16 thousand throughout the three fiscal years, include trade payables to the subsidiary Inter Brand China Co., Ltd. (in liquidation).

Note 35. Payables to associated companies

Payables to associated companies, amounting at €2.1 million as of June 30, 2019, €0.9 million as of June 30, 2018 and €2.0 million as of June 30, 2017, refer, throughout the fiscal years, to activities and services required for the operational management of the M-I Stadio S.r.l..

Note 36. Other payables

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2018
Payables to employees and contractors for remuneration accrued but not yet paid	23,486	23,109	11,703
Miscellaneous other payables	1,180	994	945
Total other payables	**24,666**	**24,103**	**12,648**

Payables to employees and contractors for remuneration accrued but not yet paid include, throughout the three fiscal years, payables related to the allocation of the bonuses matured by registered personnel and linked to the seasonal objectives achieved.

"Miscellaneous other payables" is mainly related to contractual terminations signed throughout the fiscal years, according to the Group's organizational structure.

Note 37. Accrued expenses

These provisions consist of allocations mainly relate to accrued expenses throughout the fiscal years:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Accrued interest charges and other financial expenses	—	—	3,073
Accrued salary expenses	557	521	426
Total accrued expenses	**557**	**521**	**3,499**

As at June 30, 2017, accrued interest charges and other financial expenses refers to the interest matured on the G.S. Loan within the date of the end but whose payment has been deferred. For the fiscal year ended June 30, 2019 and June 30, 2018, the line item accrued interest charges and other financial expenses amounts to €0 thousands following the Bank loans' full repayment as described above in the paragraph "Other Information—Debt refinancing operations".

The line item "Accrued salary expenses" refers to salary expenses matured within the date of the end of each of the three the fiscal years but whose payments have been deferred.

Note 38. Deferred income

These provisions consist of allocations related to income realized throughout the fiscal years but referable to fiscal years following June 2019:

€ thousand	Balance as of June 30, 2019		Balance as of June 30, 2018		Balance as of June 30, 2017	
Deferred income—beyod 12 monts	**11,581**		**12,847**		**13,350**	
—RAI—Infront Library		11,290		11,714		12,137
—Others		291		1,133		1,213
Deferred income—current portion	**18,795**		**16,519**		**11,250**	
—Revenue for season tickets		15,700		12,039		5,982
—Friendly matches		1,305		—		690
—Inter Academies		938		986		—
—Other deferred income		719		383		376
—RAI—Infront Library		133		423		2,022
—G.M. Gestione Multiservice S.c.a.r.l.		—		80		79
—Sponsorship—Infront		—		—		90
—Sponsorship—Regional		—		600		1,311
—Revenue from temporary loans of players		—		2,008		700
Total deferred income	**30,376**		**29,366**		**24,600**	

As indicated in the paragraph "Other Information—Agreements with the Rai Group and Infront", the portion of deferred income for the "RAI—Infront Library" represents the income already cash settled to be realized in future fiscal years for marketing rights to use the historical library.

The line item "Revenue for season ticket" refers to seasons tickets subscribed in advance of the seasons 2019/2020, 2018/2019 and 2017/2018 respectively.

Analysis of Income Statement items

REVENUE

Note 39. Revenue

Revenue are detailed in the following table:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Matchday	51,477	37,285	31,086
Media	158,309	97,820	104,201
Sponsorship	151,699	141,032	124,221
Other revenue	5,783	9,652	7,107
TOTAL REVENUE	**367,269**	**285,788**	**266,615**

Matchday

The revenue from Matchday can be analysed as follows:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Revenue from home matches	26,113	23,666	19,889
Revenue from away matches	—	774	—
Season tickets	18,564	9,332	8,079
Interclub	2,229	1,727	1,271
Skybox	4,572	1,786	1,847
Total matchday revenue	**51,477**	**37,285**	**31,086**

Revenue from matchday comprise income receivable from all matchday activities, such as revenue from FC Inter home matches, away matches, season tickets, Interclub and Skyboxes (promotions and advertising for boxes and sky boxes).

Media

Revenue from media represents income receivables from Italian and foreign broadcasting rights. Moreover, media revenue includes the income received by the exploitation of FC Inter media library.

Media revenue, which mainly derives from the sale of television rights, are detailed below:

€ thousand	12 months at June 30, 2019		12 months at June 30, 2018		12 months at June 30, 2017	
Serie A Media Revenue	**87,221**		**80,246**		**76,113**	
UEFA Media Revenue	**51,739**		**—**		**7,647**	
Media library	**15,065**		**14,993**		**15,314**	
—Rai Archive—Infront		10,423		10,422		10,555
—Inter TV		3,992		3,921		4,109
—Infront		650		650		650
Other media revenue	**4,284**		**2,581**		**5,127**	
Total media revenue	**158,309**		**97,820**		**104,201**	

"Serie A media revenue" derive from the assignment of filming rights and television broadcasting rights for the matches of the Inter's First Team.

The participation in the UEFA Champions League and in the UEFA Europa League of the Inter's First Team respectively during the football season ended June 30, 2019 and ended June 30, 2017, generated income for participation, performance bonuses and market pool paid by UEFA classified as "UEFA media revenue".

Note 39. Revenue (Continued)

"Media library" include fees deriving from Rai / Infront archive, Inter TV and Infront (IM&C).The line item "Rai Archive—Infront" includes the agreement with Rai which cover, among other things, the assignment by RAI of certain ownership rights relating to archival recordings of Inter's home and away matches, the grant to RAI of a non-exclusive license to broadcast and distribute such recordings worldwide (other than in Italy, Vatican City and San Marino). For more details, please refer to the preceding paragraph "Other information".

The line item "Inter TV" refers to the agreement stipulated with Sky Italia for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities, and has been granted the exclusive license to distribute Inter TV via pay-TV in Italy, Vatican City and San Marino.

The item "Other media revenue" mainly includes media rights for TIM Cup.

Sponsorship

Sponsorship revenue comprise income receivables from the exploitation of the FC Inter brand through sponsorship and other commercial agreements. In addition, commercial turnover includes fees receivables for the team undertaking friendly matches and tours.

The table below shows the breakdown of sponsorship revenue:

€ thousand	12 months at June 30, 2019		12 months at June 30, 2018		12 months at June 30, 2017	
Sponsorship revenue	**138,212**		**126,479**		**108,312**	
—Shirt		19,108		16,293		9,167
—Technical		10,000		4,250		9,375
—Infront		—		14,249		14,962
—EU Global in house sponsorship		12,254		—		—
—Regional and naming rights		96,850		91,687		74,808
Inter Academies	**7,664**		**8,492**		**10,159**	
Other sponsorship	**5,823**		**6,061**		**5,750**	
Total sponsorship revenue	**151,699**		**141,032**		**124,221**	

"Sponsorship revenue—Shirt", refer to the agreement with the sponsor Pirelli. In March 14, 2016, the agreement have been renegotiated for the fiscal years 2017 to 2021 and includes a signing fee of €4 million entirely accounted for in the fiscal year ended June 30, 2016.

"Sponsorship revenue—Technical" mainly relates—throughout the fiscal years presented—to the agreement with Nike. In August, 2013 the agreement have been renegotiated for the fiscal years 2014 to 2024. This agreement includes variable components in connection with the participation of the Inter's First team into the UEFA Competitions.

"Sponsorship revenue—Infront" refers—for the fiscal year June 30, 2017 and 2018—to the agreement for the digitalization and marketing in Italy of the archive content of matches played in Serie A. These activity has been internalized by the Company in the fiscal year ended June 30, 2019 and led to the direct signing of new sponsorship agreements ("EU Global in house sponsorship"), mainly including Credit Agricole, Trenitalia, Bwin, Lete, Brooks Brothers, Volvo, Lyonnes, Locauto, Pepsi, ePrice, Manpower and finally RCS Mediagroup. For more details, please refer to the preceding paragraph "Other information".

"Sponsorship revenue—Regional and naming rights"—throughout the fiscal years presented— mainly refer to the agreement with "Jiangsu Suning Sports Industry Co Ltd" for the exclusive concession of rights concerning the Parent Sports center name, players' uniform for training, co-branding and commercial exploitation. Moreover, the amount for the fiscal year ended June 30, 2018 and 2019

Note 39. Revenue (Continued)

accounts new sponsorship agreements signed with Beijing Yixinshijie Culture Development Co., Beijing iMedia Advertising, Fullshare and King Down Investments a Chinese Companies, as described above in the “Other information”.

“Other sponsorship” amounts to €5,823 thousand for the fiscal year ended June 30, 2019, €6,061 thousand for the fiscal year ended June 30, 2018 and €5,750 thousand for the fiscal year ended June 30, 2017 and refer, among others, to income from royalties throughout the fiscal years.

Other

The line item “Other”, throughout the fiscal years, mainly include revenue coming from services rendered to M-I Stadio and other income.

TOTAL OPERATING COSTS

Note 40. Personnel costs

These are broken down as follows:

€ thousand	12 months at June 30, 2019		12 months at June 30, 2018		12 months at June 30, 2017	
	Players/ coaches	Other Employees	Players/ coaches	Other Employees	Players/ coaches	Other Employees
Salaries and wages	156,098	18,808	119,643	16,349	117,479	13,652
Social security contributions	3,252	4,775	3,221	4,078	3,282	3,549
Employee severance indemnities	551	1,390	514	1,126	514	1,093
Other personnel costs	3,199	4,523	8,877	2,184	8,147	3,548
Total Personnel Costs	**163,100**	**29,496**	**132,255**	**23,737**	**129,422**	**21,842**

Salary and wages for players and coaches are detailed below:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Contractual remuneration players	118,022	88,225	95,263
Contractual remuneration coaches and technical staff	16,756	13,438	12,452
Performance bonuses	15,133	14,016	5,262
Image rights	6,187	3,964	4,502
Total salary and wages	**156,098**	**119,643**	**117,479**

The variation of line item “Contractual remuneration players” throughout the fiscal years is linked to the dynamics deriving from the transfer campaign, characterized by the purchase both definitively as well as temporarily of high profile football players.

“Other personnel costs” relate to settlements stipulated by the Group during each fiscal year with former employees in the context of the operational reorganization and expenses incurred for salary differences relating to players loaned by the Group.

Note 40. Personnel costs (Continued)

The average number of people employed by the Group is composed as follows:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Players first team and youth teams	94	94	79
Coaches	102	114	96
Other technical staff	35	33	33
Executives	20	17	17
Managers	25	29	25
Clerical employees	176	152	128
Blue collar workers	11	10	12
Total average workforce	**463**	**449**	**390**

Note 41. Purchase of goods and changes in inventory

Purchase of goods and changes in inventory comprise costs of raw materials, supplies and consumables as explicited below:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Technical material	721	526	922
Consumables	1,876	720	457
Goods purchased for resale	264	219	250
Other	366	136	—
Total Purchase of goods and change in inventory	**3,227**	**1,601**	**1,629**

Note 42. Costs of services

Costs of services consist of the following:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Costs for sports activities	5,949	5,848	6,845
Specific technical costs	9,508	7,881	5,810
Costs for accommodation, food, transport	2,435	1,963	2,730
Ticketing service, ground admission security control	3,535	2,780	1,929
Insurance and pension	1,373	1,299	1,523
Intercampus Costs	644	578	640
Administrative, advertising and general	32,610	31,628	26,509
Total Cost of Services	**56,054**	**51,977**	**45,986**

Costs for sport activities, specific technical costs and administrative, advertising and general are better described in the tables below.

"Costs for accommodation, food and transport" are relate to the summer *tournée* of the Inter's First Team.

The line item "Ticketing service, ground admission and security control" show an increase throughout the fiscal years due to the higher attendance at the Stadium.

Note 42. Costs of services (Continued)

Specifically, costs for sports activities include:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Costs for training sessions and camps	2,011	2,219	2,214
Health expenses	413	438	517
Fees for self-employed contractors	1,659	1,391	2,682
Retirement costs	876	846	544
Expenses for maintenance of sport pitches	432	514	453
Sundry	558	440	435
Total costs for sports activities	**5,949**	**5,848**	**6,845**

In particular, specific technical costs include:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Transfer campaign agents fees	7,936	6,107	4,448
Player scouting and trials	1,268	1,294	608
Sundry	225	330	456
Subsidized teams	79	150	298
Total specific technical costs	**9,508**	**7,881**	**5,810**

The amount of the line item “Transfer campaign agent fee” is linked to the costs of settlements, consulting and commissions relating to FIFA agents.

Administrative, advertising and general expenses include among others:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
External consultants	5,228	6,154	5,457
Services from associates	4,784	5,001	5,086
Players Image Rights	4,515	3,600	2,450
Inter TV Services	3,517	3,651	3,262
Legal and notary fees	2,448	1,753	1,768
Giveaways, promotional and representation gifts	2,176	1,171	813
External events	1,890	2,727	463
Postal and telephone expenses	1,228	897	590
Other utilities	1,209	1,035	1,092
Supervisory and cleaning expenses	761	783	715
Director’s fees	829	—	495
Ordinary maintenance and repairs	735	854	952
Advertising costs	673	1,101	2,324
Bank charges	418	1,066	254
Statutory Auditors’ fees	212	149	198
Auditors’ fees	139	95	107
Guarantees fees	119	47	—
Factoring costs	73	70	—
Sales commissions	—	—	292
Sundry	1,656	1,474	191
Total Administrative, advertising and general	**32,610**	**31,628**	**26,509**

Note 42. Costs of services (Continued)

"External consultant" are related to fees paid to professional advisory services provided on behalf of the Group.

"Services from associates" refer to the contract with M-I Stadio S.r.l., which provides for the charge to the Group of operating services for the Stadium.

"Inter TV Service" include costs for Inter TV and refers to the costs for the management and production of the channel, including filming, synchronization, editing, dubbing, post-production and broadcast activities.

"Advertising costs" include costs in exchange for merchandise for spot advertising related to the season ticket campaign, as well as events and new promotional and commercial initiatives during each of the three fiscal years.

The total administrative, advertising and general costs also include fees to the Statutory Auditors and to the Independent Auditing Firm ("auditors' fees") and fees to the Directors calculated on the basis of the resolution determining the fees for the office of the Directors, also considering the benefits and indemnities in the case of the early termination of the mandate.

Note 43. Other operating costs

Other operating expenses consist of:

€ thousand	12 months at June 30, 2019		12 months at June 30, 2018		12 months at June 30, 2017	
Various costs of organizing competitions	**3,416**		**2,274**		**2,398**	
Competition registration fees	**5**		**6**		**5**	
Specific expenses paid to away team	**1,132**		**1,782**		**748**	
—Percentage revenue games visiting teams		80		72		226
—Other expenses from player management		1,052		1,710		522
Other operating expenses	**6,147**		**4,515**		**5,081**	
—costs, fines and penalties		244		105		518
—indirect tax expenses		681		578		276
—contributions from Football League		1,026		1,037		875
—settlements and compensations		1,344		28		733
—sundry costs		2,852		2,767		2,679
Rent	**9,730**		**8,352**		**8,237**	
—License to use Meazza Stadium		4,674		4,618		4,568
—Rental expenses		1,857		1,700		1,688
—Concession sport facilities		330		262		1,393
—Various rental fees		1,827		1,240		276
—Other user license fees		1,016		483		191
—Operating lease payments		26		49		121
Total Other operating costs	**20,430**		**16,929**		**16,469**	

"Various costs of organization competitions"

Various costs of organization competitions are derived from miscellaneous expenses to organize matches and maintenance of the Meazza Stadium.

"Specific expenses paid to away team"

This item includes costs related to player management and to the percentage revenue games visiting teams. The line item costs related to player management are mainly related throughout the fiscal years to the solidarity contributions accrued during each fiscal year linked to market operations with international clubs.

Note 43. Other operating costs (Continued)

"Other operating expenses"

These costs include fines and penalties for matches, indirect tax expenses, contributions from Football League, settlements and compensations and sundry costs.

In particular, as of June 30, 2019, the line item "Sundry costs" include expenses defined after the end of each fiscal year (€2.6 million), among which €452 thousand for adjustments to With Holding Tax, €302 thousand for adjustments to provisions for risk and charges and €397 thousand for adjustments to provisions for invoices to be received related to the FIFA agents and specific technical and legal consulting.

As of June 30, 2018, the line item "Sundry costs" include expenses defined after the end of each fiscal year (€2.4 million), among which €122 thousand for adjustments to insurance, €733 thousand for adjustments to provisions for invoices to be received related to the FIFA agents and specific technical and legal consulting and €749 thousand for prior year losses.

As of June 30, 2017, the line item "Sundry costs" include expenses defined after the end of each fiscal year (€2.6 million), among which €150 thousand for adjustments to insurance and €1.1 million for adjustments to provisions for invoices to be received related to the FIFA agents and specific technical and legal consulting.

"Rent"

This item mainly includes, throughout the fiscal years, costs for the license to use Meazza Stadium. The rental expenses under the lease is €9.2 million a year, borne equally between Inter and A.C. Milan (4.6M€ for each company).

Note 44. Capitalization of youth programme costs

Capitalization of youth programme costs related to each fiscal year refer to the following structural and operating costs referring and attributable to the training camp:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Coaches compensation and bonuses	(3,611)	(3,401)	(1,998)
INPS ENPALS—costs for coaches	(949)	(879)	(364)
Coaches end of career allowances	(184)	(187)	(69)
Health care costs	(14)	(516)	(517)
Retirement management	(859)	(846)	(532)
Sport Facilities	(1,317)	(1,397)	(1,290)
Room and Board for the matches	(213)	(300)	(222)
Accident and asset protection insurance	—	—	(6)
Total Capitalization of youth program costs	**(7,147)**	**(7,526)**	**(4,998)**

The capitalized amount is consistent with the capitalization provisions as best described under "Intangible assets".

Note 45. Depreciation and amortization

Please refer to Note 7. Intangible assets and Note 8. Property, plant and equipment for more details.

Note 46. Impairment of assets

Impairment of intangible assets were made during the fiscal year ended June 30, 2019 of €3,568 thousand for a total amount of the "Player registration rights" impairment of €3,422 thousand.

No impairment of property, plant and equipment have been recorded throughout the fiscal years.

For more details, please refer to Note 7. Intangible Assets and Note 8. Property, plant and equipment.

Note 47. Write-down of trade receivables

The write-down of doubtful account receivables included in current assets reflect the prudential write-downs of some receivables. For more details, please refer to Note 12 “Trade receivables”.

Note 48. Provision for risks and charges

For details, please refer to the Note 23 “Provisions for risks and charges”.

Note 49. Net gain on player sales

“Net gain on player sale” realised throughout the financial years are listed below with an indication of the name of the football player and the transferee club (€ thousand).

As of June 30, 2019, the net gain amounted to €39.5 million as detailed:

Football player	Transferor	Net Book Value	Value of the transfer	Actualization	Gains
Andrea Pinamonti	Genoa CFC S.p.A.	125	19,500	(366)	19,009
Zinho Vanheusden	Standard De Liege S.A.	579	11,741	(1,632)	9,530
Andrea Adorante	Parma Calcio 1913 s.r.l.	—	4,000	(46)	3,954
Marco Sala	U.S. Sassuolo Calcio s.r.l.	30	3,000	(22)	2,948
Gabriele Zappa	Delfino Pescara 1936 S.p.A.	5	3,000	(50)	2,945
Riccardo Burgio	Atalanta Bergamasca Calcio S.p.A.	1	1,500	(35)	1,464
Francesco Forte	Waasland Voetbal Linkeroever C.V.B.A.	113	400	—	287
Alberto Brigati	Calcio Padova S.p.A.	1	5	—	4
Total gain					**40,141**
Total losses					**(668)**
Net gain on player sales as of June 30, 2019					**39,473**

As of June 30, 2018, the net gain amounted to €49.1 million as detailed:

Football player	Transferor	Net Book Value	Value of the transfer	Actualization	Gains
Santon Davide	Roma	1,249	9,500	(124)	8,127
Radu Ionut Andrei	Genoa	61	8,000	(176)	7,763
Bettella Davide	Atalanta B.C. S.p.A.	51	7,000	—	6,949
Valietti Federico	Genoa	2	6,000	(49)	5,949
Murillo Ceron Jeison	Valencia	5,199	11,938	(1,399)	5,340
Carraro Marco	Atalanta B.C. S.p.A.	406	5,000	(139)	4,455
Odgaard Jens	Sassuolo	994	4,620	(91)	3,535
Zaniolo Nicolò	Roma	1,528	4,230	(58)	2,644
Nagatomo Yuto	Galatasaray	515	2,500	(140)	1,845
Manaj Rei	Albacete Balompie S.A.D.	340	1,975	(410)	1,225
Bardi Francesco	Frosinone Calcio	265	1,000	(13)	722
Kondogbia Geoffrey	Valencia	19,358	21,893	(1,994)	541
Sgarbi Filippo Lorenzo	Perugia	25	300	—	275
Medel Soto Gary Alexis	Besiktas	2,270	2,500	(40)	190
Jovetic Stevan	Monaco	10,075	10,500	(296)	129
Capone Marco	Crotone	5	20	—	15
Total gain					**49,704**
Total losses					**(572)**
Net gain on player sales as of June 30, 2018					**49,132**

Note 49. Net gain on player sales (Continued)

As of June 30, 2017, the net gain amounted to €44.3 million as detailed:

Football player	Transferor	Net Book Value	Value of the transfer	Actualization	Gains
Caprari Gianluca	Sampdoria	4,309	15,000	(1,357)	9,334
Nunes Jesus Juan	Roma	791	8,000	(409)	6,800
Eguelfi Fabio	Atalanta	223	6,000	(966)	4,811
Biraghi Cristiano	Delfino Pescara	610	5,400	(275)	4,515
Laxalt Diego	Genoa	911	5,800	(552)	4,337
Banega Ever	Siviglia	3,012	7,700	(796)	3,892
Gravillon Andreaw	Benevento	28	4,000	(634)	3,338
Dimarco Federico	Sion	1	3,910	(631)	3,278
Miangue Senna	Cagliari	89	3,200	(293)	2,818
Bessa Daniel	Hellas Verona	42	1,200	—	1,158
Gyamfi Bright	Benevento	40	230	—	190
Popa Stefan Razvan	Real Zaragoza	63	90	—	27
Braidich Fabio Dario	Torino	—	5	—	5
Total gain					**44,503**
Total losses					**(213)**
Net gain on player sales as of June 30, 2017					**44,290**

Note 50. Net loaned player fees

This value is calculated as revenue from temporary loan of players net of costs for temporary acquisition of players.

As of June 30, 2019, the loaned player fees is negative for €19.1 million as detailed:

Football player	Club	Amount
Sime Vrsaljko	Club Atletico de Madrid	(6,500)
Keita Baldè	Monaco	(6,000)
Matteo Politano	US SASSUOLO CALCIO SRL	(4,860)
Salcedo Mora	Genoa	(2,000)
Laurens Serpe	Genoa	(1,500)
Cedric Soares	Southampton	(750)
Costs for the temporary acquisition of players		**(21,610)**
Ansaldi Cristian	Torino	1,091
Barbosa Almeida Gabriel	Santos FC	918
Puscas George	US Città di Palermo	500
Other revenue from temporary loan of players		15
Revenue from temporary loan of players		**2,524**
Net loan player fee as of June 30, 2019		**(19,086)**

Note 50. Net loaned player fees (Continued)

As of June 30, 2018, the loaned player fees is positive for €484 thousands as detailed:

Football player	Club	Amount
João Cancelo	Valencia	(3,000)
Lisandro Lopez	Benfica	(475)
Other costs for the temporary acquisition of players		(12)
Costs for the temporary acquisition of players		**(3,487)**
Barbosa Almeida Gabriel	Santos FC / Benfica	1,633
Ansaldi Cristian	Torino	841
Nagatomo Yuto	Galatasaray	700
Biabiany Jonathan Ludovic	Sparta Praga	393
Joao Mario	West Ham	350
Other revenue from temporary loan of players		54
Revenue from temporary loan of players		**3,971**
Net loan player fee as of June 30, 2018		**484**

As of June 30, 2017, the loaned player fees is positive for €1,730 thousands as detailed:

Football player	Club	Amount
Other costs for the temporary acquisition of players		(370)
Costs for the temporary acquisition of players		**(370)**
Nunes Juan Jesus	A.S. Roma	2,000
Longo Samuele	Girona Futbol Club Sad	100
Revenue from temporary loan of players		**2,100**
Net loan player fee as of June 30, 2017		**1,730**

Note 51. Net financial expenses

Financial income and expenses are detailed below:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Financial Income	**5,626**	**4,608**	**713**
—From receivables recognized among fixed assets	*5,626*	*4,608*	*713*
—From banks	*0*	*0*	*0*
(Financial Expenses)	**(35,760)**	**(39,242)**	**(33,070)**
—Financial Expenses on Existing notes	*(16,264)*	*(8,546)*	—
—To parent companies	*(9,833)*	*(14,091)*	*(13,259)*
—To companies subject to parent companies control	*(3,005)*	—	—
—To factoring	*(2,475)*	*(34)*	*(816)*
—Discounting effect on non-current payables and receivables	*(2,451)*	*(3,504)*	*(2,375)*
—Financial Expenses on Banks Loans	*(1,445)*	*(6,406)*	*(12,526)*
—Other financing fees	*(147)*	*(5,014)*	*(1,278)*
—Financial Expenses on late payments	*(112)*	*(157)*	*(20)*
—Financing fees amortization	—	*(1,295)*	*(2,716)*
—Financial Expenses on tax assessment	*(2)*	*(182)*	—
—Financial Expenses and bank commissions	*(26)*	*(13)*	*(80)*
Gain and losses on foreign currency translation	**44**	**85**	**142**
—Income on exchange	*192*	*305*	*255*
—Losses on exchange	*(148)*	*(220)*	*(113)*
Net financial expenses	**(30,090)**	**(34,549)**	**(32,215)**

Note 51. Net financial expenses (Continued)

Financial income

The financial income for the years ended as of June 30, 2019, June 30, 2018 and June 30, 2017 mainly consists of interest income on the discounting of receivables made during the fiscal year as required by the amendments, additions and novelties introduced in the Civil Code of Legislative Decree no. 139/2015.

Financial expenses

Financial expenses on Existing notes refer – throughout the fiscal years presented—to the interest on the Senior Secured Notes 2022 issued on December 21, 2017.

Financial expenses "to parent companies" and "to companies subject to parent companies control" refer to interest on the loan granted to the Group respectively by the majority shareholder Great Horizon S.à.r.l. and by the company subject to parent companies control Grand Flagship Limited.

The financial expenses "To factoring" refers to the costs applied by the factor throughout the fiscal years presented.

The financial expenses "Discounting effect on non-current payables and receivables"—throughout the fiscal years presented—relate to the discounting of payables carried out in the fiscal year as required by the amendments, additions and changes introduced to the rules of the civil code by the Legislative Decree. 139/2015.

"Financial Expenses on Banks Loans" refer to the interest on the revolving credit facility for the period ended June 30, 2019 and to the portion of interest related to the GS Loan for the period ended June 30, 2018 and June 30, 2017.

"Other financing fees" refer to ancillary cost on Bank Loan. As at June 30, 2018, the line item include also the write off on the financial fees on the GS Loan for €4.1 million after the repayment of the GS Loan occurred. For more details details, please refer to Note 7 Intangible assets.

"Financing fees amortization" refers to the front-fees paid in relation to the GS Loan, included in the intangible assets and amortised on a straight line basis on the duration of the GS Loan for the period ended June 30, 2018 and June 30, 2017.

Gains and losses on exchange

These expenses have been calculated considering the exchange rate as of June 30 of each fiscal year.

Note 52. Share of (loss) / profit of the investee

It refers to the share of loss or profit of M-I Stadio according to the equity method as discussed in the significant accounting policies and was a profit for €0.9 million as of June 30, 2019, a loss for €0.2 million as of June 30, 2018 and a loss for €0.4 million as of June 30, 2017.

Note 53. Income Taxes

Starting from fiscal year ended June 30, 2015, the Group companies exercised the option to adhere to the Tax Consolidation set forth in Articles 117-129 of D.P.R. 917/86 as consolidated parties, with FC Inter as the Parent Company.

Due to the effect of the joint fiscal year of such option by the Parent Company and its subsidiaries, the former as the consolidating company, it is noted that the relative option was exercised within December 16, 2013 for the three-year period 2013-2016, renewed for other three years.

The allocation for each fiscal year income taxes for the consolidated companies was made on the basis of the presumable tax burden according to outstanding law.

Note 53. Income Taxes (Continued)

Income taxes throughout the fiscal years are calculated as follows:

€ thousand	Balance as of June 30, 2019	Balance as of June 30, 2018	Balance as of June 30, 2017
Current Taxes	(8,730)	(7,363)	(6,392)
Deferred Taxes Assets	738	(261)	(1,674)
Deferred Taxes Liabilities	(74)	(242)	(2)
Income Taxes	**(8,066)**	**(7,866)**	**(8,068)**

Litigation and tax assessments

The Group is involved with various tax litigation, mainly related to two cases that are specific to the football industry.

One case regards the relevancy for purposes of IRAP of capital gains from the transfer of football players. The Tax Authority ("Agenzia delle Entrate") contested the exclusion from the IRAP taxable base of capital gains from the transfer of football players, since the Group considered this to be extraordinary and therefore not subject to IRAP taxation (the "Capital Gains" case).

The second case regards the relationships between the Group, its registered personnel and sports agents. Specifically, the Tax Authority contested that the costs for services provided by "Sports Agents" are incurred by the Company in the primary interests of the football players, (fringe benefit). Therefore such costs should have been subject to withholding tax, not deducted for Value Added Tax and for purposes of IRAP tax and IRES tax calculation ("Sports Agents" case).

In relation to the "Capital Gains" case, the Group has received various tax assessments starting from fiscal year ended June 30, 2002, specifically:

- with reference to the tax assessments received for fiscal years ended June 30, 2002, June 30, 2003 and June 30, 2004, the Group filed appeals in the various levels of the proceedings, in which favorable judgments (generally in the first degree court) alternated with adverse judgments. Currently the appeals related to the above assessments are all pending in front of the Court of Cassation (last degree of judgement). The amounts assesses included interests and penalties have all been paid in previous years, consistently with the regulations and charged to the Income Statements. The appeals related to the above assessments were rejected in 2019. The "Court of Cassation" (i) rejected the appeals presented by Agenzia delle Entrate, recognizing that sanctions are not applicable because at the time of the facts there were jurisprudential disagreements on the point, as underlined with the Council of State legitimacy sentence of 11/12/2012 (Cass. Civ. 2015 n. 24588) and (ii) rejected the appeals presented by the Group recognizing the taxability of gains on the sale of players for IRAP purposes, being the sale of a player an action part of the management of a football team related to the ordinary activities of a sports club, as clarified by the above mentioned sentence. Gains deriving from the alienation of assets, when the asset sale is an ordinary event in the company management, are part of the gains and losses of the day-to-day management. In November 2019, the Group received from the Tax Authority a tax assessment of Euro 1.5 million, relating to the tax period 2001 and falling within the case of "Capital Gains", following the sentence issued by the Court of Cassation; the amount due was fully paid in January 2020 and recorded in the income statement.
- with respect to fiscal year ended June 30, 2005, the assessment received only resulted in the variation of the IRAP taxable income base, which remains negative, and therefore no amount have been requested to be paid to Inter;
- with reference to fiscal years ended June 30, 2006 and June 30, 2007, on December 12, 2011 the Group received two tax assessments, and filed an appeal in front of the first degree court. It is noted that the Tax Authority included comments with respect to the "Sports Agents" in the above

Note 53. Income Taxes (Continued)

notices of tax assessment, just with respect to the IRAP component. The Group, in accordance with legislation on appeals, paid the amount of €654 thousand in fiscal year ended June 30, 2013, which was entirely charged to the Income Statement. On March 13, 2014, the Group received notice from the Provincial Tax Commission of Milan related to the judgment in which the appeal has been won for both tax assessment mentioned, both with reference to the "Capital Gains" case as well as with reference to the "Sports Agents" case. Consequently, during the month of July 2014, the Group received reimbursement of what it had paid to be able to file the first level appeal. Such amount, from a prudential standpoint, was recognized in the Financial Statements in the line item "miscellaneous payables", while waiting for the final conclusion of the litigation in the residual levels of judgment. In November 2015, the Group received a notice of payment in the amount of €2.1 million related to the above mentioned notices of tax assessments for fiscal years June 30, 2006 and June 30, 2007 consequent to the unfavorable judgment on the second degree court. The above tax notice, which will be paid in accordance with an agreed-upon instalment plan, resulted in the use of the "Provision for risk and charges" in the amount of €1.4 million, as better described in the Note 23 "Provisions for risk and charges", while for the remaining portion already entered into debt, during the year has been pre-paid. For completeness it is noted that the Group has appealed in the month of March 2016.

With reference to the "Capital Gains" case in the month of December 2012 the *Consiglio di Stato* (which is the maximum administrative authority provided an opinion favorable to the taxation of the capital gains for the purposes of IRAP, on the contrary of the opinion of Inter).

As far as now no further amount could be at risk in relation to the "Capital Gain" case.

Even with reference to the "Sports Agents" case, the Group has received various notices of tax assessments starting from fiscal year ended June 30, 2005, whose description is relevant for purposes of the information regarding these consolidated Financial Statements, specifically:

- with reference to fiscal years ended June 30, 2005, June 30, 2006, June 30, 2007 and June 30, 2012 Group agreed to settle the tax assessments ("Settlement") received related to the above fiscal years that contested non-deductible costs for purposes of IRAP in relation to the fiscal year ended June 30, 2005, as well as more VAT and withholding tax for the fiscal years ended June 30, 2005, June 30, 2006 and June 30, 2007. The overall cost, inclusive of penalties and interest, was approximately €7.7 million;
- with respect to the fiscal year ended June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012 and June 30, 2013, in March 2018 Group received a tax transaction proposal from the Tax Authority ("Agenzia delle Entrate") in order to avoid the tax litigation; Group subscribed the aforementioned transaction which provided an outcome in line with that recorded under the item "Provisions for risks and charges" which took place entirely in the fiscal year ended June 30, 2019. Specifically, with reference to the settlement agreement relating to the "Sports Agents" case, the transactions were carried out by the Group with a cost / benefit view, assessing on one hand the residual duration of disputes which, more likely, would have been prolonged up to the third degree of judgment with related consultancy costs, and on the other hand the positive effects deriving from the elimination of a tax slope. However, the Management of the Group believes, with the support of its legal counsel, that the choice of settlement definition is not linked to legal assessments and that therefore to date the potential liability in relation to the tax-cleared financial years and the current litigation, both still opposable in any degree of judgment as well as at the moment not quantifiable;
- with respect to the fiscal year ended June 30, 2013 and June 30, 2014, in December 2018 Group received from the Tax Authority the findings of the assessments relating to the aforementioned financial years that contested non-deductible costs for IRAP purposes in relation to the financial year ended June 30, 2013, higher withholding tax not applied as a withholding agent in relation to the financial year ended June 30, 2013, as well as higher VAT tax in relation to the financial years ended June 30, 2013 and June 30, 2014. The total charge including ancillary sanctions and

Note 53. Income Taxes (Continued)

interest amounts to approximately Euro 0.25 million, providing for a disbursement in February and April 2019 through the use of Provisions for risks and charges of previous years. For more information, refer to Note 23 “Provisions for risks and charges”;

- in relation to the years ended June 30, 2014 and June 30, 2015, in July 2019 Group received from the Tax Authority an act that contests higher VAT tax during those years for €17 thousand, paid during August 2019.

Note 54. Transactions with related parties

The following table shows the main related party transaction entered by the Group throughout the fiscal years:

Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2019	Payables/ Deferrals Liabilities as of June 30, 2019	Revenue for the fiscal year ended June 30, 2019	Costs/ financial expenses for the fiscal year ended June 30, 2019
Great Horizon S.à.r.l.	Financial	—	148,901	411	6,776
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	37,287	180	26,178	—
Suning Sports International Ltd.	Commercial / Financial	12,250	—	9,500	—
Jiangsu Family Sports & Culture Development Co., Ltd.	Commercial	220	1	—	—
Jiangsu Suning Football Club Co., Ltd.	Commercial	10	—	—	—
Suning Appliance Group Co., LTD	Commercial	219	—	—	—
PPLIVE Corporation Ltd.	Commercial	1,167	—	—	—
Grand Flagship LTD	Financial	—	48,934	—	2,224
Inter Brand China Co., Ltd. in liquidation	Commercial / Financial	16	16	—	—
Shanghai I.Brand Trading Co., Ltd.	Commercial	32	—	—	—
M-I Stadio S.r.l.	Commercial	—	1,615	753	4,784
F.c. Internazionale Merchandising	Commercial	—	—	—	150
Total related parties as of June 30, 2019		**51,201**	**199,647**	**36,842**	**13,934**

Note 54. Transactions with related parties (Continued)

Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2018	Payables/ Deferrals Liabilities as of June 30, 2018	Revenue for the fiscal year ended June 30, 2018	Costs/ financial expenses for the fiscal year ended June 30, 2018
Great Horizon S.à.r.l.	Financial	—	182,736	1,207	8,700
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	33,609	—	27,600	
Suning Sports International Ltd.	Commercial / Financial	8,750	46,710	9,500	1,727
Jiangsu Family Sports & Culture Development Co., Ltd.	Commercial	220	1	220	1
Jiangsu Suning Football Club Co., Ltd.	Commercial	10	—	—	—
Suning Appliance Group Co., LTD	Commercial	199	—	—	—
PPLIVE Corporation Ltd.	Commercial	1,139		605	
Dc Soccer L.L.C.	Commercial	—	122	—	237
Inter Brand China Co., Ltd. in liquidation	Commercial / Financial	16	16	—	—
Shanghai I.Brand Trading Co., Ltd.	Commercial	32	—	—	—
M-I Stadio S.r.l.	Commercial		940	1,269	5,078
F.c. Internazionale Merchandising	Commercial	—	—	—	150
Total related parties as of June 30, 2018		**43,975**	**230,525**	**40,401**	**15,893**

Company	Nature of relationship	Receivables/ Accruals Assets as of June 30, 2017	Payables/ Deferrals Liabilities as of June 30, 2017	Revenue for the fiscal year ended June 30, 2017	Costs/ financial expenses for the fiscal year ended June 30, 2017
Beyond Media	Commercial	—	—	—	87
Great Horizon S.à.r.l	Shareholders' loan	—	221,078	—	13,259
Jiangsu Suning Sports Industry Co., Ltd.	Sponsorship	27,559	—	44,104	—
Suning Sports International Ltd.	Sponsorship	—	—	11,500	—
Jiangsu Family Sports & Culture Development Co., Ltd.	Commercial	—	—	220	—
Jiangsu Suning Football Club Co., Ltd.	Commercial	10	—	10	—
PPLIVE Corporation Ltd.	Commercial	558	—	597	—
Dc Soccer L.L.C.	Commercial	62	63	—	264
Inter Brand China Co., Ltd. in liquidation	Commercial	16	16	—	—
Shanghai I.Brand Trading Co., Ltd.	Commercial	32	—	—	—
M-I Stadio S.r.l.	Service Agreement	1,072	1,801	1,258	5,127
F.c. Internazionale Merchandising	Tax Consolidation	—	183	—	160
Pirelli & C. S.p.A.	Sponsorship	—	—	9,167	—
Total related parties as of June 30, 2017		**29,309**	**223,141**	**66,856**	**18,897**

Note 54. Transactions with related parties (Continued)

Grand Flagship LTD is a company subject to parent companies control.

PPLIVE Corporation Limited Commercial, is a company included within Suning Group.

M-I Stadio S.r.l. is an associated company of Inter, holding this latter 50% stake.

D.C. Soccer L.L.C. Commercial and Beyond Media, is a company included within International Sports Capital Group, minority shareholder of the Company.

Pirelli is a minority shareholder of Inter.

All transactions with related parties are conducted in conditions of arm's length.

Note 55. Guarantees, commitments and liabilities arising from the Balance Sheet

The table below gives details of the commitments, guarantees and contingent liabilities not disclosed in the Financial Statements at 30 June 2019.

€ thousand	As of June 30, 2019
Pledge on the shares of the equity investment in the subsidiary Inter Media	**105,597**
Pledge on Inter Media brands in favor of Existing notes investors	**272,435**
Guarantees	**4,561**
to associated companies	*356*
to third parties	*4,205*
Commitments	**624**
Operating leasing fees	*577*
Joint obligation on payables object of contribution pursuant to Article 2560 of the Italian Civil Code	*47*

The pledge on the shares of the equity investment in the subsidiary Inter Media and the pledge on Inter Media brands has been granted to the banks according to the Existing notes.

The main guarantees, as shown in the table, are in favor of third parties for €4.2 million and refers to the use of the San Siro Stadium. The guarantees to associated companies refers entirely to the associate M-I Stadio S.r.l..

The commitments for operating lease payments not yet due amount to €0.6 million and represent the total value of future lease payments to be paid to the leasing company under the contracts and excluding installments already paid.

Note 56. Remuneration of Directors and Statutory Auditors

Remuneration of Directors, Statutory Auditors and Audit Firm are detailed below:

€ thousand	12 months at June 30, 2019	12 months at June 30, 2018	12 months at June 30, 2017
Board of Directors	829	—	495
Board of Statutory Auditors	212	149	198
Independent Audit Firm for the audit of the financial statement	139	95	107
Total	**1,180**	**244**	**800**

Note 57. Subsequent events occurred after June 30, 2019

- The beginning of 2020 was affected by the worldwide diffusion of the Coronavirus pandemic (COVID-19) and the consequent restrictive measures for its containment, put in place by the public authorities of the countries concerned. These circumstances, extraordinary in nature and extent, have direct and indirect repercussions on economic activity and have created a context of general uncertainty. Starting from February 2020, the cases of contagion in Italy have reached a

Note 57. Subsequent events occurred after June 30, 2019 (Continued)

level that forced the Italian government and the Healthcare authorities to adopt drastic safeguard measures, including varying degrees of lockdowns and closures of non-essential businesses, including sporting events: these limitations determined Serie A, Coppa Italia and UEFA matches' suspension. The COVID-19 pandemic presents an unprecedented disruption to the Group's business, and the wide variations in potential outcomes present a material challenge to Group's business and industry. Group took action early in response to the crisis as COVID-19 was emerging in Asia (including the suspension of women's football and youth sector activities, the use of remote working for Group's entire personnel and the supply of health equipment to Group's staff since February 2020) and Group continue to take all actions that it believe are prudent to protect players, employees and fans, protect and manage the business, reduce Group's cost base and protect Group's operating cash flows. The COVID-19 pandemic may negatively impact media revenue for the fiscal year ended June 30, 2020 and for the following fiscal year as a direct consequence of actions taken by broadcasters SKY, DAZN and IMG, which respectively hold national and international distribution rights to Serie A matches, which halted the payment of the 2019/2020 final instalment to Serie A teams due in May 2020. Even though Serie A has now resumed matches behind closed doors on June 20, 2020, there can be no assurance either on the timing of this payment or on the number of games that will actually be played before the end of the fiscal year ended June 30, 2020, which, in turn, has an impact on the recognition of such revenue in the fiscal year ended June 30, 2020. A further impact on Group's media revenue recognition for the fiscal year ended June 30, 2020 may arise from the timing of collection of the final balance of the UEFA market pool distribution. Although, as of the date of this Consolidated Financial Statements, Group has received all amounts due in respect of Group's participation in the group stage of the UEFA Champions League and Group's progression to the round of 16 of the UEFA Europa League, Group have not yet received the amount relating to the final balance of the market pool, which is typically paid in June.

Moreover, Inter's operations and operating results may be materially impacted by the COVID-19 pandemic and government and league actions taken in response. Such actions resulted in the postponement of the 2019/2020 Serie A season, UEFA and domestic cup competitions and the closure of the San Siro stadium since March 9, 2020. The postponement has resulted in the deferral of 4 matches originally expected to be played in the three months ended March 31, 2020 and of 4 home matches originally expected to be played in the last three months ended June 30, 2020. The impact of such deferral has contributed to an estimated reduction in Inter's matchday revenue plus a reduction relating to season ticket revenue. Even though Serie A matches have now resumed, the remaining portion of the 2019/2020 season will be played behind closed doors and no assurance can be given that any portion of the 2020/2021 season matches will be played with spectators. In addition, following the suspension of Inter's matches due to COVID-19, Inter received requests for refunds from certain ticket holders. Inter is currently evaluating the approach to be taken with respect to these requests for refund (considering also the Italian legislation entered into force during the COVID-19 pandemic).

Finally, Group may not be able to secure equally, or more, lucrative sponsorship contracts due to potential reductions made by Group sponsors to their respective marketing budgets given corresponding uncertainties in their own industries due to COVID-19. Group could also be exposed to a loss in its Sponsorship Revenue in connection with a renegotiation of the terms of its sponsorship arrangements, or any withdrawal or other termination rights exercised by Group's sponsors due to the operating disruption caused by COVID-19, as well as due to temporary inability to fulfil its obligations under the sponsorship arrangements currently in place, particularly in the event of a definitive cancellation of the 2019/2020 season or future seasons such as in the case of future resurgence of COVID-19 following its initial containment, thus potentially resulting in a prolonged negative impact on Inter's results of operations and on Inter's liquidity position. In this contest, as anticipated, given the clear uncertainty in the last 3 months about the effective recovery of Serie A SS19-20, Management developed two different scenarios in relation to the possible effect of COVID-19 pandemic: Lockdown Scenario and Recovery Scenario.

Note 57. Subsequent events occurred after June 30, 2019 (Continued)

In the Lockdown Scenario, Management assumed, as key factor, that the season 2019-2020 will be permanently over, without any other played match. Even though such a scenario seems no more plausible according to the last events (i.e. official recovery of Serie A from June 20,2020), Directors deem that possible new contagions among players belonging to any team line-up could cause an immediate lockdown of the Serie A season 2019-2020 again. For that reason, Directors decided to keep the Lockdown Scenario in order to size the maximum negative impact of the pandemic COVID-19.

In the Recovery Scenario, Management assumed, as key factor, that the championship will be resumed in June and will be regularly ended in July/August 2020. According to the last occurrences, such a scenario results as the realistic one.

Here follow the major impact management is expecting from COVID-19 pandemic.

In relation to Matchdays revenue the Plan assumes a relevant drop in Season 2020-2021 matchday revenues since Management assumed to play the season behind closed doors until December 31st, 2020 and then with a 25% of stadium full capacity starting from January 1st, 2020. From SS21-22 onwards Management expects to reach pre COVID-19 levels. the Lockdown Scenario. Expected negative impact on sponsorship revenue related to season 2020/2021 generated by COVID-19 has been expected for both scenarios with a decrease of 20%. The outcome of the players trading, affecting both the cash inflows and outflows and the level of gain and losses from sales of the players has been estimated in the Lockdown Scenario as affected by a general decrease of the players market value of 24% while in the Recovery Scenario of 15% (source: KPMG document—Player value not immune to pandemic released on May 6, 2020).

In the Lockdown Scenario, expected negative impact on Media Revenue due to possible negative outcomes from the renegotiation process with broadcasters that represents the 10% of the expected media rights in FY21, while in the Recovery Scenario it represents the 5% of the revenue stream.

Management assumed a reduction in players' wages and technical staff costs for a 2-month period with reference to Season 2019-2020, while in the Recovery Scenario Management assumed only a 1-month salary reduction for both players and technical staff, that, considering the restart of the season on June 20, 2020 is a realistic outcome of present negotiation of the system with the football players association.

- UEFA Executive Committee at its meeting on 18 June 2020 adopts certain amendments to the break-even requirement of the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2018) that come into force immediately against the background of the Coronavirus (COVID-19) pandemic. Such amendments provides exclusions of the results of season 2019/2020 from the computation to assess the compliance to financial fair play rule in relation to the financial statements for the season 2019/2020 that will be measure only considering financial statements for the season 2017/2018 and 2018/2019.

  In relation to the following measurement period, for the computation to assess the compliance to financial fair play rule in relation to the financial statements for the season 2020/2021 four consecutive reporting periods should be considered instead of 3 (2017/2018, 2018/2019, 2019/2020 and 2020/2021). The periods 2019/2020 and 2020/2021 for the purpose of calculation are considered one single period in order to include the effect of postponement of certain revenue caused by COVID-19 pandemic. In addition, new amendments allow for the following: i) if aggregated period 2019/2020 and 2020/2021 will result in a loss, this loss will be halved for the purpose of the computation of the financial fair play result and ii) appropriate adjustments to address the adverse financial impact generated by COVID-19, defined as the loss of revenues between the average revenues relevant for the calculation of the break-even result recognized in the reporting periods 2019/2020 and 2020/2021 and the corresponding revenues relevant for the calculation of the break-even result recognized in the reporting period ending in 2018/2019;

Note 57. Subsequent events occurred after June 30, 2019 (Continued)

- as at the date of this Consolidated Financial Statement, the Italian Competition Authority (AGCM—antitrust authority) has started proceedings in which Inter and other Italian football clubs are involved, in relation to the alleged unlawfulness of certain clauses of the ticketing general terms and conditions which limit the reimbursement in favor of ticket holders and which would be burdensome ("Clausole Vessatorie") for Inter's clients. Given the nature of the proceeding, no sanction is expected to be issued by the AGCM, provided that the declaration of the unlawfulness of the mentioned clauses (also in light of the emergency laws issued following the COVID-19 pandemic) could result in the obligation to refund tickets' and season tickets' holders in case of matches cancelled or postponed. As per the above, Group has not provisioned for potential sanctions deriving from these proceedings;
- as at the date of this Consolidated Financial Statement, the striker of the Inter's first team Mauro Icardi has been sold to Paris Saint Germain;
- as at the date of this Consolidated Financial Statement, Inter acquired Achraf Hakimi from Real Madrid;
- as at the date of this Consolidated Financial Statement , the subsidiary Inter Media repaid €3.25 million on maturity on December 2019 for the principal amount of the Existing Notes, whose outstanding debt to date amounts to €289 million;
- as at March 24, 2020, the main Shareholders have converted €60 million portion of the principal of the Shareholders' loan into equity reserve to cover future capital increase. It shall be used only to increase the participation of Great Horizon S.a.r.l. in FC Inter and never to increase the participation of International Sports Capital S.p.A.;
- as at the date of this Consolidated Financial Statement, Bank Loan has been used by FC Inter for an addition amount of €25 million.
- the main Shareholder (Suning)—confirming its commitment to support the Parent Company and the Group—converted to equity an addition amount of Euro 10 million of shareholder's loan on June 22, 2020. For more details please refer to paragraph "*Going Concern*".

ANNEX A: SUMMARY OF CERTAIN DIFFERENCES BETWEEN ITALIAN GAAP AND IFRS

This Offering Memorandum contains historical financial information derived from (i) the Issuer Financial Statements and (ii) the Inter Consolidated Financial Statements, prepared in accordance with Italian GAAP.

The information below summarizes certain differences between Italian GAAP and IFRS that may be material to the financial information included in this Offering Memorandum. Neither the Issuer's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the differences between Italian GAAP and IFRS contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the affect the differences between Italian GAAP and IFRS might have on the financial information. In making an investment decision, you must rely upon your examination of the Issuer and Inter and its consolidated subsidiaries and the financial statements included elsewhere in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between Italian GAAP and IFRS and how those differences might affect the financial information included in this Offering Memorandum.

The differences highlighted below reflect only those differences in accounting policies in force at the time of the preparation of the Issuer Financial Statements and the Inter Consolidated Financial Statements. All the differences indicated below are applicable to the Issuer Financial Statements and the Inter Consolidated Financial Statements with the exception of differences indicated at points 1.a, 1.b, 1.d, 2 and 3 that are applicable only to the Inter Consolidated Financial Statements and point 1.c and 8 that is applicable only to the Issuer Financial Statements. No attempt has been made to identify future differences between Italian GAAP and IFRS, as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Regulatory bodies that promulgate Italian GAAP and IFRS have significant ongoing projects that could affect future comparisons, such as this one between Italian GAAP and IFRS. Future developments or changes in Italian GAAP and IFRS may give rise to additional differences between Italian GAAP and IFRS, which could have a significant impact on the Issuer and Inter and its consolidated subsidiaries.

1. INTANGIBLE ASSETS

a) Acquisition related costs

Italian GAAP

Accounting for acquisition related costs are not specifically addressed by Italian GAAP. According to the common accounting practice, acquisition related costs can be considered part of the consideration transferred or capitalized under intangible assets.

IFRS

Acquisition related costs such as finder's fees, advisory, legal, accounting and other professional fees are not part of the consideration transferred and they are accounted for as an expense when the acquirer consumes the related services.

b) Transaction costs related to capital increase

Italian GAAP

According to Italian GAAP, costs directly attributable to the equity transaction may be directly recorded in the income statement or capitalized as intangible assets and amortized over the expected period of utilization, which cannot however exceed five years starting from the year in which the costs were incurred.

IFRS

Costs directly attributable to the equity transaction, such as fees paid to lawyers, accountants, and investment bankers for a capital increase, are accounted for as a deduction from equity, net of any related income tax benefit.

c) Goodwill

Italian GAAP (applicable to goodwill generated before July 1, 2016)

Goodwill arising from the acquisition of a business is capitalized and amortized on a straight-line basis over the period of its estimated useful life, up to a maximum of 20 years.

Goodwill must be amortized over its estimated useful life or, if the estimated useful life cannot be estimated, over a maximum of ten years. For the existing goodwill recognized prior to July 1, 2016, the previous accounting criteria described in the previous paragraph can be maintained until the end of the amortization period.

IFRS

Goodwill is the excess of the fair value of the consideration transferred, the amount of any non-controlling interest recognized and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill should not be amortized but should be reviewed for impairment at least annually at the cash-generating-unit level.

d) Youth programme costs

Italian GAAP

The "Capitalized youth programme costs" include the costs incurred for the promotion and the organization of youth programme. This item should also include training awards paid, pursuant to article 96 NOIF, to amateur/ professional clubs in relation to signings made of their youth players. Such costs are considered as internally generated assets producing long term benefits and are deferred in a period of five years without any reference to individual players.

Such costs are deferred using the separate Income Statement line item "Capitalisation of youth programme costs" as required by the Italian GAAP.

IFRS

The youth programme costs do not meet the recognition criteria for intangible assets required by IAS 38 and consequently they are recognized as expenses in the income statement as they occurred.

2. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

Italian GAAP

According to Italian GAAP, all investments in subsidiaries are consolidated except when not significant or when financial data are not available on timely manner and without significant costs.

IFRS

In accordance with IFRS, all investments in subsidiaries are consolidated.

3. TIME-DISCOUNTING OF RECEIVABLES AND PAYABLES

Italian GAAP (applicable to receivables and payables generated before July 1, 2016)

Receivables and payables are recognized at their nominal value.

Italian GAAP (applicable to receivables and payables generated before July 1, 2016)

Consistent with IFRS. For the existing receivables and payables recognized prior to July 1, 2016, the previous accounting criteria described in the previous paragraph can be maintained until the end of the amortization period.

IFRS

The application of IFRS requires the value of the receivables and payable to be discounted at present value in all cases in which the financial settlement of the operation is deferred and the effect is significant.

4. FINANCIAL INSTRUMENTS

Italian GAAP

The financial asset are recognized at nominal value and financial liabilities are recognized according to the amortized cost criterion.

The value of receivables is adjusted where necessary by a write-down provision, presented as a direct reduction of the value of the receivables to their expected realisable value. The write-down to the

Financial Statements is equal to the difference between the book value and the value of estimated future cash flows, less amounts which are not expected to be received. The write-down is recognised in the Income Statement.

IFRS

On 24 July 2014, the IASB published the final version of IFRS 9—Financial Instruments: recognition and measurement. This document encompasses the results of the IASB project to replace IAS 39. The new standard must be applied to financial statements that start on 1 January 2018 or later, and so for the Issuer and for the Group starting from 01 July 2018. The standard introduces the new criteria for the classification and measurement of financial assets and liabilities. The new standard classified financial assets on the basis of the business model within which they are held and their contractual cash flow characteristics, replacing the various rules provided by IAS 39. In the case of financial liabilities, most of the classification and measurement requirements were carried forward unchanged from IAS 39. However, there were changes made to the accounting treatment of changes in fair of financial liabilities as a result of a change in the credit rating of the issuer of the liability itself. According to the new standard, effects of changes in a liability's credit risk must be recognised in "other comprehensive income" rather than the income statement unless the liability is held for trading. Furthermore, in the event of non-substantial modifications of liabilities, it is no longer permitted to spread the economic effects of the renegotiation over the residual term of the debt by modifying the effective interest rate at that date, but the relative effect must be recognised in the income statement.

With respect to impairment, the new standard requires that the estimate of losses on its financial assets must be made on the basis of the expected credit losses model (and not on the incurred losses model used by IAS 39) by using supportable information that is available without undue cost or effort, which includes historical, current and forecast information. The standard requires that this impairment model be applied to all financial instruments, i.e. to financial assets measured at amortised cost as well as those measured at fair value through other comprehensive income, lease receivables and trade receivables.

5. PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES (TFR)

Italian GAAP

Provisions for employee severance indemnities (TFR) includes the indemnity to be paid on termination of the employees, calculated in conformity with regulations and the collective contracts in place. TFR is not discounted and it is calculated as if all the employees left the Issuer and the Group at the balance sheet date.

IFRS

According to IAS 19, Provisions for employee severance indemnities (TFR) must take into consideration the estimated provision to be paid to the employees when they effectively will leave the company. This provision needs to be discounted appropriately, based on the personnel rotation, the expected interest rate and the life expectation.

Following the implication of the Italian law No. 296 of December 27, 2006, TFR can be split into two different parts: i) TFR from 1 January 2007 onward is considered a Defined Contribution Plan and no actuarial calculation is necessary; and ii) TFR accrued since 31 December 2006 is a Defined Benefit Plan and an actuarial calculation is required.

6. DERIVATIVES FINANCIAL INSTRUMENTS

Italian GAAP (applicable to derivatives contracts stipulated before July 1, 2016)

Derivatives are commonly defined as financial instruments that derive their value from an underlying price or index such as an interest rate, a foreign exchange rate or commodity price. Derivatives can be divided in:

- Hedging derivatives: derivatives entered into by the company in order to hedge different risks (currency, interest or market price risks); and
- Non hedging derivatives: derivatives entered into by the company with the objective to generate profit in the near term.

Hedging derivatives are measured as follows:

- derivatives have to be reported in the notes to the financial statements. Derivatives shall be measured on the basis of the criteria followed for the underlying assets they refer to; and
- the gain or the loss deriving from the hedging instrument is recorded into the income statement in the same periods in which costs and revenue of the hedged items are accounted for.

Non hedging derivatives are measured at fair value. The entity books a provision if the fair value is negative. If the fair value is positive, following the general criteria of prudence, no accrual is booked.

Italian GAAP (applicable to derivatives contracts stipulated on or after July 1, 2016)

According to Italian GAAP, derivatives must be measured at fair value and are recognized on the balance sheet as either financial assets or liabilities. Changes in the fair value of non-hedging derivatives are recognized in the income statement. Changes in the fair value of fair value hedge derivatives are recognized in the income statement, whether changes in the fair value of cash flow hedge derivatives are recognized in equity. No significant differences compared to IFRS.

IFRS

IFRS defines a derivative as a financial instrument whose value changes in response to a specified variable or underlying rate (for example, interest rate), that requires no or little net investment and that is settled at a future date. All derivatives are recognized on the balance sheet as either financial assets or liabilities. They are initially measured at fair value on the acquisition date. Subsequent measurement of all derivatives is at their fair value, regardless of any hedging relationship that might exist. Changes in a derivative's value are recognized in the income statement as they arise, unless they satisfy the criteria for hedge accounting.

According to IFRS, hedge accounting is permitted provided that an entity meets stringent qualifying criteria in relation to documentation and hedge effectiveness. Hedging refers to the process of entering into a derivative transaction in the expectation that the transaction will eliminate or reduce an entity's exposure to a particular risk. Risk reduction is obtained because the derivative's value or cash flow are expected to move inversely, offsetting changes in the value or cash flow of the hedged position.

The new accounting principle IFRS 9—Financial Instruments, applied to financial statements that start on 1 January 2018 or later, and so for the Issuer and for the Group starting from 01 July 2018, introduces a new hedge accounting model with a view of improving the requirements in IAS 39, which at times are considered too strict and not suitable to reflect the risk management policies of companies. The main new features of the document regard:

- an increase of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities which are eligible to be managed in hedge accounting;
- a change in the way that forward contracts and options are recognised when included in a hedge accounting relationship in order to reduce the volatility of the income statement;
- the changes to the test of effectiveness by replacing the current procedures based on a parameter of 80-125% with the principle of "economic relationship" between the item hedged and the hedging instrument; furthermore, a retrospective assessment of the effectiveness of the hedging relationship will no longer be required;

The increased flexibility of the new accounting requirements is counterbalanced by requests for additional disclosures on the company's risk management activities.

7. DEBT ISSUANCE COSTS

Italian GAAP (applicable to debt issued before July 1, 2016)

According to Italian GAAP, debt issuance costs may be directly recorded in the income statement or capitalized as intangible assets and amortized over the term of the loan. Waiver fees for changes of control are expenses in the income statement as charged.

Italian GAAP (applicable to debt issued on or after July 1, 2016)

According to Italian GAAP, debt issuance costs are capitalized as a reduction of the borrowing in the balance sheet. The amortization of debt issuance costs is recognized as interest expenses in the income statement. For the existing debt issuance costs recognized prior to July 1, 2016, the previous accounting criteria described in the previous paragraph can be maintained until the end of the amortization period.

IFRS

According to IFRS, loans are measured at amortised cost using the effective interest rate method. Debt issuance costs are included in the calculation of the effective interest rate and consequently amortised as interest expenses through income statement over the term of the loan. Obtaining a waiver from lenders with respect to a change of control would be considered a cost related to a debt modification. Under IAS 39, the company must perform the 10% test to determine if it is an extinguishment. This fee may be included or excluded from the calculation based on the company's accounting policy. Per IAS 39, "if the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability."

8. BUSINESS COMBINATIONS

Italian GAAP

According to Italian GAAP, business combination accounting criteria requires separate recognition of the acquirer's identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition. These assets and liabilities must be recognized at fair value at the date of acquisition. However, in accordance with Italian GAAP, there is no specific guidance related to the definition of a business combination. Classification of a business combination is largely dependent on the legal form of the vehicle which has been acquired.

In addition, accounting for business combinations under common control is not specifically addressed by Italian GAAP. According to the common accounting practice, assets and liabilities acquired are measured at fair value in the financial statements. Goodwill arises as the difference between the price and the fair value of the net assets acquired.

IFRS

IFRS 3 *Business Combinations* ("IFRS 3") outlines the accounting when an acquirer obtains control of a business, such as an acquisition or merger. Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants (IFRS 3 Appendix A).

IFRS 3 is not applicable to business combination under common control, where the business is ultimately controlled by the same parties both before and after the business combination. There is currently no guidance in IFRS on the accounting treatment for combinations among entities under common control. In this case, management shall develop a policy that is relevant to the decision-making needs of users and that is reliable. For these cases, according to common principles normally used, no assets and liabilities are restated to their fair values but they are incorporated at the predecessor carrying values and no new goodwill arises.

9. REVENUE RECOGNITION

a) Recognition criteria

Italian GAAP

Accounting treatment is mainly based on the legal form of the transaction. In particular, revenue recognition focuses on the concept of realization, transfer of legal right and of risk of asset ownership and on performance of services.

IFRS

Until 31 December 2017, IAS 18 provides guidance for recognizing the following specific categories of revenue. Revenue arising from rendering of services should be recognized when all of the following criteria have been satisfied:

- the amount of revenue can be measured with reliability;

- it is probable that any future economic benefit associated with the item of revenue will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

An entity is usually able to make reliable estimate after it has agreed the following with the other parties of the transaction:

- each party's enforceable rights regarding the service to be provided and received by the parties;
- the consideration to be exchanged; and
- the manner and terms of settlement.

On 28 May 2014, the IASB published IFRS 15—Revenue from Contracts with Customers which, together with further clarifications published on 12 April 2016, will replace standards IAS 18—Revenue and IAS 11—Construction Contracts, as well as interpretations IFRIC 13—Customer Loyalty Programmes, IFRIC 15—Agreements for the Construction of Real Estate, IFRIC 18—Transfers of Assets from Customers and SIC 31—Revenues-Barter Transactions Involving Advertising Services, starting from the first financial statement approved after 01 January 2018, and so for the Issuer and for the Group starting from 01 July 2018. The standard establishes a new revenue recognition model, which will be applied to all contracts stipulated with customers, with the exception of those that fall within the scope of application of other IAS/IFRS standards such as leases, insurance contracts and financial instruments. The fundamental steps for the recognition of revenue according to the new model are:

- identify the contract with the customer;
- identify the performance obligations contained in the contract;
- determine the price of the contract;
- allocate the transaction price to each of the separate performance obligations in the contract;
- recognise revenue when the entity satisfies each performance obligation.

b) Up-front Fees

Italian GAAP

Non-refundable up-front fees are fully recognized in the income statement as revenue up-front and not deferred as unearned revenue over the life of the agreement(s) to which they relate.

IFRS

Non-refundable up-front fees should be recognized as revenue over the life of the agreement(s) to which they relate, by reference to goods or services supplied under the agreement.

c) Other income—release of bad debt provision

Italian GAAP

Release of the provision for doubtful debt is included in the other revenue line item.

IFRS

Bad debt provision is accounted for net of the write-down of trade receivables line item.

10. RENTAL COSTS

Italian GAAP

Rental costs are accounted for on accrual basis as incurred.

IFRS

Until 31 December 2018, lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term, even if the payments are not made on that basis, unless another systematic basis is more representative of the time pattern of the user's benefit.

IFRS requires that all incentives for the agreement of a new or renewed operating lease should be recognized as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

The lessee recognizes the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

On January 13, 2016 IASB published the standard IFRS 16—Leases which replaced IAS 17—Leases, as well as IFRIC 4 interpretations Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on control of an asset (right of use) to distinguish lease contracts from contracts from service contracts, while identifying as discriminating factors: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from its use and the right to direct the use of the asset underlying the contract. The standard establishes a single model for the recognition and measurement of lease contracts for the lessee, requires the leased assets, including those under operating leases, to be recognized as assets with a financial liability as the contra-entry. On the other hand, the standard does not include significant changes for lessors.

The standard is applicable from 1 January 2019, and so for the Issuer and for the Group starting from 01 July 2019, although early adoption is permitted.

The Group should consider in the determination of the rights of use of the assets under operational leases:

a) a financial liability, corresponding to the present value of the residual future payments at the transition date, discounted using the incremental borrowing rate applicable at the transition date for each contract (IFRS 16 § C8a);

b) a right of use corresponding to the value of the financial liability at the transition date, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at the period-end close of these financial statements (IFRS 16 § C8b (ii)).

The Group could made use of the exemption granted by IFRS 16 § 5 (a) in relation to short-term leases and the exemption granted by IFRS 16 § 5 (b) as regards lease contracts for which the underlying asset, when new, is of low value (i.e. the assets underlying the lease contract do not exceed Euro 5,000), including the contracts that mainly fall into the following categories:

- Computers, telephones and tablets
- Printers
- Other electronic devices
- Small furniture and furnishings.

For these contracts, the introduction of IFRS 16 does not entail recognition of the lease's financial liability and the related right of use; instead, the lease payments are recognized in the income statement on a straight-line basis over the duration of the contract. It should also be noted that IFRS 16 does not apply to leases falling within the scope of application of other standards, including intellectual property licenses granted by the lessor.

11. DEFERRED TAX ASSETS

Italian GAAP

Deferred tax assets are classified within current assets to the extent the recoverability of the amount is expected to occur within one year.

IFRS

Deferred tax assets are classified within non-current assets.

12. DISCLOSURE REQUIREMENTS

IFRS requires for certain elements of the financial statements to provide wider and more detailed disclosures than Italian GAAP. Major differences relate to:

- the disclosure requirements of IAS 39/IFRS 7/IFRS 9 in relation to Financial Instruments (including receivables, payables and loans). For example, IFRS requires the inclusion of information about ageing of receivables, while Italian GAAP does not; and
- segment information which is not required under Italian GAAP.

ANNEX B: ISSUER BY-LAWS (*STATUTO*)

1. NAME – REGISTERED OFFICE – COMPANY'S OBJECT – DURATION

1.1 Name

The company is named:

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

1.2 Registered Office – Domicile

The company's office is in Milan.

The company, with the procedures required from time to time, may open, close and modify secondary offices, branches, subsidiaries, agencies and representative offices by resolution of the Shareholders' meeting.

The registered office may be transferred to any address in the same municipality by simple decision of the board of Directors, which is authorized to make the consequent declarations to the Companies' Register.

The shareholders' domicile, telefax number, email address or other contacts information to which communications or other notices are validly delivered from the company under these by-laws, are those resulting from the shareholders' ledger and have been notified by the shareholders for this purpose.

1.3 Company's purpose

The Company's purpose is as follows:

- To purchase and sell trademarks and distinctive signs in general in any form, including by entering into finance leases;

- To enter into licensing agreements of trademarks and distinctive signs as licensor or licensee;

- To manage, use and commercially exploit in any form trademarks and distinctive signs, including through sponsorship and franchising agreements as well as through the direct management of commercial undertakings, including the retail sale of goods;

- To operate as advertising dealer with regard to advertising to be broadcasted by radio and television and by all communication and distribution media, including advertising media (new media), as business agency in the advertising field, to sell advertising spaces in newspapers, by means of radio and television, or other communication networks such as the Internet and in other communication and dissemination media, including advertising media (new media), as well as to provide artistic assistance in the implementation of advertising campaigns;

- To carry out all activities related to the travel and tourism sector, concerning sporting events and any related and/or similar activity;

- To organize and promote competitions and tournaments, soccer schools, and any other sports activity in general, to use the image of athletes for commercial purposes through the use and dissemination, including through advertising, of the name and image of people involved in sport activities, and to promote, advertise and distribute in any form and any kind, its own activity, image, brands and distinctive signs as well as in general to promote and use for commercial purposes by any means the image of F.C. INTERNAZIONALE MILANO S.p.A. in Italy and abroad;

- To purchase sports rights in general and in particular to purchase and exercise the economic rights associated with sporting events;

- To operate as dealer for the booking and sale of tickets and subscriptions in general.

The Company may engage, inter alia, in all commercial, securities, real estate, financial and industrial transactions that are deemed necessary, useful or related to the achievement of the Company's object specified above; it may take on loans and financing in general with banks, credit institutions and financial companies taking advantage of subsidies and incentives provided by law.

It may also take interests and shareholdings in other companies or entities that have a similar or related corporate object, excluding any activity carried out with the public, not as an habitual business and only in furtherance of the Company's object.

It may make carry out financial transactions with the exclusion of transactions with the public, grant collateral and personal guarantees also in favour and in the interest of third parties provided that such activity cannot be classified as financial activity carried out with the public, and excluding financial activities for which special authorizations or requirements are prescribed by law; it may grant and/or receive intercompany loans to/from subsidiaries, parents or associates or to/from subsidiaries of the same parent within the limits set out by the legislation and regulations in force from time to time.

The Company may acquire shareholdings in Italy and abroad for long-term investment however not for public placement purposes, provided that the amount and object of the holding do not substantially change the Company's object as determined by the Bylaws, and provided this activity is not carried out with the public pursuant to Legislative Decree 385/1993 as amended and supplemented.

1.4 Duration

The Company shall have a duration until 30 June 2060, subject to extension or early dissolution as resolved by the Shareholders' meeting.

2. SHARE CAPITAL, SHARES AND NOTES

2.1 Share capital

The share capital is of Euro 500,000.00 and is divided into no. 500,000 shares having a par value of € 1.00 each.

The share capital may be increased also by non-cash contributions, within the limits provided for by law.

2.2 Notes

The Company may issue notes in compliance with the applicable law.

The decision to issue notes is adopted by the Board of Directors, by a resolution that shall result from the minutes drafted by a notary public.

The decision to issue notes must be registered with the Companies' Register.

2.3 Changes in Capital

With respect to increases in share capital by way of new contributions, shareholders shall have a pre-emption right according to the law.

2.4 Withdrawal

Shareholders are entitled to withdraw in the cases provided for by law.

Withdrawal may not be exercised in respect of resolutions pertaining to:

(a) the extension of the duration;

(b) the introduction, amendment or cancellation of limitations to the circulation of shares.

2.5 Payments and loans from shareholders

Shareholders can make loans with a right to refund, of the amount paid, including for amounts not proportional to their shareholdings, according to the procedures and limitations set forth in the law on collection of the funds, applicable from time to time.

Unless otherwise determined, the payments made by shareholders in favour of the Company shall be considered as non-interest bearing.

2.6 Shares

Shares are represented by registered equity securities or share certificates.

2.7 Definitions

For the purposes of these by-laws, the following definitions shall apply:

(i) "Reference Shareholder" means F.C. INTERNAZIONALE MILANO S.p.A., with registered office in Milan, Corso Vittorio Emanuele II, 9, tax code and registration number in the Milan Register of Companies 80066310154;

(ii) "Shares" means the participating interest in the share capital of the Company, the subscription and/or pre-emption rights relating to any capital increases and other option rights, in each case in relation to the share capital of the Company as well as the securities that are convertible into, or exchangeable for, or which confer a right to subscribe, purchase, acquire or hold shares or other interests in the share capital of the Company;

(iii) "Transfer" (and "To transfer", "Transferor", etc.) means, with reference to any asset (including assets other than the Shares), any transaction directly or indirectly involving the transfer or other transaction disposing of the ownership or the transfer, or other transaction disposing of or the establishment of rights in rem on such asset in any way, *inter vivos* or *mortis causa*, including, without limitation, by sale, assignment, contribution in kind, sale of company or business unit, inheritance, gift, merger, demerger, exchange, forced sale, establishment of mortgage, pledge or other beneficial interest or security interest or by other means. Notwithstanding the foregoing, the pledge of Shares in the interest of the Company and/or the Reference Shareholder in favor of banks or other financial institutions that have granted loans to the Company and/or to the Reference Shareholder, also through the subscription of debt securities issued by the Company and/or the Reference Shareholder, as guarantee for the repayment of these loans as well as the subsequent Transfer to third parties of the full ownership of such shares following enforcement that pledge, shall not constitute a "Transfer" for the purposes of these by-laws;

(iv) "Control", "Controlled Entity/Subsidiary", "Parent Company" and "To control" means the control referred to in Article 2359, paragraph 1, of the Italian Civil Code, whether direct or indirect, including pursuant to Article 2359, paragraph 2 of the Italian Civil Code to be applied also with reference to cases in which (a) the parent is not a company but another Person (as defined below), (b) the controlled entity is not a company but another Person (as defined below), and (c) the parent and/or the controlled entity/subsidiary is not Italian;

(v) "Person" means a natural or legal person, an association, joint venture, company, profit-sharing arrangement, trust, governmental body, governmental agency or institution, or any other person or entity, with or without legal personality, whether public or private (including, without limitation, international, supranational, foreign, federal, national, state, provincial or local entities).

Art. 2.8 – Transfer of shares

The shares are freely Transferable upon death.

The shares are freely Transferable by *inter vivos* transaction, subject to the pre-emption right of the other shareholders in accordance with the following provisions of this Article 2.8.

In the event of Transfer of one or more Shares (the "Shares being Transferred") to anyone other than the Reference Shareholder, all the shareholders other than the Transferor (the "Shareholders Receiving the Proposal") shall have a pro-rata pre-emption right with accretion right according to the terms and conditions provided for hereinafter (the "Pre-emption right").

For the purposes of the exercise of the Pre-emption Right, a shareholder who intends to Transfer a Share to be Transferred to a Person other than the Reference Shareholder (the "Third Party Purchaser") must notify the Shareholders Receiving the Proposal of his/her intention, along with the name and address of the Third Party Purchaser, the consideration offered by the latter and the other terms, methods and conditions of the proposed Transfer, by registered letter with acknowledgment of receipt; copy of such notification must also be sent to the Board of Directors of the Company (the "Notice of Transfer"). In the event that the consideration for the Transfer of the Share being Transferred to the Third Party Purchaser is not entirely in cash, the Transferor must specify in the Notice of Transfer, under penalty of forfeiture, the price in cash at which the Shareholders Receiving the Proposal may purchase such Share being Transferred, in the event that they exercise their Pre-emption Right. In the absence of such specification, the Notice of Transfer shall be deemed invalid and the Transferor may not proceed with the Transfer of the Share being Transferred to the Third Party Purchaser.

If one or more Shareholders Receiving the Proposal notify the Transferor, by registered letter with acknowledgment of receipt sent to the Transferor (with a copy to the Company's Board of Directors and the other shareholders) within 30 days of receipt of the Notice of Transfer, that they consider the cash consideration specified by the Transferor in the Notice of Transfer as excessive with respect to the value of the Share being Transferred (both in the event of a proposed sale to the Third Party Purchaser and of a proposed Transfer to the Third Party Purchaser that does not provide for consideration that is fully in cash), if no agreement can be reached in writing between the Shareholders Receiving the Proposal and the Transferor, within the following 15 (fifteen) business days, on the value of the Share being Transferred based on the actual value of the assets of the Company at the time of sale, the parties shall appoint an independent expert by common agreement, to act as arbitrator pursuant to Article 1349, paragraph 1 of the Italian Civil Code, in order to equitably estimate the value of the Share being Transferred, based on the actual value of the Company's assets at the time of the sale and to subsequently communicate such estimate to the shareholders (with a copy to the Board of Directors of the Company) within the next 30 days. In the absence of agreement, the arbitrator shall be appointed, at the request of the first concerned shareholder to act and at the expense of all the concerned parties, by the President of the Board of Chartered Accountants of Milan (*Ordine dei Commercialisti*). In the event that the price of the Share being Transferred is determined pursuant to this paragraph, the pre-emption right may only be exercised at the price so determined.

The Shareholders Receiving the Proposal may exercise the pre-emption by registered letter with acknowledgment of receipt sent to the Transferor and in copy to the Board of Directors of the Company (the "Notice of Exercise") within the time limit (the "Final Time Limit") of 30 days from receipt of the Notice of Transfer or, if the provisions of the preceding paragraph apply, from the date the Transferor and the concerned Shareholders Receiving the Proposal have agreed in writing the cash price due for the purchase of the Share being Transferred, or from the date on which such Shareholders Receiving the Proposal have received the communication of such price as determined by the arbitrator appointed pursuant to the previous paragraph.

If several Shareholders Receiving the Proposal exercise the pre-emption right, the Share being Transferred shall be assigned pro-rata to the respective shareholding in the Company of each of these Shareholders Receiving the Proposal. The Shareholders Receiving the Proposal who exercise their pre-emption right may specify in their respective Notice of Exercise if, and to what extent, they wish to also purchase that portion of the Share being Transferred for which the other Shareholders Receiving the Proposal have not exercised their pre-emption right. The failure to exercise the Pre-emption Right by one or more Shareholders Receiving the Proposal shall cause the automatic accrual of such pre-emption right to the Shareholders Receiving the Proposal who have given such indication, in proportion to their respective shareholdings. In the event of overall exercise of the pre-emption right by the Shareholders Receiving the Proposal (including as a result of the accretion right referred to in the previous clause) for a Share that is less than the full Shares being Transferred, the Pre-emption Right shall be considered as not exercised.

Following the exercise by one or more of the Shareholders Receiving the Proposal of the Pre-emption Right to which they are entitled pursuant to the preceding paragraphs, the sale, including payment of the price and transfer of the Shares being Transferred, shall be performed on the day, time and place as the Transferor shall notify to the concerned Shareholders Receiving the Proposal by advance notice of at least ten (10) business days with respect to such date, and in any event within three months from the date of Exercise of the Pre-emption Right.

If the Pre-emption Right is not validly exercised by the Shareholders Receiving the Proposal within the time limit referred to in the preceding paragraph for the entire Shares being Transferred, the Transferor may transfer the Shares being Transferred to the Third Party Purchaser at the terms and conditions set forth in the Notice of Transfer, within 60 days following the expiration of the Final Time Limit. If this transfer is not completed within such period, the Transferor may not proceed with the Transfer of the Share being Transferred to the Third Party Purchaser and the procedures referred to in the previous paragraphs concerning the offer under pre-emption shall have to be repeated if the Transferor still intends to proceed with a Transfer of the Shares.

Art. 2.9 – Restrictions on the Shares

The Shares may be the subject to pledge, usufruct or seizure.

Shares cannot be pledged or given in usufruct without the consent of the ordinary Shareholders' meeting.

It should be noted that the pledge over the Shares in the interest of the Company and/or the Reference Shareholders in favor of banks or other financial institutions that have granted loans to the Company and/or to the Reference Shareholder, also through the subscription of debt securities issued by the Company and/or the Reference Shareholder, as guarantee for the repayment of such loans, as well as any subsequent Transfer to third parties of the full ownership of such Shares as a result of enforcement of said pledge, do not constitute Transfers of Shares under these by-laws, and are therefore not subject to the Pre-emption Right referred to in Article 2.8 above.

3. SHAREHOLDERS' MEETING

3.1 Calling of Shareholders' Meeting

The meeting is called by the Chair of the Board of Directors in the circumstances provided by law and whenever the Chairman of the Board of Directors or the Board of Directors deems it appropriate; in any event, it must be called at least once a year, within one-hundred and twenty days from the close of the financial year or within one-hundred and eighty days from the close of the financial year if the conditions provided for by Article 2364, second paragraph, of the Italian Civil Code apply.

The meeting is called by way of a notice containing the date, time and place of the meeting, a list of the items to be discussed and a date of second call. The notice of call is published in the national gazette (*Gazzetta ufficiale*) at least fifteen days before the date set for the meeting or notified, so long as the Company does not avail itself of risk capital, alternatively or promiscuously, by registered letter with acknowledgment of receipt, sent in advance by fax, or by email or any other mean ensuring the effective receipt thereof to the addresses and contact information provided for under Article 1.2, at least eight days prior to the date set for the meeting.

The meeting can also be called outside from the company's registered office, as long as in a Member State of the European Union, in Indonesia or in China.

Shareholders' Meeting, even if not formally called according to the above procedure, will be deemed to be validly held whenever the entire share capital of the company is represented and the majority of the members of the Board of Directors and of the Board of Statutory Auditors are in attendance. In such hypothesis, each attendee may take position against the discussion and vote of the items on the agenda in case such attendees considers not to be sufficiently informed on a specific item on the agenda.

In the case provided for by the above paragraph, non-attending Directors and Statutory Auditors must be promptly notified of any resolution adopted by the Shareholders' meeting.

3.2 Meetings via Videoconference or Teleconference

Shareholders may attend Shareholders' Meetings via audio- and/or video-conference provided that the board method and the principles of good faith and equal treatment of shareholders are complied with. In particular, the following conditions must be met:

(i) the chairman of the meeting, including through its executive officers, shall be able to ascertain the identity and the legal capacity of the attendees, conduct the meeting, acknowledge and state the results of the vote;

(ii) the person in charge of the drafting of the minutes shall be able to perceive adequately all the events of any such meeting;

(iii) all the attendees must be able to participate live in the discussion and vote on the items on the agenda.

If these conditions are met, the meeting is considered held in the place in which both the Chairman and the person in charge of drafting the minutes are attending.

3.3 Convening of the Shareholders' meeting and validity of the resolutions

The Shareholders' meeting, ordinary or extraordinary, in first or subsequent calls, is regularly held with the attendance, and the resolves with the favorable vote, (including relating to amendments to this by-laws) of the shareholders representing at least half of the share capital.

On the other hand, the resolutions relating to the approval of the financial statements and to the appointment and dismissal of the corporate bodies, are approved in second call, with the quorum set forth by the law.

Higher quorum set forth by the law shall apply, including, but not limited to, the quorum of 2/3 of the share capital for the introduction or the removal of the arbitration clause, without prejudice to the right of withdrawal of the absent or dissenting shareholders.

3.4 Representation in the Shareholders' meeting

Each Shareholder having the right to intervene at the Shareholders' meeting may appoint a delegate to represent him/her at the Shareholders' meeting, within the limits and with the form required by the law. In any case, the representation cannot be granted to members of the Board of Directors or the Board of Statutory Auditors or any employees of the company or of companies controlled by the same.

3.5 Chairman of the Shareholders' meeting – Minutes

The Shareholders' meeting is chaired by the Chairman of the Board of Directors and, in case of his/her absence or impediment, by his/her substitute; in case both of them cannot attend, any other person designated by the Shareholders' meeting shall chair.

The Chairman of the Shareholders' meeting shall, also by means of persons duly empowered, verify that the meeting is validly held and ascertain the identity and the legitimacy of the attendees, regulate the meeting establishing the discussion and vote methods (which shall not be secret) and ascertain the results of the votes.

The Chairman is assisted by a secretary, also non-shareholder, appointed by the Shareholders' meeting. In the cases provided for by the law, or in any case the Shareholders' meeting deems it appropriate, the notary public act as secretary.

The minutes of the resolutions of the Shareholders' meeting are drafted according to the law.

4. MANAGEMENT – AUDIT

4.1 Board of Directors: majority method

The company is managed by a Board of Directors, composed of a minimum number of five members to a maximum number of seven members, according to the decision of the Shareholders' meeting.

The Directors appointed can also not be shareholders, and remain in office, according to the resolution of the Shareholders' meeting, for a maximum term of three financial years and their office expire at the date on which the Shareholders' meeting is called to resolve upon the approval of the last financial statements of the last financial year of their office. They can be re-appointed.

In case the number of directors determined is lower than the minimum set forth in the by-laws, the ordinary Shareholders' meeting, during the office of the Directors, may raise the number of the members of the board according to the maximum term set forth in the by-laws. The office of the new Directors appointed within such context shall expire together with the office of the Directors already in office at the time of the appointment.

In case of termination of the office of one or more Directors, the provisions set forth by the law shall apply. The ordinary Shareholders' meeting may in any case resolve to reduce, within the limits set forth by the by-laws, the number of the members of the Board of Directors to the number of members in office, for the remaining period.

If, for resignation or termination of one or more Directors, half of the directors no longer hold the office, in case the board is composed of an odd number of members, or more than half of the Directors no longer hold the office, case of the Board is composed of an even number of members, the entire Board of Directors is terminated as from the moment of its re-appointment, and the Directors remaining in office shall convene the Shareholders' meeting to appoint a new Board of Directors.

At least one member of the Board of Directors (hereinafter, the '"Independent Director") must meet the requirements of independence listed below. As of the date of the appointment and in the five years prior to such date he/she must:

(a) not hold or have held shares, either directly or indirectly, in the Reference Shareholder (or in companies that are directly or indirectly controlled by it);

(b) not be or have been a creditor, employee, director or statutory auditor of any of the entities that fall into the category referred to in paragraph (a) above;

(c) not to be or have been related to any of the entities that fall under the category referred to in paragraph (a) above by way of employment or self-employment or other economic or professional relation that could compromise their independence;

(d) not hold or have held direct or indirect shareholdings in any of the entities falling in the category referred to in paragraphs (b) and (c) above;

(e) not be or have been the spouse, co-habiting partner for more than a year, relative by blood or marriage within the fourth degree of any of the persons that fall under the category referred to in paragraph (a), (b), (c) and (d) above.

If the Independent Director cease to hold the above requirements for the office, his/her office immediately terminates and he/she must immediately inform the Board of Directors of such circumstance.

If the Independent Director terminates his office for any reason and a new Independent Director is not appointed within 30 days from such termination, the entire Board of Directors shall be deemed terminated with effect as of the subsequent re-appointment of such body. In this case, the Directors still in office shall urgently convene the Shareholders' meeting for the appointment of the entire Board of Directors; in the meantime, they may only carry out ordinary management of the Company.

The non-competition provision set forth by Article 2390 of the Italian Civil Code shall not apply to the Directors, when they are simultaneously representing the Company and another company wholly owned by the Company or companies or entities that have entered into consulting or service agreements with the Company, or if the Directors are shareholders or directors or consultants of companies or entities that have entered into consulting or service agreements with the Company.

The Board shall meet at the registered office of the company or elsewhere, any time the Chairman or the person replacing him/her deems it necessary, or when is requested by even just one director in office or at least two standing members of the Board of Statutory Auditors.

Usually the notice of call is delivered at least three calendar days prior to the meeting and, in case of urgency, at least 24 hours before the meeting, by notice sent by registered mail or by any other suitable means that provides proof of receipt (fax, email).

The Board of Directors' meetings are chaired by the Chairman or his/her substitute or, in case they are absent, by the person appointed by the Board.

The meeting can be validly held by means of audio/video-conference, provided that all the attendees can be identified and are able to follow the discussion and intervene in real time to the discussion of the items on the agenda. The meeting is considered to be held in the place where the Chairman and the Secretary are standing.

The minutes of the Board of directors' resolutions are regulated according to the law.

The Board of Directors' is validly held without prior notice of call as regulated above, in case all the Directors in office and the Statutory Auditors are in attendance.

The meeting is validly held with the attendance of the qualified majority of the directors in office.

The resolutions are adopted with the favorable vote of the qualified majority of the directors in attendance; in case the Board is composed of an odd number of members in case of equal number of votes the proposal shall be considered dismissed.

The following resolutions shall only be adopted with the favorable vote of the Independent Director:

(a) the decision to start any insolvency proceeding on the Company (including bankruptcy or composition with creditors and any application or petition for one of the above proceedings), the approval of a reorganization plan pursuant to Article 67, paragraph III (d), the submission of a proposal for or the signing of a restructuring agreement pursuant to Article 182-bis of Royal Decree no. 267 of 16 March 1942; and

(b) the decision to convene the shareholders' meeting of the Company to resolve on the following items:

- amendments to this by-laws which, in the opinion of the Independent Director, on the basis of objective assessment criteria, may jeopardize the rights of the Company's lending banks, except for changes that are required by law; and

- any resolution that may result in the voluntary liquidation or early dissolution of the Company (including through a reduction of its duration), except in cases where this is required by law.

Voting by proxy is not allowed.

Except as provided in the following paragraph, the Board of Directors may delegate all or part of its powers to an executive committee made up of some of its members or of one or more of its members, defining the content and limits of such delegated powers and the method for exercising them, where applicable. In this case the provisions of Article 2381 of the Italian Civil Code shall apply.

The Board cannot delegate the powers set forth in Article 2381 of the Italian Civil Code, as well as those that cannot be delegated pursuant to other applicable laws, nor can any resolutions or decisions (including, without limitation, those proposed to the Shareholders' meetings) on the following matters be delegated:

(I) any Company transaction with the entity that holds the (absolute or relative) majority of the ordinary shares of the Reference Shareholder (the "Indirect Majority Shareholder"), and with (i) the Persons Controlled by the Indirect Majority Shareholder, that Control the Indirect Majority Shareholder or that are jointly controlled with the Indirect Majority Shareholder, (ii) any shareholders (including a minority shareholder) of the Indirect Majority Shareholder or of Persons that Control the Indirect Majority Shareholder (the "Shareholders"), (iii) Persons that are Controlled, Control, or are jointly Controlled with, any Shareholders; (iv) any natural person who is related by blood or by marriage within the third degree with the Indirect Majority Shareholder (if he/she is a natural person) or one or more of the Persons referred to in points (i) and (ii) and (iii); (v) entities that are Controlled, Control, or are jointly Controlled with one or more of the Persons referred to in points (i) and (ii) and (iii), (vi) any director, officer or key employee (or other) related party of the Indirect Majority Shareholder or one or more of the Persons referred to in points (i) and (ii) and (iii) and (iv) and (v), where "related parties" shall mean the Persons defined as such by the international accounting standard IAS 24 as in force from time to time;

(II) any transaction of the Company with employees, directors, managers or officers of the Company, of the Reference Shareholder and/or of the companies that are Controlled by the Reference Shareholder that is not carried out at arm's length or exceeding the scope of ordinary management;

(III) any possible decision relevant for the Company concerning Inter Campus, including the possible reduction of the related activities and/or operational area and any interruption or termination of the initiative;

(IV) the voluntary liquidation or early dissolution of the Company (including through the reduction of its duration);

(V) any assignment, other Transfers or transaction to dispose of the Company or business units of the Company or of all or substantially all the assets of the Company;

(VI) any significant change of the Company's purpose;

(VII) mergers, demergers or transformations of or involving the Company;

(VIII) any possible decision significant for the Company concerning the project for the construction of a new stadium for the first football team of the Reference Shareholder in the metropolitan area of Milan and the construction itself (excluding, for the purpose of clarity, feasibility studies and other preliminary activities);

(IX) any sale, transaction to dispose of, other Transfer or licensing of any trademark owned by the Company, with the exception of user licenses granted under sponsorship or merchandising contracts relating to sectors other than the following sectors – and with Persons that are not directly or indirectly, in whole or in part, engaged in any of the following sectors -: (i) weapons, (ii) gambling and betting, (iii) genetically modified foods;

(X) any sale, Transfer, purchase or any other form of acquisition or disposal by the Company of any immovable or movable property having a value in excess of Euro 10,000,000 (ten million);

(XI) any contribution, formation or dissolution of companies Controlled by the Company or joint ventures, as well as any other extraordinary corporate transaction having a value in excess of Euro 20,000,000 (twenty million);

(XII) any increase of any type in the share capital of the Company or of a company Controlled by the Company that is not fully subscribed, respectively

(i) by the Reference Shareholder (and/or by a company controlled by the Reference Shareholder) for the entire shareholding to which the Reference Shareholder (and/or a company controlled by the Reference Shareholder) is entitled before such capital increase, and

(ii) by the Company for its entire shareholding to which it is entitled prior to such capital increase;

(XIII) any decision whose approval is subject to the affirmative vote of the Independent Director.

Except as provided for in relation to the powers that cannot be delegated, directors, managing officers or attorneys in fact can be appointed for the fulfilment of certain acts or categories of acts, determining the delegated powers.

The offices of Chairman (or Vice Chairman) and Chief Executive Officer may be held by the same person.

4.2 Powers of the Board of Directors

The Board of Directors is vested with the fullest power and may perform all acts of ordinary and extraordinary management of the Company, except for those that, pursuant to the law and this by-laws, fall under the exclusive responsibility of the Shareholders' meeting.

At the time of appointment, however, specific limits to the powers granted to the directors may be set out.

4.3 Authority to represent the Company

The authority to sign on behalf of and to represent the Company before third parties and in court is granted to the Chairman of the Board of Directors, and to individual executive directors, if appointed, within the limits of the powers delegated to them.

The Board of Directors or the Chief Executive Director, as part of their delegated powers, may appoint directors, attorneys in fact and managing officers for specific acts or categories of acts, determining their powers, from time to time.

Without prejudice to articles 2420 and 2443 of the Italian Civil Code, the Board of Directors has the powers to resolve, within the limits set forth by article 2436 of the Italian Civil Code, upon the following matters:

(i) merger in the cases set forth in articles 2505 and 2505-*bis* of the Italian Civil Code, also referring to the demerger as per article 2506-*ter* of the Italian Civil Code;

(ii) creation or closure of secondary offices;

(iii) transfer of the registered office within the national area;

(iv) appointing directors as legal representatives of the company;

(v) reduction of the share capital following withdrawal of the shareholders;

(vi) compliance of the provision of the by-laws to the applicable laws.

4.4 Administrative penalties

With respect to the administrative penalties resulting from breaches of administrative and fiscal rules committed by representatives of the Company in the performance of their duties and within the limits of their powers, the Company, in the manner and according to the terms and conditions as permitted by the applicable laws, shall assume the related debt and shall be entitled, if necessary, to settle the disputes on concessionary terms, except in the case of willful misconduct or gross negligence.

4.5 Remuneration of the Board of Directors

The Board of Directors is entitled to the reimbursement of expenses reasonably incurred for the office and duly documented.

The Board of Directors shall receive no compensation for the work carried out.

4.6 Board of Statutory Auditors

The Board of Directors is composed of three (3) standing members and two (2) alternates, appointed by the Shareholders' meeting that is also in charge of appointing the Chairman of the Board of Statutory Auditors.

The requirements, the functions, the responsibilities and the compensation of the Board of Statutory Auditors are regulated by the law.

The meetings of the Board of Statutory Auditors may be held by audio/video conference; in this case the provisions set forth above for the Board of Directors' meetings shall apply.

4.7 External Auditor

The auditing activity is carried out by the Board of Statutory Auditors or, in case it's mandatorily required under the law or decided by means of resolution of the ordinary Shareholders' meeting according to the applicable law, by an external auditor or an auditing firm registered with the relevant register.

The requirements, the functions, the grating of the mandate and its revocation, the responsibilities and the compensation of the external auditor are regulated by the law.

5. FINANCIAL STATEMENTS AND PROFITS

5.1 Fiscal years – Financial Statements

Fiscal years shall end on June 30 of each year.

At the end of each fiscal year the Board of Directors shall draft the financial statements and carry out the subsequent formalities in compliance with the applicable laws in force.

The financial statements must be approved by the shareholders, with a decision to be taken within one-hundred-twenty days after the end of the fiscal year or within one-hundred-eighty days if the Company is required to prepare consolidated financial statements, or where required by special needs of the Company relating to the structure or the Company's purpose: in the latter case, however, the directors are required to mention the reasons for such delay in their report (or in the explanatory notes in the event the financial statements have been prepared in abbreviated form).

5.2 Profits

An amount corresponding to 5% (five per cent) must be deducted from net profits and allocated to statutory reserve until such reserve reaches one fifth of the share capital.

The shareholders' resolution approving the financial statements shall also resolve on the distribution of profits to the shareholders.

6. DISSOLUTION AND LIQUIDATION

The voluntary early dissolution of the Company is approved by the Shareholders' meeting with the majority required for the amendment of these by-laws.

In such case, as well as when any of the other causes of dissolution provided for in Article 2484 of the Italian Civil Code or in any other provision of law or in these by-laws have occurred, the Shareholders' meeting shall pass the resolution pursuant to letters a), b) and c) of Article 2487, paragraph I of the Italian Civil Code, with the majority required for the amendment of these by-laws.

In case there is no resolution on the powers granted to the liquidators, the provisions of Article 2489 of the Italian Civil Code shall apply and, therefore, the liquidators may carry out all the operations required for the liquidation of the Company.

7. MISCELLANEA

7.1 Applicable law

For all matters not expressly provided for in these by-laws, reference is made to the applicable laws in force.

REGISTERED OFFICE OF THE ISSUER AND INTER

Inter Media and Communication S.p.A.
Viale della Liberazione, no. 16/18
20124 Milan
Italy

F.C. Internazionale Milano S.p.A.
Viale della Liberazione, no. 16/18
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Italy

LEGAL ADVISORS TO THE ISSUER AND INTER

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20121 Milan
Italy

As to English Law
Latham & Watkins (London) LLP
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Italy

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DLA Piper Studio Legale Tributario Associato
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20123 Milan
Italy

INDEPENDENT AUDITORS TO THE ISSUER AND INTER

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